

**SUMMARIES OF FY 1999
ANNUAL PERFORMANCE REPORT INFORMATION
BY DEPARTMENT/AGENCY (CFO Act Agencies)**

COMPILED BY

THE SENATE GOVERNMENTAL AFFAIRS COMMITTEE

TABLE OF CONTENTS

U.S. Department of Agriculture	1
U.S. Department of Commerce	7
U.S. Department of Defense	14
U.S. Department of Education	20
U.S. Department of Energy	25
U.S. Department of Health and Human Services	30
U.S. Department of Housing and Urban Development	35
U.S. Department of the Interior	40
U.S. Department of Justice	46
U.S. Department of Labor	51
U.S. Department of State	55
U.S. Department of Transportation	62
U.S. Department of the Treasury	66
U.S. Department of Veterans Affairs	70
U.S. Agency for International Development	75
Environmental Protection Agency	82
Federal Emergency Management Agency	87
General Services Administration	91
National Aeronautics and Space Administration	96
National Science Foundation	102
Nuclear Regulatory Commission	107
Office of Personnel Management	112
Small Business Administration	117
Social Security Administration	121

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF AGRICULTURE

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the United States Department of Agriculture (USDA) under the Government Performance and Results Act (GPRA):

I. Performance Report

USDA's Performance Report consists of an "overview" plus 26 component reports that are included in USDA's budget justifications for FY 2001. The overview and the 26 component reports can be found online at www.usda.gov/ocfo/ar1999/arcontnt.html.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded the USDA Performance Report 7 for transparency, 9 for public benefits, and 6 for leadership. With a total grade of 22, USDA's Performance Report ranked 22nd of the 24 agencies. Mercatus described USDA's Performance Report as one of the three reports "most in need of improvement." Attached is the main text of the Mercatus report together with the appendix that specifically evaluates USDA's Performance Report.

III. CRS Analysis

The Governmental Affairs Committee asked the Congressional Research Service (CRS) to prepare a matrix that links the agency's FY 1999 Performance Report to its FY 1999 Performance Plan goals, and to offer evaluative comments on the agency report. CRS noted that the 26 separate USDA "Performance Reports" contain a total of 450 performance goals incorporating 940 performance measures. Of these 26 separate Performance Reports, 16 cover the USDA's "external" mission-area components, while the remaining 10 cover "internal" components involving administrative mission-support functions. The attached CRS matrix covers the 16 "external" USDA Performance Reports.

III. GAO Analysis

The Governmental Affairs Committee identified several key mission-related “outcomes” for USDA and asked the General Accounting Office (GAO) to evaluate how well USDA performed during FY 1999. These key outcomes and a summary of GAO’s preliminary analysis follow:

The Nation has an adequate and reasonably priced food supply. USDA has 113 performance goals related to this outcome spread across 11 of its component agencies. The Department reported that it met most of these goals and made progress toward this outcome. However, GAO found that the large number of goals focused on individual program activities “make it difficult to synthesize the performance information to obtain a clear picture of this progress.”

Food supplies are safe and wholesome. USDA has 18 performance goals related to this outcome involving seven different components, and it reported meeting most of these goals. However, the GAO observed that, while the performance goals and measures are “generally meaningful” in terms of assessing individual program performance, “the range and diversity of activities covered and the level at which the goals are aimed make it difficult to synthesize the performance information to obtain a clear picture of the Department’s intended performance and progress toward having safe and wholesome food supplies.”

Global market opportunities for agricultural producers are opened, expanded, and maintained. This particular outcome was the subject of 77 performance goals among eight different USDA components. USDA reported that its progress toward this outcome was “mixed.” GAO found that many of these goals were results-oriented, and that USDA met or exceeded about 60 percent of the quantifiable goals. However, GAO again found that the large number of goals make it difficult to obtain a succinct picture of USDA’s progress in achieving this outcome.

Reduce hunger and ensure food for the hungry. Once again, GAO found it was difficult to assess USDA’s progress. Although the Department reported that it met all or some of its performance measures for nearly all the quantifiable goals for which data were available, over half of these goals were either not quantifiable, lacked baselines or targets, or did not yet have performance data available.

Less food stamp fraud and error. USDA reported that it met most of its goals and made progress toward this outcome. However, GAO found that the seven relevant goals and measures were generally outcome oriented. Data was not available for two key goals – food stamp benefit payment accuracy and reducing the percentage of stores authorized to accept food stamps not meeting eligibility requirements.

The GAO draft report, which is attached, provides detailed information on the USDA’s performance for the above key outcomes, as well as analysis of other aspects of the agency’s FY

1999 Performance Report. The GAO draft report also describes how the agency has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Plans. GAO is currently obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the USDA Inspector General (IG) to analyze how well the Department's Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency's performance data. The attached May 26 letter from the USDA IG is a preliminary response to this request. With respect to data credibility, the IG states:

The Department's financial systems have been . . . incapable of producing meaningful data, thus impairing the fulfillment of budgetary, financial, and operational requirements. Many of these systems generate the data used by the [USDA] agencies in their GPRA reporting, so the needed improvements extend to the performance measurement process.

The IG also provides the following comments with respect to selected USDA agencies and programs:

- Audits of the Child and Adult Care Food Program, which provides meals to low income recipients, found that the program "had been undermined by extensive fraud and abuse" by private providers due to inadequate oversight by State agencies. The Food and Nutrition Service's goal to improve the quality of program reviews was hampered by the lack of quantitative data to permit measurement of the goal's achievement.
- Audits of the Forest Service's financial statements have resulted in disclaimer opinions. The Forest Service Performance Report has significant deficiencies "due to unreliable data, flawed assumptions, and inaccurate depiction of the agency's performance and progress towards its goals and outcomes."
- The Risk Management Agency's goal to reduce program vulnerabilities is needed. However, this goal uses questionable performance targets due to flawed methodologies in the development of data.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. Parsing through USDA's Performance Report is a daunting task, as detailed information about the Department's performance is relegated to, and dispersed among, the 26 component performance reports, which the Mercatus Center describes as "more than 600 pages of technical acronym-laden discussion." Mercatus adds that "[i]nstead of explaining how it makes the U.S. a better place to live, USDA serves up a litany of programs with little unifying

vision.” As CRS points out, these 26 separate USDA “performance reports” contain a total of 450 performance goals incorporating 940 performance measures. The GAO analysis repeatedly found it difficult to diffuse the many performance goals and measures for key USDA outcomes into a clear picture of USDA’s overall performance.

The “Overview” portion of the USDA Performance Report attempts to assist the reader by describing the Department’s mission and strategic goals and highlighting its FY 1999 achievements under selected performance goals and measures that “typify” USDA’s efforts to meet its strategic goals. The Overview tries to tie USDA’s performance goals under each strategic goal to the budgetary and staff resources, component USDA agencies, and key programs that relate to them. In addition, the Overview provides useful perspectives and context for USDA’s performance, including descriptions of many external factors beyond the Department’s control (such as climatic and global economic conditions) that have major impacts on its results. However, the Performance Report Overview is not a substitute for a more coherent overall report.

Results Orientation. USDA has a mix of results-oriented versus activity or output-based performance measures. Perhaps a number of performance measures necessarily focus on outputs, such as the level of economic assistance and other benefits USDA provides as required by the specific statutory programs it administers. In some cases, it does have measures for the results of assistance provided – such as number of rural residents obtaining improved electrical service, better drinking water, and enhanced waste disposal.

There seem to be many opportunities to convert USDA’s performance measures from outputs or activities to results. For example, USDA has a number of activity measures under its goal to minimize food borne illness. However, why does the USDA not measure actual reductions in such illness and its causes? Additionally, the Performance Report refers to preliminary data indicating that “major inroads have been made in reducing the prevalence of *Salmonella*, a leading cause of food borne illness and death.” However, this cannot qualify as a performance measure.

The USDA also has a series of output/activity measures, such as the number of acres, enrolled or retired, in its Conservation Reserve Program (CRP). The Performance Report describes CRP as the “Federal government’s largest single environmental program.” However, could the Department not develop performance goals and measures for CRP that are aimed more directly at environmental outcomes?

Improvement Strategies. The overview portion of the Performance Report acknowledges the need for improvement in a number of areas where results fell short of performance targets. However, the Performance Report rarely describes specific strategies for improvement.

Credibility of Performance Data. The Overview portion of the Performance Report does not discuss USDA’s performance data sources or their validation and verification, which would have been useful in many areas. For example, the Overview states that while U.S. agricultural exports continued to decline in 1999, “[t]he situation might have been much worse” without the

aggressive use of USDA programs. How does the Department know this? One USDA performance measure is the “annual trade value of export markets created, expanded, or retained due to market access activities,” which the Department claims exceeded its FY 1999 target of \$2 billion. However, what basis is the USDA using for this measure?

Resolving Major Management Problems. The Overview to the USDA Performance Report contains a separate section (pages 26-29) that discusses major management problems. The USDA also describes some specific initiatives to address some of these problems. However, specific performance goals and measures that would establish benchmarks and track progress to resolve these problems would greatly add to the value of this portion of the Performance Report. For example, USDA could begin with the Food Stamp Program, which has an annual error rate of over \$1 billion. Although USDA’s current goal is to improve Food Stamp Program integrity, the Department uses as its measure the amount of erroneous payments collected back from recipients. Instead, a much better measure would be to reduce the error rate at the “front end.”

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Agriculture Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Agriculture

Pat Wensel	202-720-1175 pwensel@usda.gov
------------	----------------------------------

General Accounting Office

Larry Dyckman	202-512-5138 Dyckmanl.rced@gao.gov
---------------	---------------------------------------

Congressional Research Service

Geoffrey Becker	202-707-7287
-----------------	--------------

Inspector General

Jay Swartzbaugh	202-720-9393 jtswartzbaugh@oig.usda.gov
-----------------	--

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF COMMERCE

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of Commerce (DOC) under the Government Performance and Results Act (GPRA):

I. Performance Report

DOC's FY 1999 Performance Report was issued as a stand-alone document, which can be found online at www.doc.gov/bmi/budget/PB2001/apprtoc.htm.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies using the following three criteria:

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

The Mercatus Center graded the DOC Performance Report with a total score of 22 out of a possible 60 points, thus ranking it 22nd of the 24 agencies. Specifically, Mercatus graded the DOC Performance Report 11 for transparency, 6 for public benefits, and 5 for leadership. Mercatus cited DOC's Performance Report as one of the most difficult for a layperson to read and understand. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates DOC's performance.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links DOC's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on DOC's Performance Report. In its analysis, CRS discusses the degree to which various performance measures reported by DOC's bureaus are outcome-oriented. The analysis also contains suggestions for how DOC could enhance its measures to make them more outcome-oriented.

III. GAO Analysis

The Governmental Affairs Committee (GAC) identified several "key outcomes" for DOC and asked the General Accounting Office (GAO) to evaluate how well the Department

performed during FY 1999 with respect to these key outcomes. The key outcomes and a summary of GAO's preliminary analysis follow:

The U.S. is secure from proliferation of dual-use commodities and chemical weapons. Overall, it was not clear how much progress DOC has made in meeting its two performance goals related to this key outcome. Although DOC reported that it met or exceeded the related performance measures, the extent of progress was unclear in part because the performance goals were not clearly stated or defined.

Jobs are created and businesses remain successful. DOC reported two performance goals related to this key outcome. DOC reported meeting six of its 12 performance measures linked to these performance goals. For the other six measures, it was difficult to assess progress because they were either long-term or interim measures for which DOC had not established FY 1999 targets.

U.S. businesses have greater access to international markets. DOC's related performance goals and measures are generally outcome-oriented. However, the performance measures do not always indicate progress toward the listed goals because the linkages between the performance goals and measures are not always clear.

Weather forecasts and severe weather warnings are accurate and timely. DOC met four of the seven measures for the performance goal related to this key outcome. According to GAO, DOC's performance goal and measures are quantifiable and could provide useful information for gauging progress toward achieving targeted results – assuming that data used to support results are accurate and reliable.

The GAO draft report, which is attached, provides detailed information on DOC's performance for the above key outcomes, as well as analysis of other aspects of the Department's FY 1999 Performance Report. The GAO draft report also describes how DOC has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Reports. GAO is now obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the DOC Inspector General (IG) to analyze how well the Department's Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the Department's performance data. The Committee has not received the IG analysis but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. The DOC Performance Report is a modestly useful document for assessing the Department's progress in achieving its goals. DOC's method of scoring and communicating its performance does not fully and accurately describe the Department's results,

and the Performance Report often neglects to explain what actions the Department will take to meet those goals that were not actually achieved. In addition, the Performance Report has received criticism because there was little attempt to integrate the goals of the 10 different Department Bureaus.

In its Performance Report, DOC states that its results are “impressive.” The Department reports that it met or exceeded 60% of its performance goals, substantially met 38%, and did not meet 2%. However, DOC’s definitions of “met” and “substantially met” are somewhat deceiving; the Department defined a goal as “met” if performance came within 10 percent of the target level and “substantially met” if performance exceeded 67 percent of the target level. This method of scoring performance results can clearly give the impression of successful performance when performance could be up to one-third below the target.

Readers of DOC’s Performance Report should also note that there is a significant decrease from the number of goals and measures present in the FY 1999 Performance Plan (46 performance goals, 307 measures) and the number of goals and measures presented in the FY 1999 Performance Report (34 goals, 92 measures). This difference is due to changes DOC implemented in response to criticism from Congress and GAO regarding the FY 1999 Performance Plan. With the improvements to its FY 2000 Performance Plan, DOC decided to prepare its FY 1999 Performance Report using goals and measures from the FY 2000 Performance Plan. Thus, performance goals were combined and many output measures were eliminated.

On the whole, the Performance Report indicates that DOC’s performance appears to be moving in the right direction for many of its programs and activities. However, in order to prepare a document that accurately represents the Department’s performance, DOC must reassess how it scores and communicates its performance results to be more accurate about its accomplishments. DOC must then also use this honest assessment to explain the causes of shortfalls in performance and how those shortfalls would be addressed in the future.

Results Orientation. Overall, DOC’s Performance Report includes a broad mixture of output- and outcome-oriented performance goals and measures. Below is a short discussion of the performance measures for various DOC Bureaus:

- International Trade Administration (ITA): In its attempt to measure the effectiveness of its services, ITA provides outcome performance measures. In many cases, ITA underestimated its FY 1999 target levels and pointed to the difficulty of predicting the many critical external factors that determine export flows. CRS stated that the rationale behind ITA’s performance targets is unclear and that ITA’s rationale for promoting exports could be better stated. ITA states that in recent years, export related jobs are paying 15% more than average wage. CRS points out, however, that it is likely that wages are higher in those sectors not because they are export sectors but because productivity is higher.

- National Telecommunications and Information Administration (NTIA): Most NTIA performance measures are output-oriented, such as the number of “lessons learned” packages for foreign governments or the number of models/grants available. CRS stated that NTIA includes an outcome measure of maintaining or increasing telephone subscription rates at 96%. While this target was met, one could question the impact of NTIA programs on U.S. telephone subscription rates, especially given that these rates have peaked at 96% over the past several years. Another outcome measure is the percentage of U.S. Internet users (26% in FY 1999). CRS stated that given NTIA’s current focus on “the digital divide,” NTIA might consider an additional measure that addresses the level of Internet use among rural and economically disadvantaged populations.

- Bureau of Export Administration (BXA): BXA uses some outcome-oriented measures, such as average processing time for licensing applications and the number of investigations accepted for criminal and administrative remedies. BXA also uses output measures, such as the number of non-proliferation and export control international cooperative exchanges, the number of export assistance seminars and conferences, and the number of enforcement outreach visits. CRS states that a more outcome-oriented measure would focus on the degree to which these efforts have curtailed export control violations, if those data is available.

- National Institute of Standards and Technology (NIST): Given the difficulty to quantify research and development investments, NIST uses an alternative format that focuses on measures other than quantitative outcome and output indicators. These measures include peer review and economic impact studies.

- Economic Development Administration (EDA) & Minority Business Development Agency (MBDA): The Performance Report includes outcome measures that are intended to assess the effects of the programs on economic development; however, the studies to gather these data are long-term and much information is not yet available. Examples include EDA’s data on job creation and private sector investment and MBDA’s measure of the dollar value of gross business receipts generated by assisted minority-owned businesses.

- National Oceanic and Atmospheric Administration (NOAA): The CRS analysis noted that NOAA provided quantifiable and tangible performance measures, particularly for the National Weather Service. CRS suggested that NOAA consider developing outcome measures such as: estimated value of property saved, number of jobs created, significance to the economy of the scientific knowledge gained from its research, provision for better management of natural resources, or costs savings realized from efficient prioritization of agency budgeting.

- Patent and Trademark Office (PTO): CRS stated that PTO should consider patent quality measures such as number of patents challenged either through litigation or reexamination, number of patents invalidated or upheld, and number of prior art references cited on each

patent.

Census Bureau: Governmental Affairs Committee staff noted that, although one of the Census Bureau's performance goals is to "conduct an accurate, timely, relevant and cost-effective Decennial Census, DOC's Performance Report (as well as its most recent Performance Plan) does not include any indicators for cost-effectiveness.

Improvement Strategies. GPRA requires that agencies report the reasons why targets were not met, as well as plans for meeting those targets in the future. However, because DOC regarded some of its unmet measures as having been "met" or "substantially met," such explanations are not included in DOC's Performance Report. DOC's reporting for NOAA is an example of how this was handled. For the performance goal to "increase accuracy of correct forecasts for heavy snowfall to 55 percent," actual performance data showed 49 percent accuracy. DOC, however, claimed that the target had been "substantially met" and thus did not report plans to meet the target in the future.

DOC's reporting for PTO is another example depicting how the Department reported unmet goals. The Performance Report shows that PTO "met or exceeded" its targets for only one of its seven performance measures. In the cases where PTO did not meet its goals, the DOC Performance Report again did not consistently provide information on how PTO would meet its unmet goals in the future. In its meeting with Commerce officials to discuss DOC's GPRA efforts, GAC staff noted that PTO had not lowered its performance goals in the FY 2001 Performance Plan. DOC officials said that PTO—especially given its new status as a performance based organization (PBO)—wishes to strive for results by continuing to set optimistic performance goals.

Credibility of Performance Data. For the performance measures in its FY 1999 Performance Report, DOC included discussion of data issues, often including a description of the data source, frequency, baseline, form of storage and method of verification. Some observers, however, have expressed concern about the validity and reliability of data that DOC has used to measure progress. GAO's analysis said that the Performance Report did not provide sufficient confidence that the performance data was accurate, complete, and reliable. For example, for the hurricane landfall measure, NOAA officials acknowledged that the Performance Report incorrectly reported FY 1999 actual performance as 92 miles when the correct distance was 81 miles. Officials explained that the 92 miles cited in the Performance Report represents nautical miles, and that nautical miles are longer measurements than U.S. miles. On a related note, the Performance Report often does not show trend data prior to 1998; however, DOC's Performance Plan for FY 2001 does include trend data prior to 1998.

Resolving Major Management Problems. DOC's Performance Report discusses the agency's progress on some of the major management challenges identified by GAO and the DOC's IG. In the "Meeting Management Challenges" section of the Performance Report (pages 159-163), DOC often provides a description of strategies for some of the management

challenges, but it often does not provide information on specific and measurable goals and indicators that could be used to assess progress.

On the basis of information provided to GAC staff in its meeting with Commerce officials, the Department apparently did not adopt specific and measurable goals and measures to address all its major management problems because it believed that performance plans should primarily concentrate on program outcomes and not management efforts. It was not clear what specific means the Department was using to systematically track progress and ensure accountability for resolving all of these major management problems. DOC officials informed GAC staff that the Department would likely establish a management strategic goal in future GPRA planning efforts to complement DOC's program goals. A new management strategic goal would link to annual performance goals and measures that specifically address the major management challenges and high-risk programs for the Department. Officials from the Department's OIG informed the GAC staff that DOC is generally making progress on addressing its management challenges.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Commerce Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Commerce

Bob Stockman	202-482-5976 bstockman@doc.gov
--------------	-----------------------------------

General Accounting Office

Mike Brostek	202-512-3909 Brostekm.ggd@gao.gov
--------------	--------------------------------------

Congressional Research Service

Len Kruger	202-707-7070
------------	--------------

Inspector General

Chris Rose	703-603-0301 crose@ibm.net
------------	-------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF DEFENSE

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of Defense (DOD) under the Government Performance and Results Act (GPRA):

I. Performance Report

The DOD's Performance Report is contained in Appendix I of the Department's Year 2000 Annual Report to the President and the Congress.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded DOD's Performance Report 14 for transparency, 9 for public benefits, and 11 for leadership. With a total grade of 34, DOD's Performance Report ranked 7th of the 24 agencies. Attached is the Mercatus report, and its evaluation of DOD's performance follows the full report.

According to the Mercatus report, DOD's Performance Report represented a "role model" for other agencies in providing baseline and trend data to put its performance measures in context. The Report "included three years of actual data in addition to goals of each program for the next three years, thus painting a clear picture of progress or lack thereof." The Mercatus report also stated, however, that DOD's Performance Report was "larded with unexplained military acronyms and terminology."

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links the agency's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments regarding the DOD Performance Report.

III. GAO Analysis

The Governmental Affairs Committee identified several “key outcomes” for DOD and asked the General Accounting Office (GAO) to evaluate how well DOD performed during FY 1999 with respect to these key outcomes. The key outcomes follow:

- The U.S. maintains technological superiority in key war-fighting capabilities.
- U.S. military forces are adequate in number, well qualified, and highly motivated.
- Combat readiness is maintained at the desired level.
- Infrastructure and operating procedures are more efficient and cost-effective.
- Reduced availability and/or use of illegal drugs.
- Fewer erroneous payments to contractors.

According to GAO, “The extent to which DOD has achieved the key program outcomes is not completely clear in its fiscal year 1999 performance report.” GAO explained that “one of the reasons for the lack of clarity is that most of the key program outcomes DOD is striving to achieve are complex and long-term in nature. Another reason, however, is that DOD did not provide a full assessment of its performance.”

IV. IG Analysis

The Governmental Affairs Committee asked the DOD Inspector General (IG) to analyze how well the agency’s Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency’s performance data. The Committee has not yet received the IG analysis, but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

The primary planning and management document for DOD is the Quadrennial Defense Review (QDR). According to the DOD Performance Report, the QDR was a “definitive, overarching program evaluation undertaken by the Department, the fourth such comprehensive review conducted since the end of the Cold War” and “provided a blueprint for a balanced and affordable defense program.” DOD is implementing the objectives of the QDR through its Planning, Programming, and Budgeting System (PPBS). DOD complies with the performance planning and reporting requirements in its Annual Report to the President and the Congress.

In its Performance Report, DOD states that “the DOD budget has one principal output: military forces that are ready to go to war.” DOD also states that it “has developed a methodology that allows it to present output-oriented goals and accompanying measures within the context of GPRA.” It appears that DOD’s corporate goals match this perspective as it attempts to shape the international security environment and respond to the full spectrum of crises by providing appropriately sized, positioned, and mobile forces, as well as preparing now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key war-fighting capabilities. However, DOD’s actual budget and myriad activities comprise much more than just getting military forces ready to go to war.

As GAO writes in its analysis, DOD did not provide a full assessment of its performance. In fact, DOD had no goals or measures to assess its progress in fighting the availability and/or use of illegal drugs, which is an area where the Department expends tremendous resources. According to GAO, “DOD has the lead responsibility for aerial and maritime detection and monitoring illegal drug shipments.” DOD also had no goals or measures to measure the reduction in erroneous payments to contractors. Historically, DOD has had a problem with overpayments. Each of these areas are ones where progress should be measures and reported.

Results Orientation

It is clear from its Performance Report that DOD presents output-oriented goals and measures. For instance, the number of excess square feet demolished is an adequate measure to assess DOD’s efforts to reduce excess infrastructure. (DOD exceeded its goal to demolish 25 million square feet of space. In fact, in FY 1999, DOD demolished 30.6 million square feet of space.)

However, GAO found that many of the measures reported on by DOD, while tangible and quantifiable, did not provide a full picture of performance. For instance, regarding DOD’s goal to maintain technological superiority in key war-fighting capabilities, GAO found the performance goals “outcome-oriented” and called the measures for procurement spending and defense technology objectives “tangible and quantifiable.” According to GAO, “measuring the amount of money spent does not ensure that the right items are being bought or that they are being bought in the most efficient manner” and therefore, such measures “do not provide a direct link to meeting the goal” to maintain technological superiority in key war-fighting capabilities. GAO also stated that the Defense Science Board had recommended better metrics in this area, referring to a 1999 study by the board. For example, GAO writes: “to gauge DOD’s progress in transforming military capabilities, the study suggested metrics such as the (1) growth in the number of smart weapons and (2) reduction in time to deploy a potent force.”

GAO also found DOD’s metrics related to the number, qualification, and motivation of military forces to be inadequate indicators of progress. Because DOD only measures recruitment, GAO states that “DOD’s performance measures do not fully measure the extent to which U.S. military forces are highly motivated or its efforts to develop military personnel.”

Improvement Strategies

The fact that many of DOD’s measures do not provide a complete picture of performance hamper DOD’s ability to discuss an appropriate improvement strategy to address shortcomings in its progress. For instance, DOD did not meet its goal for reducing “tempo,” the pace of operations for people and equipment. Because DOD largely measures the tempo of “units” rather than “individuals,” the Performance Report does not adequately report the extent to which individuals are required to be away from home, an element critical to force retention. In addition, the DOD Performance Report cited no specifics as to how it would overcome its inability to meet its goals related to tempo.

There are some instance where DOD missed a goal and provided no explanation whatsoever. For example, with regard to its goal to maintain one percent cost growth in major acquisition programs, costs actually increased by 3.1 percent over the prior year. As GAO writes, “the Department did not explain why costs increased,” nor did DOD “offer any additional plans, actions, or strategies to achieve its unmet cost goal.”

Regarding the unmet goals of recruitment, DOD did provide strategies to improve. For instance, according to GAO, “DOD is increasing advertising and the number of recruiters and authorized increasing enlistment bonuses and college funds to the statutory maximum.” However, because the DOD Performance Report does not discuss measures aimed at meeting goals related to whether forces are highly qualified or motivated, the Department did not discuss its strategies to address these areas.

Credibility of Performance Data

According to DOD, for each metric listed in DOD’s Performance Report, there is included a discussion of the verification and validation methodology supporting each metric, including weaknesses and areas for improvement. In fact, DOD provides a detailed discussion of how data is gathered and a statement that the data is verified and validated. However, there is no instance where the results of the verification and validation process are described. And more importantly, there is no instance where DOD admits to a weakness in the data it has reported.

Provided that no weaknesses exist, the lack of reporting on it is not a problem. However, GAO reports several weaknesses in the data DOD reported. For instance, DOD reported that it exceeded its goal for making its inventory visible and accessible to inventory mangers. In its Report, DOD states that 94 percent of its inventory is visible and accessible to inventory managers. However, as reported by GAO, “In 1999, the DOD Inspector General reported that asset-visibility data were being extracted from systems that consolidated the data, rather than from systems where the data originated, resulting in sometimes-outdated information.” DOD makes no mention of data limitations in its data discussion regarding this metric.

GAO also reported on a data weakness in the area of logistics response time. DOD reported that it exceeded its response time by six days. However, in its analysis, GAO writes that “DOD officials familiar with the supporting documentation and methodology for calculating this measure said the current approach may make response times look better than they are. The underlying database used in response time calculations includes a significant number of food and medical items, which tend to be much more readily available than other types of DOD items.” DOD makes no mention of such a weakness in its discussion of its validation and verification methodology. Rather, DOD reports that its methodology “ensures consistent treatment of data and valid comparisons across components.”

Resolving Major Management Problems

DOD does not address all of its major management challenges in its FY1999 Performance Report. For instance, as discussed above, DOD does not include a goal or measure

to address overpayments to contractors. Rather, DOD simply relies on the measure of the use of purchase cards to address this issue.

DOD does address substantively issues related to financial and information management. With goals related to noncompliant accounting and financial systems, unqualified opinions on financial statements, and reforming information technology management, DOD is facing up to challenges related to longstanding issues of mismanagement. For instance, while there is a long way to go to solve the challenges related to financial management, GAO has written that “DOD has made genuine progress in many areas of its financial management operations.”

With regard to DOD’s measures involving “Information Technology Management,” GAO writes: “DOD does not appear to be working toward quantitative measures but is instead attempting to use qualitative measures, which will make monitoring success even more difficult.”

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Defense Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Defense

DOD declined to name a contact person.	
--	--

General Accounting Office

Dave Warren	202-512-8412 Warrend.nsiad@gao.gov
-------------	---------------------------------------

Congressional Research Service

David Lockwood	202-707-7621
----------------	--------------

Inspector General

Steve Whitlock	703-604-9791 swhitlock@dodig.osd.mil
----------------	---

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF EDUCATION

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of Education under the Government Performance and Results Act (GPRA):

I. Performance Report

The Department of Education's FY 1999 Performance Report is combined with its GPRA Performance Plan for FY 2001. These documents consist of two volumes; Volume I deals with agency-wide performance, while Volume II addresses the performance of Education's individual programs and program areas. (Both volumes are attached.) These documents can be found online at www.ed.gov/pubs/AnnualPlan2001/inted.html.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

Mercatus graded the Education Department's Performance Report 16 for transparency, 12 for public benefits, and 9 for leadership. With a total grade of 37, Mercatus ranked Education's Performance Report 4th of the 24 agencies. Mercatus described the Performance Report as a "role model" for discussing data validation limitations and procedures. In another area, however, it criticized Education for making little effort to explain factors that could affect results stemming from its initiatives. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates Education's Performance Report.

III. CRS Analysis

The Governmental Affairs Committee asked the Congressional Research Service (CRS) to prepare a matrix that links Education's FY 1999 Performance Report to its FY 1999 Performance Plan goals, and to offer evaluative comments to the Performance Report.

The CRS matrix covers Education's most important performance measures for those programs funded at \$100 million or more in FY 1999. In addition to the matrix, the CRS analysis contains the following observations about Education's Performance Report:

- For most discretionary grant programs, Education relies on reporting data from grantees that may be of questionable reliability. Plans are underway to standardize reporting formats and develop objective measures beginning in 2000.
- Education's outcome performance measures for its largest formula grant program for disadvantaged students are based on tests unrelated to the standards States are required to develop under the program. Testing data linked to State standards should be available in the future.
- Performance measures for student aid are poorly specified, and reliable data to assess annual progress are not readily available. Education is investigating other sources of data.

III. GAO Analysis

The Governmental Affairs Committee identified several key mission-related "outcomes" for Education and asked the General Accounting Office (GAO) to evaluate how well Education performed during FY 1999. These key outcomes and a summary of GAO's preliminary analysis follow:

Schools are safe and drug-free. The target for one performance measure – reducing alcohol and drug use in schools – was exceeded. The Education Performance Report states progress is also being made under the measure to reduce the number of criminal and violent incidents in schools by students. However, the target for reducing past-month use of illicit drugs and alcohol was not met. While these are all outcome measures, they may not provide full assessments. For example, Education uses marijuana as a proxy for all drug use.

All students reach challenging academic standards that prepare them for responsible citizenship, further learning, and productive employment. Education has seven results-oriented measures related to this key outcome. While education did meet its target for increasing the number of high school students who successfully complete advance placement courses, data for the other six measures related to this outcome is not yet available.

Greater school choice is available to students and families. Education exceeded interim FY 1999 targets for the two measures that relate to increasing the number of charter schools operating nationwide and increasing the number of States with charter school legislation. Education, however, did not meet its target to increase the percentage of public school students in grades 3-12 who attend the school of their (or their parents') choice. In this particular category, while the target was 18 percent, the result was 15 percent.

Less fraud, waste, and error in student assistance programs. Education had no goals or measures directly addressing this outcome. GAO expressed specific concern that the Office of Student Financial Assistance, a newly created performance-based organization, had not established such goals or measures to address this high-risk problem.

The GAO draft report, which is attached, provides detailed information on the agency's performance for the above key outcomes, as well as analysis of other aspects of the agency's FY 1999 Performance Report. The GAO report also describes how the agency has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Plans. GAO is currently obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the Education Inspector General (IG) to analyze how well the Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency's performance data. The Committee has not yet received the IG analysis, but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. The Education Performance Report is well-organized and presents the Department's results in a straightforward, thoughtful, and understandable way. For each performance objective, the Performance Report clearly sets out the relevant background, including the Department's role and how performance is measured. Education's inclusion of a separate volume of the Performance Report relating to performance of the individual Education programs is a very useful feature that should serve as a "best practice" for other federal agencies. In addition, integrating the Performance Report for FY 1999 with Education's Performance Plan for FY 2001 provides a useful context for understanding and assessing trends in its performance over time. However, a separate summary of the FY 1999 performance results would have been helpful to those focusing on the Department's performance for that specific year.

One major limitation on the usefulness of the Performance Report is that performance data showing FY 1999 results are not available for a number of measures. This is primarily because Education must rely on States, and other external sources, for much of its performance data.

Results Orientation. Most of Education's performance goals and measures are results-oriented, meaningful, and challenging. Indeed, Education may overstate the results it can reasonably achieve given the limited role of the Department, and of the federal government, with respect to education. There are areas in which Education's goals and measures could be improved, and CRS and GAO offer a number of useful suggestions. Mercatus points out that results are not linked to costs. Also, one might ask why Education's goals are so modest in terms of the number of students who attend public schools of their choice.

Improvement Strategies. The Performance Report per se does not consistently explain performance shortfalls for FY 1999 or how they will be remedied. GAO points out that Education does not discuss specific steps for meeting future targets under several key outcome measures. However, the FY 2001 Performance Plan part of the combined document does include general descriptions of strategies to achieve performance goals.

Credibility of Performance Data. Education faces a number of challenges relating to performance data. As previously noted, Education's reliance on States and other third parties makes it difficult to obtain performance data for many measures in a timely manner. This also creates data consistency problems. The broad results-oriented nature of many of Education's goals poses inherent measurement problems. As Mercatus points out, however, Education deserves credit for acknowledging and confronting its data challenges. Through its excellent planning staff, Education is a leader among federal agencies in its efforts to improve performance data consistency and reliability.

Resolving Major Management Problems. Education reports on a series of management-related performance measures under its strategic goal to "achieve a high-performing department." These measures cover some – but not all – of the core management challenges that GAO and the Education IG have identified. As previously noted, there are no performance measures dealing with high-risk student assistance programs. Education's commitment to resolve these problems appears questionable. In 1998, Congress enacted a law designed to enable Education to verify income information with the Internal Revenue Service as a means of enhancing student assistance eligibility determinations.¹ This law remains unimplemented nearly two years after its enactment while Education and the Treasury Department engage in seemingly intractable discussions over what to do. Another problem is financial management, as Education did not meet its FY 1999 performance targets in this area.

¹ Section 484(q) of the Higher Education Act, as amended, 20 U.S.C. § 1091(q).

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Education Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Education

Alan Ginsburg	202-401-3132 alan_ginsburg@ed.gov
---------------	--------------------------------------

General Accounting Office

Marnie Shaul	202-512-6778 Shaulm.hehs@gao.gov
--------------	-------------------------------------

Congressional Research Service

Paul Irwin	202-707-7573
Margot Schenet	202-707-7378

Inspector General

Gerard Fahy	202-205-5428 gerard_fahy@ed.gov
-------------	------------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF ENERGY

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of Energy (DOE) under the Government Performance and Results Act (GPRA):

I. Performance Report

DOE's Performance Report is incorporated into the attached "Accountability Report for Fiscal Year 1999." The Performance Report for GPRA purposes consists of the "Overview" portion of the Accountability Report (pages 1-38) and the portion designated "Detailed Performance Results" (pages 125-179). The DOE Performance Report can also be found online at www.cfo.doe.gov/stratmgt/DOE1999AR.pdf.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded the DOE Performance Report 7 for transparency, 9 for public benefits, and 11 for leadership. With a total grade of 27, DOE Performance Report ranked 14th of the 24 agencies. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates DOE's Performance Report.

III. CRS Analysis

The Governmental Affairs Committee asked the Congressional Research Service (CRS) to prepare a matrix that links the agency's FY 1999 Performance Report to its FY 1999 performance plan goals and to offer evaluative comments on the agency report.

The CRS analysis notes that DOE covers 166 performance measures. However, 17 (or 10%) of these measures have no target level of performance, and four (2%) report no actual level of performance. Because there is no discussion of the rationale for selecting performance targets, it is hard to assess how realistic there are. The majority of DOE's performance measures in each of its "business lines" are output-oriented, rather than results-oriented. Overall, DOE claims to have met or exceeded 122 (75%) of its targets, "nearly met" 30 (19%), and was "below

expectation” for 10 (6%). CRS also notes that there are significant and unexplained differences between the number of goals and measures covered in DOE’s Performance Report for FY 1999 and the number of goals and measures in its FY 1999 Performance Plan.

III. GAO Analysis

The Governmental Affairs Committee identified several key mission-related “outcomes” for DOE and asked the General Accounting Office (GAO) to evaluate how well the Department performed during FY 1999. These key outcomes are:

- Energy systems are secure, competitive, and serve the needs of the public.
- Energy use is more efficient and productive, while environmental impacts are limited.
- Reduced nuclear weapons stockpiles and proliferation threats caused by the possible diversion of nuclear weapons.

According to GAO, the DOE Performance Report indicates success in meeting all FY 1999 performance goals and measures that are related to the above three outcomes. However, GAO stated that it could not determine whether DOE actually made significant progress toward any of these outcomes. Specifically, GAO stated that the DOE Performance Report and GPRA Performance Plans:

lack clear and quantitative connections between these outcomes and the performance goals and measures. In addition, most of the Department’s performance goals and measures, used to address its annual performance, are not clear and quantified. As a result, we could not get a clear picture of the Department’s ultimate direction for these three outcomes or how it intends to get there with its year-to-year efforts.

The GAO draft report, which is attached, provides detailed information of DOE performance for the above key outcomes, as well as analysis of other aspects of the agency’s FY 1999 Performance Report. The Performance Report also describes how the agency has revised its goals and measures relating to the above outcomes in its subsequent GPRA performance plans. GAO is now currently obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the DOE Inspector General (IG) to analyze how well the agency’s Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency’s performance data. The IG submitted a preliminary response by letter dated May 30, 2000, and this letter and an enclosure are attached.

The IG’s review of the DOE Performance Report found that: the Department’s reporting of performance results was not consistently tied to costs; the quality of some performance

measures was questionable; and that there were inconsistencies in reporting accomplishments. For example:

- In terms of tying results to costs, DOE had a goal to “reduce the life-cycle costs of environmental cleanup.” However, the Performance Report presented no quantitative information to show how specific actions has actually decreased costs.
- Some DOE performance goals were not outcome-oriented, objective, or measurable. For instance, one such goal was “to foster energy development by working with Russia, the Ukraine, and Saudi Arabia.” Another goal was “to demonstrate the improvement of a comprehensive management system to ensure effective Departmental response to all DOE emergencies.”
- DOE reported that it met or exceeded some goals where the descriptions of performance were “less clear” (quoting the IG). DOE also reported exceeding its goal of a 75 percent satisfaction rate with computer facilities, while the accompanying program description stated that “it is difficult to determine the actual numerical percentage of users that are satisfied or very satisfied.” Further, DOE reported meeting its goal to initiate testing of a turbine engine, although the program assessment indicated that *the engine had not even been shipped to the test site.*

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. In general, the DOE Performance Report is not very useful, either by its presentation or substance. As the Mercatus Center notes, the Performance Report is difficult to find because it is contained within another document (the Accountability Report). Once the Accountability Report is located, the portions of it that constitute the Performance Report are not readily apparent. Rather, the relevant parts can only be identified definitively by reference to a chart called “Mapping of Legal Requirements,” which is buried at the end of the Accountability Report. In addition, the FY 1999 GPRA performance goals and measures are not identified as such. Rather, what appear to be the goals and measures are referred to as “commitments” contained in the DOE Secretary’s Performance Agreement with the President.

The substantive content of the DOE Performance Report provides little evidence of what results the Department is accomplishing for the American people, as the performance goals and measures focus much more on activities than results. Drawing from the Mercatus analysis, the Performance Report emphasizes what DOE is doing rather than what the public is getting from the Department activities. Most of the Performance Report consists of lengthy narrative descriptions of what DOE did under its goals and measures. Also, much of the narrative is arcane and appears to have been written only for DOE insiders. Further, the Performance Report lacks baseline and trend data to provide context for evaluating the reasonableness of specific performance targets.

Results Orientation. As noted above, the DOE Performance Report contains very few results-oriented goals or measures. The great majority of the goals and objectives describe

activities, usually in fairly specific terms. However, even some of the activity goals are amorphous and hard to measure, such as: “[C]ontinue collaborative efforts with NASA on space science and exploration.” Even when the Performance Report provides result measures, they are often incomplete or lack specificity. For example, under “[P]revent fatalities, serious accidents, and environmental releases at Departmental sites,” DOE reports that it had no work-related fatalities in FY 1999. However, the Performance Report does not specify whether there were any serious accidents or environmental releases, nor does it indicate what the performance targets were in FY 1999. Instead, the Performance Report simply notes that the trends in these categories have been favorable in recent years.

Improvement Strategies. DOE’s Performance Report categorizes its performance under each goal and measure as exceeded goal, met goal, nearly met goal, below expectations, or unspecified (where data is not yet available). It includes a “Plan of Action” to improve in many (but not all) areas of performance that was rated below expectations. The quality of the improvement strategies in these plans of action varies widely. For instance, some strategies describe specific remedial steps, while others say little more than that DOE will continue working to achieve the objective.

Credibility of Performance Data. The Performance Report does not discuss the verification or validation of performance data. The GAO analysis observes that DOE does not provide any evidence that its data quality is sufficient to assess the Department’s performance, nor does it discuss limitations on performance data. For these reasons, GAO “continue[s] to lack confidence” that DOE’s performance data are credible.

Resolving major management problems. The DOE Performance Report describes the Department’s major management problems and, in some cases, the steps it is taking and its progress to resolve them. A number of Departmental management challenges, based on GAO and IG findings, are highlighted in the overview portion of the report. The Performance Report contains a number of goals and measures under a section entitled “Corporate Management.” Finally, the Accountability Report (page 41) contains a Summary of Departmental Challenges based on financial audit results, which includes a schedule for corrective action.

While acknowledging that DOE has taken steps to address each of the management challenges, GAO states that insufficient progress has been made to consider any of the challenges resolved. GAO also questions the adequacy of some of the remedial steps DOE is currently taking. For example, in the high-risk area of contract management, many of DOE’s remedies “focus on procedures rather than addressing the basic problem – holding contractors accountable for results.”

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Energy Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Energy

Bill Kennedy	202-586-0423 Bill.Kennedy@hq.doe.gov
--------------	---

General Accounting Office

Derek Stewart	202-512-3841 Stewartd.rced@gao.gov
---------------	---------------------------------------

Congressional Research Service

Fred Sissine	202-707-7039
--------------	--------------

Inspector General

James Richters	202-586-1922 James.richters@hq.doe.gov
----------------	---

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF HEALTH AND HUMAN SERVICES

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of Health and Human Service (HHS) under the Government Performance and Results Act (GPRA):

I. Performance Report

The “official” version of the HHS Performance Report consists of 15 separate Performance Reports for FY 1999 issued by the HHS program agencies. HHS also issued a “Summary Performance Report,” which is attached, that “highlights selected performance stories” from the 15 separate reports. The HHS Summary Performance Report appears online at www.hhs.gov/asmb/budget/plans2001.html and contains links to the 15 agency Performance Reports.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded the HHS Performance Report 8 for transparency, 8 for public benefits, and 8 for leadership. With a total grade of 24, Mercatus ranked the HHS Performance Report 20th of the 24 agencies. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates the HHS Performance Report.

III. CRS Analysis

The Governmental Affairs Committee asked the Congressional Research Service (CRS) to prepare a matrix that links the agency’s FY 1999 Performance Report to its FY 1999 Performance Plan goals, and to offer evaluative comments on the Performance Report.

The CRS analysis provides selected performance measures from the HHS Summary Performance Report. CRS notes that some measures are based on specific statutory mandates. One example is that all States meet the Temporary Assistance for Needy Families (TANF) work participation requirements. CRS also notes that HHS is meeting a large proportion of its performance targets for which data is available. However, assessing HHS’ effectiveness in

meeting its established goals for FY 1999 is “greatly restricted” by the lack of available performance data for many measures.

III. GAO Analysis

The Governmental Affairs Committee identified several key mission-related “outcomes” for HHS and asked the General Accounting Office (GAO) to evaluate how well HHS performed during FY 1999. These key outcomes and a summary of GAO’s preliminary analysis follow:

Reduced availability and/or use of illegal drugs. HHS and its Substance Abuse and Mental Health Services Administration did make progress toward this outcome in FY 1999, as they met or exceeded most FY 1999 targets, which included both outputs and outcomes. However, there were no FY 1999 performance measures targeted directly at specific reductions in illegal drug availability or use.

The public has prompt access to safe and effective medical drugs and devices. HHS’ progress toward this outcome cannot be determined because performance data for many Food and Drug Administration FY 1999 goals are missing and some of its performance targets are not measurable.

Improved prevention of diseases and disabilities. HHS’ progress under its numerous goals for this outcome could not be determined because the agency provided FY 1999 performance data for only one-third of its targeted measures.

Poor and disadvantaged families and individuals become self-sufficient. HHS’ progress toward this outcome could not be determined because performance data generally was not available for the related goals and measures.

Less fraud, waste, and error in Medicare and Medicaid. HHS met nearly all of its goals relating to Medicare, most notably the goal to reduce improper fee-for-service payments to nine percent. However, the reductions in the Medicare error rate between FY 1997 and FY 1999 may be attributable almost entirely to better documentation provided to auditors rather than substantive reduction in improper payments. HHS set no FY 1999 goals to reduce Medicaid waste, fraud and error and thus did not measure its progress toward this outcome.

The GAO draft report, which is attached, provides detailed information on the agency’s performance for the above key outcomes, as well as an analysis of other aspects of the agency’s FY 1999 Performance Report. The GAO draft report also describes how the agency has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Plans. GAO is now obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the HHS Inspector General (IG) to analyze how well the agency's Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency's performance data. The IG submitted a preliminary response in the attached letter dated June 2, 2000. The letter cites pages in the HHS Performance Reports where management challenges are addressed. The IG is currently preparing a more detailed response, which will be forwarded when available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. The HHS Performance Report is unwieldy and difficult to use – a condition which stems in large part from the 15 separate Performance Reports that include about 750 different performance measures. As the Mercatus Center points out, this is “far too many [performance measures] to give most readers a comprehensible overview of the agency's accomplishments.” Mercatus observed that “10-15 percent of the report was incomprehensible to a Mercatus reviewer who has 15 years of experience in policy analysis.” As CRS notes, a further limitation on the usefulness of the HHS Performance Report is that it includes FY 1999 performance data for only 65 percent of its measures. According to HHS, most of the data gaps involve programs for which performance data is supplied by States or other outside entities.

Results Orientation. Mercatus points out that most of HHS' strategic goals are clear, positive, and results-oriented. However, this does not translate to its performance measures. Mercatus also observes that program initiatives are vague and often don't establish goals, and that HHS “measure[s] virtually nothing but activities” as opposed to results. An illustration is youth substance abuse. In that case, the HHS Summary Performance Report (page 4) states that HHS “continues to work closely with the ONDCP [Office of National Drug Control Policy] toward the achievement of measurable reductions in drug and alcohol abuse, particularly among young people.” However, HHS had no FY 1999 performance targets directly based on such reductions. Other important goals that seem to have few if any quantitative reduction targets are Reducing Domestic Violence and Injuries and Reducing Sexually Transmitted Diseases.

Improvement Strategies. The Performance Report explained a few performance shortfalls and occasionally outlined improvement strategies. However, according to Mercatus, such explanations were the exception rather than the rule. An important caveat is that, due to lack of data, HHS did not report its performance for many measures.

Credibility of Performance Data. As noted previously, HHS has major gaps in its performance data that severely limit assessment of its performance for FY 1999. It also has data credibility problems, some of which are detailed in the GAO analysis. By way of summary, GAO found that “[m]any HHS agencies continue to grapple with problems of data reliability and timeliness.”

Resolving Major Management Problems. According to Mercatus, “major management challenges were briefly addressed by assertions that the problem had been fixed or that HHS was

looking into it.” GAO found that HHS made progress in better coordinating its work internally and externally in order to improve accountability for results. GAO also noted that HHS received a clean opinion on its FY 1999 financial statements, but that serious financial management weaknesses remain. As discussed previously, HHS met its target for the Medicare error rate but it is unclear whether this measure tracks actual progress in reducing improper payments. HHS has just begun to address Medicaid program integrity.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Health and Human Services Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Health and Human Services

Frank Burns	202-690-6353 fburns@os.dhhs.gov
-------------	------------------------------------

General Accounting Office

Leslie Aronovitz	312-220-7767 Aronovitzl.chro@gao.gov
------------------	---

Congressional Research Service

Melinda Gish	202-707-4618
Pam Smith	202-707-7048

Inspector General

Harry Glass	202-619-0261 hglass@os.dhhs.gov
-------------	------------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of Housing and Urban Development (HUD) under the Government Performance and Results Act (GPRA):

I. Performance Report

The HUD Performance Report is a stand-alone document of 65 pages. It has now been posted on the Internet at www.hud.gov/apr00.pdf.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded the HUD Performance Report 8 for transparency, 8 for public benefits, and 12 for leadership. With a total grade of 28, the HUD Performance Report ranked 13th of the 24 agencies. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates HUD's Performance Report.

III. CRS Analysis

The Governmental Affairs Committee asked the Congressional Research Service (CRS) to prepare a matrix that links the agency's FY 1999 Performance Report to its FY 1999 Performance Plan goals, and to offer evaluative comments on the agency report.

CRS notes that the FY 1999 HUD Performance Report is a "work in progress" since the agency has made many changes to its GPRA strategic and performance goals. Over the past decade, HUD has responded to calls to allow local governments to set their own priorities in the allocation of resources. However, as a result of this "devolution," HUD now has less ability to influence the results of its expenditures. Thus, factors beyond HUD's control further impact its performance. For example, the strong economy and related job growth have served to influence the increase in the home ownership rate, which, according to CRS, "may help explain the agency's seeming reluctance to link congressional appropriations for its programs to its goals, its targets, or its results."

III. GAO Analysis

The Governmental Affairs Committee identified several key mission-related “outcomes” for HUD and asked the General Accounting Office (GAO) to evaluate how well HUD performed during FY 1999. These key outcomes and a summary of GAO’s preliminary analysis follow:

Increased home ownership. The home ownership rate has risen from 65.4 percent in FY 1996 to 66.9 percent in FY 1999. HUD did not present a specific home ownership rate performance goal for FY 1999, but it does have a goal of 67.5 percent for FY 2000.

Increased affordable, decent, and safe rental housing. HUD made progress towards achieving its goal to improve the quality of Section 8 and public housing stock, but it made less progress towards increasing the total quality of affordable housing units available.

Improved community economic vitality and quality of life. HUD met all but one of its performance measures related to this outcome. Although some of these measures were results-oriented, many were not.

Less fraud, waste, and error in HUD programs. HUD had no performance measures directly related to this outcome. The agency did have goals and measures relating to its HUD 2020 management reform efforts; however, the results achieved for these goals and measures were not clearly presented in the Performance Report. In addition, GAO found some inconsistencies between the goals in HUD’s FY 1999 Performance Plan and the goals it reported on in its Performance Report.

The GAO draft report, which is attached, provides detailed information on HUD’s performance for the above outcomes, as well as an analysis of other aspects of the agency’s FY 1999 Performance Report. The GAO report also describes how HUD has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Plans. GAO is currently obtaining agency comments to its draft report, and the final version of the report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the HUD Inspector General (IG) to analyze how well the agency’s Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency’s performance data. The Committee has not yet received the IG analysis, but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. The HUD Performance Report is a discreet document of manageable length. The report focuses primarily on revised strategic and performance goals that HUD developed *after* its FY 1999 performance plan. Although these new goals are a considerable

improvement upon the original 1999 performance goals, the report's focus on the revisions makes it difficult to track HUD's actual performance in FY 1999 against its 1999 goals.

The HUD Performance Report describes some important results, but much of HUD's performance is reported in terms of processes and activities. While the Performance Report briefly cites reasons for some unmet goals, it generally does not explain strategies for future improvement. Further, the Performance Report contains virtually no discussion of performance data verification and validation. To its credit, HUD does describe at length its efforts to resolve its major management problems. However, the Performance Report provides little evidence to demonstrate that these efforts have yet to be successful.

Results Orientation. The Mercatus evaluation notes that, while most of HUD's strategic and performance goals are results-oriented, many of its actual performance measures are activities. For example, HUD's goal to reduce housing discrimination is measured by the number of fair housing enforcement actions and the number of state and local fair housing enforcement agencies with laws similar to federal law. Likewise, the goal of making the homeless self-sufficient is measured by various forms of assistance provided. On the other hand, HUD has several outcome measures within its goal of moving poor and disadvantaged persons to work and self-sufficiency.

HUD does have a number of outcome measures within its goal to increase the availability of decent, safe, and affordable housing. While such measures are notable, CRS has identified several potential improvements to these measures. For example, CRS notes that, despite the strong economy, the foreclosure rate for FHA mortgages has more than doubled over the past 5 years. Thus, HUD may wish to establish a measure for reducing the foreclosure rate, thereby helping to ensure that individuals that buy homes are able to keep them. CRS also notes that HUD's measures to increase decent and safe housing focus on public housing and Section 8 units, whereas most unfit housing does not fall into these categories.

Improvement Strategies. The HUD Performance Report does little to instill confidence that its future performance will improve in the case of unmet goals. In some instances of unmet goals, HUD's response was to simply lower future performance targets to better reflect "the realities" or to merely observe that the goal was "substantially" met. Clearly, the agency could do more to demonstrate how it plans to improve. For example, HUD fell far short of its goal to sell 95 percent of foreclosed properties. The Performance Report attributed the "shortfall" primarily to the poor performance resulting from one particular contract, which has been terminated. While the report noted that the remaining contractors achieved 74 percent, this amount is still far below the goal. The Performance Report also did not explain how the agency plans to improve in the future. The HUD IG, GAO, and a private accounting firm have all recommended that the agency develop and enforce more stringent performance standards for its contractors.

Credibility of Performance Data. Like most federal agencies, HUD has difficulty producing reliable performance data. GAO has repeatedly cited data reliability problems in commenting on HUD's Results Act plans. Notwithstanding these concerns, the HUD

Performance Report does not discuss how the agency validated and verified its performance data, nor does it acknowledge data limitations. Thus, there are a number of areas in which data issues may be raised. For example, HUD has a performance measure of the number of jobs created as a direct result of Community Development Block Grants and other programs. Yet, how credible are these measures? Even apart from the measures' basic credibility, the CRS analysis raises a number of other questions, such as how worthwhile are these jobs and how long do they last?

Resolving Major Management Problems. HUD possesses a number of management problems, which its IG has described as “staggering.” The agency as a whole is also on the GAO’s “high-risk list.”

To its credit, HUD does have many initiatives in progress to address its management problems. These initiatives are known collectively as the HUD 2020 Management Reforms, and they comprise HUD’s strategic goal to “restore public trust” in the agency. However, the Performance Report does not demonstrate what concrete results these initiatives have achieved to resolve or mitigate HUD’s management problems. HUD did have as an original FY 1999 performance measure to removed itself from the GAO high-risk list. However, GAO, while acknowledging HUD’s “credible progress,” retained the agency on its high-risk list in 1999. HUD also had a goal to obtain an unqualified (“clean”) audit opinion on its financial statements. However, the agency, which received a clean opinion for FY 1998, reverted to a disclaimer opinion for FY 1999. In addition, most of the material weaknesses that have affected HUD’s financial systems for years continue to persist.

According to HUD, all of the 2020 Management Reforms are now in place. However, it will obviously take time to fully resolve HUD’s pervasive management problems. HUD could benefit, and potentially speed up the process, by developing specific and quantifiable performance measures to track its management reforms in addressing its major management problems. Such measures would provide a clear means of assessing the effectiveness of HUD’s improvement strategies in future Performance Reports, and, hopefully, clearly demonstrating progress.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Housing and Urban Development Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Housing and Urban Development

Ken Leventhal	202-708-3296 Kenneth_M._Leventhal@hud.gov
---------------	--

General Accounting Office

Stanley Czerwinski	202-512-7631 Czerwinskis.rced@gao.gov
--------------------	--

Congressional Research Service

Richard Bourdon	202-707-7806
-----------------	--------------

Inspector General

Austin Groom	202-708-3444 Austin_boyd_groom@hud.gov
--------------	---

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF THE INTERIOR

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of the Interior under the Government Performance and Results Act (GPRA):

I. Performance Report

Interior's Performance Report is included with its FY 2001 Performance Plan. Separate Performance Reports are available for the Bureau of Land Management, the Minerals Management Service, the National Park Service, the Office of Surface Mining, the Bureau of Reclamation, the United States Geological Survey, the Fish and Wildlife Service, the Bureau of Indian Affairs, and the Office of Insular Affairs. These Performance Reports can be found on the Internet at <http://www.doi.gov/gpra/99apr01app.html>.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded the Interior Performance Report 13 for transparency, 10 for public benefits, and 8 for leadership. With a total grade of 31, Interior's Report ranked 11th of the 24 agencies. Attached is the Mercatus report and its overall evaluation of Interior's Performance Report.

The Mercatus report singles out Interior as one agency that measured "virtually nothing but activities." In addition, Mercatus states that the Interior Performance Report gives no indication that it is learning anything that would alter future plans or goals.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links the agency's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on the Interior Performance Report.

III. GAO Analysis

The Governmental Affairs Committee identified several “key outcomes” for Interior and asked the General Accounting Office (GAO) to evaluate how well Interior performed during FY 1999 with respect to these key outcomes. The key outcomes and a summary of GAO’s preliminary analysis follow:

Safe and environmentally sound mineral development occurs on the Outer Continental Shelf for which the public receives fair value. The Mineral Management Services combined its FY 1999 Annual Performance Report and its FY 2001 Performance Plan into a single document. However, neither the Performance Report nor the Performance Plan can stand on its own because each frequently fails to define or explain key terms, thus making it difficult to assess Interior’s FY 1999 performance.

Visitors safely enjoy and are satisfied with the availability, accessibility, diversity, and quality of national park facilities and services. The Park Service is making progress in satisfying visitors to national parks and increasing the visitors’ understanding of park resources. In addition, the agency has already surpassed its long-term goals for promoting safety in parks.

The Federal Government effectively meets its trust responsibilities to protect and preserve Indian trust lands and trust resources. The Bureau of Indian Affairs was generally successful in achieving its performance goals to protect and preserve Indian trust lands and trust resources. However, because the annual performance goals for this key outcome are largely output goals, rather than the preferred outcome goals, their achievement provides little information on the overall status of Indian trust lands and resources.

The health of federally managed land, waters, and renewable resources is maintained. Taken together, the goals associated with this outcome are activity-based and/or they do not give a sense of where the agency is in progressing toward completely restoring public lands, damaged resources, or natural systems.

IV. IG Analysis

The Inspector General (IG) for Interior analyzed how well the agency’s Performance Report demonstrated progress in resolving key management challenges and assessed the credibility of the agency’s performance data. According to the Inspector General, “approximately 50% of the performance data were reliable . . . the reports contained insufficient information for us to make a reasoned assessment of the reliability of the remaining data.”

V. Governmental Affairs Committee Staff Comments

In its FY 2000 Performance Plan, Interior reorganized its 10 fiscal year 1999 commitments into five major goals. Those goals, as reported in its FY 1999 Performance Report, are to: 1) protect the environment and preserve our nation’s natural and cultural resources; 2) provide recreation for America; 3) manage natural resources for a healthy

environment and a strong economy; 4) provide science for a changing world; and 5) meet its trust responsibilities to American Indians and our commitments to island communities.

According to Interior's Performance Report, the Department tracked 203 goals with 291 related performance measures, of which it met or exceeded its targets for 195 (67 percent). The overview report for Interior reported on the 36 key measures it used to assess Interior's progress in meeting the five primary goals. According to the Performance Report, Interior met or exceeded 30 of its 43 goals (69 percent).

Results Orientation. One of the areas where analyses are most critical of Interior is in its inability to craft measures to demonstrate it is making progress toward its mission or goal. As discussed above, Mercatus stated that Interior measures "virtually nothing but activities." There are a few exceptions. For instance, GAO writes that the Park Service is "making progress in satisfying visitors to national parks." The way the Park Services measures this progress is by conducting a survey of visitors to various park facilities. If the goal is to improve customer satisfaction, a survey of the customers is a good measure.

However, there are instances where Interior does not appropriately craft results-oriented goals. For instance, according to GAO, "the goal of restoring or enhancing over 3 million acres of mined lands, refuges, park lands, and forests does not provide a frame of reference of how much land remains to be restored or enhanced." Without this reference, the reader will be unable to determine how close Interior is to achieving its broad goal to "restore the health of public lands."

GAO also reports that the goals associated with protecting and preserving Indian trust land and trust resources were not appropriately results-oriented. For instance, the Bureau of Indian Affairs states that it restored 80,000 acres infested with noxious weeds, enhanced over 10,000 acres of wetlands, and completed repair construction on one dam in fiscal year 1999. However, according to GAO, "we do not know if the overall status of Indian trust lands and resources improved or worsened during fiscal year 1999." GAO warned that "the Bureau needs to continue to look beyond its day-to-day activities and strive to find more outcome related performance goals."

Improvement Strategies. According to Interior's IG: "[o]f the performance results for 36 goals and measures that were reported as not being met, all adequately explained why the measures was not met and provided a strategy to ensure that the measure was met in the future." In one example, Interior did not meet its goal to increase the number of restoration projects. However, Interior adequately explained in its Performance Report that it had difficulty with compliance with other laws. Interior explained its strategies to address shortcomings in this area. According to GAO, "the agency has prepared policies and guidelines that should help expedite its processes and expects to reach its FY2000 goal of 75 restoration projects."

Credibility of Performance Data. The Interior IG stated generally that "based on the process descriptions articulated in the reports, our initial analysis of the reports suggests that approximately 50% of the performance data were reliable." The IG continued, "This is not to

suggest that the remaining data are unreliable. Rather, the reports contained insufficient information for us to make a reasoned assessment of the reliability of the remaining data.”

There are specific aspects of Interior’s data reporting that are problematic. For instance, regarding its goals to promote safety in parks, GAO writes that “based on our recent work, [the Park Service] may be underreporting certain types of incidents such as structural fires.” However, according to GAO, “the agency indicates that it plans to strengthen its reporting systems on safety related activities.”

Interior could do a better job explaining the source of its data and assessing its reliability. Regarding the data provided by the Mineral Management Service to gauge its success in meeting goals related to safety and the environment, for example, GAO writes that “the accident index that forms the core of the first mission goal is left undefined and its calculation unexplained.” Further, GAO states that “neither the report nor the fiscal year 2001 plan defines or clarifies the calculation of the environmental index that forms the core of the second mission goal.”

Resolving Major Management Problems. Interior includes a section in its Performance Report, entitled “Managing for Excellence and Accountability,” in which the Department describes its progress resolving major management problems. According to the Inspector General, Interior’s management problems for FY1999 included: managing Indian trust funds, maintenance of facilities, national park service housing, financial management, waste management, revenue collections, inspection and enforcement of fluid minerals, range monitoring, land exchanges, and year 2000 issues. According to GAO, of the major management challenges facing the department, it “found some of these issues were fully addressed in the plan while others were not addressed at all.”

While Interior’s FY 1999 Performance Plan included no goals for many of its management challenges, its FY 2001 Performance Plan did include goals for more of Interior’s management challenges. This is a marked improvement in Interior’s move to results-based management.

In the area of financial management, Interior did not meet its goal of achieving nine unqualified audit opinions on its financial statements. However, as GAO states, Interior “did show progress in this area by having eight unqualified opinions.” Regarding the Bureau of Indian Affairs, a bureau which received a “qualified” opinion on its financial statements, Interior writes that:

Particular attention will continue to be directed towards receiving an unqualified opinion for the Bureau of Indian Affairs’ qualification and improving its financial statement preparation process. The Department has established a task group, including high-level officials, to work with the bureau to resolve the auditor’s concerns.

The actual organization of Interior, namely its decentralization, has caused concern among officials at GAO and the IG. According to GAO:

Because there are similar responsibilities in several agencies--both inside and outside of Interior--we continue to believe that there are opportunities to reduce costs, streamline operations, and provide better service to the public through a reexamination of the organization and functions of the land management agencies.

GAO and the IG also warn of the dangers of decentralization at Interior, stating that a lack of accountability is evident. According to GAO:

Some of our recent work has shown that a lack of accountability and oversight in the Park Service has led to problems in its employee housing program, concessions program, and structural fire program. Similarly, our recent work in the Fish and Wildlife Service suggests it may have programs requiring a higher level of accountability and oversight . . . [Interior] can do more . . . to strengthen the management of bureaus and programs.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Interior Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Interior

John Mahoney	202-208-4560 john_mahoney@ios.doi.gov
--------------	--

General Accounting Office

Derek Stewart	202-512-3841 Stewartd.rced@gao.gov
---------------	---------------------------------------

Congressional Research Service

Alfred Greenwood	202-707-7236
------------------	--------------

Inspector General

Pamela Boteler	202-208-3237 pamela_boteler@ios.doi.gov
----------------	--

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF JUSTICE

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of Justice (DOJ) under the Government Performance and Results Act (GPRA):

I. Performance Report

The DOJ Performance Report constitutes Part I of the attached “Fiscal Year 1999 Annual Accountability Report.” The DOJ Performance Report can be found online at www.usdoj.gov/ag/annual_reports/ar99/index.html.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded the DOJ Performance Report 8 for transparency, 5 for public benefits, and 10 for leadership. With a total grade of 23, DOJ Performance Report ranked 21st of the 24 agencies. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates the DOJ Performance Report.

III. CRS Analysis

The Governmental Affairs Committee asked the Congressional Research Service (CRS) to prepare a matrix that links the agency’s FY 1999 Performance Report to its FY 1999 performance plan goals, and to offer evaluative comments on the agency report. The CRS analysis contains a number of clarifying and evaluative comments relating to specific items in DOJ’s Performance Report.

III. GAO Analysis

The Governmental Affairs Committee identified several key mission-related “outcomes” for DOJ and asked the General Accounting Office (GAO) to evaluate how well DOJ performed during FY 1999. These key outcomes and a summary of GAO’s preliminary analysis follow:

Less drug and gang-related violence. DOJ's performance measures do not cover the full range of issues relevant to this outcome and tend to be more output than outcome-oriented. Although of limited value, the measure show "a mixed picture" in terms of progress toward this outcome.

Reduced availability and/or use of illegal drugs. Many key measures are problematic because they focus on outputs and most lack performance targets. While their value is limited, DOJ reported positive performance under some of these measures.

Immigration and Naturalization services are timely, consistent, fair, and of high quality. DOJ's performance measures cover only timeliness. One timeliness target was met, while another was missed. DOJ has no measures for the consistency, fairness, or quality of immigration services.

U.S. borders are secure from illegal immigration. DOJ has no performance goals or measures relating to illegal immigration, "so progress remains unassessed."

The GAO draft report, which is attached, provides detailed information on the agency's performance for the above key outcomes, as well as analysis of other aspects of the agency's FY 1999 Performance Report. It also describes how the agency has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Plans. GAO is currently obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the DOJ Inspector General (IG) to analyze how well the agency's Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency's performance data. The Committee has not yet received the IG analysis, but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall usefulness. The DOJ Performance Report is not a useful document. As the GAO analysis observes:

Overall, DOJ's progress in achieving desirable outcomes cannot be readily determined since DOJ has yet to develop performance goals and measures that can objectively capture and describe performance results. DOJ's performance measures are (1) more output than outcome oriented, (2) do not capture all aspects of performance, and/or (3) have no stated performance targets.

In a similar manner, the Mercatus analysis observed: "Even after reading this report, one has no idea how much of an impact DOJ had on the problems it is trying to solve or whether they are more or less effective than they were a year ago."

The Attorney General's "Forward" to the Performance Report notes that crime has continued to steadily decline. However, the Performance Report itself fails to demonstrate what, if any, impact DOJ's performance has had on reducing crime. GAO points out that the Attorney General has cautioned against establishing crime enforcement targets that could be viewed as quotas. Nevertheless, Justice should put much greater thought and effort into developing performance goals that are both appropriate and meaningful. The DOJ report is not even very helpful in describing DOJ's performance against the meager measures that it does have. There is also no assurance that reported performance data are credible. In one instance, they appear to be misleading.

Results Orientation. As Mercatus notes, DOJ's performance measures almost exclusively track internal activities rather than results. DOJ emphasizes what the Department has done rather than what citizens have received from its activities. GAO also has reported on DOJ's failure to develop useful performance measures. For example, one GAO report (GAO/GGD-99-108) observed that while the Drug Enforcement Administration (DEA) funding nearly doubled during the 1990's, at the same time its staff substantially increased, DEA has yet to develop measurable performance targets. Therefore, there is no basis to assess whether DEA has made a difference in reducing the entry of illegal drugs. Another GAO report (GAO/GGD-98-21) concluded that in the absence of an evaluation strategy, it is impossible to determine whether the billions spent on DOJ's efforts to reduce illegal immigration along the southwest border were achieving results.

DOJ does have a few results measures such as a percentage reduction in La Cosa Nostra membership and the number of emerging criminal enterprises dismantled. These are rare exceptions. Almost all of its measures are activities, and many of these don't have performance targets. For example, DEA reports on the quantities of various illegal drugs seized. However, what does this demonstrate? As GAO points out, quantities of drugs seized can be either a function of improved performance or increased drug volumes of attempted entry. DOJ needs measures that get at the availability of illegal drugs to users, such as quality and price of illegal drugs "on the street."

Improvement Strategies. Even with respect to its largely activity-based measures, the DOJ Performance Report is not helpful in offering explanations or improvement strategies where performance fell short. DOJ repeatedly dismisses performance shortfalls with boilerplate statements that the deviation from targeted performance was "slight and did not affect overall program performance."

Credibility of Performance Data. The DOJ Performance Report relies primarily on internal databases but does not discuss the verification of its performance data. Some reported performance results are cause for skepticism. DOJ exceeded its numerical target for deporting incarcerated criminal aliens before their release from prison. However, GAO has reported (GAO/GGD-99-3) that DOJ still cannot identify many incarcerated criminal aliens, so they often are released. The majority of released criminal aliens are aggravated felons.

Also, the Attorney General's forward to the DOJ Performance Report states that the "COPS" program "brought the ranks of funded community police officers to 103,720, exceeding the President's goal to fund 100,000 cops by the year 2000." However, a DOJ IG report (99-21) noted that the original goal was to have the 100,000 officers on the street, not just funded, and that it was unlikely that 100,000 additional officers actually would be "funded . . . as that term is commonly understood" by the end of FY 2000.

Resolving Major Management Problems. The DOJ Performance Report discusses some major management challenges, particularly as they relate to the Immigration and Naturalization Service. However, the Performance Report does not demonstrate that progress is being made. For example, the GAO notes that of the 16 major management challenges at DOJ identified by the GAO and the IG in recent years, all but the Y2K problem remain.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Justice Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Justice

Lisa Araiza	202-616-8546 lisa.araiza@usdoj.gov
-------------	---------------------------------------

General Accounting Office

Laurie Ekstrand	202-512-8777 Ekstrandl.ggd@gao.gov
-----------------	---------------------------------------

Congressional Research Service

Garrine Laney	202-707-2518
---------------	--------------

Inspector General

Cindy Steiner	202-616-4561 Cindy.steiner@usdoj.gov
---------------	---

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF LABOR

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of Labor (DOL) under the Government Performance and Results Act (GPRA):

I. Performance Report

DOL's FY 1999 Performance Report was issued as part of the Department's combined Annual Performance and Accountability Report. The Performance Report can be found on the Internet at www.dol.gov/dol/ocfo/public/media/reports/account99.htm.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies using the following three criteria:

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

The Mercatus Center graded the DOL Performance Report with a total score of 36 out of a possible 60 points, which ranked it 5th of the 24 agencies. Specifically, Mercatus graded the DOL Report 15 for transparency, 10 for public benefits, and 11 for leadership. Mercatus generally noted that DOL's Report presents good historical data to show progress but still could include more results-oriented measures. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates DOL's performance.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links DOL's FY 1999 Performance Report to its FY 1999 performance plan goals. The CRS analysis also contains evaluative comments on DOL's Report. In its analysis, CRS provides specific comments about some of DOL's annual performance goals and suggests possible changes to indicators to make for more informative goals.

III. GAO Analysis

The Governmental Affairs Committee identified several “key outcomes” for DOL and asked the General Accounting Office (GAO) to evaluate how well the Department performed during FY 1999 with respect to these outcomes. The key outcomes and a summary of GAO’s preliminary analysis follow:

Fewer workplace injuries, illnesses, and fatalities occur. DOL accomplished all but one of its performance goals related to this outcome. GAO said that DOL’s performance goals and measures in this area adequately measure the Department’s progress toward achieving this key outcome.

Job training participants get and keep jobs. DOL achieved all but one of its performance goals in this area. All but one of the performance goals is outcome oriented, and DOL provides a reasonable discussion of revised plans to address the unmet goal.

Worker benefits are protected. DOL accomplished all of its performance goals related to this outcome. However, not all performance information presented appears to support conclusions concerning the various levels of performance.

Individuals successfully transition from welfare dependency to self-sufficiency. DOL had one performance goal related to this outcome. Although DOL achieved this goal, GAO noted that the goal fails to address some critical dimensions of program performance.

The GAO draft report, which is attached, provides detailed information on the Department’s performance for the above key outcomes, as well as analysis of other aspects of the Department’s FY 1999 Performance Report. The GAO draft report also describes how the Department has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Reports. GAO is now obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the DOL Inspector General (IG) to analyze how well the Department’s Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the Department’s performance data. The Committee has not yet received the IG analysis but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. The DOL’s Performance Report provides a moderately useful basis to assess the Department’s progress in achieving its goals. This easy-to-read report provides useful information on the strategies that DOL is using and plans to use to achieve results and address its unmet goals. The Performance Report, however, lacks comprehensive outcome-

oriented measures and does not fully address the Department's efforts to resolve the major management problems identified by GAO and the IG.

DOL reports that of the 48 performance goals incorporated in its Performance Report, the Department met or exceeded 35 (73%) of these goals. Under its "secure workforce" strategic goal, the Department achieved 14 (93%) of its annual goals, and for its "quality workforce" strategic goal, it met 9 (64%) of the annual goals. The Department achieved mixed results on its "prepared workforce" strategic goal, however, by achieving only 50 percent of the annual goals (6 of 12). In the main body of DOL's Performance Report, it is difficult to determine which performance goals and measures were accomplished and which were not. To obtain these results, the reader must proceed to *Appendix 4* of the combined Performance and Accountability Report.

On the whole, the Performance Report demonstrates that DOL is making progress in adapting to the results orientation required under GPRA. Yet, the Department needs to place additional emphasis on developing more outcome-based indicators and using performance planning and reporting as a basis to address its long-standing major management problems.

Results Orientation. DOL's Performance Report represents a mixture of output- and activity-based goals and measures as well as outcome-based goals and measures. The analyses included in this package provide some examples where possible improvements can be made to enhance the results-oriented efforts of the Department. For example, GAO points out that DOL could improve its out-of-school youth program by determining whether program participants obtain employment related to the training they receive (see p. 10 of GAO analysis). CRS notes as an alternative to DOL's goal to "increase the number of one-stop career centers," the Department could instead express the number of States that have statewide coverage of one-stop centers.

Improvement Strategies. The DOL report – with a few exceptions – generally provides useful information about how the agency intends to address those goals and measures that were not achieved. This explanation is provided in the "comments" section for each individual performance goal in *Appendix 4* of the combined Performance and Accountability Report.

Credibility of Performance Data. DOL provides information on the data source for each of its performance goals in *Appendix 4* of its Performance Report. A review of these sources shows that most data come for internal sources. DOL's Performance Report, however, offers little information attesting to the quality of the data that the Department is relying upon for performance planning and reporting. In the Report, DOL does identify baseline data for new performance measures and generally provides easy-to-read historical information for its goals.

Resolving Major Management Problems. DOL's Performance Report does not directly, nor comprehensively, address the Department's progress in resolving the major management challenges identified by GAO and DOL's IG. Rather, the Performance Report includes a limited and general discussion of strategies to be implemented in improving mission performance.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Labor Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Labor

Veronica Campbell	202-219-6931x103 campbell-veronica@dol.gov
-------------------	---

General Accounting Office

Sigurd Nilsen	202-512-7003 Nilsens.hehs@gao.gov
---------------	--------------------------------------

Congressional Research Service

Paul Irwin	202-707-7573
Ann Lordeman	202-707-2323

Inspector General

Joe McGowan	202-219-6747 Jmcgowan@oig.dol.gov
-------------	--------------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF STATE

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the State Department under the Government Performance and Results Act (GPRA):

I. Performance Report

The State Department's Performance Report is printed separately, and it can be found at http://www.state.gov/www/budget/perf_reports/fy1999/index.html.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded State's Performance Report 8 for transparency, 10 for public benefits, and 7 for leadership. With a total grade of 25, State's Performance Report ranked 17 of the 24 agencies. Attached is the Mercatus report with its evaluation of State's Performance Report. In general, Mercatus lauded State for having results-based goals, but criticized the Performance Report as "larded with unexplained acronyms."

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links the agency's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on State's Performance Report. According to CRS, "The Department of State acknowledges its difficulty in identifying goals that have a measurable and verifiable outcome. State is continuing to seek ways of quantifying its activities to determine the success rate of its performance plan."

III. GAO Analysis

The Governmental Affairs Committee identified several “key outcomes” for State and asked the General Accounting Office (GAO) to evaluate how well State performed during FY 1999 with respect to these key outcomes. These key outcomes are:

- Reduced threats from weapons of mass destruction.
- Reduced international crime and terrorism.
- Reduced availability and/or use of illegal drugs.
- Foreign markets for U.S. products and services are expanded.
- American citizens (including government employees) travel and live abroad securely.

According to GAO, “the Department of State’s fiscal year 1999 performance report does not adequately demonstrate State’s level of success in achieving the desired outcomes or the way in which State’s action actually led to achievement of the desired goals.”

IV. IG Analysis

The Inspector General (IG) for the State Department analyzed how well the agency’s Performance Report demonstrated progress in resolving key management challenges and assessed the credibility of the agency’s performance data. Having identified several weaknesses in its performance planning process, including State’s inability to develop appropriate performance goals, the State IG stated that “without annual performance goals . . . the [performance] report does not provide decisionmakers in the executive branch or Congress with a clear assessment of the Department’s progress against these goals.”

The State IG recommends that greater management attention be given to implementation of the Results Act. The IG writes:

Without increased management attention to setting priorities and developing overall performance goals that can be used to assess its performance, the Department will be unable to make significant progress with its efforts under the Results Act. Until then, bureau and post officials will continue to be frustrated with what they consider to be a “paper exercise” and decision makers will be limited in their ability to determine the cost effectiveness of their programs.

V. Governmental Affairs Committee Staff Comments

The State Department Inspector General provides a succinct description of the format of the agency’s Performance Report:

The Department has developed strategic and annual performance plans built around a framework of 16 strategic and 3 diplomatic readiness goals in response to the Results Act. The 16 strategic

goals cover the universe of what the United States wants to accomplish in the world and are arrayed under 7 broad national interests: national security, economic prosperity, American citizens and U.S. borders, law enforcement, democracy, humanitarian response, and global issues. The three diplomatic readiness goals define the Department's general responsibilities for managing the human resources, information resources, and infrastructure and operations necessary to support the 16 strategic goals.

Both GAO and the IG state that the State Department's Performance Report does not comply with the Results Act. The IG states quite clearly, "The Department's strategic planning process has improved, but does not fully comply with the Results Act." Regarding the Performance Report specifically, the IG writes that "although the Department did establish overall annual performance goals in the diplomatic readiness area, the performance report does not provide a clear assessment of how it did against those annual goals." Further, GAO writes that "the report is incomplete" and explains that "the annex to the report, which measures State's progress toward the achievement of each performance goal listed for 1999, reports on only a limited number of goals and measures identified in the plan." The Results Act clearly requires that the Performance Report include all the goals set in the agency's Performance Plan and to describe the level of performance for each such goal.

In its analysis, the IG writes that a "major challenge for the State Department is to develop good, outcome-oriented annual performance measures for the work it is singularly responsible for." CRS states that the Department "acknowledges its difficulty in identifying goals that have a measurable and verifiable outcome." However, the Department is able to report its progress in some areas. For example, according to GAO, "State made limited progress toward eliminating the threat to the United States and its allies from weapons of mass destruction" and "made some progress toward its desired outcome of expanding foreign markets." Although the Department did not meet its training goals associated with reducing terrorist attacks, it did not report on its efforts to reduce terrorist attacks through "using diplomatic pressures, enlisting cooperation, and developing new technologies." In the absence of additional information, GAO concludes that "State was unsuccessful in achieving its desired outcome in fiscal year 1999 of combating terrorism."

Because of data limitations, according to GAO, State's progress in enhancing the ability of American citizens to travel and live abroad securely was inconclusive. Although State's Performance Report highlighted why goals related to reducing the entrance of illegal drugs into the United States were important, GAO writes that the Performance Report "does not clearly identify State's progress toward meeting its goals."

One of the key critiques provided by the IG was the fact that State's Performance Report did not provide a clear assessment of how the Department performed against its annual goals. The IG writes:

In the human resources area, the FY 1999-2000 Performance Plan provided three annual performance goals, but there is no bottom line in the report on the Department's success in achieving those goals. One of the human resource performance goals was to develop a Departmentwide, integrated workforce plan through 2010. The Report's annex describes the Department's performance under this goal as successful **even though it has not yet developed a comprehensive workforce plan.** (emphasis added.)

In its Performance Report, State lists the goal to "complete and issue an integrated Workforce Plan including USIA and ACDA." However, despite stating that it was successful in meeting this goal, State writes that "the Workforce Plan is still in the process of being developed."

Results Orientation

One of the purposes of the Results Act is to "improve Federal program effectiveness and public accountability by promoting a new focus on results." In addition to the State Department itself, GAO, the IG, and CRS all identify the difficulty State has in developing results-oriented goals and measures. With regard to the State Performance Reports, GAO writes that: "although the reports's indicators of progress are usually quantifiable, they are generally activity-based measures that are not outcome-oriented, which means that it is difficult to track progress in a meaningful way."

As discussed above, the IG writes that State has difficulty in developing "good, outcome-oriented annual performance goals." The IG letter identifies the area of supporting American citizens as one where the goals lack an appropriate results orientation:

For work related to the goal to support American citizens, the Department does have business processes and customers, and therefore, its efforts can more easily translate to the requirements of the Results Act. However, the Performance Report generally focuses on outputs – in contrast to outcomes – where it does provide data. The Performance Report notes that the Department issued 7 million passports in 1999 as compared to 6.5 million in the prior year. Although that is a noteworthy accomplishment, the report does not provide any information on customer satisfaction or the timeliness of its processing passports.

In this same area, GAO writes that "State's fiscal year 1999 plan indicated that it intended to work closely with foreign governments to improve the treatment of U.S. citizens incarcerated abroad, promote greater participation in multilateral treaties to which the United States is a party, and help other agencies provide efficient distribution of benefits overseas." However, as GAO states in its analysis, State provides no targets or indicators to measure progress in this area.

One of State's major responsibilities is to reduce the level of illegal drugs entering this country. To this end, State has set a goal to "reduce significantly . . . the entry of illegal drugs into this country." However, in its narrative under this particular goal, State simply recites several anecdotes about "coca" and "poppy cultivation" being down in certain countries.

State does provide some description of its activities to bring about greater international cooperation in the fight against drug trafficking. However, as GAO reports:

State's goal of reducing illegal drugs does not have clearly stated objectives or measures. For example, State says that the indicator "to intensify drug awareness campaigns," will be addressed by "emphasizing public outreach programs" and "increasing public awareness." State does not explain how it will quantify these indicators.

Clearly, "intensifying drug awareness campaigns" and "emphasizing public outreach programs" are not results-oriented goals.

Improvement Strategies

Where a performance goal is not met, the Results Act requires that the agency's Performance Report explain and describe "those plans and schedules for achieving the established performance goal." In its analysis, GAO writes that the State Performance Report "does not describe how unmet goals will be achieved in the future." For instance, under its goal to negotiate a new reduce weapons of mass destruction, the State simply describes certain aspects the Department was able, and unable, to accomplish. However, as GAO reported, State did not include a discussion of the strategies it will employ to improve performance as required by the Results Act.

Credibility of Performance Data

In order to assess its progress, an agency should comment on the quality of the data it is reporting. GAO writes that the State Performance Report provides "no discussion of . . . what data limitations there were, or where the data used was validated and verified." In its Performance Report, State includes a section entitled "Data Verification and Validation," in which State simply lists the source of the data. Nowhere in this section does State make no mention of the quality of the data, or whether the data was actually verified.

Resolving Major Management Problems

State's Performance Report addresses four of the major management challenges facing the Department: information security, financial management, visa processing, and hiring and training personnel. As discussed above, to address its problems regarding hiring and training personnel, State has made a commitment to develop a Departmentwide, integrated workforce plan. However, State has yet to develop such a plan.

According to GAO, State has made progress in some specific areas, such as “upgrad[ing] its classified mainframe computer as part of its effort to improve information security.” Unfortunately, however, GAO also states: “[F]or the two challenges that identified the need to improve management capability or performance (overseas security and information technology modernization), State did not address how it would improve such capability.”

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of State Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of State

Tom Adams	202-647-2554 AdamsT2@state.gov
-----------	-----------------------------------

General Accounting Office

Jess Ford	202-512-8984 Fordj.nsiad@gao.gov
-----------	-------------------------------------

Congressional Research Service

Susan Epstein	202-707-6678
---------------	--------------

Inspector General

Cynthia Saboe	703-284-2727 Saboe@c@state.gov
---------------	-----------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF TRANSPORTATION

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of Transportation (DOT) under the Government Performance and Results Act (GPRA):

I. Performance Report

DOT's FY 1999 Performance Report is combined with the Department's FY 2001 Performance Plan. This document can be found on the Internet at www.dot.gov/ost/ost_temp.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies using the following three criteria:

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

Mercatus graded the DOT Performance Report with a total score of 51 out of a possible 60 points, which ranked it 2nd of the 24 agencies. Specifically, Mercatus graded the DOT Report 17 for transparency, 16 for public benefits, and 18 for leadership. Mercatus cited DOT's Performance Report as one of the best, calling it a "role model" in areas such as using results-oriented goals and measures and explaining how its programs and activities affect Americans' quality of life. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates DOT's performance.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links DOT's FY 1999 Performance Report to its FY 1999 performance plan goals. The CRS analysis also contains evaluative comments on the agency Performance Report. In its analysis, CRS lauds the usefulness of DOT's Report but does express concerns that some performance targets and improvement strategies might not be aggressive enough to accomplish the Department's goals.

III. GAO Analysis

The Governmental Affairs Committee identified several "key outcomes" for DOT and asked the General Accounting Office (GAO) to evaluate how well DOT performed during FY

1999 with respect to these outcomes. The key outcomes and a summary of GAO's preliminary analysis follow:

Fewer transportation-related accidents, deaths, injuries, and property losses. DOT's overall performance with regard to this key outcome was mixed. DOT met all of its safety goals for pipelines and the transport of hazardous materials but did not meet any of its aviation safety goals. Its performance for other modes – highway, marine, rail, and transit – was mixed.

Reduced flight delays through air traffic control (ATC) modernization. DOT showed general progress in meeting the goals for this outcome. DOT achieved its goal to reduce the number of ATC-related delays and fell just short of its goal to increase the percentage of flight segments safely flown off ATC-preferred routes.

Less highway congestion and improved highway pavement condition. GAO could not assess DOT's performance for this outcome because FY 1999 data were not available for both related performance goals and thus not published in the DOT Performance Report. DOT concluded that based on FY 1998 data for these two goals, it is likely that the FY 1999 targets were met.

Reduced availability and/or use of illegal drugs. DOT did not reach its related goal for this key outcome. The Department listed various reasons for not reaching the goal, and GAO reports that DOT will be challenged in achieving the related FY 2000 goal, which is higher than that for FY 1999.

The GAO draft report, which is attached, provides detailed information on the Department's performance for the above key outcomes, as well as analysis of other aspects of the FY 1999 Performance Report. It also describes how the Department has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Reports. GAO is now obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the DOT Inspector General (IG) to analyze how well the Department's Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the Department's performance data. The DOT IG has informed the Committee that it expects to provide its analysis in July 2000, and the Committee will forward the IG's analysis as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. DOT has prepared and presented a comprehensive and useful document with its combined FY 1999 Performance Report and FY 2001 Performance Plan. The Department's combined report is well-organized, easy to understand, and forward-looking. DOT

is consistently cited by many observers as representative of model performance planning and reporting in the federal government.

For each of DOT's five strategic goals – safety, mobility, economic growth and trade, human and natural environment, and national security – the Department includes a one-page “progress report” that summarizes the results for its annual goals (see pp. 10, 48, 84, 100 & 126). Of the 65 annual goals included in its performance report, DOT reports that it “met or saw good trends in 77 percent” of the goals. A review of the Performance Report shows that DOT actually met 37 of its 65 annual goals, or about 57 percent of them. An area where performance fell well short of its goals, for example, involved aviation safety indicators, such as runway incursions, air traffic controller (ATC) errors, and pilot errors. DOT's Performance Report includes a description of actions to be taken to address these unmet goals; however, some observers have said that the Department's strategies in these areas might not be sufficiently aggressive.

Overall, DOT is making moderate progress with respect to accomplishing its goals. DOT has clearly demonstrated, however, that it can successfully employ a results-oriented planning and reporting process. The formidable task for DOT in the future will be to ensure that it has the most appropriate and vigorous strategies to accomplish unmet goals.

Results Orientation. All five of DOT's strategic goals and the majority of DOT's performance measures are results-oriented. Moreover, the effect of DOT's programs and activities on the national transportation system, and the resulting effect on Americans' quality of life, is well documented in the Performance Report. The Performance Report recognizes external factors that influence results, but it does not clearly isolate those factors that can be attributed to DOT.

Improvement Strategies. In the body of the Performance Report, DOT does a fairly thorough job of discussing and explaining those cases where the Department did not meet its annual goals. The CRS analysis, however, questions that some of DOT's goals seem modest compared to the severity of related problems. DOT's strategies in some cases may also need to be more aggressive in order to accomplish the related objectives. GAO reports, for example, that despite DOT's outlined strategies to accomplish unmet goals, the Department does not expect to achieve four safety-related goals in FY year 2000 that were unmet in FY 1999. (See GAO's analysis for further details on this issue.)

Credibility of Performance Data. The DOT Performance Report's discussion of data quality is clearly a model for other agencies to follow, as the Mercatus analysis aptly points out. In *Appendix I* of DOT's Performance Report, the Department provides a detailed description of each of its performance measures and the associated data. This description includes an overview of the data collection strategy for the underlying data behind the performance measure along the data source, limitations, statistical issues, and verification and validation procedures. In addition, trend data in the report is presented as far back as 5-10 years.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Transportation Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Transportation

Jim McEntire	202-366-9661 james.mcentire@ost.dot.gov
--------------	--

General Accounting Office

Phyllis Scheinberg	202-512-3650 Schienbergp.rced@gao.gov
--------------------	--

Congressional Research Service

Glen Moore	202-707-7033
------------	--------------

Inspector General

Lynne Carliss	202-366-1422 Lynne.carliss@oig.dot.gov
---------------	---

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF THE TREASURY

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of the Treasury under the Government Performance and Results Act (GPRA):

I. Performance Report

Treasury's FY 1999 Performance Report is a stand-alone document and can be found on the Internet at www.treas.gov/gpra/webreport.htm.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies using the following criteria:

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

The Mercatus Center graded the Treasury Performance Report with a total score of 36 out of a possible 60 points, which ranked it 5th of the 24 agencies. Specifically, Mercatus graded the Treasury Report 14 for transparency, 10 for public benefits, and 12 for leadership. Mercatus cited Treasury's Performance Report as providing a good explanation for failure to meet certain goals but noted that the Department needs to continue to develop more outcome-oriented goals and measures for assessing results. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates Treasury's performance.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links the Treasury FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on the agency Report. In its analysis, CRS covers issues such as the differences in the quality of performance information for Treasury's sub-agencies and Departmental Offices.

III. GAO Analysis

The Governmental Affairs Committee identified several "key outcomes" for Treasury and asked the General Accounting Office (GAO) to evaluate how well Treasury performed

during FY 1999 with respect to these outcomes. The key outcomes and a summary of GAO's preliminary analysis follow:

Tax laws are administered effectively and fairly. Treasury reported three performance goals and 65 measures related to this key outcome. Performance was generally mixed.

Less waste, fraud, and error relating to the Earned Income Tax Credit. No relevant performance measures had been established for this key outcome.

Improved delinquent tax and non-tax debt collection. None of the three performance goals for Treasury's Internal Revenue Service (IRS) directly addressed tax debt collection. GAO said that limitations in the performance measures make it difficult to provide a clear picture of performance for this key outcome.

Reduced availability and/or use of illegal drugs. Treasury had four performance goals related to this key outcome. Performance appears to be mixed.

Criminals are denied access to firearms, and firearms-related crimes are reduced. Treasury reported one performance goal and five associated measures related to this key outcome. Treasury exceeded its goals for each of these five measures.

The GAO draft report, which is attached, provides detailed information regarding Treasury's performance for the above key outcomes, as well as analysis of other aspects of the Department's FY 1999 Performance Report. The GAO draft report also describes how the Department has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Reports. GAO is now obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the Treasury Inspector General (IG) to analyze how well the Department's Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the Department's performance data. The Committee has not yet received the IG analysis but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. Treasury's Performance Report is moderately useful for policymakers and other stakeholders as a tool to assess the Department's progress in achieving its goals. In its Performance Report, Treasury does a commendable job in most cases of providing details about its unmet goals, including plans to address these unmet goals in the future. However, Treasury continues to struggle to develop and use more outcome-based measures and to demonstrate a cause-and-effect relationship between some of its activities and overall benefits for the American public.

Treasury reports that it met or exceeded its FY 1999 targets for 121 of its performance measures, about half of the 257 total number of GPRA measures for the Department. Treasury also reports that of these 257 measures, 186 were quantitative and objectively measurable. For the remaining measures, Treasury said that 12 were qualitative and not objectively measurable, while baselines were being developed for many of the others.

On the whole, the Treasury Performance Report may be relied upon to provide good insight into the Department's strategies to address those goals in which Department fell short. To make its Performance Report a more valuable document for assessing performance, Treasury will need to concentrate on developing more outcome-oriented measures and documenting the effect that the Department's programs have on the quality of Americans' lives.

Results Orientation. Treasury's Performance Report includes a broad mix of output- and outcome-related performance goals and measures, but with a continued balance toward indicators that deal with activities, processes, and outputs. For some outcome-related goals, Treasury's reporting does not clearly establish a link that its programs and activities are directly related to actual results as shown for the indicator.

Improvement Strategies. The Treasury Performance Report generally provides a clear explanation for why each unmet performance goal was not achieved and what the Department plans to do to meet the goal in the future. This information is usually presented under a section entitled "Explanation of Shortfall" that is included in the summary tables created for the various performance goals.

Credibility of Performance Data. *Appendix A* of the Treasury Performance Report provides a brief explanation of the various indicators used by the Department along with the data source for each indicator. Much of the performance data is from sources outside the Treasury, and there is not much discussion of verification procedures. Some performance measures included previous year's data, but FY 1999 was a baseline for many indicators. In addition, the Performance Report does not contain much discussion of cost-related data, but data for U.S. Mint and the Bureau of Engraving and Printing are notable exceptions.

Resolving Major Management Problems. Treasury's Performance Report broadly discusses the Department's major management challenges that were identified by GAO and the Treasury IG. GAO's analysis states that Treasury's FY 2001 Performance Plan includes a new comprehensive section that discusses, in varying depth, the Department's major management challenges.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Treasury Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Treasury

John Murphy	202-622-2228 john.m.murphy@do.treas.gov
Mary Menefee	202-622-2218 mary.menefee@do.treas.gov

General Accounting Office

Cornelia Ashby	202-512-9110 Ashbyc.ggd@gao.gov
----------------	------------------------------------

Congressional Research Service

Sylvia Morrison	202-707-7755
-----------------	--------------

Inspector General

Cynthia Manurs	202-926-5745 Manursc@oig.treas.gov
----------------	---------------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: DEPARTMENT OF VETERANS AFFAIRS

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Department of Veterans Affairs (VA) under the Government Performance and Results Act (GPRA):

I. Performance Report

The VA Performance Report was issued as part of the agency's "Accountability Report," and it was published as a separate stand-alone document, which is attached. The VA Performance Report can also be located online at www.va.gov/budget/report/index.htm.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded the VA Performance Report 14 for transparency, 18 for public benefits, and 16 for leadership. With a total grade of 48, the VA Performance Report ranked 3rd of the 24 agencies in a study in which the top three Performance Reports were determined to be well above all others. Mercatus singled out the VA Performance Report as a "role model" for linking goals and results to costs and also for addressing major management challenges. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates VA's Performance Report.

III. CRS Analysis

The Governmental Affairs Committee asked the Congressional Research Service (CRS) to prepare a matrix that links the VA FY 1999 Performance Report to its FY 1999 Performance Plan goals, and to offer evaluative comments on the agency report.

CRS notes that about 54 percent of VA's budget goes directly to veterans in the form of various benefit payments, and that VA's performance data generally show the agency "doing a good job and getting better at administering this array of entitlements." However, in the area of claims adjudication, performance was below targeted levels. According to CRS, 43 percent of VA's budget goes to veterans' health care. Assessing performance in this area is more difficult

since it is challenging to develop measures for improved health. The remainder of VA's budget is administrative; CRS says VA's performance measures in this area "seem reasonable enough."

III. GAO Analysis

The Governmental Affairs Committee identified several key mission-related "outcomes" for VA and asked the General Accounting Office (GAO) to evaluate VA's FY 1999 performance. These key outcomes and a summary of GAO's preliminary analysis follow:

Veterans are provided high quality health care at a reasonable cost to the Government. VA's performance "showed progress" toward this outcome. While VA did not meet all of the related FY 1999 goals, it did meet one of the most important goals – reducing average health care costs per patient.

Veterans benefit claims are processed timely and accurately. VA failed to meet its FY 1999 performance goals related to this outcome, often by substantial margins.

Disabled veterans acquire and maintain suitable employment. VA met both goals related to this outcome. However, GAO noted that VA's rehabilitation goal does not fully measure outcome results because it focuses on veterans who have completed the program, rather than all eligible veterans. Also, VA does not measure the time it takes for veterans to complete the program.

Reduced availability and/or use of illegal drugs. VA has no performance goals or outcomes directly related to this outcome.

The GAO draft report, which is attached, provides detailed information on the agency's performance for the above key outcomes, as well as analysis of other aspects of the agency's FY 1999 Performance Report. The GAO draft report also describes how the agency has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Plans. GAO is currently obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the VA Inspector General (IG) to analyze how well the agency's Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency's performance data. The Committee has not yet received the IG analysis, but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. The VA Performance Report generally provides a useful basis for evaluating the agency's performance in a results-oriented and meaningful way. It presents a straightforward and understandable picture of VA's performance. A particularly useful feature is

the one-page “scorecard” at the beginning of the report that summarizes VA’s performance for FY 1999 against what the agency considers its 26 “critical” performance measures. The scorecard and the remainder of the report clearly explain where the agency met its goals, where goals were not met but performance is moving in the right direction, and where performance “worsened.”

VA achieved about one-third (8 of 23) of its critical goals for which performance data was available. For another one-third of these, it failed to meet the goal even though its performance improved over FY 1998. For the remaining one-third critical goals, the goal was not met and performance fell off from FY 1998. Overall, VA reported on 120 of its total 128 performance goals for FY 1999 for which data were available. According to the VA Report, the agency achieved 58 percent of these 120 goals. VA failed to meet another 26 percent, but the shortfall “was so small there was no significant impact on program performance.” Its failure to meet the remaining 16 percent had a “major impact on program performance.”

On the whole, the VA Performance Report demonstrates that the agency’s performance is moving in the right direction for most of its functions. However, the timeliness of processing compensation and pension benefit claims is one area where the report itself acknowledges that VA’s performance during FY 1999 “was markedly off track.” Several key goals were missed here. Other key goals missed involved several measures of client satisfaction.

Results Orientation. Most of VA’s performance goals are results-oriented and meaningful as they demonstrate how well VA serves the needs of our Nation’s veterans. For example, one key performance measure is the percentage of service-disabled veterans completing vocational rehabilitation programs who acquire and maintain suitable employment. (As GAO notes, however, this goal could be made even more meaningful.) Another key goal uses an index to measure the agency’s success in helping veterans to avoid foreclosure on VA-guaranteed mortgages. Several VA performance measures address the quality of health care, while another measure addresses the cost-efficiency of such health care.

Improvement Strategies. The VA Performance Report is quite direct in identifying its performance shortfalls and their significance. In most areas, it explains the reasons for shortfalls and discusses in a meaningful way strategies to improve. For example, it notes that some claims processing times are increasing due to efforts to improve the accuracy of determinations.

Credibility of Performance Data. VA’s Performance Report includes a description of data sources and validation for each performance goal. In addition, most goals are accompanied by baseline and trend data that often cover 4 or 5 years and provide good context for assessing the reasonableness of VA’s performance targets and degree of progress. However, GAO found that, while VA is improving, its report “reflects limited assurance that its performance information is credible.”

Resolving Major Management Problems. The VA Performance Report discusses major management challenges that GAO and the agency’s IG have identified. It integrates these discussions with the descriptions of the performance goals to which they apply, which enhances

their usefulness. While the Performance Report does a good job of describing the problems, it does not necessarily explain how they will be resolved. The GAO analysis notes that VA has made some progress in improving veteran access to health care services. However, GAO found that VA has not made significant progress in restructuring its health care infrastructure or in improving the timeliness and accuracy of compensation and pension claims processing. On the latter point, the CRS analysis points out that the VA Performance Report does not demonstrate whether claims processing problems stem from procedural inefficiencies, staffing or resource constraints, or features embedded in the laws administered by the VA.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Department of Veterans Affairs Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

U.S. Department of Veterans Affairs

Mark Catlett	202-273-5289 mark.catlett@mail.va.gov
--------------	--

General Accounting Office

Stephen Backhus	202-512-7111 Backhuss.hehs@gao.gov
-----------------	---------------------------------------

Congressional Research Service

Dennis Snook	202-707-7314
--------------	--------------

Inspector General

Dana Moore	202-565-8939 Dana.moore@mail.va.gov
------------	--

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the U.S. Agency for International Development (USAID) under the Government Performance and Results Act (GPRA):

I. Performance Report

USAID published its Performance Report as a separate document. This Performance Report is attached and can be found on the Internet at <http://www.info.usaid.gov/pubs/>.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded the USAID Performance Report 18 for transparency, 16 for public benefits, and 18 for leadership. With a total grade of 52, USAID's Report was rated best of the 24 agencies. Attached is the Mercatus report with its analysis of USAID's Performance Report.

The Mercatus Center singled out USAID's Performance Report for praise in a number of different areas. For instance, Mercatus found that "[t]he report contains a massive amount of detail for those who are interested, but it is easy to pick out the highlights without having to read all of the text." In addition, Mercatus states that "USAID's report explains the agency's contribution to results that were achieved in particular cases, and it specifically acknowledges the role played by other factors."

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links the agency's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on the agency Performance Report.

According to CRS, "Assessing USAID's performance is largely based on the degree to which conditions in the countries where USAID operates improve relative to these activities.

Data collection in developing national to measure this performance, however, faces serious challenges in its availability, quality, and timeliness.” CRS continued in its overall assessment of USAID’s Performance Report, “given the extremely difficult challenge of collecting and applying good data, the assessments and conclusions reached by USAID in its report appear to be fair and accurate representations of agency performance.”

III. GAO Analysis

The Governmental Affairs Committee identified several "key outcomes" for USAID and asked the General Accounting Office (GAO) to evaluate how well USAID performed during FY 1999 with respect to these key outcomes. The key outcomes and a summary of GAO's preliminary analysis follow:

- Increased economic growth in developing countries.
- Reduced spread of HIV/AIDS.
- Lives saved and suffering reduced from natural or man-made disasters.

According to GAO:

USAID has made progress in establishing outcome-oriented goals and developing indicators and targets that help measure overall results. However, because the agency’s goals in the three outcome areas are so broad and progress is affected by many factors other than USAID programs, the indicators cannot realistically serve as measures of the agency’s specific efforts. USAID recognizes this limitation and has improved its fiscal year 2001 performance plan to discuss agency efforts within this broader context.

IV. IG Analysis

The Inspector General (IG) for USAID analyzed how well the agency’s Performance Report demonstrated progress in resolving key management challenges and assessed the credibility of the agency’s performance data. According to the USAID IG:

USAID’s Performance Report shows that the Agency has made progress in addressing its management challenges. Although none of these management challenges were fully addressed in the Performance Report, USAID management recognizes this shortcoming as an area to improve upon its future Performance Reports. The Office of Inspector General and USAID officials have agreed to work collaboratively to more fully incorporate the Agency’s management challenge areas into future performance reports and plans.

V. Governmental Affairs Committee Staff Comments

USAID faces a number of challenges in meeting the requirements of the Results Act. As CRS states in its analysis:

USAID is the government's primary international development assistance agency, operating in about 87 countries where it manages programs promoting economic growth, protecting the environment, strengthening health and family planning capabilities, advancing democratic reforms, improving human capacity development, and assisting in humanitarian emergencies. Assessing USAID's performance is largely based on the degree to which conditions in the countries where USAID operates improve relative to these activities.

In general, USAID's missions are difficult to measure. For example, where USAID's missions rely on numerous external factors, measuring the extent to which the Department contributed to better performance is even more difficult. Also, taking into account the complexity of gathering data from operations throughout 87 different countries – most of which are remote and poorly developed – the difficulty of the task becomes apparent.

Each of the analyses points out that USAID recognizes its challenges and is embracing them. According to GAO, "USAID is . . . seeking to better understand the relationships between its specific programs and their contributions to the desired overall outcomes." CRS states that: "[I]nitially, USAID used global data for all developing countries to assess performance, methodology which distorted agency program impact in the nations where it actually operated." CRS also states that "nevertheless, the USAID Agency Performance Report discusses this limitation frequently throughout the report and identifies, in the narrative presentation, nations that are exceeding or lagging in efforts to meet the performance goal." The USAID IG writes that "USAID recognizes the need to further improve its performance report. Specifically, the report identified several issues that affect the report's usefulness 'for understanding USAID's aggregate performance during 1999.'"

In its introduction, USAID's Performance Report states that "the donor community has identified USAID as a proactive, innovative proponent of performance measurement. Others are now beginning to develop systems that build on the lessons learned and shared by USAID." USAID cautions in that same introduction, however, that "while USAID plays an important role in achieving the high-level development goals set in the FY99 [Annual Performance Plan], not all changes can be attributed to USAID. The efforts of host-country governments assisted by the donor community will be critical to success in reaching those goals."

Unfortunately, USAID's FY 1999 Performance Report provides only limited value in assessing its performance. According to GAO:

For the outcome of increased economic growth in developing countries, the agency's program strategies, as described in its performance report and performance plan, generally support its five goals. For the outcome of reduced transmission and impact of HIV/AIDS, the agency's goal of slowing the number of new HIV infections is outcome-oriented. However, none of the indicators used to report results based on the fiscal year 1999 plan related directly to reducing the impact of the HIV/AIDS pandemic. For the outcome of lives saved and suffering reduced from natural or man-made disasters, USAID has developed relevant performance goals. The performance indicators represent reasonable attempts to measure overall progress toward this outcome, but they cannot currently be used for assessing USAID's specific efforts, due to lack of data and to unanticipated factors inherent in disaster situations.

Results Orientation

As discussed, USAID has recognized the need to develop better measures of its performance. With regard to USAID's efforts to measure progress in building sustainable Democracies, CRS writes: "Quantitative measurements for democracy have significant limitations, as acknowledged by USAID, a fact likely reflected by the agency's use of only a single performance goal and indicator. USAID plans to improve its capacity to utilize measurements that capture qualitative and comprehensive changes in democratic conditions."

GAO discusses the importance of a results orientation in its analysis of USAID's reporting of its progress in meeting goals related to the spread of HIV/AIDS:

Slowing the number of new HIV infections in developing countries is an outcome-oriented performance goal. USAID uses an outcome indicator – number of new infections reported – but notes that the data are not available on an annual basis. The rate of condom use and the percent decrease in the reported prevalence of sexually transmitted infections are objective, quantifiable measures that are related to HIV infection rates. While these indicators measure outputs of USAID efforts rather than the performance goal, they complement data on HIV infections and can provide valuable insights when infection are not available. However, **the volume of condoms shipped is not a valid indicator of use and thus is not a proxy for numbers of HIV infections.** (emphasis added.)

GAO affirms that "USAID does not provide sufficient information in the report to provide a basis for determining if USAID met its goals." However, USAID does provide alternative

measures while warning about using output measures as “proxies” for goals with an appropriate results orientation.

Improvement Strategies

Where a performance goal is not met, the Results Act requires that the Performance Report explain and describe “those plans and schedules for achieving the established performance goal.” However, the quality of the explanation of areas in which USAID missed goals is mixed.

USAID’s Performance Report shows “good trend information” related to its goal to stabilize population growth in USAID-assisted countries. One such measure in this area is fertility rate in developing countries. Despite the good trends that are apparent, USAID states that smaller countries, such as Madagascar and Niger, show minimal change in their fertility rates over a seventeen-year period. USAID also states that it plans to focus more attention on financing health services and target assistance based on the magnitude of a country’s need. In addition, USAID will annually track contraceptive prevalence rates.

In another area where USAID did not meet its goals, it provides no strategy to address the problem in the future. However, GAO states that this may be appropriate. Regarding its goal to improve conditions for social and economic development in conflict, post-conflict, and rapid transition countries, USAID uses as a measure the number of refugees and internally displaced persons. However, as GAO states, “USAID notes appropriately that changes in the number of refugees and internally displaced persons are a direct indication of changing trends of conflict but are not a direct measure of USAID performance.” That is why USAID includes no specific plans to address this problem.

Credibility of Performance Data

The credibility of its performance data is perhaps the greatest challenge facing USAID’s move to performance management. USAID writes in the introduction to its Performance Report:

We continue to grapple with the important issues of data availability and quality. Annual data for many of the 29 program performance indicators in the FY99 [Performance Plan] do not exist for all USAID-assisted countries, or even for countries where we have programs devoted to specific Agency objectives. For reasons of cost and practicality, in some countries data are typically collected only every three to five years. Therefore, the latest “actual” data reported in this APR are the average of actual data reported in the past year for some countries and “projected actual” data calculated from historical trends in other countries where data were reported at least twice.

To address its problems with data quality, USAID cited the following efforts:

- Agency-wide training on “managing for results”
- The technical analysis of performance-data quality and coverage
- The selective review of operating unit performance reports and operating plans
- Creation of a Web-accessible database of performance information for every USAID operating unit
- Development and dissemination of standards on performance data and indicator quality.

GAO writes that the “agency recognizes the need to improve the quality and timeliness of its performance data in order to understand the relationships between its programs and results.”

Resolving Major Management Problems

USAID has serious management challenges related to financial management, information resource management, human resources, the breadth of USAID’s mandate, and improving results reporting. USAID openly states in its FY 1999 Performance Report that its FY 1999 Performance Plan does not “provide a useful framework for making or measuring progress” in addressing its major management challenges. Rather, USAID states that its FY 2001 Performance Plan “was built on this foundation to articulate a larger set of management targets that are clearly and consistently linked to a revised Agency goal of ensuring that ‘USAID evolves into a model 21st- century international development agency.’” The goal tracks the progress of the “Reform Roadmap” which, according to USAID, “includes the kind of specific management activities and targets that the Office of Management and Budget, the General Accounting Office, and Congressional stakeholders have requested.”

Of USAID’s renewed and refined attention to its management challenges, CRS states that “given the serious problems USAID has had in completing new management systems, the performance goal of improving its capacity to report results and apply a results-based resource allocation process is fundamental to USAID’s management reform efforts.” The USAID IG writes in its analysis that “USAID management has made progress in addressing its management challenge areas in its Performance Report.” And, although GAO writes that “USAID recognizes the challenges in almost all of these areas,” GAO also warns that USAID’s FY2001 Performance Plan “provides only general time frames and does not set progress milestones or indicate resource allocations for addressing *any* of its management challenges.” USAID’s major management challenges are areas where aggressive oversight should continue.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Agency for International Development Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

Agency for International Development

Tina Cleland	202-712-0094 ccleland@usaid.gov
--------------	------------------------------------

General Accounting Office

Jess Ford	202-512-8984 Fordj.nsiad@gao.gov
-----------	-------------------------------------

Congressional Research Service

Larry Nowels	202-707-7645
--------------	--------------

Inspector General

David Pritchard	202-712-1951 Dpritchard@usaid.gov
-----------------	--------------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: ENVIRONMENTAL PROTECTION AGENCY

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Environmental Protection Agency (EPA) under the Government Performance and Results Act (GPRA):

I. Performance Report

The EPA FY 1999 Performance Report was issued as a stand-alone document and can be found on the Internet at www.epa.gov/ocfo/integrity/1999apr.htm.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies using the following three criteria:

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

Mercatus graded the EPA Performance Report with the score of 31 out of a possible 60 points, which ranked it 11th of the 24 agencies. Specifically, Mercatus graded the EPA Performance Report 8 for transparency, 9 for public benefits, and 14 for leadership. Mercatus expressed concern that EPA's Report presented little trend data that would facilitate comparison with 1999 results. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates EPA's performance.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links the EPA's FY 1999 performance report to its FY 1999 performance plan goals. The CRS analysis also contains evaluative comments on the agency report. In its analysis, CRS includes topics such as data quality, output- versus outcome-based indicators, and external factors that could affect agency performance. CRS also cautions that readers of EPA's Performance Report should compare the agency's actual results to the original targets in the "revised final" FY 1999 plan, which was finalized after enactment of appropriations and which is not widely and publically available.

III. GAO Analysis

The Governmental Affairs Committee identified several “key outcomes” for EPA and asked the General Accounting Office (GAO) to evaluate how well EPA performed during FY 1999 with respect to these outcomes. The key outcomes and a summary of GAO’s preliminary analysis follow:

Water is safe for drinking and recreation. EPA showed mixed progress in meeting its drinking water safety goals related to this key outcome. GAO’s analysis shows that four of the 11 performance goals for water were directly related to the outcome that water is safe for drinking. EPA reported that it met or exceeded its goals for drinking water; however, GAO notes that in one case the agency had not clearly demonstrated the extent to which it achieved its goal to get communities to implement water protection systems. In addition, EPA did not include specific recreational water safety goals in its report.

Air in every community is safe and healthy to breathe. EPA showed some progress toward achieving its key outcome of safe and healthy air. GAO notes that EPA has recognized the importance of using credible data to better measure progress under this outcome.

Hazardous waste sites are cleaned up. EPA’s performance measures adequately indicated progress toward the annual goals for this outcome. GAO’s analysis notes that the EPA Performance Report discusses four goals that were directly related to the key outcome that hazardous waste (“Superfund”) sites are cleaned up.

Food supplies are free from unsafe pesticide residues. EPA met one of the two performance goals related to this key outcome.

The GAO draft report, which is attached, provides detailed information on the agency’s performance for the above key outcomes, as well as analysis of other aspects of the agency’s FY 1999 Performance Report. It also describes how the agency has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Reports. GAO is now obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the EPA Inspector General (IG) to analyze how well the agency’s Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency’s performance data. The IG responded by letter dated June 5, 2000, which is attached.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. EPA’s Performance Report is moderately useful for assessing the agency’s progress in achieving its goals. The Performance Report places heavy emphasis on long-term goals and lacks a serious and comprehensive discussion on the issue of data quality.

Technical language and acronyms are generally avoided, but the Performance Report is still hard to understand due to large quantity of text that includes little useful summary information.

The *Overview* in EPA's Performance Report states that EPA met 44 of the 69 annual performance goals in its FY 1999 annual plan. EPA states that this represents "significant accomplishments that contributed to cleaner air and land and safer food and water." EPA's Performance Report includes a table in *Appendix A* that lists the results for each of EPA's 69 annual performance goals. However, it is not easy to identify which goals and measures were met and which were not.

EPA has generally been recognized as one of the first federal agencies to have fully integrated its budget request with its annual Performance Plan and strategic framework of long-term goals. EPA's Performance Report, however, does not address resource or cost considerations to show a return on investment for the agency's programs and activities.

On the whole, EPA's Performance Report shows that the agency is making some progress. However, the lack of information regarding data credibility and the difficulty in linking agency actions to outcome-oriented results is a daunting challenge that the EPA will need to address.

Results Orientation. Some of EPA's measures in its Performance Report are outcome oriented, such as reduction in emissions, restoring impaired areas, meeting certain standards and increasing populations covered by standards. Many of EPA goals, however, are still presented as outputs, such as the number of enforcement actions, regulations promulgated, and studies issued. According to the Mercatus analysis, only about 25 percent of performance measures are results-oriented. Mercatus said that EPA's Performance Report does not succeed in demonstrating the agency's impact on its goals, mainly because most of the performance measures are activities whose effects on results are not explained.

Improvement Strategies. EPA's Performance Report provides limited information about the strategies that the agency will use to meet unmet goals in the future. In the body of the report, EPA typically provides a very brief explanation of why the goal was not met. EPA also sometimes follows this with statements about the agency's planned actions, but it is often not clear what actions are designed to address the unmet goal versus those actions that the agency had planned to take all along. *Appendix A* of the report was intended to identify successes and gaps, but it often does not provide a clear explanation for these gaps or missed goals.

Credibility of Performance Data. The EPA Performance Report does not generally provide reasonable assurance that its performance information is credible. EPA provides very little discussion of data quality, and no data sources are cited. The Performance Report also presents little trend data that would facilitate comparison with 1999 results. In addition, the EPA sometimes explains why data needed to measure performance are not currently available. Occasionally, the Performance Report discusses data limitations, such as those related to unsafe pesticide residues. In this example, the Performance Report states that the agency lacks reliable

data on baseline health risks posed by pesticides and on the risks reduced by agency actions. Overall, it appears that EPA relied on its annual Performance Plan rather than its Performance Report as the basis for reporting and explaining data validation and verification issues.

As GAO points out in its analysis, EPA's data quality problems make it difficult to measure performance and the actual public health impacts of EPA's activities. The CRS analysis notes that EPA could not produce data for 14 annual performance goals reported in the performance report. In some cases, EPA normally does not compile data on certain activities on an annual basis or did not have data in time for publication of the Performance Report.

According to GAO and the IG, EPA has experienced significant and long-standing problems with data quality and data management. While EPA has recognized the importance of using credible data to measure progress, the need for such data to establish a direct cause-and-effect relationship between program activities and the resulting changes in the environment is a formidable task facing the agency. To address concerns about EPA's information infrastructure, EPA recently established an Office of Environmental Information, which will develop appropriate policies regarding data protection and information security, create and oversee information standards and records management policies, and work closely with external partners to meet their data needs.

Resolving Major Management Problems. In the EPA Performance Report under "Goal 10: Effective Management" (p. 107), the agency broadly discusses its efforts in administering and managing its functions and activities. The Performance Report, however, does not specifically address the progress and actions the agency is taking to address the major management challenges identified by the GAO and the agency's IG. In the meeting between the GAC staff and EPA, in which major management challenges were discussed, agency officials stated that they struggled to develop goals and measures for these management challenges. EPA officials stated that the difficulty was due to the fact that such measures would increase the proportion of output measures to outcome measures that the agency would be required to report on.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Environmental Protection Agency Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

Environmental Protection Agency

David Ziegele	202-564-9327 ziegele.david@epa.gov
---------------	---------------------------------------

General Accounting Office

Dave Wood	202-512-6111 Woodd.rced@gao.gov
-----------	------------------------------------

Congressional Research Service

Martin Lee	202-707-7260
------------	--------------

Inspector General

Michael Binder	202-260-9684 binder.michael@epamial.epa.gov
----------------	--

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: FEDERAL EMERGENCY MANAGEMENT AGENCY

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Federal Emergency Management Agency (FEMA) under the Government Performance and Results Act (GPRA):

I. Performance Report

FEMA's FY 1999 Performance Report was issued as a stand-alone document and can be found on the Internet at www.fema.gov/library/fy99apr.pdf.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies using the following criteria:

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

Mercatus graded the FEMA Performance Report with a total score of 25 out of a possible 60 points, which ranked it 17th of the 24 agencies. Specifically, Mercatus graded the FEMA Performance Report 7 for transparency, 10 for public benefits, and 8 for leadership. Mercatus raised some concerns about the lack of discussion in FEMA's Performance Report about the future strategies the agency would take to address its unmet goals. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates FEMA's performance.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links FEMA's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on the agency Report. In its analysis, for example, CRS points out inconsistencies in FEMA's planning and reporting documents and discusses the lack of outcome-oriented measures in the agency's Performance Report.

III. GAO Analysis

The Governmental Affairs Committee identified several "key outcomes" for FEMA and asked the General Accounting Office (GAO) to evaluate how well FEMA performed during FY 1999 with respect to these outcomes. The key outcomes and a summary of GAO's preliminary analysis follow:

Minimize human suffering and property losses after natural disasters. FEMA reported six performance goals and 11 measures for this key outcome. FEMA met or exceeded performance for four goals.

Provide timely responses to disaster aid requests. This key outcome had six performance goals and 16 measures. FEMA met or exceeded performance for three goals, and for a fourth goal the achievement level was not reported.

Prevent or reduce harm and losses from future disasters through mitigation efforts. This key outcome had eight goals and 26 measures, and FEMA met or exceeded performance for five of these goals.

The GAO draft report, which is attached, provides detailed information regarding FEMA's performance for the above key outcomes, as well as analysis of other aspects of the agency's FY 1999 Performance Report. The GAO draft report also describes how FEMA has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Reports. GAO is currently obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the FEMA Inspector General (IG) to analyze how well FEMA's Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency's performance data. The Committee has not yet received the IG analysis but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. FEMA's Performance Report is not a useful document for assessing the agency's performance. When reviewing the Performance Report, the reader in some cases would clearly have difficulty determining whether FEMA's performance goals and measures were actually achieved. Also, the Performance Report did not explain why some goals were not met and quite often did not explain FEMA's future plans for addressing those goals that it did not achieve, as required by GPRA.

FEMA's Performance Report does not provide a summary discussion or "scorecard" showing the agency's actual results against its FY 1999 performance targets. In the "Overview" section of the Performance Report (p. 6), FEMA states that it has 66 "activities," but it is not clear whether these 66 activities are indeed performance goals on which the agency is reporting. In "Section Two: FY 1999 Goals and Performance" (pp. 13-37), FEMA lists 53 performance goals, but it does not summarize how many goals were met and how many were unmet. It appears that FEMA uses the designation "100%" to represent achievement of a goal. For the other goals, FEMA uses various percentages such as "34%" or "80%," but it is often difficult to determine what these percentages represent. Moreover, since this information is presented only

for the performance goal, one can not readily assess which of the associated measures for the goals were achieved and which were not. It appears that by counting the number of “100%” goals, one would surmise that FEMA achieved 38 of the 53 performance goals listed. (For two of the performance goals, no percentage figure was provided and one could not determine if the goal was actually met by reading the accompanying text.)

On the whole, FEMA’s FY 1999 Performance Report is virtually useless in assisting policymakers and other stakeholders to objectively assess the agency’s progress. The Performance Report fails to clearly communicate the three most important elements needed in such a report: the agency’s achievements, its shortfalls, and its plans to correct the shortfalls in the future.

Results Orientation. FEMA’s Performance Report includes a broad mix of output- and outcome-based goals and indicators. Some of FEMA’s performance goals have at least one measurable or quantifiable performance indicator that helps demonstrate progress. However, some of the goals have indicators that use qualitative terms, which hinders the ability to determine the full extent to which goals were met. GAO points out, for example, that FEMA’s goals for “timely” publication and continued “support” would allow for more a more thorough assessment if FEMA provided a specific time period for assessing a “timely” publication or an explanation of the various levels of “support.”

Improvement Strategies. FEMA’s Performance Report fails to provide a reasonable level of information on why the agency did not meet specific performance goals and what efforts the agency plans to take to address these unmet goals. Where such information is presented, it is exceedingly brief. For example, for its goal to increase the National Flood Insurance Program policy count, FEMA’s reported improvement strategy was listed as: “Increased efforts to educate the public to the value and availability of NFIP policies is underway.”

Credibility of Performance Data. FEMA’s Performance Report does not offer any information – even in general terms – about how data is generally obtained and verified. According to GAO, a review of FEMA’s FY 2001 Performance Plan indicates some improvement in the agency’s efforts to describe procedures for verifying and validating performance data. GAO said, however, that there are still some cases where FEMA provided no description of specific procedures for verifying and validating such data.

Resolving Major Management Problems. FEMA’s Performance Report does not identify or comprehensively discuss the major management challenges identified by GAO and the agency’s IG. The Performance Report contains broad references to FEMA’s programs and activities that relate to some of the GAO- and IG-identified management challenges. However, as with the other programs and activities covered in the Performance Report, the information is so poor that assessment of results is difficult. In its analysis, GAO reports that FEMA’s FY 2001 Performance Plan generally shows that the agency is attempting to address its major management challenges and that FEMA has established performance goals and measures directly applicable to 10 of the agency’s 12 management challenges.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Federal Emergency Management Agency Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

Federal Emergency Management Agency

Marolyn Hatch	202-646-2977 Marolyn.Hatch@fema.gov
---------------	--

General Accounting Office

Stanley Czerwinski	202-512-7631 Czerwinskis.rced@gao.gov__
--------------------	--

Congressional Research Service

Keith Bea	202-707-8672
-----------	--------------

Inspector General

Dennis White	202-646-4102 dennis.white@fema.gov
--------------	---------------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: THE GENERAL SERVICES ADMINISTRATION

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the General Services Administration (GSA) under the Government Performance and Results Act (GPRA):

I. Performance Report

The GSA Performance Report was published as a separate document. Some performance information was included in GSA's FY1999 Accountability Report.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded GSA's Performance Report 8 for transparency, 13 for public benefits, and 11 for leadership. With a total grade of 32, GSA's report ranked 9th of the 24 agencies. Attached is the Mercatus report and its evaluation of the GSA Performance Report.

Mercatus singled out GSA's Performance Report for praise, saying it had mostly results-oriented goals and measures, including a discussion of proposed changes to improve next year's performance. However, Mercatus also criticized the Performance Report, stating that there was little discussion of major management challenges and it did not address how GSA's results would improve the well-being of citizens.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links the agency's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on the agency report.

III. GAO Analysis

The Governmental Affairs Committee identified several “key outcomes” for GSA and asked the General Accounting Office (GAO) to evaluate how well GSA performed during FY 1999 with respect to these key outcomes. The key outcomes follow:

- Quality products and services are provided to federal agencies at competitive prices and significant cost savings.
- Federal buildings are safe, accessible, and energy efficient.
- Federal buildings are adequately maintained.

According to GAO, the GSA FY1999 Performance Report showed mixed results in meeting the agency’s goals and provided limited discussion of major management challenges. GAO described as a major deficiency the fact that GSA did not always meet the published requirements of the Office of Management and Budget. As an example, GAO writes:

the performance report did not (1) provide reasonable assurance that performance information would be credible; (2) always provide reasonable explanations why certain goals were not met or provide plans, actions, and time frames for achieving these goals; (3) always clearly explain why certain goals were added, dropped, or revised; and (4) specifically discuss the effects of fiscal year 1999 performance on the estimated performance levels for fiscal year 2000.

Of particular note is GAO’s analysis of the absence of any performance goals related to building security. In its analysis, GAO wrote that “over the last 3 years, both GSA’s IG and GAO identified significant problems with GSA’s building security program, and GAO recommended in 1998 that GSA develop outcome-oriented goals and measures for its security program.” However, GSA failed to adopt such measures, and GAO made the same recommendation again in its analysis of GSA’s FY1999 Performance Report.

IV. IG Analysis

The Inspector General (IG) for GSA analyzed how well the agency’s Performance Report demonstrated progress in resolving key management challenges and assessed the credibility of the agency’s performance data.

V. Governmental Affairs Committee Staff Comments

In its Performance Report, GSA states that it: met or exceeded targets for 46 of its goals, failed to achieve the targets for 12 goals, and described the remaining 12 goals as “N/A” or not applicable. (This “N/A” notation occurs virtually always as the results of data not being available for that particular measure.)

In many instances, GSA far exceeded its FY1999 goals. For instance, in its goal to reduce acquisition cycle times, for each type of contract – directed, sole source, single award, multiple award, and modifications – GSA reduced cycle times dramatically under the FY1999

target. However, when viewed against the FY1998 baselines, it is clear that the GSA goals were set too low. Yet, GSA makes no mention of altering its goals based on its FY1999 performance.

Where GSA fails to achieve a goal, it does provide an explanation. For instance, regarding its goal to increase the number of products available to Federal customers via electronic systems and Internet connectivity, GSA failed to meet its target of getting 1 million products accessible through GSA Advantage, GSA's procurement website. In its explanation, GSA states that a more accurate depiction of success would be the percentage of contracts on GSA Advantage. Although that may be a true measure of the efficiency of GSA's operations, the quality of a measure should be gauged on whether it adequately addresses the needs of the customer. In this area, where the customer is the federal government purchaser, the number of products and services available to purchase, as well as the ease with which they can be purchased, may be better goals.

Results Orientation

In many cases, GAO found the goals in GSA's Performance Report to be outcome-oriented, measurable, and quantifiable. This was especially true in the areas of providing quality products to federal agencies at competitive prices and maintaining federal buildings.

In the area of providing quality products to federal agencies at competitive prices, GAO wrote that "the measures generally indicated progress toward meeting the goals, and the performance report clearly articulated the degree to which performance goals were achieved." Regarding the maintenance of federal buildings, GAO wrote that "the measures for these goals generally allowed for gauging progress toward meeting them."

CRS found that many of the goals related to the Office of Governmentwide Policy were "more descriptive than quantifiable." CRS also addressed GSA's increasing reliance on customer service surveys to measure the agency's success in appealing to federal and private customers. However, according to CRS, "GSA did not adequately explain how specific program activities were successful in meeting the agency's performance goals."

Improvement Strategies

As discussed above, where GSA fails to meet a goal, it does provide an explanation. However, GAO noted in its analysis that GSA did not "always provide reasonable explanations why certain goals were not met or provide plans, actions, and time frames for achieving these goals." For instance, GAO stated that GSA failed to meet its goal to complete all construction projects on time and failed to meet its goal to complete all repairs and alteration projects on time. In its explanation, GSA attributed the lack of progress in these areas – in each case, FY1999 performance fell well below FY1998 performance – to various engineering problems, changing tenant requirements, and poor contractor performance. However, these problems do not adequately explain why FY1999 was so different from FY1998.

To address its failure in this area, GSA has proposed changing both its measure and its strategy. As a change in strategy, GSA is now selecting contractors based on “evidence of qualifications and a demonstrated, consistent ability to properly coordinate work on large projects and a solid track record dealing with scope, budget, and schedule.” GSA provides little discussion of why such evaluative criteria was not used in the past. As a change in measure, GSA wrote that it “will continue to track the delivery of projects by completion date and budget. The measure, however, will go one step further. It will identify any beneficial or adverse impact of project delivery or budget changes, and will quantify the impact in net present value dollars.” However, GSA does not clearly explain why it has made this change or how it will provide a better picture of performance. In addition, GSA does not provide a revised target for FY2000.

Credibility of Performance Data

On pages 120 and 121 of GSA’s Performance Report, there is a discussion of the agency’s efforts to verify and validate performance information. As discussed above, there are 12 goals in GSA’s Performance Report for which no data exists. In one instance, where the goal was to “meet client agency space needs at the best value to both the client and the taxpayer,” GSA stated that the measure was not implemented because of the “cost and difficulty of entry, capture, and reporting of supporting data.”

In many cases, GSA relies on customer service surveys for its data. However, because the GSA FY1999 customer satisfaction survey was not available in time for the performance report, no data has been supplied for measures requiring it.

Resolving Major Management Problems

As GAO wrote in its analysis, GSA’s Performance Report included “limited discussion of major management challenges.” GAO writes that “the 1999 report did have some goals or discussion that indirectly related to three of the challenges [identified by the GSA Inspector General] – GSA’s personnel infrastructure, aging buildings, and protection of facilities and personnel.” Only the Public Building Service addressed its major management challenges directly. As discussed above, GAO’s analysis includes the specific recommendation that GSA adopt a performance measure to address significant problems with its building security program.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
General Services Administration Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

General Services Administration

Rich Gudaitis	202-501-1037 rich.gudaitis@gsa.gov
---------------	---------------------------------------

General Accounting Office

Bernie Ungar	202-512-8387 Ungarb.ggd@gao.gov
--------------	------------------------------------

Congressional Research Service

Stephanie Smith	202-707-8674
-----------------	--------------

Inspector General

Jack Lebo	202-501-2319 Jack.lebo@gsa.gov
-----------	-----------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the National Aeronautics and Space Administration (NASA) under the Government Performance and Results Act (GPRA):

I. Performance Report

NASA's Performance Report is published as a separate document and can be found on the Internet at http://ifmp.nasa.gov/codeb/docs/1999_perf_report.pdf.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

Mercatus graded the NASA Performance Report 8 for transparency, 8 for public benefits, and 11 for leadership. With a total grade of 27, NASA's Performance Report ranked 14th of the 24 agencies. Attached are the Mercatus Report and its evaluation of NASA's Report.

Mercatus singled out NASA's Performance Report as wanting in several different areas. First, because NASA makes no mention of the quality of the data it uses, there is no way to determine the accuracy of the performance information. Second, because NASA's measures are internal, they are of little use to anyone outside the agency. Finally, NASA's report included too much technical jargon to be understood by the ordinary reader.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links NASA's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on the agency Report.

According to NASA's FY 1999 Performance Report, NASA achieved 81 percent of its performance targets. However, CRS warns that "occasionally, NASA states that a target was achieved when that target was missed." In addition, CRS states that in NASA's Performance Report, "some results do not provide verification of how the target was met." According to

CRS, in some instances NASA changed between its Performance Plan and its Performance Report.

III. GAO Analysis

The Governmental Affairs Committee identified several “key outcomes” for NASA and asked the General Accounting Office (GAO) to evaluate how well NASA performed during FY 1999 with respect to these key outcomes. These key outcomes are:

- Expand scientific knowledge of the Earth system.
- Deploy and operate the International Space Station safely and cost-effectively.
- Expand the commercial development of space.

According to GAO, “NASA made progress in meeting its fiscal year 1999 performance target for the three key agency outcomes included in our assessment. Reported fiscal year 1999 performance objectives and targets were generally objective and measurable.”

IV. IG Analysis

The Inspector General (IG) for NASA analyzed how well the agency’s Performance Report demonstrated progress in resolving key management challenges and assessed the credibility of the agency’s performance data.

V. Governmental Affairs Committee Staff Comments

Of its 145 performance targets, NASA states in its Performance Report that 117 of those goals “were fully achieved by September 1999.” NASA also states in its Performance Report that it will work to achieve 95% of the planned activities by the end of FY 2000, but that there are “no guarantees that all technical challenges contributing to the original ‘underperformance’ will be fully resolved by that time.” (NASA Performance Report, page 5.)

For the targets listed in its Performance Report, NASA characterizes its level of success by stating that the target was “achieved,” “partially achieved,” or “not achieved.” It was often not clear from the data provided in the Performance Report whether a specific target had been achieved or not. For instance, on page 9 of the Performance Report, NASA states that of three targets for exploring the solar system via the Near Earth Asteroid Rendezvous Mission, only one was successfully completed. However, it is unclear from the data which of the goals was actually achieved.

CRS reported in its analysis that NASA sometimes changed a goal it set in the Revised Performance Plan. In its analysis, CRS wrote that: “[I]n a few circumstances, a target changes slightly between the Revised Performance Plan and the Performance Report. These changes usually consist of changing the target from ‘completing’ a study or project to ‘initiating’ or ‘beginning’ a study or project.” As an example, CRS cites NASA’s goal for the Landsat-7 Spacecraft. Although the goal in NASA’s Revised Performance Plan was to “refresh” the global

archive 2 to 3 times each year, the final target was to “begin to refresh” the global archive. And, although NASA conducted only one partial refresh of the global archive in FY1999, it claims to have fully achieved this goal.

Results Orientation. NASA’s Performance Report is most susceptible to criticism because it does not express its activities in a meaningful way for the American people. The legislative report accompanying the Results Act stated that “a performance goal should be defined with sufficient precision to permit ready assessment of progress in meeting that goal.” NASA’s Performance Report, however, does not always provide sufficient information to “permit ready assessment of progress in meeting” the goals it lists in the report.

For instance, on page 11 of the Performance Report, NASA stated that it planned to achieve the goal of investigating the composition, evolution, and resources on Mars, the Moon, and small bodies, by setting a strategy to “achieve the final science orbit.” NASA reported success for this goal by simply stating that “the final science orbit has been achieved.”

Mercatus wrote that “NASA focuses so much on internal project milestones that its measures may not be of use to anyone outside the agency.” Mercatus cited as one example NASA’s goal to “conduct remotely piloted aircraft demonstrations to validate the capability for science missions of greater than 4 hours duration in remote deployments to areas such as the polar regions above 55,000 feet.”

Few, if any, of the goals reported in NASA’s Performance Report are results-oriented. For example, CRS specifically cites goals to “continue, evaluate, or improve a study or project” as ones that do not have objectively definable completion dates. In addition, CRS cites the goals related to the X-33 experimental space transportation program, in which NASA’s target was simply to “continue the X-33 vehicle assembly in preparation for flight testing.” CRS also states that “it is difficult, if not impossible, to objectively define and measure” such outcomes.

Improvement Strategies. Where NASA failed to meet a target, it rarely provided adequate explanation of the strategies it would employ to improve performance in the future. In the introduction of its Performance Report, NASA stated simply that it is “enthusiastic about the potential to achieve 95 percent of the planned activities by the end of the next fiscal year.” Beyond that description, however, there was little discussion of how it would go about achieving those goals.

In its analysis, CRS points to one instance where NASA missed a goal and did not explain how it would meet the goal in the future. NASA set a goal of 85% on-time, successful launches, excluding weather. However, NASA achieved only a 67% on-time launch rate. In its explanation, NASA simply stated that it did achieve its intent, which was to “fly each mission safely.” CRS states in its analysis that such an assessment “could suggest that NASA did not adequately include safety in its original mission.” NASA’s plan says nothing about how it will improve its on-time launch rate in the future.

In some cases, NASA fails to discuss the ultimate success or failure of a mission. For instance, despite the well-publicized failure of the Mars 98 Lander, NASA claims to have achieved its goal of “demonstrating an advanced robotic manipulator with an order of magnitude performance improvement compared to the manipulator used on Viking in 1976.” According to CRS, “the target was designed so that it could be met regardless of whether or not the mission was successful. Moreover, there was no other target included to take into account the ultimate performance of the spacecraft.” If NASA does not directly address its failures, it is difficult to image how it will employ a sound strategy for overcoming them.

Credibility of Performance Data. To adequately assess the quality of the data reported in the Performance Report, the reader is required to have an understanding of the processes undertaken by the agency. NASA addresses its data limitations in only the broadest sense. For three of the four primary Strategic Enterprises – Space Science Enterprise, Earth Science Enterprise, and Human Exploration and Development of Space Enterprise – NASA’s Performance Report includes the following boilerplate language:

[T]his enterprise holds each of the program and project managers fully accountable for the accuracy of the performance information that is duly reported through the normal management and reporting processes. A review of the progress against each of the targets has been incorporated into management reviews at all levels within the enterprise.

Under its fourth primary Strategic Enterprise, Aero-Space Technology, NASA discusses its data limitations in the following way:

With the exception of the survey and education out-reach targets, the data used to substantiate actual performance originated at the NASA Field Centers responsible for program implementation. The data were verified by senior officials at those Field Centers and also during the periodic Enterprise review process at NASA Headquarters, including the NASA Program Management Council on selected programs and projects. The above assessment was also reviewed by the Aero-Space Technology Committee of the NASA Advisory Council.

For the remaining “Crosscutting Processes” – Manage Strategically, Provide Aerospace Products and Capabilities, Generate Knowledge, and Communicate Knowledge – the process by which the data reported was validated or verified was addressed only in limited cases.

Resolving Major Management Problems. Part of the impetus for passage of the Results Act was to address many of the government’s most intractable management problems. NASA addresses its major management challenges under the broad category of Managing Strategically.

Like many of its other measures, those in this management category are not easy to understand. For instance, one of NASA's goals is to "achieve 70 percent or more of the resources authority available to cost within the fiscal year." While NASA states that it achieved this goal, it is difficult to know precisely what that means.

In perhaps NASA's most urgent management challenge, independent analysts for many years have criticized NASA for its inadequate financial and information systems, the processes that oversee procurement activities, and its inability to produce accurate and reliable management and financial information in a timely manner. To address these problems, NASA set a goal to "complete system validation of the Integrated Financial Management Program, and complete system implementation at Marshall and Dryden." However, in early 1999, GAO reported that "NASA still has not implemented its integrated financial management system. Until NASA's integrated financial management system is operational, the agency's contract management should remain a high-risk area."

In its Performance Report, NASA states that it missed its goal to implement the Integrated Financial Management Program and that the schedule for implementation slipped by 12 months. The Performance Report states that "NASA is now reassessing the contractor's ability to carry out implementation."

**Points of Contact Regarding Governmental Affairs Committee Analysis of
National Aeronautics and Space Administration Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

National Aeronautics and Space Administration

Johanna Gunderson	202-358-4240 jgunders@hq.nasa.gov
-------------------	--------------------------------------

General Accounting Office

Allen Li	202-512-4841 Lia.nsiad@gao.gov
----------	-----------------------------------

Congressional Research Service

Erin Hatch	202-707-7059
------------	--------------

Inspector General

Timothy Bailey	301-284-1843 timothy.l.bailey .1@fsfc.nasa.gov
----------------	---

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: NATIONAL SCIENCE FOUNDATION

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the National Science Foundation (NSF) under the Government Performance and Results Act (GPRA):

I. Performance Report

The NSF Performance Report was published as a separate document and can be found on the Internet at <http://www.nsf.gov/pubs/2000/nsf0064/start.htm>.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded the NSF Performance Report 9 for transparency, 7 for public benefits, and 5 for leadership. With a total grade of 21, NSF's Performance Report ranked last of the 24 agencies. Attached is the Mercatus report and its evaluation of NSF's Performance Report.

Mercatus criticized NSF's Performance Report in several respects. For example, NSF showed no trend of performance. Rather, NSF cited the past 30 years of data to demonstrate that it met its FY1999 performance targets. In addition, NSF did not substantiate its claim that its grants contributed to scientific progress. Finally, Mercatus found that because NSF's external reviewers were only able to classify agency programs as "successful" or "marginally effective" ("unsuccessful" was not an option), it completely avoided reporting the failures altogether.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links the agency's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on the agency Performance Report.

III. GAO Analysis

The Governmental Affairs Committee identified several “key outcomes” for NSF and asked the General Accounting Office (GAO) to evaluate how well NSF performed during FY 1999 with respect to these key outcomes. These key outcomes are:

- Research is resulting in discoveries at and across the frontier of science and engineering.
- Administer research grants efficiently and effectively.

According to GAO, “NSF’s fiscal year 1999 performance report demonstrates that the agency was generally successful in achieving the outcome involving “discoveries at and across the frontier of science and engineering.” In addition, GAO states that the NSF Performance Report “indicates clear progress toward achieving the goals embodied in the second key outcome, ‘Administer research grants efficiently and effectively.’”

IV. IG Analysis

The Inspector General (IG) for NSF analyzed how well the agency’s Performance Report demonstrated progress in resolving key management challenges and assessed the credibility of the agency’s performance data.

V. Governmental Affairs Committee Staff Comments

While the Results Act requires goals set by agencies to be quantitative and outcome-oriented, there is a provision of the law that allows an agency, where its activities are deemed to be too difficult to measure quantitatively, to utilize an alternative, qualitative measurement system. NSF has chosen such an alternative format that “takes into account the special challenges inherent in assessing research and education results.”

According to GAO, “NSF judged its performance as successful on the basis of (1) program reviews by independent committees and (2) examples of outstanding science chosen to show NSF’s achievements.” CRS explained NSF’s approach:

It takes a long time to achieve results and demonstrate the outputs and outcomes of investments in science and, it is equally difficult to assess the utility and impacts of science. As a result, NSF used an alternative measurement form, which relies on the judgment of expert groups of external scientists and some information supplied by NSF to evaluate annually a subset (about one-third) of NSF’s programs.

NSF divided its goals into three categories: 1) outcome goals, which measure the long-term results of NSF’s grants for research and education in science and engineering; 2) investment process goals, which focus on the means and strategies NSF uses to achieve its outcome goals;

and 3) management goals, which address the efficiency and effectiveness of NSF's operations. Only the outcome goals utilize the alternative measurement system.

NSF reports that all of its outcome goals were achieved, nine of its thirteen investment process goals were achieved, and three of its five management goals were achieved. Overall, NSF reports that it met 78% of its goals.

The use of the alternative measurement system is welcome in instances where the activities of an agency or program are genuinely and extremely difficult to measure. However, the measuring system, in order to meet the spirit of the Results Act, must include the basis by which they would determine whether a program is "minimally effective."

Although NSF provides a description of what a minimally effective program within its scientific endeavors, the only alternatives given to reviewers were "successful" or "not successful." As discussed above, NSF was successful in all areas where the alternative measurement system was used. According to CRS, "the range of scores that reviewers can award is limited and, thus, it is likely that the information they provide about the quality of an activity is reduced in utility since reviewers can not decide that a program is mid-way between "successful" and "non-successful." CRS continues, "Arguably, this could make those parts of NSF's GPRA reports that measure qualitative goals less useful to Congress."

Results Orientation. As discussed above, NSF is utilizing the alternative, qualitative measurement system to gauge the success of its programs. According to GAO, despite the limitations of this approach, "the performance report adequately condenses the committee's numerous program reports which in turn reflect NSF's accomplishments with regard to" assisting in the "discoveries of and across the frontier of science and engineering."

As discussed above, when the measure of the success of a program is qualitative, it is important to clarify the measure of success. CRS states that it finds NSF's goals "general and open-ended, without target levels." For example, CRS stated that "for goals expressed nonquantitatively relating to research and utilization, as well as certain goals relating to education, the NSF did not list the criteria peer review groups used to assess quality and gave only short descriptive statements of examples of outcomes." In contrast, CRS points to the measurement system at the National Institutes of Health, which employs peer groups to conduct a qualitative evaluation of its programs. CRS writes that the National Institutes of Health "provided more information about the process used to assess programs and determine outcomes."

Improvement Strategies. NSF achieved all of its goals related to the long-term results of agency grants for research and education in science and engineering. Therefore, NSF provided no discussion of improvement strategies. Even in areas where there was a quantitative measure of performance – those that focus on the means and strategies NSF uses to achieve its outcome goals and those that address the efficiency and effectiveness of agency operations – NSF often provided an inadequate discussion of strategies for improvement.

Credibility of Performance Data. As discussed above, the nature of NSF's measurement system makes the value of the performance reporting questionable. In some cases, NSF did address this problem. In a section addressing its data limitations, NSF said of the evaluative process, "In most of these cases the evaluating committee did not provide a rating of performance . . . and in some cases the experts gave an opinion or rated a program without complete information, or without providing complete justification." However, NSF provides little description of how it will remedy this problem. Rather, the agency simply states that "several issues were identified, which will be addressed in future years." As GAO wrote in its analysis, NSF "does not provide confidence that performance information will be credible because, in particular, it offers no assurance that the inconsistent quality of committee reports will be effectively remedied."

Resolving Major Management Problems. The NSF Performance Report addresses few major management challenges. The Performance Report does address NSF's plans to manage an effective merit review system and implement a new electronic proposal and award information system. However, regarding issues formerly addressed by NSF's Inspector General, the GAO writes that "the IG no longer considers these issues as major challenges but stressed the need for NSF to be alert to emerging situations that could result in them becoming a problem."

**Points of Contact Regarding Governmental Affairs Committee Analysis of
National Science Foundation Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

National Science Foundation

Office of Integrative Activities	703-306-1040
----------------------------------	--------------

General Accounting Office

Derek Stewart	202-512-3841 Stewartd.rced@gao.gov
---------------	---------------------------------------

Congressional Research Service

Jean Knezo	202-707-6610
------------	--------------

Inspector General

Robert Bell	703-306-2001, x1503 rbell@nsf.gov
-------------	--------------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: NUCLEAR REGULATORY COMMISSION

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Nuclear Regulatory Commission (NRC) under the Government Performance and Results Act (GPRA):

I. Performance Report

The NRC Performance Report is published with its Accountability Report. The Performance Report can be found on the Internet at <http://www.nrc.gov/NRC/NUREGS/SR1542/V5/sr1542v5.pdf>.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded NRC's Performance Report 8 for transparency, 10 for public benefits, and 7 for leadership. With a total grade of 25, NRC's Performance Report ranked 17th of the 24 agencies. Attached is the Mercatus report and its evaluation of NRC's Performance Report.

Mercatus faulted NRC's Performance Report for not explicitly stating the value of its work to the safety of American citizens. However, Mercatus credited NRC for having results-based goals and measures.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links the agency's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on the agency Report. In its evaluation, CRS wrote that "the large number of performance measures that achieved 'zero' negative outcomes could be an indication that the measures are too narrow."

III. GAO Analysis

The Governmental Affairs Committee identified several “key outcomes” for NRC and asked the General Accounting Office (GAO) to evaluate how well NRC performed during FY 1999 with respect to these key outcomes. These key outcomes are:

- No radiation-related deaths or illnesses due to civilian nuclear reactors.
- No radiation-related deaths or illnesses due to civilian use of nuclear materials.
- Wastes produced by civilian use of nuclear materials are treated, stored, and disposed of safely.
- No loss or theft of special nuclear materials regulated by the NRC.

According to GAO, NRC’s Performance Report includes performance goals for three of these four key outcomes and NRC met these associated performance goals. For the fourth key outcome – no radiation-related deaths or illnesses due to civilian use of nuclear materials – NRC did not meet one goal; however, the agency concluded that the deviation was slight and did not affect its performance.

IV. IG Analysis

The Inspector General (IG) for NRC analyzed how well the agency’s Performance Report demonstrated progress in resolving key management challenges and assessed the credibility of the agency’s performance data.

V. Governmental Affairs Committee Staff Comments

NRC has four major strategic goals: Nuclear Reactor Safety, Nuclear Materials Safety, Nuclear Waste Safety, and International Nuclear Safety Support. NRC’s Performance Report describes the activities under each goal and lists the goals and results for each performance goal. Clearly, the fact that there were no civilian nuclear reactor accidents, no deaths resulted from radiation or radioactivity releases from civilian nuclear reactors, and no environmental impacts as the result of radiation releases speaks well of the benefits of the NRC. In fact, the only adverse goal reported by NRC in its Performance Report was “a slight increase in the number of significant radiation exposures resulting from loss or use of source, byproduct, and special nuclear needs.”

Unfortunately, in its Performance Report, NRC provides very little narrative on the reported results or on how agency activities helped to achieve those results. For instance, under the strategic goal of nuclear reactor safety, NRC states that a major part of its mission is to “ensure that its licensees safely design, construct, and operate civilian nuclear reactor facilities.” Also included in that strategic goal, NRC includes a table of all of its goals related to nuclear reactor safety. However, there is no discussion of the specific results for each goal. Rather, NRC simply lists the activities that it conducts in this area. With regard to this problem, GAO writes: “Since NRC cannot show a one-to-one relationship between the performance of its licensees and the impact that the agency’s programs have on safety, its program evaluations

should provide reliable information to help the Congress and others determine the validity and reasonableness of the agency's goals and strategies and identify factors likely to affect achieving its performance goals. NRC's program evaluations did not provide such information."

Results Orientation. According to GAO, NRC's Performance Report takes into account previous GAO recommendations to provide more outcome-oriented goals. GAO writes that:

NRC is following through on its commitment to focus more on outcomes, rather than its previous practice of focusing on outputs, to better determine the extent to which its programs and activities have contributed to achieving its performance goals and more directly links key strategies to its performance goals.

Improvement Strategies. NRC's failure to discuss strategies for improvement related to performance goals is a major weakness in its Performance Report. For instance, in another section of the Accountability Report, NRC provides information on program evaluation separate from performance measurement. For instance, NRC describes a "Top-Down Assessment" of its Office of Nuclear Regulation. In its description of the assessment, NRC states that it "provided the basis for determining which of its programs and activities to continue, modify, or sunset; which major business processes to redesign; and what new initiatives to undertake." Neither the description of the assessment nor the narrative in the NRC Performance Report related to Nuclear Reactor Safety mentions the substantive actions that the agency took as a result of this assessment. GAO writes that the "NRC did not discuss how the evaluation results can help it meet or identify the need to change its performance goals or strategies." Thus, NRC missed a perfect opportunity to inform readers how its activities affected results and what actions it was taking to improve its efforts.

NRC did not meet its goal to have no more than an average of two significant radiation exposures for the 5-year period, fiscal years 1995 through 1999, due to the loss or use of source, byproduct, and special nuclear materials. The Performance Report showed that the 5-year average from FY1995-FY1999 was 2.2 exposures compared with a 5-year average of 1.6 exposures from FY1994 to FY1998. According to NRC, this deviation from the goal was not statistically significant, and therefore it did not discuss the reasons it did not achieve this goal. Because NRC provides no discussion of the reason for the increase from the '94 to '98 average to the '95 to '99 average, it is difficult to evaluate the validity of NRC's claim that the increase was not statistically significant. Nonetheless, NRC should explain in greater detail what strategies it will employ to keep this number down. And rather than simply saying that the increase is not statistically significant, NRC should explain in further detail the causes for not meeting the one goal it did not meet.

Credibility of Performance Data. NRC includes a section in its Performance Report on verification and validation of data. In that section, NRC states that its source of data is largely from NRC's abnormal occurrence data and reports submitted by licensees. (The abnormal occurrence data includes unscheduled incidents or events that NRC determines to be significant from the standpoint of public health and safety.) NRC wrote in its Performance Report that it

had a high degree of confidence “about the reliability of these data because: (1) the information needed from external sources is required to be reported to the NRC by regulations; (2) the NRC maintains an aggressive inspection program that, among other activities, audits licensees and evaluates Agreement State programs to determine that information is being reported as required by the regulations; and (3) there are Agency procedures for reviewing and evaluating licensees.” However, GAO wrote in its analysis that “we continue to have concerns that NRC has not verified and validated the data used to assess performance for the four key outcomes and its staff could not estimate when the agency would do so.” Because it relies on third party data for its performance information, NRC should provide greater confidence that its data is reliable.

Resolving Major Management Problems. NRC’s Performance Report includes a section on Management Accountability, in which the agency reports on the status of efforts to address management controls and financial management systems. This section also addresses NRC’s efforts to follow-up on recommendations made by the agency Inspector General. According to GAO, “NRC has not established performance goals or measurers that specifically address” major management challenges. However, GAO is confident that “NRC has activities underway, has identified strategies, or has established output measures that address the management challenges.”

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Nuclear Regulatory Commission Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

Nuclear Regulatory Commission

Karen Long	301-415-6036 KEL1@nrc.gov
------------	------------------------------

General Accounting Office

Derek Stewart	202-512-3841 Stewartd.rced@gao.gov
---------------	---------------------------------------

Congressional Research Service

Mark Holt	202-707-1704
-----------	--------------

Inspector General

Deb Huber	301-415-5978 sdh1@nrc.gov
-----------	------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: OFFICE OF PERSONNEL MANAGEMENT

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Office of Personnel Management (OPM) under the Government Performance and Results Act (GPRA):

I. Performance Report

OPM's FY 1999 Performance Report is a stand-alone document and can be found on the Internet at www.opm.gov/opmperform/1999/index.htm.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies using the following three criteria:

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

The Mercatus Center graded the OPM Performance Report with a total score of 27 out of a possible 60 points, which ranked it 14th of the 24 agencies. Specifically, Mercatus graded the OPM Performance Report 11 for transparency, 8 for public benefits, and 8 for leadership. Although Mercatus cited OPM for the easy accessibility of its Performance Report, it expressed concern about how the agency characterized its achievements in the Report. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates OPM's performance.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links OPM's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis specifically addresses the performance of OPM's Workforce Compensation and Performance Service, which contributes primarily to achieving two of OPM's strategic goals (Goals I and III). Under Goal I, OPM seeks to provide policy direction and leadership to recruit and retain the federal workforce required for the 21st century. Under Goal III, OPM seeks to provide advice and assistance to help federal agencies improve their human resources management programs to effectively operate within the economy, demographics and environment of the 21st century. In the matrix provided by CRS, the blank cells represent instances where OPM did not report the results or the performance measures for goals included in the FY 1999 Performance Plan. In addition, the CRS analysis contains overall evaluative comments on OPM's Performance Report.

III. GAO Analysis

The Governmental Affairs Committee identified several “key outcomes” for OPM and asked the General Accounting Office (GAO) to evaluate how well OPM performed during FY 1999 with respect to these outcomes. The key outcomes and a summary of GAO’s preliminary analysis follow:

The federal government has an appropriately constituted workforce with the proper skills to carry out its missions. GAO identified three performance goals directly related to this key outcome. All of these performance goals had the potential of demonstrating OPM’s progress toward achieving this key outcome; however, flaws in the accompanying measures make it difficult to track and confirm the agency’s progress.

Federal employees are evaluated, rewarded, and otherwise held accountable for their performance. OPM had five performance goals related to this key outcome. OPM undertook substantial efforts in this area and obtained mixed results.

Federal agencies adhere to merit system principles. GAO stated that the lack of specificity, baseline data, and target measures made an assessment of progress in this area somewhat difficult. OPM reported four performance goals related to this key outcome.

Less fraud and error in the Federal Employee Health Benefit Program (FEHBP). OPM’s FY 1999 Performance Plan did not directly delineate goals related to preventing fraud and error in the FEHBP. The FY 1999 Performance Report notes that OPM met its goals in the area of financial oversight of the employee benefit trust funds, including obtaining unqualified opinions on the FY 1998 Trust Fund annual financial statements.

The GAO draft report, which is attached, provides detailed information on OPM’s performance for the above key outcomes, as well as analysis of other aspects of the agency’s FY 1999 Performance Report. The GAO draft report also describes how OPM has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Reports. GAO is currently obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the OPM Inspector General (IG) to analyze how well OPM’s Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency’s performance data. The Committee has not yet received the IG analysis but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. The OPM FY 1999 Performance Report is a modestly useful document for evaluating the agency’s overall performance. Some of OPM’s performance goals lack clear definitions and baseline data needed to objectively measure performance, and the

performance measures focus primarily on activities, processes and outputs, rather than on outcomes. Given these limitations of OPM's Performance Report, it is not easy to assess the progress that the agency is making in achieving its goals or demonstrating that its programs and activities are having an effect on the way the federal government manages its human resources.

OPM reports that it achieved 94 percent (108 out of 115) of the annual performance goals that it established for FY 1999. In its Performance Report, however, OPM stated that it was reporting on goal attainment against a combined FY 1999/2000 Performance Plan. In this combined Performance Plan, OPM did not modify its five strategic goals but did adjust specific annual performance goals and a number of indicators that were originally proposed. OPM states that it made these changes "to reflect shifts in priorities, and as a result of [its] increased experience with implementing [GPRA]." With this modification of its performance goals and indicators well after the beginning of FY 1999, OPM seems to be in direct conflict with the overall intent of GPRA. The Office of Management and Budget (OMB) notes in its guidance to agencies for preparing performance plans that "prolonging completion of the revised final plan until the fiscal year is well underway limits its usefulness as a management document."

In its Performance Report, OPM reported that it met all of its annual performance goals, even though almost a quarter of its measures were not achieved. OPM stated that not all indicators were of equal importance and thus it scored a goal as "met" if it achieved the majority or the most important of the indicators. However, neither OPM's Performance Report nor its Performance Plan identify the "most important indicators" or define how OPM determined when a "majority" of performance goals has been achieved.

On the whole, OPM's FY 1999 Performance Report lacks too many important elements to accurately and objectively assess the agency's performance. Greater clarity and specificity in defining goals and measures, as well as a more concerted effort to use outcome-oriented measures, would greatly improve the usefulness of the Performance Report. A review of OPM's FY 2001 Performance Plan will show that OPM is making some improvements in these important areas.

Results Orientation. Many of the performance goals in OPM's Performance Report are quantifiable; however, most of the performance measures are process- and output-oriented rather than outcome-oriented. This lack of results orientation makes it difficult to track OPM's progress in a meaningful way. For example, OPM's goal to issue a "model recruitment plan" is not focused on outcomes, such as improving the recruitment or employment of individuals to fill specific needs identified by federal agencies. Also, as GAO points out, many of the intentions OPM expresses in describing its performance goals are not meaningfully defined or quantified, such as "enhance workforce quality" or "more successfully address employee performance problems." In addition, OPM relies heavily on customer satisfaction surveys, which were not always clearly explained.

Improvement Strategies. OPM's Performance Report avoided the need to explain the inability to achieve goals by classifying any results showing improvement over 1998 as "progress" rather than "not met." In cases where individual performance targets were not met,

the OPM report typically did not discuss reasons for the unmet targets nor did it provide possible solutions or strategies for meeting the targets in the future. However, OPM's offices and units presented some strategies and ideas in the report for new goals and additional follow-up.

Credibility of Performance Data. The lack of baseline data needed to objectively measure progress is a key issue that OPM needs to address. Also, with the strong emphasis on survey results as indicators, OPM could have provided additional information to assure the reader of the validity of this data. In addition, as noted in the Mercatus analysis, OPM's Performance Report includes virtually no discussion of costs. In previous reviews of OPM's GPRA planning documents, GAO noted that OPM's performance planning efforts would be more useful if it included cost-based performance goals and measures that related to program outputs, such as the unit cost to process claims (see GAO report GGD-99-125, July 30, 1999).

Resolving Major Management Problems. OPM's Performance Report does not include a comprehensive discussion about the agency's efforts to address the major management challenges that were identified by GAO and the agency's IG. However, as pointed out in GAO's analysis, OPM does discuss seven of the nine management challenges in various places throughout the Performance Report. One management challenge that was covered extensively involved the agency's efforts to improve its financial management, including a discussion on the financial audits undertaken by the OPM IG. The two challenges that were not directly addressed in OPM's Performance Report were the need to: (1) improve oversight of FEHBP and (2) enhance controls over investments.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Office of Personnel Management Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

Office of Personnel Management

Sandi Payne	202-606-2754 sspayne@opm.gov
-------------	---------------------------------

General Accounting Office

Mike Brostek	202-512-3909 Brostekm.ggd@gao.gov
--------------	--------------------------------------

Congressional Research Service

Barbara Schwemle	202-707-8655
------------------	--------------

Inspector General

Jane Ziamanesh	202-606-4759 dci.oig.jvziaman@opm.gov
----------------	--

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: SMALL BUSINESS ADMINISTRATION

Attached are the following materials and analyses relating to the Fiscal Year 1999 Performance Report submitted by the Small Business Administration (SBA) under the Government Performance and Results Act (GPRA):

I. Performance Report

SBA's FY 1999 Performance Report was issued as a stand-alone document and can be found on the Internet at www.sba.gov/aboutsba/1999performancereport.pdf.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies using the following three criteria:

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

The Mercatus Center graded the SBA with a total score of 32 out of a possible 60 points, which ranked it 9th of the 24 agencies. Specifically, Mercatus graded the SBA Performance Report 13 for transparency, 8 for public benefits, and 11 for leadership. Mercatus cited SBA's Report as one that included many output- and activity-based measures rather than more results-oriented outcome measures. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates SBA's performance.

III. CRS Analysis

The Congressional Research Service (CRS) analysis contains a matrix that links SBA's FY 1999 Performance Report to its FY 1999 Performance Plan goals. The CRS analysis also contains evaluative comments on the agency report. In its analysis, CRS includes issues such as inconsistencies between SBA's Performance Report and Performance Plan, as well as SBA's identification of external factors that affected the agency's performance.

III. GAO Analysis

The Governmental Affairs Committee identified several "key outcomes" for SBA and asked the General Accounting Office (GAO) to evaluate how well SBA performed during FY 1999 with respect to these outcomes. The key outcomes and a summary of GAO's preliminary analysis follow:

Small businesses become self-reliant and successful in the competitive marketplace. The SBA Performance Report includes four performance goals related to this key outcome. SBA had mixed results in meeting the goals and associated measures in this area.

Businesses and families recovering from disasters receive timely assistance. SBA reported one performance goal related to this key outcome. SBA met two of the three targets established for this goal.

More eligible minority small businesses participate in SBA programs and become successful. SBA again had mixed results with the one performance goal related to this key outcome. For the five measures linked to this performance goals, two targets were met, two targets were not met, and one target was not reported on because data was not available.

The GAO draft report, which is attached, provides detailed information on SBA's performance for the above key outcomes, as well as an analysis of other aspects of the agency's FY 1999 Performance Report. The GAO draft report also describes how the agency has revised its goals and measures relating to the above outcomes in its subsequent GPRA Performance Reports. GAO is currently obtaining agency comments on its draft report, and the final version of the GAO report will be forwarded as soon as it is available.

V. IG Analysis

The Governmental Affairs Committee asked the SBA Inspector General (IG) to analyze how well the SBA Performance Report demonstrated progress in resolving key management challenges and to assess the credibility of the agency's performance data. The Committee has not yet received the IG analysis but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. SBA's Performance Report is moderately useful for assessing the agency's progress in achieving its goals. The Performance Report demonstrates SBA's progress in processing loans and training clients but does not provide insight into the agency's progress in helping small businesses become self-reliant and successful in the competitive marketplace. The dearth of outcome-oriented performance measures is the most significant issue hindering the usefulness of SBA's Performance Report.

While the SBA Performance Report is fairly easy to read, it does not provide a summary "scorecard" showing the results against the performance indicators. SBA reports that achieving 90 percent or better against each indicator is indicative of success and reports that it achieved 90 percent or better on 40 of its 59 performance indicators. Results for the individual measures can be found under "FY 1999 Performance Goals and Indicators" (pages 31-36).

On the whole, SBA's Performance Report presents a reasonable description of the agency's programs and activities, but it does not provide a useful basis to show how the agency's actions assist its clients compared to other small businesses in America. Only by developing and

using more outcome-oriented measures will SBA be able to demonstrate the actual long-term and long-lasting benefits of its efforts.

Results Orientation. The vast majority of the performance measures in the SBA Performance Report are activity-based or output-oriented indicators rather than results oriented. Indeed, Mercatus reported that only one of SBA's goals was truly results-based. Moreover, SBA's Performance Report presents no evidence that its clients are more successful than similar small businesses that do not receive SBA assistance. As noted by CRS, the SBA Performance Report provides virtually no discussion of costs, which is especially surprising in an agency for which loans are its primary activity. The SBA Report also does not contain a discussion of risk, cost of capital, and similar factors that are crucial to the financial performance of an agency that makes a substantial volume of loans.

Improvement Strategies. In cases where SBA did not meet its targets, the Performance Report recognizes changes needed in response to performance information and includes a general description of efforts to improve performance in FY 2000. Some of these descriptions are quite broad, however, and do not offer concrete steps that SBA intends to take to improve agency performance.

Credibility of Performance Data. The Performance Report contains a section entitled "Improving Data Quality" (p.44) that discusses SBA's effort to ensure that its data are valid, reliable, accurate and timely. This particular section states that in FY 1999, SBA tracked its performance goals monthly but that it only verified the accuracy of its data on an ad hoc basis. SBA states that in FY 2000, the agency will implement a more formal data quality process, including the development of data quality improvement plans. In this section, SBA also broadly discusses data source issues by highlighting that some data used for performance planning and reporting are created by the agency while other critical information is created by federal and local governments, private industry, and SBA resource partners.

Resolving Major Management Problems. Under the "FY 1999 Management Issues" section of the Performance Report (p. 45), SBA discusses the major management problems identified by the agency's IG. For each management problem, the Performance Report includes the SBA IG's recommended actions along with the agency's plans and actions to address the IG's concerns. This section of SBA's Performance Report would be much more helpful if it identified specific GPRA indicators for these management challenges and linked them to the indicators in the "FY 1999 Performance Goals and Indicators" section of the Performance Report. Nonetheless, this discussion on management problems is useful in describing SBA's recent and planned actions to address these management challenges.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Small Business Administration Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

Small Business Administration

Jim VanWert	202-205-7024 james.vanwert@sba.gov
-------------	---------------------------------------

General Accounting Office

Stanley Czerwinski	202-512-7631 Czerwinskis.rced@gao.gov
--------------------	--

Congressional Research Service

Bruce Mulock	202-707-7775
--------------	--------------

Inspector General

Mary Jeanne Martz	202-205-7190 maryjeanne.martz@sba.gov
-------------------	--

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930

SUMMARY OF FY 1999 PERFORMANCE REPORT INFORMATION: SOCIAL SECURITY ADMINISTRATION

Attached are the following materials and analyses relating to the Social Security Administration's Fiscal Year 1999 Performance Report submitted under the Government Performance and Results Act (GPRA):

I. Social Security Administration (SSA) Performance Report

SSA's Performance Report is contained in pages 56 through 79 of the attached document entitled "Social Security: Accountability Report for Fiscal Year 1999." The Performance Report can also be found online at www.ssa.gov/finance/99gprra.pdf.

II. Mercatus Center Analysis

A team of analysts from the Mercatus Center at George Mason University graded and ranked the FY 1999 Performance Reports of the 24 major federal agencies. Mercatus assigned each agency an overall grade of up to 60 points and individual grades of up to 20 points for each of the following three categories:

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

The Mercatus Center graded the SSA Performance Report 14 for transparency, 7 for public benefits, and 12 for leadership. With a total grade of 33, SSA's Performance Report ranked 8th of the 24 agencies. Attached is the main text of the Mercatus report together with the appendix that specifically evaluates the SSA Performance Report.

III. CRS Analysis

The Governmental Affairs Committee asked the Congressional Research Service (CRS) to prepare a matrix that links the agency's FY 1999 Performance Report to its FY 1999 performance plan goals, and to offer evaluative comments on the agency report.

The CRS analysis notes that some SSA performance goals, such as employee development and policy research, are by their nature "somewhat fuzzy" and not very amenable to quantifiable measurement. Other goals, such as service delivery and program management, are closely related to SSA's basic mission, which is provided by law, of paying the benefits to qualified beneficiaries. Therefore, the most relevant measures of the agency's performance are to deliver these payments in the right amounts at the right time to the right persons.

III. GAO Analysis

The Governmental Affairs Committee identified several key mission-related “outcomes” for SSA and asked the General Accounting Office (GAO) to evaluate how well SSA performed during FY 1999. These key outcomes and a summary of GAO’s preliminary analysis follow:

Provide timely, accurate, and useful information and services to the public. SSA met its key goals related to overall customer satisfaction and the timely processing of retirement claims. However, its progress lagged in some areas, such as waiting times for persons with appointments and accuracy in handling its 1-800 number calls. Performance data was not available for a number of other measures of service accuracy.

Disability determinations are more timely and accurate. In those cases where performance data was available, SSA did not meet any of its key goals. Unmet goals included average processing times and other timeliness measures for disability decisions at both the initial application and appellate levels.

Long-term disability benefits are reduced because people return to the workplace. The SSA Performance Report reflects minimal progress in reducing long-term disability benefits by returning beneficiaries to work.

Provide timely information to decision-makers necessary to address program policy issues such as long term trust fund solvency. Progress toward this outcome was “unclear.” While SSA listed a number of research activities it conducted during FY 1999, it was difficult to determine the timeliness or usefulness of such activities.

Less fraud, waste, and error in the Supplemental Security Income (SSI) program. The SSA Performance Report indicates that the agency met all key goals related to this outcome. However, the goals and measures were not sufficiently outcome-oriented. For example, SSI fraud and error continued largely unabated, totaling \$1.578 billion in FY 1999 versus \$1.6 billion in FY 1998.

The GAO draft report, which is attached, provides detailed information and analysis of the agency’s performance for the above outcomes and other aspects of the Performance Report. In addition, the GAO report also provides a description of how the agency has revised its goals and measures relating to the above outcomes in its subsequent GPRA performance plans. GAO is currently obtaining agency comments to its draft report, and the final version of the report will be forwarded as soon as it is available.

IV. IG Analysis

The Governmental Affairs Committee asked the SSA Inspector General (IG) to analyze how well the agency’s report demonstrated progress in resolving key management challenges and to assess the credibility of the agency’s performance data. The Committee has not yet received the IG analysis, but will forward it as soon as it becomes available.

V. Governmental Affairs Committee Staff Comments

Overall Usefulness. As the Mercatus analysis notes, SSA's Performance Report is difficult to locate because it was issued as a small part of a much larger document. Once located, the performance report presents a concise and straightforward overall picture of the agency's performance versus its FY 1999 goals. The SSA Performance Report covers 59 performance measures for FY 1999, and the report states that the agency met or exceeded 60 percent of the measures for which data was available. SSA also states that its FY 1999 performance met or exceeded its FY 1998 performance for 73 percent of the measures.

However, SSA's FY 1999 performance goals measures were not very useful. In fact, GAO and Congress rated SSA's 1999 Performance Plan as one of the weakest of all major agencies. The SSA Performance Report, which reflects the deficiencies in its FY 1999 Performance Plan, contains insufficient information to demonstrate that the agency is achieving important results for the American people. SSA has acknowledged the weaknesses in its FY 1999 Performance Plan, and it has developed more results-oriented goals and measures in its Performance Plans for subsequent years.

Results Orientation. Most of SSA's performance measures for FY 1999 are not as results-oriented or meaningful as they should be. For example, the CRS analysis cites the SSA performance measure relating to "Continuing Disability Reviews" (CDRs), which determine whether recipients of disability benefits continue to qualify for them. (Congress has significantly increased funding for CDRs over the years.) SSA measures the number of CDRs it conducts. However, as CRS notes, a more informative measure would be the number of *terminations* that result from CDRs.

SSA does have some results-type measures under its goal to "deliver customer-responsive, world-class service." These measures include: public access to SSA (e.g., percentage of callers who get through to SSA's 1-800 number within 5 minutes); processing times for disability determinations, hearings, and appeals; and customer satisfaction. As detailed in the GAO analysis, the agency's FY 1999 performance against these goals was mixed. Perhaps more significant, baseline data in the report indicate that SSA's performance for most goals has remained about the same or declined over recent years. For example, all three goals for disability and claims processing trended in the wrong direction from FY 1996 to FY 1999.

These performance results raise several pertinent questions:

- How does SSA establish the target performance levels for its customer service goals and do they really represent "world-class service"?
- Would the best private sector service organizations have similar levels of performance?
- How likely is it that SSA can improve?
- Should SSA expand its goals to cover the *quality* as well as timeliness of the

information and services it provides to the public?

With regard to SSA's potential improvement, the SSA IG has expressed concern over the agency's future ability to meet its customer service (and other) goals due to the combined effect of projected workload increases and diminished staff capacity. In addition, with regard to the quality of information provided to the public, it does not benefit citizens to access SSA services in a timely manner (or at all, for that matter) unless they are then provided with useful information.

Improvement Strategies. The SSA Performance Report generally provides explanations and improvement strategies for unmet goals. However, the report does not adequately address SSA's daunting "human capital" challenges. For example, SSA has a strategic goal to "be an employer that values and invests in each employee," which is a category that includes mainly process and activity measures relating to such matters as employee training and job satisfaction. However, these measures do not adequately address the core challenge of ensuring adequate staff with the right skills to perform the agency's missions.

Credibility of Performance Data. SSA generally has good baseline data to show trends in its performance over time. While the Performance Report contains generic descriptions of how SSA verifies and validates its performance data, it lacks specifics. For example, GAO notes that the Performance Report fails to discuss continuing deficiencies in the design and operation of SSA information systems that threaten its capacity to produce credible performance data.

Resolving Major Management Problems. The agency has the strategic goal to "make SSA program management the best in business, with zero tolerance for fraud and abuse." However, most of the performance measures in this category focus on activities (such as the number of claims processed in various categories) rather than results. Another activity goal – the number of criminal convictions relating to anti-fraud activities – is particularly problematic, as expressing such goals by the numbers of convictions or prosecutions is generally disfavored since they encourage inappropriate "quotas."

SSA has only a few results-oriented goals that directly measure payment accuracy. SSA's goals generally do not include performance measures to achieve specific error reductions in its major payment programs. This failure to have such performance measures is striking since Old Age and Survivors Insurance, Disability Insurance, and SSI each had FY 1999 error rates as high or higher than in FY 1998 and each exceeded \$1 billion in erroneous payments for FY 1999. Specific error-reduction performance measures would be very useful for these programs.

**Points of Contact Regarding Governmental Affairs Committee Analysis of
Social Security Administration Performance Report**

Committee on Governmental Affairs Staff

Robert Shea	202-224-4751
Henry Wray	202-224-4751
Scott Derrick	202-224-4751
Robert Batson	202-224-4751

Social Security Administration

Tom Staples	410-965-3839 tom.staples@ssa.gov
-------------	-------------------------------------

General Accounting Office

Barbara Bovbjerg	202-512-5491 Bovbjergb.hehs@gao.gov
------------------	--

Congressional Research Service

Geoffrey Kollmann	202-707-7316
-------------------	--------------

Inspector General

Tim Nee	212-264-5295 timothy.nee@ssa.gov
---------	-------------------------------------

Mercatus Center

Jerry Ellig, Ph.D.	703-993-4930
Steve Richardson	703-993-4930