



# 4TH ANNUAL PERFORMANCE REPORT SCORECARD:

WHICH FEDERAL AGENCIES INFORM THE PUBLIC?

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# EXECUTIVE SUMMARY

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Public disclosure is the mechanism used to report on performance to those who are entitled to know. In this Scorecard we assess how effective reports of the agencies of the federal government are in disclosing pertinent information to the American people. We review these reports with the mindset of ordinary citizens who are interested in looking for the benefits that the agencies provide and the effectiveness of the agencies' efforts. Thus, our research efforts emphasize an assessment of an agency's transparency of communications with the general public, identification and assessment of the public benefits it provides, and its leadership vision for the future.

In an era of increased demand for accountability, disclosure and transparency, the government has a responsibility to supply the American people with quality disclosures on the public benefits it provides. Clear, descriptive, disclosure of the public benefits provided by governmental agencies allows ordinary citizens to understand the strategic goals and assess the agencies' performance relative to those goals.

Annual performance and accountability reports are one avenue for agencies to communicate with both citizens and policymakers. The purpose of this Scorecard is to encourage improvement in the quality of reporting on results achieved by government agencies. We do this by evaluating and ranking (1) how transparently an agency reports its successes and failures (2) how well an agency documents the tangible public benefits it claims to have produced; and, (3) whether an agency demonstrates leadership that uses annual performance information to devise strategies for improvement.

Researchers at the Mercatus Center at George Mason University conducted our fourth annual evaluation of the reports produced by the 24 agencies covered under the Chief Financial Officers Act, using similar criteria to evaluate the fiscal year (FY) 2002 performance and accountability reports. 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 Congress and the public need to make informed funding and policy decisions. The importance of quality reporting has taken on added significance in light of the President's Management Agenda that highlights the intent to use agency performance information to make budget decisions.<sup>1</sup>

**Best Reports:** For FY 2002, the Department of Labor (Labor), the Department of Transportation (Transportation), the Small Business Administration (SBA), and the Department of Veterans Affairs (Veterans) produced the highest rated reports. Three of these agencies, Department of Labor, Department of Transportation, and the Department of Veterans Affairs were rated the top three agencies for FY 2001 as well. The SBA joins their ranks this year.

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<sup>1</sup>The President's Management Agenda is available online <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>

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**Reports Most In Need Of Improvement:** The Department of Defense (Defense), U. S. Agency for International Development (USAID), the Department of Health and Human Services (HHS), and the Department of Energy (Energy) earned the lowest rankings for FY 2002.

**Most Improved Reports:** Eleven agencies improved their scores from FY 2001 to FY 2002. Of these, the Small Business Administration (SBA), the Federal Emergency Management Agency (FEMA), and the Department of State (State) showed the most improvement in their rankings. The Small Business Administration moved from 16<sup>th</sup> to 3<sup>rd</sup> in the rankings, the Federal Emergency Management Agency jumped from 19<sup>th</sup> to 8<sup>th</sup>, and the Department of State moved from 20<sup>th</sup> to 11<sup>th</sup>.

**Most Common Strengths:** (1) accessibility of reports, and (2) clarity of reports.

**Most Common Weaknesses:** (1) weak or missing explanations of failures to achieve strategic goals, and (2) lack of well-articulated descriptions of changes in policies or procedures to address weaknesses or failures.

**Mixed results:** The average score of the 24 reporting agencies was 30, a 4.1 percent increase for FY 2002 reports compared to FY 2001. The average scores for seven of the twelve criteria improved this year, led by improvements of 26.9 percent for accessibility and 19.7 percent for better explanations of the linkages between the agencies goals and results to their costs. However, on average, agencies did not make progress in several areas, particularly in providing quality trend data (decline of 13.0 percent) and clearly articulating their goals and objectives as outcomes (decline of 9.9 percent).

# NAMES AND ABBREVIATIONS USED IN THIS DOCUMENT

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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
Federal Emergency Management Agency	FEMA	FEMA
General Services Administration	GSA	GSA
Department of Health & Human Services	HHS	HHS
Department of Housing & Urban Development	HUD	HUD
Office of Inspector General	Inspector General	OIG
Department of the Interior	Interior	DOI
Department of Justice	Justice	DOJ
Department of Labor	Labor	DOL
National Aeronautics & Space Administration	NASA	NASA
Nuclear Regulatory Commission	NRC	NRC
National Science Foundation	NSF	NSF
Office of Personnel Management	OPM	OPM
Small Business Administration	SBA	SBA
Social Security Administration	SSA	SSA
Department of State	State	State
Department of Transportation	Transportation	DOT
Department of the Treasury	Treasury	UST
U.S. Agency for International Development	USAID	USAID
Department of Veterans Affairs	Veterans	VA

# TABLE 1

## Scorecard Summary & Ranking for FY 2002

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

	TRANSPARENCY	PUBLIC BENEFITS	LEADERSHIP	TOTAL	RANK
Labor	13	15	12	40	1
Transportation	16	12	11	39	2
SBA	12	14	10	36	3
Veterans	15	11	10	36	3
Commerce	13	11	11	35	5
EPA	10	13	11	34	6
Interior	11	12	11	34	6
FEMA	11	9	13	33	8
NRC	14	9	9	32	9
SSA	13	10	9	32	9
State	10	9	10	29	11
Agriculture	10	10	8	28	12
Education	10	9	9	28	12
GSA	11	8	9	28	12
Justice*	13	9	6	28	12
NASA	9	9	10	28	12
OPM	10	9	9	28	12
HUD	9	9	9	27	18
NSF	9	8	10	27	18
Treasury	9	8	10	27	18
Energy	7	9	9	25	21
HHS	7	10	8	25	21
USAID	6	9	8	23	23
Defense	5	5	8	18	24
<b>AVERAGE</b>	<b>10.54</b>	<b>9.88</b>	<b>9.58</b>	<b>30.00</b>	
<b>MEDIAN</b>	<b>10</b>	<b>9</b>	<b>9.5</b>	<b>28</b>	

\*The Department of Justice's (Justice) FY2002 Performance and Accountability Report scores are included in the rankings of this report. However, at the request of Justice, the Scorecard team also graded its FY 2002 Performance Report combined with the FY 2004 Performance Plan. The Performance Report/Plan combination received the following scores: transparency (13), public benefits (9), leadership (11), for a total of 33.

## TABLE 2

### FY 2002 Scores & Rankings Comparison to FY 2001

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

	FY 2002		FY 2001		CHANGE IN FY 2002 SCORE	CHANGE IN FY 2002 RANKING
	TOTAL SCORE	RANK	TOTAL SCORE	RANK		
Labor	40	1	36	3	4	2
Transportation	39	2	42	1	-3	-1
SBA	36	3	26	16	10	13
Veterans	36	3	38	2	-2	-1
Commerce	35	5	28	13	7	8
EPA	34	6	33	4	1	-2
Interior	34	6	28	13	6	7
FEMA	33	8	21	19	12	11
NRC	32	9	33	4	-1	-5
SSA	32	9	29	11	3	2
State	29	11	19	20	10	9
Agriculture	28	12	28	13	0	1
Education	28	12	N/A	24	N/A	12
GSA	28	12	31	8	-3	-4
Justice*	28	12	33	4	-5	-8
NASA	28	12	25	17	3	5
OPM	28	12	19	20	9	8
HUD	27	18	29	11	-2	-7
NSF	27	18	30	10	-3	-8
Treasury	27	18	31	8	-4	-10
Energy	25	21	33	4	-8	-17
HHS	25	21	19	20	6	-1
USAID	23	23	23	18	0	-5
Defense	18	24	N/A	23	N/A	-1
<b>AVERAGE</b>	<b>30</b>		<b>28.82</b>		<b>1.82</b>	
<b>MEDIAN</b>	<b>28</b>		<b>29</b>		<b>0.5</b>	

\*The Department of Justice's (Justice) FY2002 Performance and Accountability Report scores are included in the rankings of this report. However, at the request of Justice, the Scorecard team also graded its FY 2002 Performance Report combined with the FY 2004 Performance Plan. The Performance Report/Plan combination received the following scores: transparency (13), public benefits (9), leadership (11), for a total of 33.





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# INTRODUCTION

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Following the passage of the Government Performance and Results Act of 1993 (GPRA), federal agencies developed strategic plans, performance plans, and performance reports to explain what they are trying to accomplish, identify performance measures, and report on their results. A new reporting requirement for FY 2002 requires agencies to prepare and submit a combined performance and accountability report.<sup>2</sup> The combined Performance and Accountability Report includes the strategic plans, performance plans, and performance reports previously included as well as a financial section, which incorporates the audited financial statements and report of the Office of Inspector General (OIG) on serious management challenges.

President Bush's FY 2002 budget proposal called upon the federal government to produce better results for citizens by enhancing accountability for dollars collected and dollars spent. The administration also began using information on agency performance in the FY 2003 budget for a selected set of programs<sup>3</sup>, a practice that has been expanded for the FY 2004 budget.<sup>4</sup> 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.

For performance-based budgeting to work, performance information has to be transparent, accessible, and reliable. GPRA and its amendments require federal agencies to produce annual performance reports. The purpose of these reports is to give Congress and the American people accurate 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 (for FY 1999) in spring 2000, the second series in spring 2001 (covering FY 2000), the third series in spring 2002 (covering FY 2001), and the current series in spring 2003 (for FY 2002). Beginning with FY 2002 reports, agencies are required to consolidate their performance reports with financial reporting information in a combined Performance and Accountability report.<sup>5</sup>

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>6</sup>

To help policymakers assess this year's reports and agencies improve the quality of future reports, a Mercatus Center research team evaluated the reports produced by the 24 agencies covered under the Chief Financial Officers' Act. This marks the fourth year that researchers at the Mercatus Center's Government Accountability Project have evaluated agencies' reports. It is our goal that this annual

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<sup>2</sup> Office of Management and Budget, *Memorandum for Chief Financial Officers and Inspectors General*. Available at: [http://www.whitehouse.gov/omb/financial/final\\_yr\\_end\\_memo2002.html](http://www.whitehouse.gov/omb/financial/final_yr_end_memo2002.html).

<sup>3</sup> Office of Management and Budget, *Budget of the United States Government for Fiscal Year 2003. Governing with Accountability*, available at <http://www.whitehouse.gov>.

<sup>4</sup> Office of Management and Budget, *Budget of the United States Government for Fiscal Year 2004. Governing with Accountability*, available at <http://www.whitehouse.gov>.

<sup>5</sup> The Performance and Accountability Report satisfies the reporting requirements of the Chief Financial Officers Act of 1990, the Federal Managers' Financial Integrity Act of 1982, the Government Management Reform Act of 1994, the Government Performance and Results Act of 1993, and the Reports Consolidation Act of 2000.

<sup>6</sup> The Mercatus Center has developed a seven-step process, called "Outcome-Based Scrutiny," that provides a

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assessment will not only help to inform decision makers, but that it will also inform the American people more generally. By promoting the American spirit of competition and accountability and applying it to government performance reporting, it is also our hope that agencies can and will improve the quality and cost-effectiveness of the services they deliver.

# EVALUATION CRITERIA

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The purpose of this assessment is not to evaluate or make judgments about the quality of the actual results the agencies produced. Rather, our goal is simply to ascertain *how well the 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:

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

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## Transparency

1. Is the report easily accessible 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

5. Are the goals and objectives stated as outcomes?
6. Are the performance measures valid indicators of the agency's impact on its outcome goals?
7. Does the agency demonstrate that its actions have actually made a significant contribution toward its stated goals?
8. Did the agency link its goals and results to costs?

## Leadership

9. Does the report show how the agency's results will make this country a better place to live?
  10. Does the agency explain failures to achieve its goals?
  11. Does the report adequately address major management challenges?
  12. Does it describe changes in policies or procedures to do better next year?
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### **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. Goals and measures that emphasize agency activities instead, 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, and budget decisions that rely on such flawed information will fail to reflect realistic assessments of what agencies can accomplish with appropriations.

### **Forward-Looking Leadership**

Agencies should use the performance information produced by their organization to identify solutions to perceived problems and to change future plans so as to capitalize on opportunities for improvement. The report should inspire confidence in an agency's ability to enhance citizens' quality of life commensurate with the resources they have entrusted to the agency.

# INTERPRETING OUR FINDINGS

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It is important to emphasize that our research team evaluated only *the quality of reporting, not the quality of results*. Therefore, it would be a mistake to conclude that the agencies with the highest-scoring reports necessarily produced the best results for the country. Ideally, an agency's report reflects more about its managers' capabilities than just their ability to write reports. Instead, a high scoring report reflects an agency's ability to translate what it does into understandable and meaningful results that Americans can appreciate.

Similarly, it would also be inappropriate to draw policy conclusions from our analysis. We offer no recommendations on whether the federal government should or should not be engaged in its current menu of activities.

So what do the findings in this study really mean? By assessing the quality of agency reports, we are trying to evaluate the agencies that are supplying the information 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. In the interest of producing a timely study, we did not, however, verify the performance information cited in each agency's report. Given the importance of accurate data for sensible decisions, we believe that verification and validation should be a high priority for Inspectors General, Congress, the General Accounting Office, and the Office of Management and Budget.





# SCORING THE REPORTS

## Strongest and Weakest Scores

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

### TRANSPARENCY

1. Is the report easily accessible and easily identified as the agency's Annual Performance 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 main web site 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 GPRA and the agency's structure to locate it, the spirit of accountability to the public is not satisfied. If the report is large, it should be divided into sections for more convenient reading and/or downloading. Making the report available in multiple formats is also desirable, since readers' needs vary and each format has its advantages and disadvantages (ease of printing, searching, etc.).

#### **Strongest Scores:** Labor, Transportation

Labor presents its FY 2002 Report on Performance and Accountability under the "Highlights" section on the front page. The report page displays the report in a Table of Contents format that is linked to PDF files, the largest of which is a manageable 676k. Labor is also developing an HTML format for the report. Mail, phone, fax, and e-mail contacts appear at the bottom of the page for those who would like to request a hard copy or offer comments.

Transportation also places a direct link to its report on the front page, in the "Quick Answers" section. The complete report is available as a PDF file for broadband users or as multiple PDF files (divided into sections) for 56k modem users, although the file sizes are not specified as they are in Labor's case. The page also gives an address and e-mail for the submission of comments.

#### **Weakest Scores:** USAID, Energy, Defense, HHS

USAID and Energy did not post their annual reports online by March 14, 2003, the required deadline for the Scorecard analysis.

Two agencies, Defense and HHS, posted their reports online, but the reports are so difficult to find that they are, from a practical perspective, inaccessible.

Only one researcher, out of a pool of six, found Defense's report by running a site search that located an Appendix to the report. From the Appendix, the researcher backtracked to the Comptroller's site. The Comptroller places the 2002 Performance and Accountability Report under "Audited Financial Statements" in the "Financial Management Topics" section.

Only two researchers, out of six, found HHS' report. One ran several searches that identified the 2001 PAR report, which is not the same as the 2001 Performance and Accountability Report. From there the researcher backtracked to the "Office of Finance" page and clicked on "Reading Room," and then "Accountability" and finally located the 2002 report. The second researcher went through the "Site Map," the "Publications" link and the "HHS Accountability Reports (Office of Finance)" link to locate the report.

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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, minimal use of acronyms, and effective use of visual techniques like headings, graphs, tables, and photos are helpful. Details can either inform or confuse, depending on how they are presented.

**Strongest Scores:** FEMA, Labor, NRC, SBA, Transportation, Veterans

Six agencies (FEMA, Labor, NRC, SBA, Transportation and Veterans) garnered a score of "good" using this criterion. They did so by presenting well-written and visually appealing reports. Uniformly these reports had the following characteristics: simple language, a comprehensive Table of Contents, an overview that presented a concise snapshot of the agency and its mission, a good variety of visual techniques used to explicate further on information in the text, and an easy to follow and consistent layout that clearly designated the sections. Most abstained from the excessive use of acronyms, with the exception of Veterans, which would have been well served by using fewer of them as they detracted from the otherwise extremely well-written text. Labor took the commendable extra step of defining acronyms when they appeared in the text rather than requiring readers to flip back to the acronyms table in the Appendix. FEMA, SBA and Labor also used anecdotes to illustrate their performance and to interest the reader. The NRC and FEMA reports are pleasingly short.

**Weakest Score:** USAID

The USAID report appears to be put together haphazardly with an inconsistent format. The use of bullets, headings, text changes and fonts varies throughout the report (pp. 145 and 148) making the report difficult to follow and leaving the reader confused as to whether he or she is looking at a goal, an objective or some other measure. Texts are often repeated verbatim throughout the report, which increases the reader's confusion. (p. 4 Paragraph 3; and p. 8 Paragraph 4; or compare texts on p. 6 to those in the "Overview" section on pp.15-16. Even the tables on p.14 and p. 141 are identical). Although compared to others the report is short, it seems relatively "text heavy," with scant graphs, tables, and charts.

3. Are the performance data valid, verifiable, and timely?

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

**Strongest Score:** Commerce

Commerce's data is timely, and each performance measure section has a discussion of data validation and verification that identifies the related data sources, limitations, and verification. Much of the data appears to be either verified internally or by the OIG.

**Weakest Scores:** Defense, HHS

Defense simply failed to submit information pertinent to this criterion, declining to mention data at all.

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Most of the data presented by the agencies lack external validation or verification. In some cases the OIG raises serious concerns about the accuracy of the data (e.g., the EPA), but even in cases where validation and verification is an issue, most agencies present relatively timely data. However, HHS' data suffers in all three categories. In particular, HHS' data is not timely. For example, for the performance measure on p. II.18, numbers showing performance are unavailable for both 2002 and 2001. On p. II.25, no data has been available for three years; on p. II.38, no data since 2000. Overall, it seems a majority of the measures have no data for 2002, making it impossible for a reader to assess whether HHS has met its targets. HHS notes the deficiencies in the timeliness of its data, but doesn't seem to have a plan for improving things. Additionally, there is no evidence of external data validation or verification, or even internal control mechanisms to ensure data reliability. The only measure of data quality provided is that some measures are in audited agency reports.

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

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

**Strongest Scores:** Transportation, Veterans

Transportation provides five to seven years of trend data for its strategic objectives, allowing for the easy assessment of trends over time. The agency also clearly delineates revised data from previous years and estimated data for the current year.

For most performance measures, Veterans provides four to five years of trend measures, but in other cases the trend data may be as short as a year (e.g., on p. 54, data is provided back to 1998; on p. 60, back to 1997; and on p. 73, only through 2001). However, Veterans is pleasingly candid about changes in methodology that would affect results or change the trend data (p. 72 and p. 70).

**Weakest Scores:** Defense, NASA

Defense failed to submit information pertinent to this criterion.

NASA presents its data in a purely qualitative manner and thus does not use any baseline or trend data to put the performance measures in context. Occasionally, for a quantifiable measure, reference will be made to improvement over last year (e.g., p. 170); however, this occasional reference does not help the reader put the agency's performance in context over time.

## 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.

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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 place them alongside goals that address public benefits more directly.

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

**Strongest Scores:** Labor, Transportation

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

Labor does not present its strategic goals in the “Management Discussion and Analysis” section as outcomes. However, in the sections dedicated to the strategic goals, there is an “Overview” that attempts to explain the purpose of the goal and explains the goals in terms of outcomes. Moreover, the “Outcome Goals” that support the strategic goals are generally stated as outcomes.

Transportation does a good job of stating four of the six strategic objectives (p. 1) and many of the nearer term strategic outcomes (p. 21, 33, 41, 51, and 56) as outcomes. “Organization Excellence” and “Human and Natural Environment”, however, are largely not stated in outcome terms. For example, one of the “strategic outcomes” under “Human and Natural Environment” is “improve the viability of ecosystems” (p. 51), which is an action unconnected to clear, beneficial outcomes.

**Weakest Scores:** Defense

Defense does not present goals or objectives. Defense identifies four challenges: force management risk, operational risk, future challenges risk, and institutional risk. Unfortunately, Defense does not convert these challenges into outcome-based goals. Defense provides no objectives, only accomplishments.

In general, agencies continue to struggle with stating their goals and objectives as outcomes. In some instances agencies have made progress at the strategic level to articulate outcomes but have been unable to translate these into outcome-based performance goals throughout the agency. Some agencies continue to identify an excessive number of strategic goals, many of which are based on the short-run needs of the agencies rather than on the long-run public benefits that the agency provides. We use examples from OPM and State to illustrate these challenges.

While the newly established “Strategic Goals” are stated as outcomes, the underlying information indicates that OPM is not yet an outcome-oriented institution. As many of the performance goals are not stated as outcomes (p. 37 “Promote...standards”; p. 39 “Modifications...are examined”; p. 51 “decisions are identified”; etc.), the performance reporting is output and activity oriented. In most cases, it remains completely severed from anything resembling a public benefit. (p. 68 “agencies have access to the most efficient and effective human capital services”). OPM also often wanders into the realm of the vague platitude: “Anyone dealing with OPM gets the highest level of quality service.”(p. 66).

State identified too many strategic goals—twenty. In addition they are a mix of outcome-based, though generic goals (e.g., “Deter aggression”; “Prevent, defuse and manage crises”), quantifiable outcome goals (e.g., “reduce”, “minimize”), and other activities (e.g., “Promoting broad based growth”). Even though many are outcome phrased, the lack of quantitative aspects make it difficult to determine if State is meeting the goals or making progress toward meeting them.

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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:** None

Eight agencies (Commerce, EPA, HHS, HUD, Labor, NRC, SBA, and Transportation) received a score of "acceptable." No agency received a score of "good" or "excellent." On the whole, the agencies' reports did not exceed "acceptable" using this criterion, because the discussion of the quality of the performance measures was so inconsistent, as exemplified through EPA, HHS and HUD.

EPA identifies some good performance measures, but other measures leave the reader confused as to how the selected measure achieves the stated goal. Often, this confusion is the result of the agency's failure to explain why it chose a particular measure. Consider APG 38 of Goal 5 (p. II-60) "Within 18 months make a final offer." As the Result discussion notes, making an offer does not necessarily lead to cleanup. Why then did the EPA choose this as a measure? (See also APG 9 of Goal 2 (p. II-22) "85% of the population...") The EPA does not explain why it identifies 85 percent as the target, and not some other percentage.

Additionally, EPA's own admissions about the manner in which it does or does not achieve goals, makes one wonder about the effectiveness of these measures. Consider Superfund cleanups. In this section, the EPA notes it failed to achieve this goal because it has cleaned up the easy-to-clean sites and is now stuck with the difficult ones. This measure says nothing about the effectiveness or speed of EPA's cleanup relative to the nature of the site. Surely those would be better measures. Some measures, such as money spent and meetings held (p. II-83) are completely ineffective performance metrics.

HHS' performance measures generally seem to be valid indicators of the department's impact on outcome goals. But it is not clear whether the performance measures are, in fact, the result of just HHS' work (e.g., I.18 "Increase the number of adoptions"), as opposed to other government agencies or social influences. Moreover, there are situations in which the agency does not use the best available measure. For example, it tracks the number of food inspections, but not the incidence of food poisoning. Absent the incidence number, we have no clue as to whether inspection is effective. Likewise the measures for "Strategic Goal 2: Enhance ability to respond to bioterrorism and other challenges," are weak because the only performance measures the agency tracks are the existence of a pharmaceutical stockpile and food inspections.

HUD uses so many indicators that it is difficult to assess whether it is making progress. Out of the myriad of measures, however, it appears that while some are valid indicators, others do not appear to measure the stated goal. For instance, it is unclear how "The FHA Mutual Mortgage Insurance Fund meets congressionally mandated capital reserve targets" leads to better housing for Americans (pp. 2-10). Other measures are activities or outputs: "Ginnie Mae securitizes at least 85 percent of single-family FHA and VA loans" (pp. 2-29). Still others measure progress for which HUD cannot claim credit, "Among non-elderly, non-disabled public housing households with dependents, the share that derive more than 50 percent of their income from work increases by 1 percentage point" (pp. 2-70).



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**Weakest Scores:** Defense, NSF, Treasury

Defense failed to submit information pertinent to this criterion. Instead it listed only its accomplishments and thus received a score of “poor.” All other agencies received a score of “fair.” The reasons for this are variable, but NSF and Treasury serve as two illustrative examples for the primary problem with agencies’ reports: the agencies fail to connect their performance measures to their goals.

NSF received a “fair” score, because the method it used to show achievement of performance goals – block quoting from an independent report – fails to show a link between the agency’s actions and its goals. NSF presents some fascinating illustrations of achievements by people who have received NSF support, but these are selected anecdotes that do not illustrate the typical experience for an NSF grantee. One is impressed that four of this year’s Nobel laureates have received NSF support (p. II-4), but it is a great extrapolation to use this fact to suggest NSF is developing an internationally competitive workforce (p. II-39).

Treasury received a “fair” score due to a lack of connection between most of the performance measures and its goals. Often this problem arises because Treasury’s performance measures are not outcome-oriented, but often focus on outputs (e.g., “The Number of Organizations that Receive Technical Assistance Awards During the Year;” “amount of the award” for Strategic Goal E1 (p. A-4 and A-5); or the instances in which Treasury documents training or money put into a situation as a performance measure). Additionally, Treasury does not make a compelling case that there is a causal link between the output activities and achievement of objectives, e.g., “Number of Corrections Made to Unsafe Conditions and Product Deficiencies” as related to Goal E1-“Promote Economic Growth” (p. A-3).

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

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

**Strongest Scores:** Labor, SBA, Transportation

Labor does a good job of attempting to link its actions to goal achievement by delineating what actions it took and then attempting to link those actions to the result. For example, the “Strategies” section often does this (e.g., p. 56), as does the “Analysis of Results” section (e.g., p. 22). Sometimes the explanations fall short of showing Labor’s contribution toward the goal, as is the case with the measure “Jobs for Dislocated Workers” (p.82). Overall, however, this is an above average explanation of how agency actions achieve goals.

Each goal section in the SBA report has “Strategy,” “FY 2002 Accomplishments” and “Program Analysis” sections, which help the reader understand how the agency has contributed toward its goals. The discussion of how the agency champions small business interests is a great example of

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the agency explaining how it works toward a goal (p. 59). The insets with anecdotes about business success due to SBA's assistance also emphasize how SBA's actions contribute to its goals. Lastly, the agency is quite forthright in admitting when it has achieved an unexpected result, (e.g., saving business \$18 billion more than expected in regulatory costs).

In Transportation's report, each performance measure contains a section that briefly discusses how Transportation's actions have contributed toward its stated goal (e.g., Aviation Security, pp. 34-35). Transportation also conducted a number of program evaluations to assess whether the intended outcomes were occurring (p. 68 et seq.).

**Weakest Score: Education**

Education fails to present data for two-thirds of its indicators. (See pie chart on p. 45. The data for 52 percent of the indicators are pending; 13 percent of the data are incomplete; and 4 percent only have a baseline set). This alone makes it impossible to assess whether the agency has made a significant contribution toward its stated goal. In cases for which the agency does have data, it is still difficult to see the efficacy of the agency's work as it mainly provides grants for specific programs that support its goals. For each of the goals, there is a section entitled "Implementation: Checking Progress," but this discussion lacks concrete numbers demonstrating contributions toward the end goal and an explanation of how Education monitors whether its funding is being spent in an appropriate manner (e.g., pp. 19, 96).

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.

**Strongest Score: SBA**

Each performance indicator in SBA's report includes a program cost estimate. Some also include a cost-per-user or cost-per-output measure. The SBA report also contains charts that break down costs for some particular activities. While the agency lacks an overall listing of costs by strategic goals, it could be easily calculated.

**Weakest Scores: Transportation, Defense, GSA, HUD**

Transportation does not present costs by goal or objective in any fashion, nor is there any discussion as to why it failed to do this.

Defense failed to submit information pertinent to this criterion.

GSA has an accounting of costs, but the costs are not broken down by goal, let alone linked to results. Instead, actual costs are broken down in the "Consolidated Financial Statements" section by agency-wide expense categories.

HUD mentions the total costs of its operation (pp. 1-49), but these costs are neither linked to particular activities nor to the benefits these activities are supposed to generate.

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## 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 should be supported by an outcome orientation, sound strategies, and successful achievement discussions. The report should create confidence in an agency's ability to improve America's future.

**Strongest Scores:** Labor, SBA

Throughout the report, from the Secretary's message to the "Serving the Public" sections, Labor makes a conscious effort to link its efforts to making the United States a better place to live, and focusing on the benefits it provides to the public (e.g., pp. 37, 66). Additionally, the "Program Description" sections further explain how each program creates value for each American.

The "Message from the Administrator" gives a very clear description of how the SBA is making America a better place not only for small businesses, but also for Americans in general, by explaining the economic benefits of small businesses. Additionally the performance section—through success stories and a small section on goal achievement—and the "Management Discussion and Analysis" section tell the reader how the agency's work is making the country a better place to live.

**Weakest Scores:** SSA

On page 9, the SSA report briefly discusses how Social Security makes America a better place to live, but the report itself fails to link its goals and outcomes to the improvement of the United States.

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

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

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

**Strongest Score:** Commerce, Energy, Interior, SSA, Veterans

Five agencies (Commerce, Energy, Interior, SSA, and Veterans) received a score of "acceptable." No agency received a score of "good" or "excellent." Agencies' reports failed to rise above "acceptable" using this criterion because the agencies did not accept responsibility for failures.



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The agencies that did receive an “acceptable” score, however, admitted their failures although their explanations for these were uneven, most notably Interior, Energy and SSA.

Interior compares the FY 2002 Plan to the FY 2002 Actual in Appendix D (starting on p. 244), a summary of performance and analysis. When the goals are not met, Interior does a decent job of explaining failure. In some cases though, more details as to why the goal is not met would have been useful. Also, the agency has its share of weak excuses. On page 204, for example, Interior explains that it failed to meet a goal because it did not define the goal.

In the “Overview and Performance Results” sections, Energy’s report offers a “plan of action” note when it fails to achieve a goal. The note offers a reason for the failure and ways in which to change in the upcoming year. The notes could use some more detail, but they are generally useful.

SSA admits to its failures, but the quality of its explanations for failure varies. When the failure is obvious (e.g., p. 99, Objective 6), the agency generally gives a good explanation, but it is often quite dismissive when it falls just “a little” short of a goal, and sometimes it fails to explain failure at all (p. 105, percent of 800-number calls handled accurately).

**Weakest Scores: Education**

The major failure of this report is Education’s inability to provide information on two-thirds of its indicators (See discussion under question 7, and pie chart on p. 45. The data for 52 percent of the indicators are pending; 13 percent of the data are incomplete; and 4 percent only have a baseline set). When Education admits not achieving a goal, it either fails to explain why it does not meet the goal (e.g., pp. 61, 82, 106), or it gives general reasons: “owing to the complexity of the provisions for state accountability systems...” (p. 58) or the agency is “unable to finalize the criteria” (p. 80).

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 General Accounting Office and OIGs, as well as agency responses indicating an appreciation of threats to its mission and goals, and an anticipation of future risks.

**Strongest Scores: FEMA**

Transitioning into the Department of Homeland Security will prove a big challenge for FEMA, and FEMA’s report very nicely addresses this challenge in the “Forward Looking Information” section (pp. 19-23). FEMA moves a step beyond just managing the transition. It also gives plans for improving its performance under the new structure. Add to this the lengthy discussion (pp. 131-141) of how the agency is responding to the management challenges identified by the OIG and the discussions earlier in the report dealing with actions to improve program performance (pp. 15-18), and it becomes clear that FEMA has done a very fine job of addressing management challenges.

**Weakest Scores: Justice**

Justice has material weaknesses that have existed for several years – one, prison overcrowding,

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dates back to 1985— yet not only has Justice failed to correct them, it does not even discuss them. The report has some discussion of external challenges, but little explanation of how Justice will handle these challenges (p.38-39). While the OIG report lists several management challenges, including computer security (which has been a concern since 1991), Justice fails to address any of them. This is especially disturbing when the prevention of terrorism is its first strategic goal and Justice does not delineate how it will address the major management challenge of interdepartmental communication and risk assessment.

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?

**Strongest Scores: FEMA**

Given FEMA's absorption next year into the Department of Homeland Security, it could have written a very poor forward-looking section and justified it by saying that due to the transition its situation would be in flux. Instead in the "Actions Taken or Planned to Improve Program Performance" section (pp. 15-18) and in the "Forward Looking Information" section (pp. 19-23), FEMA lays out future challenges for its programs and its integration into the new agency. The "Actions Taken" section focuses on some substantive improvements with a commendable emphasis on mitigation efforts. This section, and the overall report, would benefit from more specifics, especially in relation to individual failures (although FEMA does discuss on page 37 initiatives to increase participation in the National Flood Insurance Program), but overall FEMA does an excellent job.

**Weakest Scores: Agriculture, HHS, Justice, USAID, Veterans**

Five agencies (Agriculture, HHS, Justice, USAID, and Veterans) received a score of "poor." In all cases this score was assigned because the agency's report is entirely backward-looking, comprehensively failing to address the future, as the examples of Veterans and Agriculture demonstrate.

Other than the "Management Challenges" section, Veterans almost entirely ignores planning for the future. The "Goals" sections fail to mention what the targets are for FY 2003, how the agency plans to meet the targets, and how the agency will change policies and procedures in the upcoming year. What statements there are about future events are extremely general (e.g., "inspection of BSL facilities will be conducted at least once a year." p. 195, last paragraph).

In its report, Agriculture focuses entirely on the past. In the "Management Challenges" and "Performance Measures" sections, Agriculture primarily discusses what it is currently doing to meet challenges and only mentions in passing unspecified proposals for the next year(s).

# TRENDS AND OBSERVATIONS

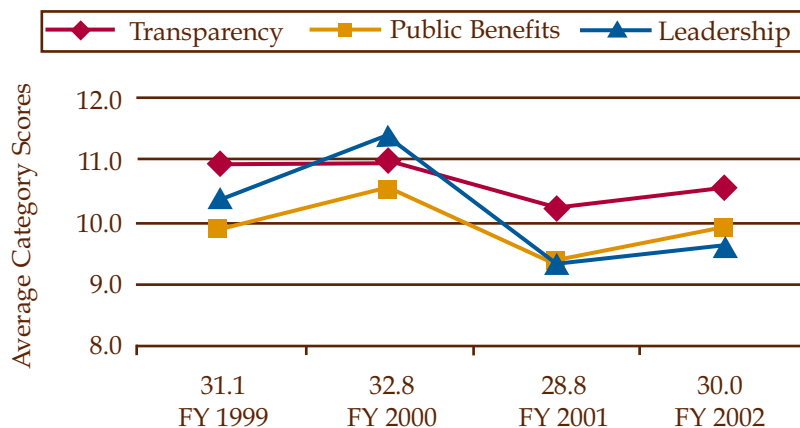
We employed the same criteria to assess the FY 2002 agency reports that we used to evaluate prior year reports. However, in general, in each succeeding year we have tightened our evaluative standards, since agencies have had a year to learn from public and congressional responses to their earlier reports as well as from each other. For FY 2002, we generally maintained the evaluative standards we had applied for FY 2001 with the exception of our assessment of data reliability and trends, where we set higher expectations for FY 2002. Thus, in general, an agency had to improve the absolute quality of its FY 2002 report in order to receive the same numeric score it received for its FY 2001 report.

Following the declines from FY 2000 to FY 2001, the average dimensional scores showed modest increases for FY 2002 (Chart 1). The average total score, which is a composite of the three dimensional scores, increased 4.1 percent to 30 for FY 2002. In the aggregate, agencies demonstrated the largest percentage increases in the average public benefits score, which increased 6.0 percent to 9.9 percent for FY 2002. In particular, the public benefits increases were the result of agency improvements in linking its goals and results to costs, demonstrating that its actions have made contributions to its goals, and identifying valid performance measures.

In spite of the modest increases in the average dimensional scores, only eight of the twelve criteria indicated increased average scores. In particular, agencies made substantial improvements in making their reports accessible to the general public, linking their goals and results to costs, and showing how their results make the United States a better place to live. Average scores for four of the twelve criteria declined from FY 2001 to FY 2002. For the third straight year, average scores related to providing baseline and trend data as well as clear identification of outcomes have deteriorated; falling to 2.3 (13.0 percent) and 2.3 (9.9 percent), respectively.

## CHART 1

Trends in Annual Performance Report Scoring



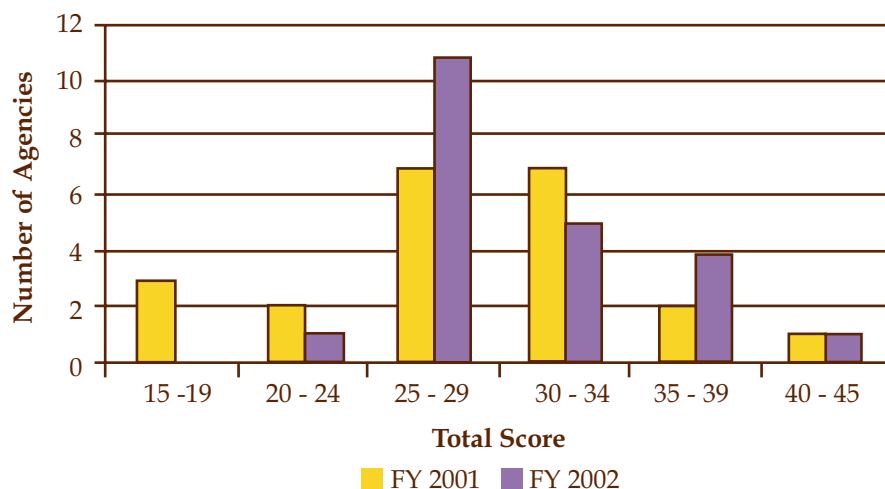
Eleven agencies increased their scores from FY 2001 to FY 2002, while scores fell for nine agencies (Table 2). Two agencies achieved identical scores and two agencies did not provide a report for the prior year. Three agencies, in particular, made substantial improvements in their reports: FEMA, SBA, and State. Each of these agencies substantially increased their rankings for FY 2002. Two agencies that showed surprising declines in their ranking, Energy and Treasury, fell 17 places and 12 places, respectively. Both of these agencies were affected by declining scores on the dimensions of transparency of reporting and leadership. The drops in their relative rankings were also due to the improved quality of reporting of other agencies.

### An Upward Shift in the Distribution

The average agency score increased from 28.8 to 30.0 from FY 2001 to FY 2002. More importantly, the distribution of the agency scores shifted up from FY 2001 to FY 2002. Chart 2 shows the distribution of agency scores for FY 2001 and FY 2002 for the 22 agencies that were evaluated in both years.<sup>7</sup> For FY 2002, twenty-one of the agencies (twenty-two if Education is included) earned scores of 25 or more compared to 17 agencies for FY 2001. Even though the top agency score fell from 42 to 40 for FY 2002, fewer agencies earned the lowest scores.<sup>8</sup>

## CHART 2

Agencies by Total Scores for FY 2001 and FY 2002



<sup>7</sup> Defense and Education Department were not evaluated in FY 2001. For consistency, these agencies are not included in FY 2002 scores shown in Chart 2. For FY 2002, the Defense Department and Education Department earned scores of 18 and 28, respectively. Including these scores would not change the interpretation of the distributional shifts.

<sup>8</sup> However, while on average agency scores did improve, an agency can score up to 60 points on its report. Thus, an agency score of 25 has earned 42 percent of the points possible for its report.

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Each agency score is a composite of the three dimensional scores: transparency, public benefits, and leadership. Figures 1 through 4 provide an integrated view of these three dimensions across time. The “X” (or horizontal) axis plots the leadership scores for each agency, and the “Y” (or vertical) axis shows the corresponding transparency scores for the respective year. The relative width of the bubbles indicates each agency’s benefits score. (A wider bubble indicates an agency received a comparatively better score for linking and explaining the benefits it provides to the public, and a smaller width indicates the converse).

For the first year under the new reporting requirements (FY 1999), one might expect a relatively wide dispersion among agency scores. As agencies learn and adapt in subsequent years, however, it seems reasonable to expect a clustering along the northeast–southwest diagonal. Across time, agencies would be expected to move toward the northeast (or top right) quadrant with corresponding expansions in bubble sizes as they improve on all three dimensions. In the first two years, agencies generally met these expectations. That is, the FY 1999 Scorecard results display a wide dispersion among agency scores. Then, in FY 2000, agencies tended to cluster along the NE-SW diagonal, with some movement toward the top right quadrant.<sup>9</sup> Unfortunately, this pattern of improvement was not sustained in FY 2001 as leadership and benefits scores fell sharply for most agencies. An increase in the relative slope of the overall cluster in FY 2001, however, indicates that the agencies’ transparency scores experienced the least deterioration among the three major scoring categories.

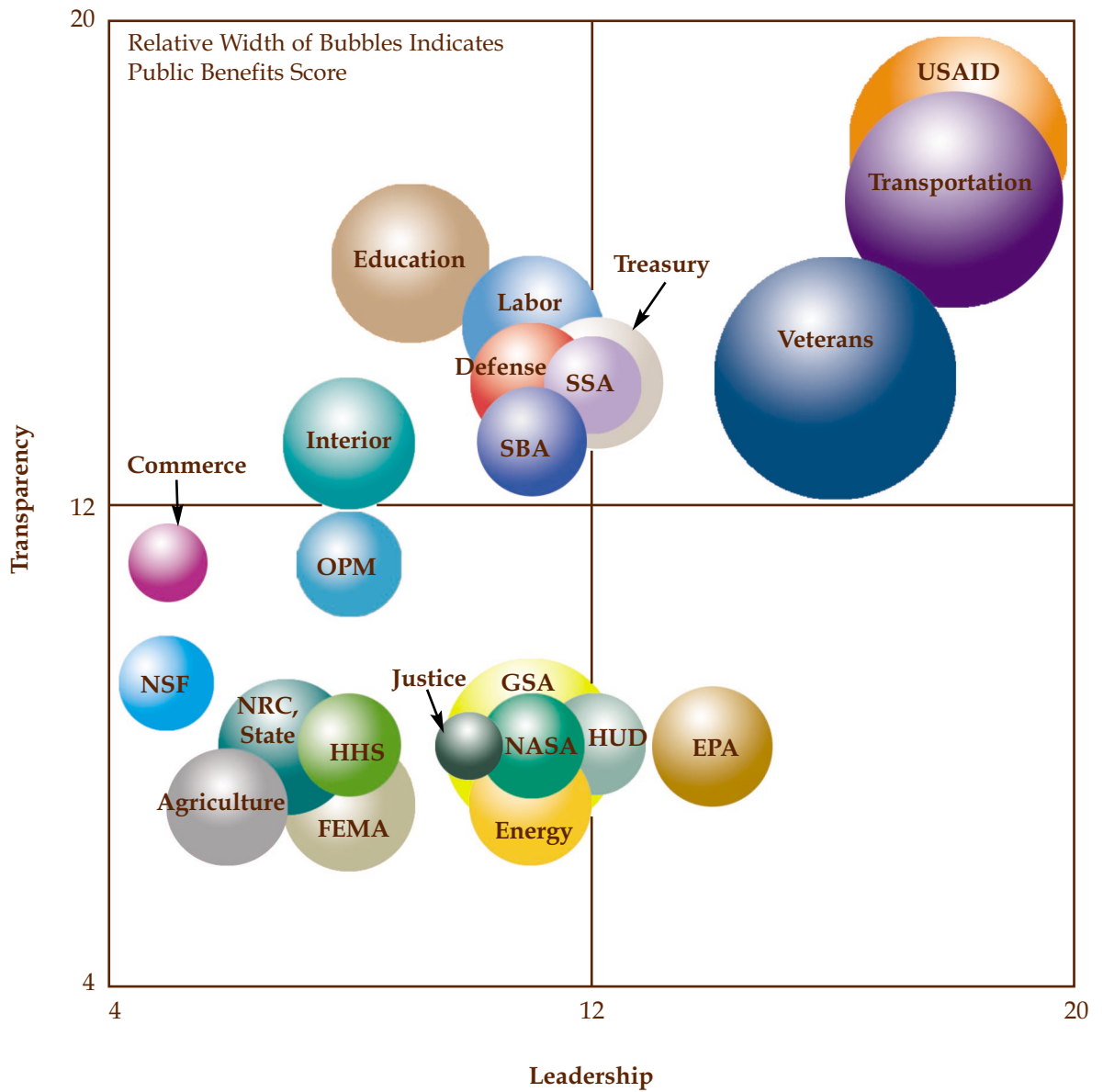
For FY 2002, agencies increasingly clustered together, with agencies collectively shifting up towards the northeast (top right) quadrant. Unfortunately, these movements did not result in substantive advancement into the northeast quadrant. At the agency level, nonetheless, some made progress. Six agencies (EPA, Interior, Labor, OPM, SBA, and SSA) made substantial improvements in their public benefits score for FY 2002; increasing their score by four or more for FY 2002. Two agencies (FEMA and State) increased their transparency scores by four or more for FY 2002, while three agencies (Commerce, FEMA, and State) made similar improvements in their leadership scores.

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<sup>9</sup> In other words, public benefits scores tended to increase along with increasing transparency and leadership scores.

# FIGURE 1

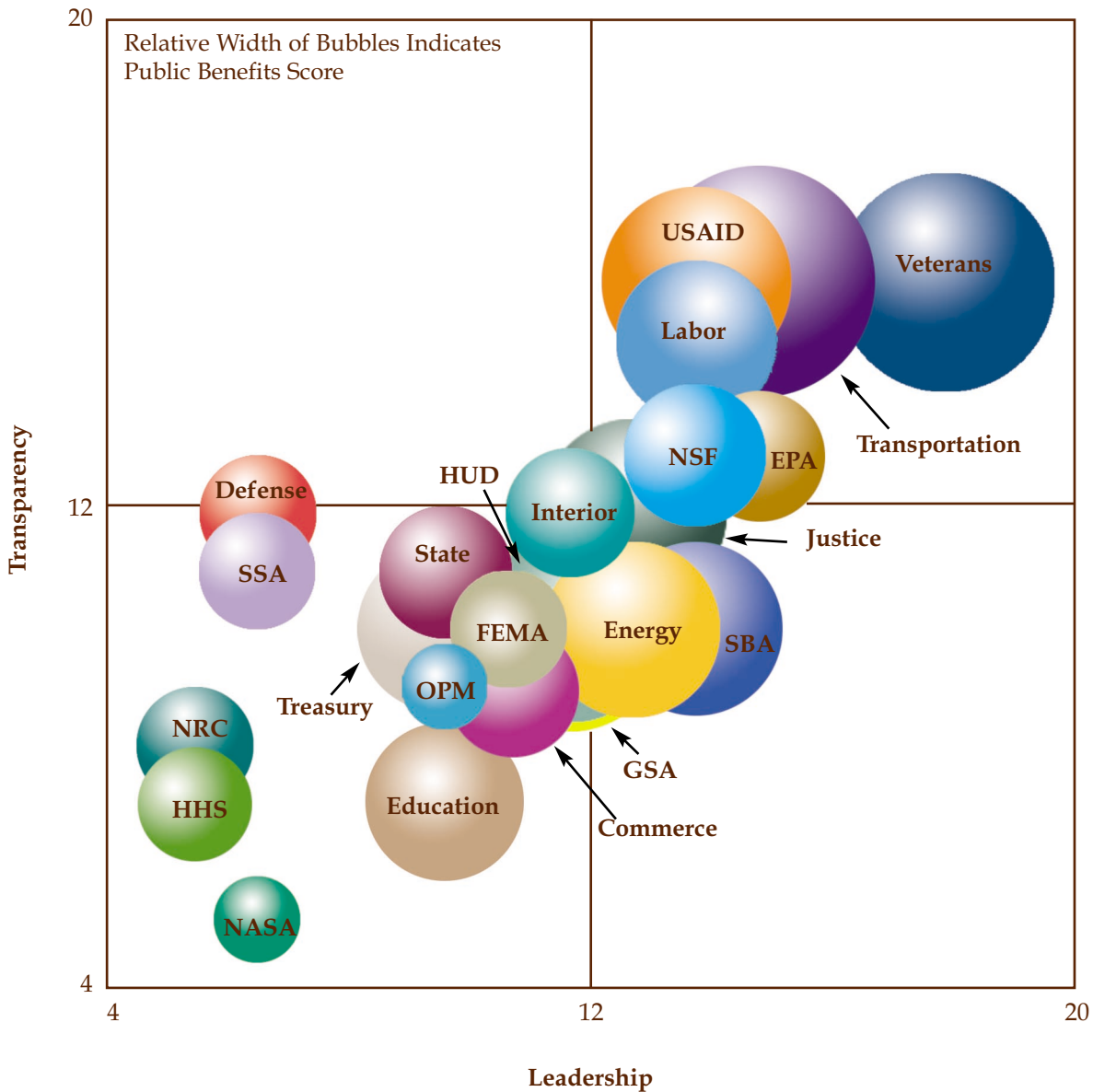
## FY 1999 Annual Performance Report Scorecard



Transparency: Does the agency report its accomplishments in a transparent fashion?  
 Public Benefits: Does the report focus on documenting tangible public benefits the agency produced?  
 Leadership: Does the report show evidence of forward-looking leadership that uses performance information to devise strategies for improvement?

FIGURE 2

FY 2000 Annual Performance Report Scorecard

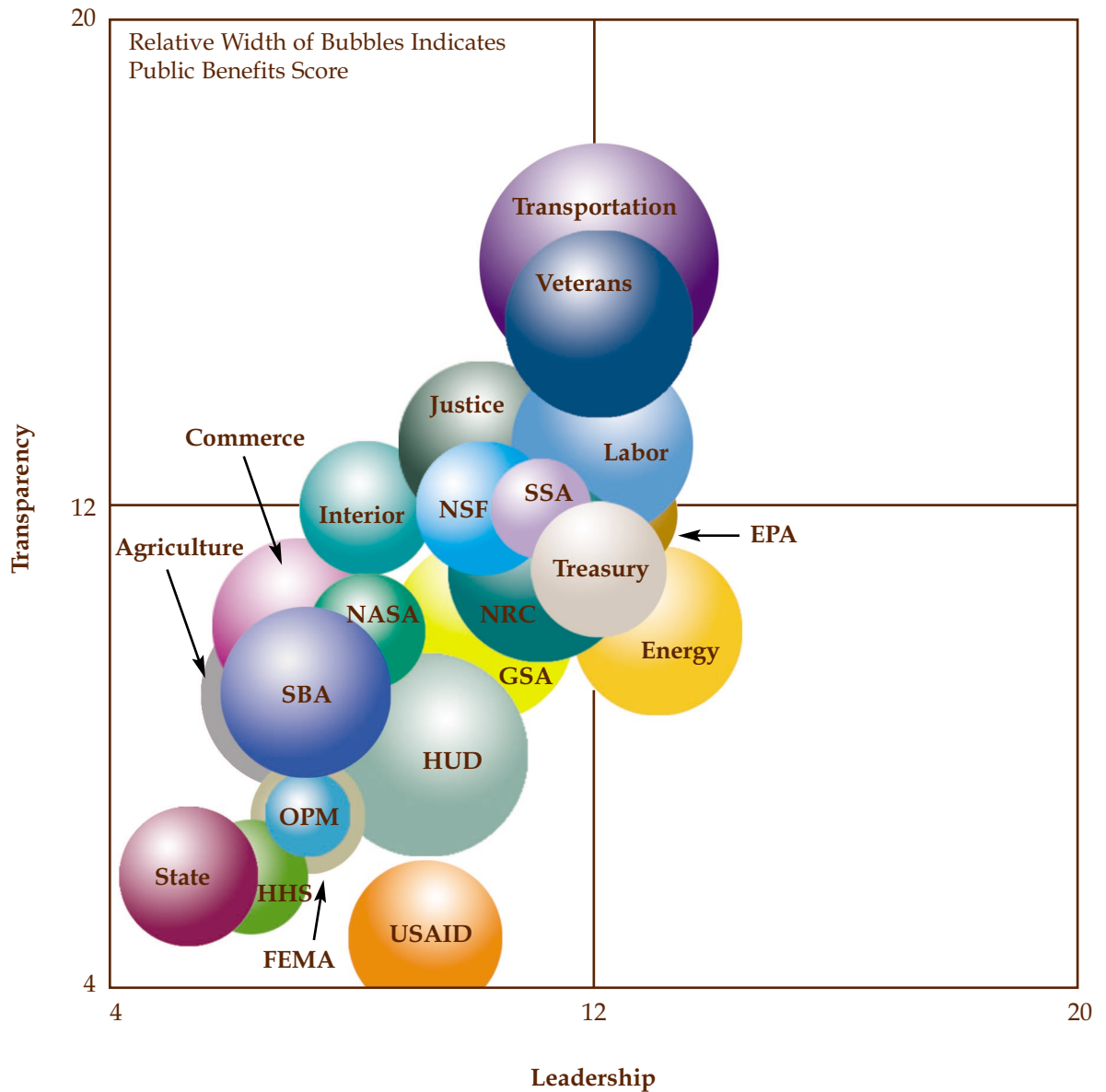


Transparency: Does the agency report its accomplishments in a transparent fashion?  
 Public Benefits: Does the report focus on documenting tangible public benefits the agency produced?  
 Leadership: Does the report show evidence of forward-looking leadership that uses performance information to devise strategies for improvement?  
 Note: Agriculture not evaluated (late).



# FIGURE 3

## FY 2001 Annual Performance Report Scorecard

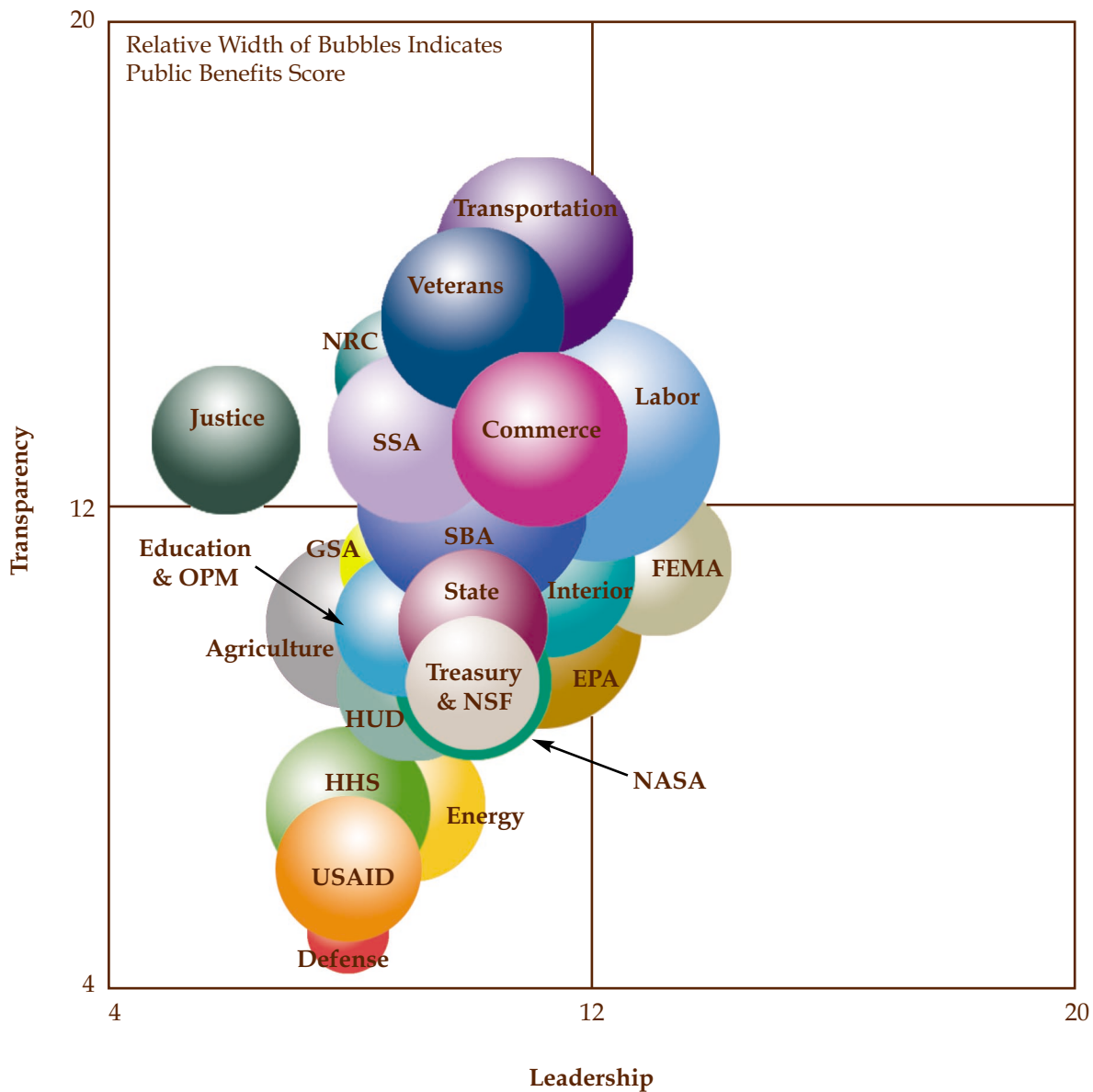


Transparency: Does the agency report its accomplishments in a transparent fashion?  
 Public Benefits: Does the report focus on documenting tangible public benefits the agency produced?  
 Leadership: Does the report show evidence of forward-looking leadership that uses performance information to devise strategies for improvement?  
 Note: Defense and Education not evaluated (not released and no report, respectively).



FIGURE 4

FY 2002 Annual Performance Report Scorecard



Transparency: Does the agency report its accomplishments in a transparent fashion?  
 Public Benefits: Does the report focus on documenting tangible public benefits the agency produced?  
 Leadership: Does the report show evidence of forward-looking leadership that uses performance information to devise strategies for improvement?

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## Why Only Modest And Uneven Improvements?

Several factors may have contributed to the FY 2002 agency scores. For the first time, agencies were required to file a consolidated Performance and Accountability Report. Simultaneously, agencies were moved to an accelerated reporting schedule and reports were due by the end of January for FY 2002. Finally, the President's Management Agenda, as well as the program performance assessments, were more widely implemented throughout the agencies during the past year.

The Office of Management and Budget (OMB) guidance for preparing the consolidated Performance and Accountability Report, issued in October 2002, directed agencies to include in their reports three parts: 1) Management's Discussion and Analysis, 2) Performance Section, and 3) Financial Section.<sup>10</sup> The first section provides an overview of the entire report while the second section incorporates the annual program performance information required by GPRA and its amendments. The financial section provides the audited agency financial statements as well as the OIG summary of serious management challenges. In the OMB guidance, agencies are encouraged to prepare an "integrated" report. It is not clear how agencies interpreted this encouragement and what impact it had on agencies reported scores for FY 2002.<sup>11</sup>

For FY 2002, agencies were required to deliver their reports by the end of January 2003, an accelerated schedule from prior years. For FY 2004 and thereafter, agencies will be required to deliver their reports by November 15. Although the agencies had advance warning of the accelerated due dates, it is possible that this schedule had an impact on their performance on this year's reports.

With the increased focus on the President's Management Agenda as well as on the program performance assessments, agencies may have shifted their focus away from making improvements in the FY 2002 Performance and Accountability reports. If so, this would be an unfortunate outcome of a constructive effort on the part of the federal government to improve government performance and accountability. Under the President's Management Agenda, beginning with the FY 2003 Budget, agencies are evaluated on several government-wide initiatives and their scores are reported as part of the budget.<sup>12</sup> In addition, a new program assessment rating tool (PART), which was released for use in July, 2002, was used to evaluate a subset of agencies programs during the last year and then incorporated in the FY 2004 budget process.<sup>13</sup> We applaud these initiatives but hope they do not detract from encouraging clear communication with the public through the Performance and Accountability reports on the public benefits that are provided by the federal government to its citizens.

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<sup>10</sup> Office of Management and Budget, Memorandum for Chief Financial Officers and Inspectors General, October 18, 2002, available at: [http://www.whitehouse.gov/omb/financial/final\\_yr\\_end\\_memo2002.html](http://www.whitehouse.gov/omb/financial/final_yr_end_memo2002.html).

<sup>11</sup> For FY 2002, we evaluated two alternative reports for Justice; one based on the previous reporting requirements and one developed under the new guidelines. Both reports were awarded identical scores for transparency (13) and public benefits (9). However, the report developed under the new guidelines scored substantially less (6 vs. 11) on the leadership dimension. Whether this was function of the character of the new reporting requirements or part of the learning curve associated with adaptation to the new reporting requirements is not clear. All of the other agencies followed the new guidelines and several agencies simultaneously improved their scores on the leadership dimension.

<sup>12</sup> For the current evaluation, see Office of Management and Budget, FY 2004 Budget, Governing with Accountability available at: <http://www.whitehouse.gov/omb/budget/fy2004/accountability.html>

<sup>13</sup> A description and results of the initial implementation of the Program Assessment Rating Tool (PART) program are included in the FY 2004 Budget, Rating the Performance of Federal Programs available at: <http://www.whitehouse.gov/omb/budget/fy2004/performance.html>.

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Whether or not these factors contributed to the lack of overall improvement, it is clear that there is still substantial room for progress. Agencies continue to struggle with identifying clear goals that are articulated as outcomes. The identification of these outcome goals, which are then assessed with valid performance measures and accompanied by a clear linkage to the costs incurred, allows policymakers and ordinary citizens to assess the performance and cost effectiveness of the agency initiatives. As the federal government seeks to meet the increased demands placed upon it relative to the safety and security of the American people (and the reorganization of resources that this may require), a clear understanding of the public benefits provided from current efforts is essential.

### **Bright Spots and Quick Slips**

Two agencies, Transportation and Veterans, have consistently ranked among the top three agencies since the Scorecard's inception, which began with FY 1999 reports. Clearly, Transportation and Veterans have created an internal culture that encourages attention to improving their disclosure. We encourage other agencies to learn from best practices and incorporate the approaches that have been successful at these agencies. Another notable agency, Labor, has demonstrated steady improvement through the years, moving up from 5<sup>th</sup> for FY 1999 to capture the top ranking for FY 2002.

Three agencies substantially improved their rankings for FY 2002. SBA vaulted from 16<sup>th</sup> in the FY 2001 rankings to 3<sup>rd</sup> place for FY 2002. SBA made substantial improvements on all dimensions, most notably on documenting the tangible public benefits produced. In particular, SBA demonstrated substantial improvement at linking its goals and results to cost information. FEMA surged from 19<sup>th</sup> place to 8<sup>th</sup> place for FY 2002, improving on all dimensions as well. FEMA scored highest on the leadership dimension across all the agencies, due primarily to the forthright manner in which it addressed its management challenges and the policy changes it has instituted to address the challenges. State jumped from 20<sup>th</sup> to 11<sup>th</sup> in the rankings making substantive improvements on both the transparency and leadership dimensions.

Some agencies also took surprising tumbles in the rankings. Energy fell from 4<sup>th</sup> to 21<sup>st</sup> while Treasury dropped from 8<sup>th</sup> to 20<sup>th</sup>. Energy's scores fell across all dimensions, particularly on the leadership dimension. While three of the four leadership criteria scores deteriorated, Energy provided one of the better explanations of its failures to achieve its goals. Treasury's scores fell on the transparency and leadership dimensions, most notably in the readability and clarity of its report, an area where it should be easy to excel. On a final note, the tightening of the distribution of scores with agencies improving at the bottom end of the distribution means that small changes in scores can lead to bigger changes in rankings.

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## The Future of the Performance and Accountability Reports

*Accountability. Transparency. Disclosure.* Each of these is a critical and necessary element in the current reporting environment both in the private and the public sectors of the economy. It is incumbent on the government to model the highest standards on these dimensions and to clearly communicate the public benefits that it provides to its citizens.

The Performance and Accountability reports play a key role in communicating to ordinary citizens as well as to policymakers their successes and failures, the resources used, and the challenges ahead. Quality information that is credible, reliable, and clearly linked to performance is instrumental in ensuring the appropriate allocation of resources to programs that provide public benefits.

The President's Management Agenda and its attendant performance measurement tools are complementary to the Performance and Accountability reports produced by the agencies.<sup>14</sup> At its core, a performance report provides a window into the agency's effectiveness in articulating the public benefits it provides and the resources consumed in providing those benefits. In theory, adding the Accountability reports, which include the audited financial statements as well as the OIG summary of material weaknesses, to create a consolidated document provides additional assurance that the agency's resources are adequately controlled.<sup>15</sup> Making the combined report available to the public and to policymakers in an easily accessible and understandable form is an encouraging step towards reaching the goals of accountability, transparency, and disclosure at the federal level. These are lofty goals. And, although progress has been made, much remains to be done as agencies work to develop systems and processes that support better and clearer reporting in the future.

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<sup>14</sup> The President's Management Agenda takes a high-level look at five targeted initiatives: 1) Strategic Management of Human Capital, 2) Competitive Sourcing, 3) Improved Financial Performance, 4) Expanded Electronic Government, and 5) Budget and Performance Integration. The Program Assessment Rating Tool (PART) is used at the program (i.e., sub-agency level) to assess the effectiveness of a rotating set of federal programs. Currently, the plan is to review a given program approximately every five years. Neither of these initiatives is focused on communicating directly with the ordinary citizens relative to the public benefits that the agency provides.

<sup>15</sup> Whether or not the combined Performance and Accountability Report enhances or detracts from the clear and credible communication of public benefits provided remains an open question. On one hand, the length of the combined report has increased substantially relative to prior years reports, which focused exclusively on the government performance report. On the other hand, incorporating Accountability Report information allows ordinary citizens and policymakers to access the combined information in one place.

# RESEARCH TEAM AND PROJECT DESIGN

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The scorecard project is headed by the Hon. Maurice McTigue, QSO, a distinguished visiting scholar at the Mercatus Center, and Dr. Sarah E. Nutter, an associate professor of accounting at George Mason University.

Dr. Tyler Cowen, the Mercatus Center's general director, served as advisory director for the study. An eight member academic team, led by an in-house head researcher, completed all report review and analysis. A twelve 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

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

**Dr. Sarah E. Nutter, Ph.D.**, *Associate Professor of Accounting*  
*George Mason University School of Management*

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

**Ms. Jennifer Zambone, J.D.**, *Chief Researcher and Associate Director*  
*Regulatory Studies Program, Mercatus Center at George Mason University*

## ADVISORY PANEL

**Jonathan D. Breul**  
*IBM Business Consulting Services*  
*Arlington, Virginia*

Jonathan D. Breul is currently a Senior Fellow at IBM's Endowment 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-OH) 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.

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**Mortimer Downey**

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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 Representative's 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 Bachelor 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.

**Harry Hatry**

*Urban Institute  
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Harry Hatry is currently Principal Research Associate and Director of the Urban Institute's Public Management Program. Since 1970 he has been a leader in developing performance management/measurement and evaluation procedures for public agencies. In addition to authoring numerous articles on government, performance measurement, and results-based management, he works closely with federal, state, and local agencies to develop outcome measurement procedures for a wide variety of public services.

Mr. Hatry has provided assistance on Government Performance and Results Act (GPRA) activities at the U.S. Departments of Education, Justice, Health and Human Services, and the Environmental Protection Agency's National Estuary Program. He assisted a consortium of 35 large U.S. cities and counties in developing comparative performance information, establishing benchmarks, and providing best-practice information on a number of basic municipal services. He recently assisted the United Way of America to develop training materials on outcome monitoring for private, non-governmental, and human service agencies.

He is currently a fellow at the National Academy of Public Administration and was a member of the U.S. Department of Education's external Evaluation Review (Advisory) Panel. He is also a member of the United Way of America's Task Force on Outcome Measurement. Mr. Hatry earned his Master of Science in Management from Columbia University, and a Bachelor of Science in Engineering from Yale University.



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**Philip G. Joyce, Ph.D.**

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Philip Joyce is associate professor of public administration at the George Washington University. Professor Joyce's teaching and research interests include public budgeting, intergovernmental relations, and bureaucratic politics.

He is the author of numerous articles and book chapters, appearing in outlets such as the *Public Administration Review*, *Public Budgeting and Finance*, *Administration and Society*, and the *Handbook of Government Budgeting*. His 1993 article, "Using Performance Measures for Federal Budgeting: Proposals and Prospects" was reprinted in *Classics of Public Administration* (1997). Professor Joyce is Associate Editor of *Public Budgeting and Finance*, and is a Past President of the American Association and Budget and Program Analysis. He has taught in M.P.A. programs at the Maxwell School of Citizenship and Public Affairs at Syracuse University, the University of Kentucky, and the American University. Dr. Joyce also has 12 years of public sector work experience, including four years with the Illinois Bureau of the Budget and five years with the United States Congressional Budget Office.

He received his Doctorate from the Maxwell School of Citizenship & Public Affairs, Syracuse University, and his Masters in Public Administration from Penn State University.

**John Kamensky**

*IBM Business Consulting Services  
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Mr. Kamensky is director of the managing for results practice for IBM Business Consulting Services, and senior research fellow for the IBM Endowment 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, and a Bachelor of Arts from Angelo State University.

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**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 Doctorate in Public Administration from the University of Baltimore.

**Dr. Thomas Kessler**

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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 transition 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 Doctorate in Business Administration from Nova South Eastern University, and a Master of Business Administration from University of Baltimore, and is a certified information systems auditor.



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**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.**

*George Mason University  
Fairfax, Virginia*

John Sacco is currently an associated 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 20th 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 Doctorate in Political Science, a Master of Science in Accounting, and a Bachelor of Science in Data Processing.

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**Max Stier**

*Partnership for Public Service  
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Max Stier is currently President and CEO of Partnership for Public Service, having worked previously in all three branches of the federal government. In 1982, he served on the personal staff of U.S. Representative Jim Leach (R-Iowa). In 1992 Mr. Stier clerked for Chief Judge James Oakes of the United States Court of Appeals for the Second Circuit, and in 1994 for Justice David Souter of the United States Supreme Court. In between his two clerkships, Mr. Stier served as Special Litigation Counsel to Assistant Attorney General Anne Bingaman at the U.S. Department of Justice.

Prior to joining the law firm Williams & Connolly in 1995, Max Stier served as the Deputy General Counsel for Litigation at the U.S. Department of Housing and Urban Development. At Williams & Connolly Mr. Stier practiced primarily in the area of white-collar defense.

Mr. Stier serves as an adjunct professor of law at Georgetown University and is a graduate of Yale University and Stanford University Law School.

**Henry Wray**

*Private Consultant  
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Henry Wray 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.

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**Christopher Wye, Ph.D.**

*National Academy of Public Administration  
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Christopher Wye is currently Director of the National Academy of Public Administration's (NAPA) Center for Improving Government Performance. He has had a career-long interest in improving the performance of government programs and operations by developing and applying better techniques to produce timely, useful, low cost analytical information through policy analysis, performance monitoring, program evaluation, and inspections. His publications and lectures are well known throughout the performance community in Washington, DC.

In his current position, Dr. Wye facilitates research, working groups, and conferences aimed at assisting federal agency members to successfully implement the Government Performance and Results Act (GPRA) and related performance-based initiatives. Prior to joining NAPA, Wye served the U.S. Department of Housing and Urban Development for seventeen years, starting as a Senior Policy Analyst, and finishing as the Director of the Office of Program Analysis and Evaluation for the Office of Community Planning and Development. He was also a Fellow for the National Endowment of the Humanities at Harvard University, and a Lecturer at Cleveland State, John Carroll and Kent State Universities.

Chris Wye earned his Bachelor of Arts from Parsons College, and his Master of Arts and Doctorate from Kent State University.

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# WEIGHTING THE EVALUATION FACTORS

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To report the results of this study as transparently as possible, the researchers weighted the evaluation factors equally in calculating each agency's total score and rankings. Since the summary table reports scores for all three evaluation categories separately (transparency, public benefit and forward-looking leadership), readers who believe that one factor is more important than others can apply whatever weights they wish to the separate scores and recalculate rankings accordingly.

In addition, in the interest of transparency, all reports were evaluated against a common scale, even though different agency missions may make it inherently more difficult to develop results-oriented goals and measures or collect appropriate data. (For example, agencies that provide direct services, such as GSA or FEMA, may find it easier to identify and quantify their contributions than an agency like State.) It will probably take several years before the basic natures of some agency missions ceases to be a binding constraint that prevents some agencies from producing better reports.

## 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 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*.



**Sarah E. Nutter, Ph.D.** ([snutter@gmu.edu](mailto:snutter@gmu.edu)) 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.

Dr. Nutter earned a Bachelor of Science in Accounting from Ferris State University, and a Masters and Doctorate in Business Administration from Michigan State University.



**Jennifer Zambone** ([jzambone@gmu.edu](mailto:jzambone@gmu.edu)) led the research effort for this project. Ms. Zambone is currently the Associate Director of the Regulatory Studies Program at the Mercatus Center. She is both a researcher and writer, and has submitted several public interest comments, which can be found at the Mercatus Center website ([www.mercatus.org](http://www.mercatus.org)). She came to Mercatus from the Competitive Enterprise Institute, where she was an Environmental Policy Analyst, doing work on environmental issues related to science and public health.

Jennifer holds a Bachelor of Arts in Biology and English and a Juris Doctor from Washington and Lee University.

## ABOUT THE MERCATUS CENTER

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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.

We have a host of educational and research program that support this mission including Capitol Hill Campus, Government Accountability Project, Regulatory Studies Program, Global Prosperity Initiative, and Regradar.org

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.*

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**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.**

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Mercatus Center  
at George Mason  
University





# AGENCY-BY-AGENCY SCORING SUMMARIES

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in FY 2002 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 graphic that heads each agency summary page contains two sections. The top displays the scores each agency received in the three categories this year (FY 2002). The bottom graph shows the rankings each agency has earned on the Scorecard for FY 1999, FY 2000, FY 2001, and FY 2002.

For example, Labor this year earned scores of 13, 15, and 12 on the Transparency, Public Benefits, and Leadership criteria respectively. The total of these scores (40) earned Labor the number one rank this year among its peers. Labor's number one position for FY 2002, moreover, reflects an improvement over the previous two years when it ranked 3<sup>rd</sup> for FY 2001 and 4<sup>th</sup> for FY 2000.

Significant strengths and weaknesses of each agency's report are then summarized in bullet form. These summaries correspond to the twelve evaluative factors and are organized according to the three evaluative categories: Transparency, Public Benefits, and Leadership.



# DEPARTMENT OF LABOR (LABOR)

FY 2002 Rank: 1

FY 2002 SCORES																			
				L				T				B							
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20			
Poor				Fair				Acceptable				Good				Excellent			

Total Score: 40 (out of a possible 60)

## T TRANSPARENCY

- Link to Performance Reports is easily identified on the home page. Document is divided into sections that are currently available in PDF and may eventually also be available in HTML.
- Report is well written and visually appealing.
- The data appear timely, but the quality of the data is in some doubt.
- Department sets baselines and provides some trend data, but there are disturbing discrepancies between text data and Appendix data.

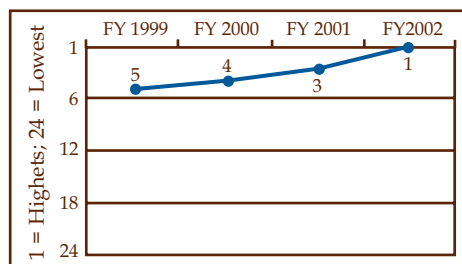
## B PUBLIC BENEFITS

- Strategic goals are outcome oriented.
- Performance measures are a mix of outcomes and activities.
- Labor does a good job of delineating the actions it took and linking the actions to the result.
- Labor does an excellent job of tracking and presenting cost information.

## L LEADERSHIP

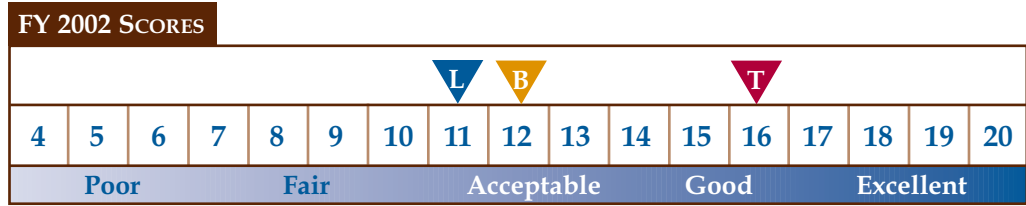
- Labor makes a conscious effort to link its actions to making the United States a better place to live.
- When a goal was not achieved, Labor only sporadically gives solid reasons for failure.
- Labor responds to the OIG's concerns about management challenges, but does not take any proactive steps to address problems.
- Throughout the report, Labor considers future steps that it will take to improve its programs, but there is little discussion of any large-scale changes.

## RANKING HISTORY



# DEPARTMENT OF TRANSPORTATION (TRANSPORTATION)

FY 2002 Rank: 2



Total Score: 39 (out of a possible 60)

## T TRANSPARENCY

- Transportation has an easily identifiable link to its Performance Report on its home page. The report is presented in PDF format, either as a whole or by section.
- The report is well organized, easy to follow, and not overly lengthy.
- The data appear to be generally valid, verifiable, and timely.
- The report provides five to seven years of trend data for the strategic objectives, making trends easy to assess.

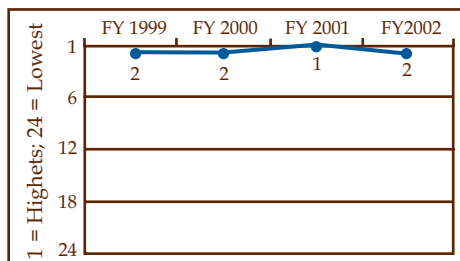
## B PUBLIC BENEFITS

- The report states four out of six of the strategic objectives, and many of the nearer term strategic outcomes, as outcomes.
- For the outcome-oriented objectives the performance measures are generally valid, but others fail to measure the ultimate goal.
- Each performance measure contains a section that briefly discusses how Transportation's actions have contributed toward its stated goal.
- Transportation fails to present costs by goal or objective.

## L LEADERSHIP

- It is possible to determine the value of the agency's action for many measures.
- The reader can easily assess whether the agency failed to achieve its goals, but discussion as to why those failures occurred is generally absent.
- Transportation addresses the issues raised by the OIG and the General Accounting Office, but it fails to proactively address management challenges.
- The agency does discuss some future challenges, but the discussions are generally vague.

## RANKING HISTORY



# SMALL BUSINESS ADMINISTRATION (SBA)

FY 2002 Rank: 3

FY 2002 SCORES																			
							L			T			B						
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20			
Poor				Fair				Acceptable				Good				Excellent			

Total Score: 36 (out of a possible 60)

## T TRANSPARENCY

- Report is found on the website under “About SBA,” “Budget, Plans and Reports” (two clicks away from the main page). Report is available only in PDF zipped format, which is overwhelming for users who are unaccustomed to unzipping files.
- The report has an easy-to-follow layout with consistent and effective use of visuals and clear labeling of the sections in the footers.
- Data are generally timely, but internally generated and not independently verified.
- For many measures the data span four years, but sometimes the most recent data are unavailable, which makes it difficult to assess performance.

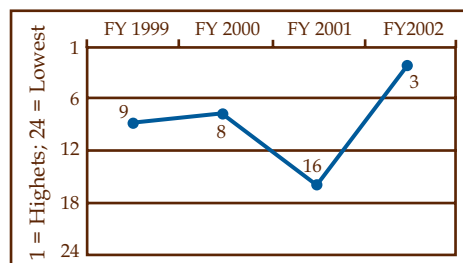
## B PUBLIC BENEFITS

- The strategic goals are expressed as activities rather than outcomes.
- The performance measures seem to fit well with the goals at hand, but they aren’t independently validated.
- Each goal section has “Strategy,” “FY 2002 Accomplishments” and “Program Analysis” sections, which help the reader to understand how the agency has contributed toward its goals.
- Each performance measure includes a program cost estimate; some include a cost per user or cost per output measure as well.

## L LEADERSHIP

- Throughout the report, SBA links the economic benefits of small businesses to the betterment of the country.
- Ten of the forty-one performance measures were not met, but it is difficult to identify the failures among the data.
- SBA does not adequately address the challenges identified by the OIG.
- SBA seems content to continue running its programs in an essentially unaltered state with a few changes made for the sake of operational effectiveness.

## RANKING HISTORY



# DEPARTMENT OF VETERANS AFFAIRS (VETERANS)

FY 2002 Rank: 3

FY 2002 SCORES																
				L				B		T						
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor				Fair				Acceptable				Good			Excellent	

Total Score: 36 (out of a possible 60)

## T TRANSPARENCY

- Report is two clicks away on the website, under the “What’s New” section. It is available in PDF format, and may be downloaded by section, or as a whole.
- The fluid and coherent writing and the effective use of tables and charts make this a well-written report.
- The data are timely, but there are some problems with the validation and verification of the data.
- For most performance measures, the agency provides four to five years of trend measures.

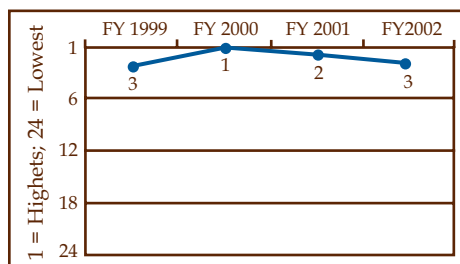
## B PUBLIC BENEFITS

- Out of the five strategic goals only two could be considered outcome goals.
- Some performance measures are well linked to the agency’s outcome goals; others have no direct causal link.
- Veterans does a generally competent job of showing how agency actions have achieved a goal.
- Veterans estimates the cost per objective.

## L LEADERSHIP

- Veterans consistently focuses on its attempts to integrate veterans into civilian life.
- Veterans is upfront about unmet targets, but its approach to explaining the failures varies throughout the report.
- The agency responds to the OIG’s and the General Accounting Office’s criticisms, but it fails to proactively identify management challenges.
- Other than the “Management Challenges” section, Veterans virtually ignores reporting its plans for the future.

## RANKING HISTORY



# DEPARTMENT OF COMMERCE (COMMERCE)

FY 2002 Rank: 5



**Total Score: 35** (out of a possible 60)

## ▼ T TRANSPARENCY

- The report is located three clicks away from the home page and presented in a sectioned PDF format.
- The report is well organized, but it is far too long and weighted down with details.
- The data are timely, and each performance measure section has a discussion of data validation and verification wherein the related data sources, limitations, and verifications are listed.
- Trend data are provided for FY 1999-2002, but it would be helpful if the department would present trend information in graphs and charts.

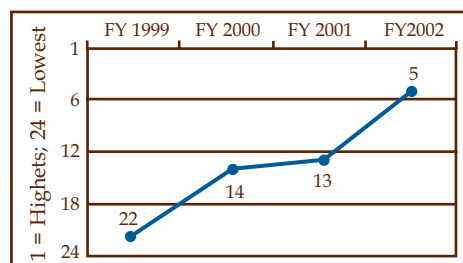
## ▼ B PUBLIC BENEFITS

- The pleasingly few (three) strategic goals are stated as activities, not outcomes.
- The agency explains why it chooses particular performance goals, but some measures still seem far removed from the strategic goals.
- The discussion of the past year's performance following each performance goal section helps the reader to see the connections between the agency's work and its goals.
- The costs are broken down by strategic goals, but there are so many goals that this section is confusing for the reader.

## ▼ L LEADERSHIP

- For each performance measure the agency generally explains the benefits that achieving a goal would provide for the country.
- Commerce admits most failures to meet a goal, but the quality of its discussion varies.
- Commerce fails to respond directly to the OIG's concerns in this report, but each bureau does discuss its own management challenges.
- Overall, there is little discussion in this report of what will be done in the next year to improve upon this year's performance.

## RANKING HISTORY



# ENVIRONMENTAL PROTECTION AGENCY (EPA)

FY 2002 Rank: 6



Total Score: 34 (out of a possible 60)

## T TRANSPARENCY

- It's difficult to find the report on the website, located three clicks away from the home page. The final report is available in PDF format, which may be downloaded by section.
- The report is written at an appropriate level for most readers, but it is on the long side with too much information crammed on each page.
- The data appear timely, but the EPA has massive and pervasive problems with the validation and verification of its data.
- Some measures have a number of years given as a trend. Other measures cite just one year. Often the goal fluctuated during the years for which the EPA did provide trend data, making it difficult for the reader to determine whether matters are improving.

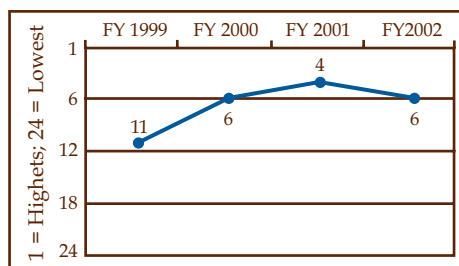
## B PUBLIC BENEFITS

- EPA has too many goals (ten). Some are outcomes. Some aren't. And some (e.g., "Compliance") are not independent goals.
- The appropriateness of measures is variable. Some are appropriate. Other measures leave one confused as to how the chosen measure achieves the stated goal.
- EPA often makes broad statements of conveying public benefit without delineating how it has provided that benefit.
- EPA does an excellent job of linking costs to goals.

## L LEADERSHIP

- EPA attempts to link its efforts to making this country a better place to live, but in many areas it appears to simply assume that the reader will make the link.
- When the EPA attempts to explain a failure, this usually clear report becomes quite turbid.
- The EPA responds to major points raised by the OIG, General Accounting Office, and others as well as taking the initiative to address additional issues.
- EPA discusses future plans briefly and considers "Future Trends" so the reader knows the agency has some interest in the big picture.

## RANKING HISTORY





# DEPARTMENT OF THE INTERIOR (INTERIOR)

FY 2002 Rank: 6

FY 2002 SCORES																	
										T	B						
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Poor				Fair			Acceptable				Good			Excellent			

Total Score: 34 (out of a possible 60)

## T TRANSPARENCY

- The link to its report, which is found on the home page, is entitled "PAR Report." The report is available in PDF format and may be downloaded by section, or as a whole.
- The report is well organized, and the language is accessible to the average reader, but the reader must flip back and forth in the report to get an accurate impression of Interior's activities.
- While most of the data are timely, the verification and validation of the data are uncertain.
- For the most part, the report illustrates trends from 1998/1999-2002.

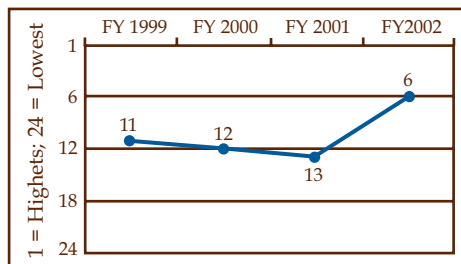
## B PUBLIC BENEFITS

- The actual strategic goals themselves are not stated as outcomes. However, Interior's justification of the benefits of these strategic goals conveys their outcome nature.
- There are so many performance goals that it is difficult to assess their quality. However, most appear to be activity oriented and quite a few seem inappropriate.
- Interior identifies actions contributing to goals throughout the report, often providing data that show the impact of its activities.
- The agency does an excellent job linking costs to strategic goals.

## L LEADERSHIP

- Interior tries very hard to link its actions to improvements in America.
- When the goals were not met, Interior does a decent job of explaining failure.
- Major management challenges are addressed throughout the report.
- There is some discussion of what will occur in the upcoming year to achieve the goals, but little discussion of big picture changes for Interior.

## RANKING HISTORY



# FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)

FY 2002 Rank: 8

FY 2002 SCORES																
					B					T						L
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor			Fair			Acceptable			Good			Excellent				

Total Score: 33 (out of a possible 60)

## T TRANSPARENCY

- The report is three clicks away from the home page, under the “Library” section. The report is available in PDF format, and may be downloaded by section, or as a whole.
- This is a clearly written, very readable report with attractive visuals that does a good job of explaining FEMA’s mission to the public.
- What data there are appear timely, but goals three to six lack any data. The data primarily are internally derived, with no indication that the data have been verified by either internal or external means.
- Some goals present a good trend of multi-year data, but others don’t, and the manner of the data presentation is inconsistent.

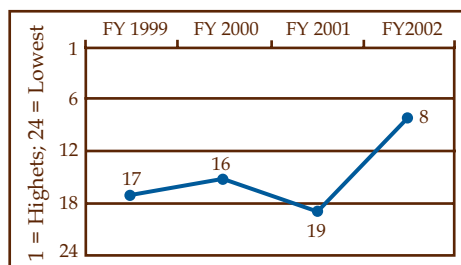
## B PUBLIC BENEFITS

- The two strategic goals are stated as outcomes, but the performance goals that support them are not stated in outcome terms.
- Performance measures are only presented for goals one and two. All other goals lack performance measures. The few performance measures presented are primarily focused on activities or outputs.
- In most cases, the agency does indicate that its actions have contributed toward the achievement of the stated performance goals, even if those goals are stated in terms of outputs.
- The report discusses costs throughout, but from the data given it is difficult to derive an overall linkage of the agency’s goals and costs.

## L LEADERSHIP

- The “Overview” and “most important goals and results” sections discuss how FEMA is helping to make America a better place.
- Discussions of the few failures that the agency experienced are not very informative.
- FEMA provides its plans for improving performance when it is merged into the Homeland Security Agency.
- FEMA lays out future challenges for its programs and integration into the Homeland Security Agency.

## RANKING HISTORY



# NUCLEAR REGULATORY COMMISSION (NRC)

FY 2002 Rank: 9

FY 2002 SCORES																
B									T							
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor				Fair				Acceptable				Good			Excellent	

Total Score: 32 (out of a possible 60)

## T TRANSPARENCY

- A link on the home page: “Plans, Budget, and Performance” leads to the Performance and Accountability Report. The report is in PDF broken up into sections.
- This is a very well written, well-organized, short report with an excellent layout and a good mix of graphics to illustrate the text.
- The data appear timely, and NRC does provide the data sources and discusses their verification in footnotes, but the data are not externally verified and validated.
- The NRC provides trend data for four of its five goals, but the presentation is not clear.

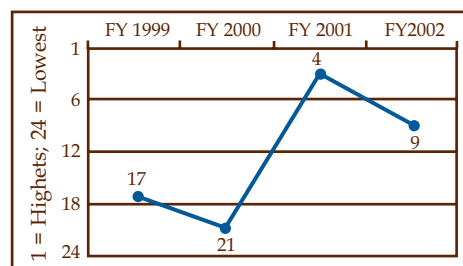
## B PUBLIC BENEFITS

- The strategic goals are a mix of outcomes, intermediate outcomes and activities, and there is too much overlap between the goals.
- The performance measures are good, in that achieving them would fulfill the goal, but the agency’s role in accomplishing them is often unclear.
- There is an implicit assumption that the agency’s actions contributed to the goals, but there is no direct demonstration.
- The report links net cost to the NRC’s four “strategic arenas,” but not to goals specifically, even though these areas shadow the goals.

## L LEADERSHIP

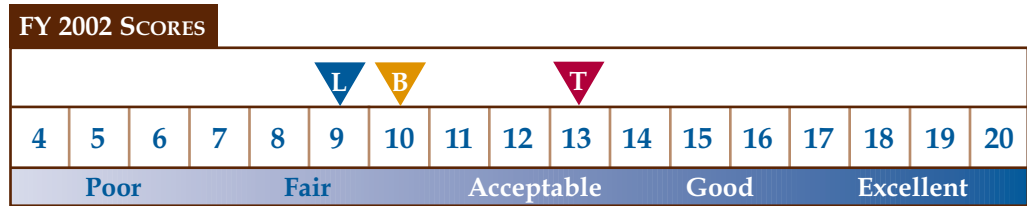
- Much of the linkage to a better quality of life in the country is by association and implication.
- NRC sets easily achievable standards (e.g., “no nuclear reactor accidents” p. 36); yet when NRC does acknowledge a failure the quality of its explanation is highly inconsistent.
- NRC responds to the OIG’s report and also conducts a yearly self-assessment.
- NRC addresses future challenges occasionally (e.g., see p. 35) throughout the report, but as its fails to tighten its standards, the Commission has no impetus to consider changing its approach, such as instituting a risk evaluative approach.

## RANKING HISTORY



# SOCIAL SECURITY ADMINISTRATION (SSA)

FY 2002 Rank: 9



Total Score: 32 (out of a possible 60)

## T TRANSPARENCY

- Link to report is easily identified on the home page. Report is available in PDF format and may be downloaded by section, although the sections are quite large.
- The report is nicely laid out and relatively well written. However, the plethora of performance goals detracts from the clarity of the text.
- Most of SSA's data are internally derived, but the OIG and the General Accounting Office evaluate the data for credibility and validity. However, roughly a quarter of the data is unreliable. SSA even lacked documentation on data collection methods for data deemed "reliable."
- Historical data for four years is provided for almost all indicators, and generally SSA explains the tables and charts in the text as well.

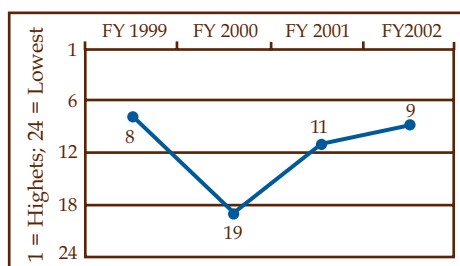
## B PUBLIC BENEFITS

- The four strategic goals and the objectives and performance goals are generally stated as outputs and intermediate outcomes.
- Since most of the objectives are actually outputs, it is not clear that the intended results were achieved.
- SSA does list a few activities that contributed to some of its strategic goals. However, other activities listed cannot be linked to attainment of goals.
- The report contains pie charts that break down the actual operating expenses by the four strategic goals for FY 2001 and 2002.

## L LEADERSHIP

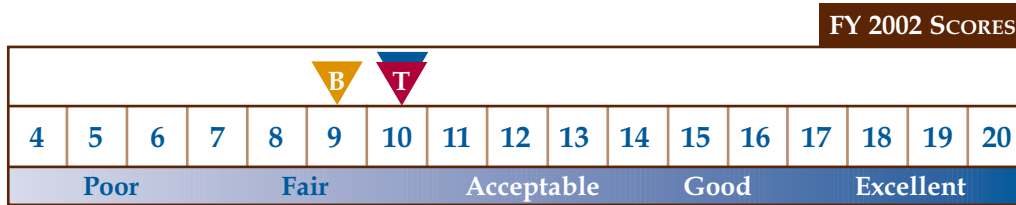
- The report briefly discusses how Social Security makes America a better place to live, but the report itself fails to link its goals and outcomes to the improvement of the United States.
- The quality of the agency's explanations of failure varies.
- SSA devotes a whole section to its management challenges ("Major Issues Facing SSA", pp. 15-24), acknowledging areas in which it needs to improve. However, this section merely touches on some issues that the General Accounting Office identifies as challenges.
- Changes are discussed in the "Major Issues" section, but this section has an inadequate discussion of change when compared to the OIG's letter.

## RANKING HISTORY



# DEPARTMENT OF STATE (STATE)

FY 2002 Rank: 11



**Total Score: 29** (out of a possible 60)

## T TRANSPARENCY

- The report is located three clicks from the home page “About the State Dept” link to strategic plans, performance reports. The report is presented in PDF by section, but the sections are quite large.
- The report is well organized and makes good use of consistent charts and tables throughout, but it is too long and uses too many acronyms.
- In most cases, the information presented is qualitative in nature and relates to processes or actions by the department or sometimes by foreign governments.
- Baselines for trend data are present, but mysteriously located in the appendix. None of these data appear in the body of the report.

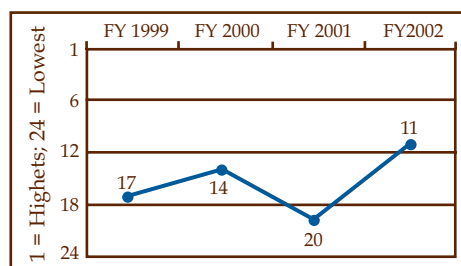
## B PUBLIC BENEFITS

- The twenty strategic goals are a mix of outcome based, though generic goals, quantifiable outcome goals, and activities.
- Some performance measures adequately measure outcome goals. Others, however, appear arbitrary and do not seem appropriate measures of the intended public benefit.
- State’s ability to demonstrate that its actions have actually made a significant contribution towards its stated goals varies by performance measure.
- Appropriations are identified by strategic goal and performance goal level but are unconnected to generated benefits.

## L LEADERSHIP

- Each strategic goal begins with a delineation of public benefits that should flow from the achievement of the goal.
- In many cases, there is no discussion of why a target was not met. When some rationale is given, it is terse.
- State offers concrete responses to management concerns raised by the OIG and the General Accounting Office.
- The report contains no proposed changes about how to better achieve its performance goals in the future.

## RANKING HISTORY



# DEPARTMENT OF AGRICULTURE (AGRICULTURE)

FY 2002 Rank: 12

FY 2002 SCORES																
				L				T								
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor			Fair			Acceptable			Good			Excellent				

Total Score: 28 (out of a possible 60)

## T TRANSPARENCY

- Report is located by using the website's search function, and by searching on "Annual Performance Report." It is listed amidst a myriad of other reports on the Office of the Chief Financial Officers home page and is presented only as a complete PDF file.
- This report is well and clearly written with a format that is conducive to clarity and easy reading, except that the "Performance" section is poorly formatted and difficult to understand.
- Agriculture explains at length its data sources and its data verifiability and validity, but it seemed hesitant to acknowledge some data problems identified by the OIG.
- In most cases the agency established a consistent baseline of 1999 and showed trend data through 2002, but targets are not explained.

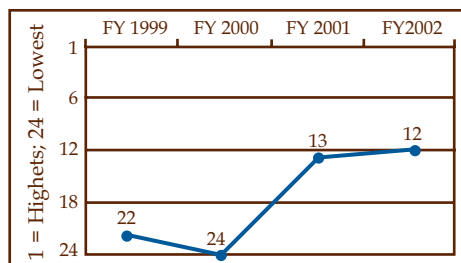
## B PUBLIC BENEFITS

- The Strategic Goals and Key Outcomes are a combination of outcomes, outputs and activities.
- The agency shows the usual dichotomy between valid performance measures and poor ones. Additionally, a number of performance measures do not appear to be directly related to "Key Outcomes."
- The report has very nice sections discussing Agriculture's actions that contribute to its goals, but sometimes the direct link between the action and the goal is not clear.
- Agriculture has handy pie charts at the beginning of each goal section with the amount of money and time spent on a goal.

## L LEADERSHIP

- Throughout most of the report, the agency simply does not articulate how its goals make America a better place to live.
- When the failure stems from a technical or legal change, the agency explains the failure quite thoroughly. However, the agency fails to acknowledge how past failures have contributed to current ones.
- The agency addresses management challenges raised by the OIG and other oversight reports.
- The report is focused on the past and does not discuss the future at all.

## RANKING HISTORY



# DEPARTMENT OF EDUCATION (EDUCATION)

FY 2002 Rank: 12

FY 2002 SCORES																		
				B		T												
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
Poor				Fair			Acceptable				Good			Excellent				

Total Score: 28 (out of a possible 60)

## T TRANSPARENCY

- The report is located three clicks away from the main page and is presented in sections in either PDF or Word.
- The report is too long and loses clarity as it progresses.
- Education notes problems with its data and indicates that the problems may be solved by 2003. When provided, data are timely for FY 2002.
- Baseline and trend data appear sporadically, because a large number of performance measures lack data from past years.

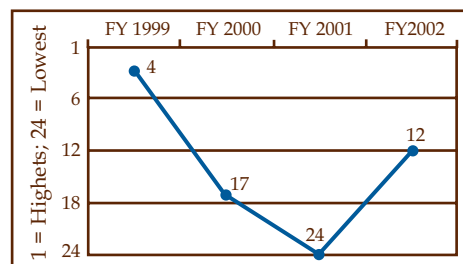
## B PUBLIC BENEFITS

- The statement of goals and objectives are a mix of activities/outputs and outcomes.
- Most of the agency's indicators are weak at best.
- The department fails to present data for two-thirds of its indicators.
- The funds related to each goal and objective are depicted in a pie chart, and in the financial statements section, costs are provided by program.

## L LEADERSHIP

- Education shows a commitment to serve the country that is most clearly expressed by the "No Child Left Behind" theme.
- When the department does admit failure to achieve a goal, it either fails to explain why it does not meet it, or it gives general reasons for the failure.
- Education addresses in passing some of the OIG's concerns in the Management Challenges section, but it does not address them fully.
- Plans for FY 2003 are discussed at the "objectives" level, but the report does not discuss any large scale changes that Education could make to improve the agency.

## RANKING HISTORY



# GENERAL SERVICES ADMINISTRATION (GSA)

FY 2002 Rank: 12

FY 2002 SCORES																
					B	L					T					
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor			Fair			Acceptable			Good			Excellent				

**Total Score: 28** (out of a possible 60)

## T TRANSPARENCY

- The report is one click away from home page, under "GSA Annual Reports." Report is available in PDF format as a whole, not by sections.
- The report is well organized and makes good use of an attractive layout, but the wordy text and frequent use of acronyms makes it difficult for the reader to find useful information.
- GSA discusses the validity and verification of the data for all performance measures used in the report. However the discussion is quite general, making it difficult to link the named sources and verifications to the particular performance measures.
- In most cases, trend data are provided for the four-year span from 1999-2002, and the report includes the 2002 target number as well.

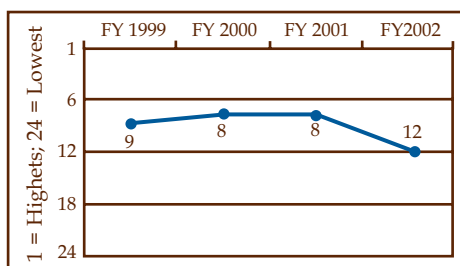
## B PUBLIC BENEFITS

- The goals are not stated as outcomes, and the explanation of the goals does not provide the reader with information as to the benefits received or the harms avoided by instituting the goals.
- Many of the performance measures seem tenuously related to the goal at hand or are vague in their wording.
- GSA did provide many anecdotes to describe the actions it took to work toward agency-wide goals.
- Costs are neither broken down by goal nor linked to results.

## L LEADERSHIP

- The Administrator's letter fails to state how the agency's mission benefits the community, and in the case where the agency does discuss how it helped the public after the 9-11 attack, it fails to quantify the examples.
- The agency will admit its failures, but generally it does not provide substantive reasons for not meeting a goal.
- While GSA addresses the issues raised by the OIG, its responses are general. In addition, GSA does not proactively identify other possible problems within the agency.
- Although there is some discussion of future issues for the agency; discussion of policy or procedure changes needed to address these issues is limited.

## RANKING HISTORY





# DEPARTMENT OF JUSTICE (JUSTICE)

FY 2002 Rank: 12

FY 2002 SCORES																
L				B				T								
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor				Fair				Acceptable				Good		Excellent		

Total Score: 28 (out of a possible 60)

## T TRANSPARENCY

- The report is two to three clicks away from the home page. The report is available in PDF format, and may be downloaded in its entirety, or by section.
- The report contains some major redundancies that may confuse the reader. The text is relatively clear, but the report is too long and uses acronyms too readily.
- The performance data are primarily internally derived, validated, and verified.
- In many cases the agency provides trend data back to 1997 (p. 75) or 1998 (p.80) and provides the target number for FY 2002 and presents the information in bar charts, as well as in the text. There is a problem however with putting the data in context when Justice has established performance targets for some of its goals that are almost impossible to assess. Strategic goal one, for example, has a performance goal of “0 terrorists acts committed by foreign nationals within the United States.” It’s a commendable goal, but meeting it, or not meeting it, reveals little about whether Justice is succeeding in its mission.

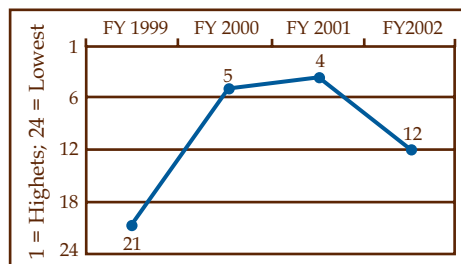
## B PUBLIC BENEFITS

- Justice has too many strategic goals, which are primarily stated in activity or output terms.
- Many of the performance measures fail to reflect the agency’s impact on outcome goals.
- Justice has many measures that track its output, but far fewer of these measures address how much progress has been made toward the goal.
- Justice gives a breakdown of net costs by strategic goal.

## L LEADERSHIP

- Justice fails to take the extra step of explaining how it makes America a better place. The benefits are implicitly assumed rather than explicitly stated.
- Justice rarely acknowledges and explains failures at the strategic goal and objective level or discusses failures and their implications for higher-level aims.
- While the OIG’s report lists several management challenges; Justice fails to address any of them.
- Justice does not discuss program related changes in policies or procedures to improve performance.

## RANKING HISTORY



# NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)

FY 2002 Rank: 12

FY 2002 SCORES																
						T	L									
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor			Fair				Acceptable			Good			Excellent			

Total Score: 28 (out of a possible 60)

## T TRANSPARENCY

- NASA has a link to the report at bottom of the home page. It leads straight into the complete PDF file, which appears to be the only way in which NASA presents the report.
- The report is long, wordy and, in certain parts, poorly organized.
- In most cases the data provided are qualitative discussions of the FY 2002 occurrences. There is little use of numerical data, and there is too much unsupported text.
- Owing to the purely qualitative presentation of data, NASA does not use any baseline or trend data to put the performance measures in context.

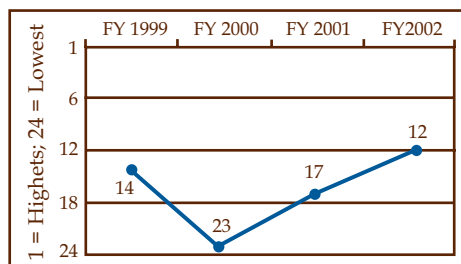
## B PUBLIC BENEFITS

- Most of the many goals and objectives are stated purely as activities and remain unconnected to public benefits.
- As the vast majority of goals are stated as activities, it is extremely difficult to determine if the performances measures are valid indicators of NASA's impact on its outcome goals.
- In light of the nature of the goals and performance measures, it is nearly impossible to assess whether NASA's actions have made a significant contribution toward its stated goals.
- NASA provides estimates of "Resource Allocation" in table format and breaks down "Costs by Enterprise" in the financial statement section.

## L LEADERSHIP

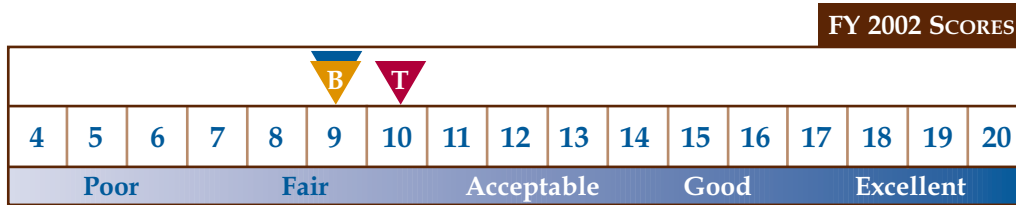
- Although the Administrator's letter points to the prospect of scientific discovery and NASA's role in this discovery, NASA fails to connect its actions to improvements in American life.
- NASA does not provide any detailed discussion as to why goals are not met.
- NASA addresses management challenges identified by the OIG and the General Accounting Office and also proactively identifies its own problems.
- NASA discusses changes for the future, but not in any great detail.

## RANKING HISTORY



# OFFICE OF PERSONNEL MANAGEMENT (OPM)

FY 2002 Rank: 12



**Total Score: 28** (out of a possible 60)

## T TRANSPARENCY

- There is a link to the report at the top of the home page. The report is only available as a complete PDF file.
- The introduction is well done, but the section on “Annual Performance and Results” is difficult to follow.
- While the data are timely, many performance goals do not have supporting data presented. When the performance measure does have supporting data, the data are generally internally generated.
- A few years of trend data are provided for all performance measures, but the data fail to establish a view of the overall performance of the agency in achieving its goals.

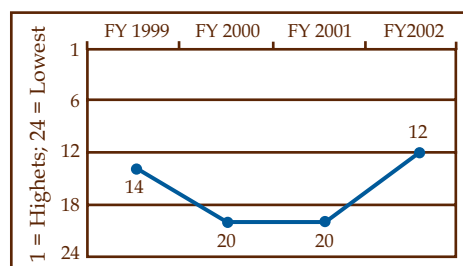
## B PUBLIC BENEFITS

- While the newly established strategic goals are stated as outcomes, the supporting metrics for the goals indicate that OPM is not yet an outcome-oriented institution.
- The performance measures often seem unconnected with the specified objectives.
- The agency generally fails to demonstrate how its actions have made any contribution toward its stated goals.
- A breakdown of budgetary resources by strategic goal is provided, but there is no breakdown of actual costs by outcome measure, goal, or objective.

## L LEADERSHIP

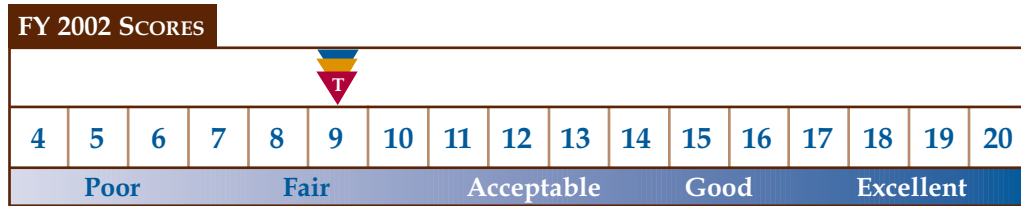
- OPM shows how the agency intends to act to benefit America, but it does not show how what it has already done has “guaranteed freedom, promoted prosperity and ensured security.”
- Frequently OPM does not explain why it failed to achieve a performance goal. It also claims success where the data indicate otherwise.
- OPM attempts to integrate the discussion of management challenges into the performance sections, but the discussion in these sections is cursory at best and unrelated to the issue at worst.
- OPM indicates that it is restructuring to improve policies and procedures for next year and discusses what it will do to meet its restructuring goals.

## RANKING HISTORY



# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

FY 2002 Rank: 18



**Total Score: 27** (out of a possible 60)

## **T** TRANSPARENCY

- The report is three clicks away from the home page. The report is presented in PDF format in sections.
- The huge number of performance measures, the length and verbosity of the report, and the excessive use of acronyms make it difficult for the reader to assess the performance of the agency.
- HUD provides no evidence of data validation or verification by the OIG or another independent entity.
- HUD gives graphs incorporating three or more years of data, or tables that provide trend data, for fewer than half of the indicators.

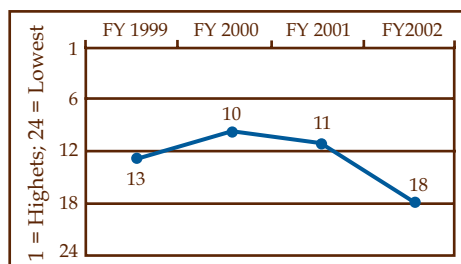
## **B** PUBLIC BENEFITS

- The strategic goals are a mix of outcomes and activities. However, the strategic objectives tend to have an outcome focus and are clearly linked to public benefits.
- Out of the myriad of performance measures, it appears that some are valid indicators, while others don't appear to measure the stated goal.
- HUD is largely unable to demonstrate that its actions have actually made a significant contribution toward its stated goals.
- Cost information is linked to goals.

## **L** LEADERSHIP

- The lack of linkage between program output goals and outcome objectives makes it difficult to assess whether HUD's actions improve the country.
- The quality of HUD's explanations of failure varies greatly. Furthermore, there are so many indicators that it is difficult to ascertain whether HUD is achieving a goal or not.
- HUD addresses issue by issue the initiatives undertaken in the management agenda that address the OIG's concerns.
- While there is some discussion of planned changes to improve upon meeting particular performance goals, the report gives the reader the impression that the past problem of identifying appropriate measures and goals will be a future problem as well.

## RANKING HISTORY



# NATIONAL SCIENCE FOUNDATION (NSF)

FY 2002 Rank: 18

FY 2002 SCORES																
				B	T	L										
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor			Fair			Acceptable				Good			Excellent			

Total Score: 27 (out of a possible 60)

## T TRANSPARENCY

- The home page has a link “GPRA / Strategic Plan,” a designation that is too obscure for the public. NSF presents the FY 2002 report as sections in either PDF or HTML format.
- The layout, the peculiar page numbering system, and the excessive use of acronyms detract from the clarity of the text. Also, tables and graphs are conspicuously absent.
- For all but one of the performance goals, NSF uses qualitative information, which appears to be highly selective.
- The evidence NSF presents for meeting its performance goals is anecdotal in nature and no baseline trend data are employed.

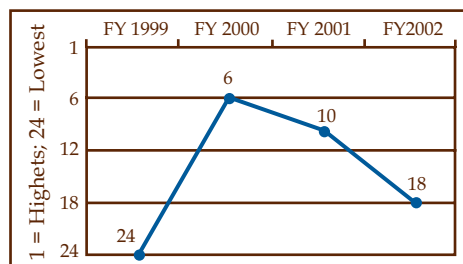
## B PUBLIC BENEFITS

- The goals are vague and not generally expressed in outcome terms.
- The performance measures do not tell if the agency achieved the intended results, and the agency does not state performance measures in quantifiable terms.
- The method NSF uses to show achievement of performance goals, block quoting from an independent report, fails to show a link between the agency’s actions and its goals.
- The agency vaguely attempts to link goals and results to costs.

## L LEADERSHIP

- The Director’s message and textual discussions offer an uplifting and optimistic vision of how the NSF affects the lives of Americans.
- The report acknowledges and attempts to explain some failures. However, the quality of the explanations varies.
- The NSF responds to challenges posed by the OIG. However, the NSF fails to proactively identify and address challenges beyond those posed by the OIG.
- NSF provides little substantive discussion of changes that would help it better meet its goals.

## RANKING HISTORY



# DEPARTMENT OF THE TREASURY (TREASURY)

FY 2002 Rank: 18

FY 2002 SCORES																
				B	T	L										
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor			Fair			Acceptable			Good			Excellent				

Total Score: 27 (out of a possible 60)

## T TRANSPARENCY

- The report is three to four clicks away from the home page, and is available in PDF format.
- The sheer size of the report, along with its sectional structure makes it difficult to view Treasury's mission in its totality, as the reader is forced to skitter from section to section.
- The data are timely, and Treasury notes when it considers the data unreliable.
- The report fails to put its massive amounts of data into context in the written report. Often the data are simply present, and the reader must decide how the data fit in with the strategic goal.

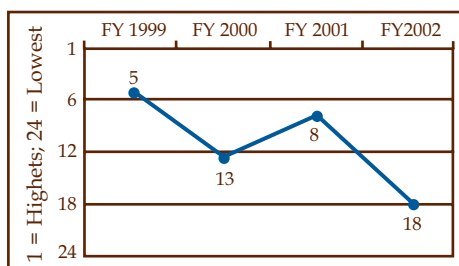
## B PUBLIC BENEFITS

- Almost all strategic goals, key performance measures, and agency performance measures are stated as either activities or outputs, and there are several management goals masquerading as performance goals.
- There appears to be a lack of connection between most of the performance measures and Treasury's goals.
- There are several instances where there is no way of telling whether Treasury's actions have contributed to achievement of a goal.
- The report only provides budget information per bureau. It does not link goals and results to costs.

## L LEADERSHIP

- Treasury discusses how its goals relate to improving life in the United States, but these discussions are generally quite weak, often failing to relate the goal directly to U.S. interests.
- When Treasury fails to achieve a goal, it gives excuses, avoids the issue, or blames optimistic forecasts for the failure.
- Treasury summarizes the management challenges and attempts to address each challenge by furnishing information on how challenges were faced in 2002, as well as proposals for the future.
- Treasury discusses specific procedural changes it plans to implement in FY 2003 and beyond, but it does not discuss policy changes at a management level.

## RANKING HISTORY



# DEPARTMENT OF ENERGY (ENERGY)

FY 2002 Rank: 21

FY 2002 SCORES																
			T			B										
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor			Fair			Acceptable			Good			Excellent				

Total Score: 25 (out of a possible 60)

## T TRANSPARENCY

- The FY 2002 Performance and Accountability report could not be found on the website.
- The detailed performance results and use of unexplained acronyms means that the more a reader wants to know, the tougher the report is to read
- The data appear timely, but apparently only internally validated. Also the data are frequently qualitative rather than quantitative.
- There are no baselines and trend data, for the targets change each year and are not necessarily the same.

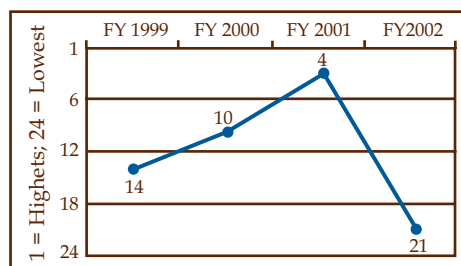
## B PUBLIC BENEFITS

- At the strategic level, goals are stated as outcomes. However, the program performance objectives under these goals are generally stated as outputs or activities and often seem unconnected to the strategic goal.
- The measures (or targets) are at best indicators that the agency is accomplishing activities toward an outcome.
- Because Energy chose performance measures that infrequently relate to outcomes, it often fails to establish a link between its actions and achievement of its goals.
- Charts present costs by program activity.

## L LEADERSHIP

- In the bulk of the report, Energy fails to establish links between each output target and making the nation a better place.
- The report offers a “plan of action” note that generally offers a competent explanation of failure to meet a goal and ways to change in the upcoming year.
- Management’s response to the OIG’s list of management challenges is weak and not very informative.
- Overarching issues of concern are not substantively addressed in terms of how to improve for next year, even though specific targets are addressed.

## RANKING HISTORY



# DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)

FY 2002 Rank: 21



Total Score: 25 (out of a possible 60)

## T TRANSPARENCY

- Only two researchers out of six found the report on the website. The report is located four clicks away from the home page. The report presented in sections in either HTML or PDF format.
- Except for the excessive use of acronyms, the report is generally clear and easy to follow, although it's very easy to lose track of which strategic goal is being discussed.
- Timeliness is a major problem, and there is no evidence of external data validation or internal control mechanisms to ensure data reliability.
- As targets are frequently qualitative, trends are hard to discern.

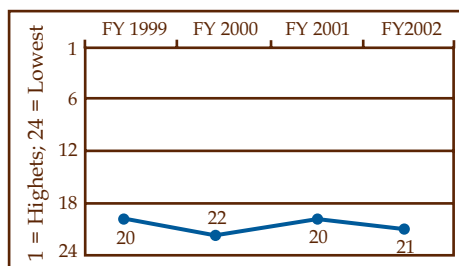
## B PUBLIC BENEFITS

- The major goals are generally stated as outcomes or intermediate outcomes. The performance measures are a mix of outcomes and activities.
- The performance measures generally seem to be valid indicators of the department's impact on outcome goals.
- For some goals the report explains well how agency activities enhance outcomes for the public. For other goals, the report fails to show strong linkage between its activities and intended outcomes.
- The report breaks down net costs by "Operating Division," by "Budget Functional Class," and by program, but there is no breakdown by strategic goal or objective.

## L LEADERSHIP

- The report is focused on what the individual divisions of HHS are up to rather than how HHS is working to make the country a better place.
- As many of the measures lack current data, the reader can't determine whether HHS has failed or succeeded in its goals. When failures are apparent, there is no serious discussion as to why the agency failed to meet the goal.
- HHS responds to the OIG's report and lists "other management challenges" as seen by HHS, an introspective and proactive consideration of departmental problems.
- As HHS barely acknowledges its failures when evidenced, it is not surprising that the report hardly ever addresses changes in policy or procedure.

## RANKING HISTORY





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

FY 2002 Rank: 23

FY 2002 SCORES																
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor			Fair			Acceptable				Good			Excellent			

Total Score: 23 (out of a possible 60)

## T TRANSPARENCY

- The FY 2002 Performance and Accountability report could not be found on the website.
- The report appears to be haphazardly put together.
- The OIG questions the quality of the report's performance data in several spots and criticizes the agency for not checking the outside data it uses. Furthermore, the performance data are not always timely.
- The base year, the number of years of baseline trend data, and the completeness of the years provided vary widely throughout the report.

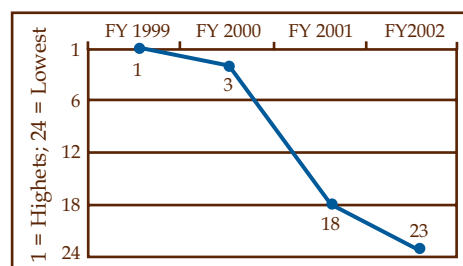
## B PUBLIC BENEFITS

- The "pillars" are not presented as complete sentences but rather as broad topics, and strategic objectives and goals are overwhelmingly activity-oriented.
- Because objectives and goals are activity-oriented, the related performance measures relate to activities or outputs.
- In many cases, USAID fails to make clear its contribution to the stated goal.
- Costs by goal are provided in the consolidated financial statements.

## L LEADERSHIP

- It is not always clear what role USAID played in achieving goals or how it makes the country a better place.
- When it comes to specific instances, the agency does not clearly explain failures, but usually names general causes for the failure.
- The report addresses the OIG's management challenges and recommendations point-by-point.
- USAID provides no real discussion of changes to policies in the upcoming year.

## RANKING HISTORY



# DEPARTMENT OF DEFENSE (DEFENSE)

FY 2002 Rank: 24

FY 2002 SCORES																
	T				L											
4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Poor			Fair			Acceptable			Good			Excellent				

**Total Score: 18** (out of a possible 60)

## T TRANSPARENCY

- The report is available online, but only one out of six researchers managed to identify it by running a search that led to the Comptroller's site. On the Comptroller's site, if one clicks on "Financial Management Topics," the 2002 Performance and Accountability Report is listed under "Audited Financial Statements." It is presented in sections in PDF files.
- The report is written in standard bureaucratic language, although the acronym glossary appears to be comprehensive.
- Defense fails to submit performance data.
- The department fails to provide baseline and trend data.

## B PUBLIC BENEFITS

- Defense presents four challenges with which it is trying to cope. However, Defense does not convert these challenges into outcome-based goals.
- Defense fails to establish performance measures. Instead, it lists only accomplishments.
- There are sections on the major accomplishments in each of the four major risk areas that could be generously understood as contributions towards the goals. However, it is unclear if these contributions are significant.
- Defense fails to link any cost information to its challenges.

## L LEADERSHIP

- Throughout the report there are attempts to articulate a vision for the future, but as the report is very internally focused, Defense generally fails to explicitly make the case that it benefits the public.
- The department admits general failure throughout the document, but it does not explain why the failure occurred.
- The OIG's report is not included in this report, but there is a broad summary that reports on the OIG's suggestions and gives very general commentary on changes that will need to be implemented.
- There is the occasional general discussion of changes that will need to be implemented if the department is to achieve a particular goal.

## RANKING HISTORY

