

GAO

Testimony

Before the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

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**GOVERNMENT
PERFORMANCE**

**Lessons Learned for the
Next Administration on
Using Performance
Information to Improve
Results**

Statement of Bernice Steinhardt, Director
Strategic Issues





Highlights of [GAO-08-1026T](#), a testimony to the Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Over the past 15 years, legislative and executive branch reform efforts have attempted to shift the focus of federal government management from a preoccupation with activities to the results or outcomes of those activities. Based on over a decade of work in this area, GAO has found a transformation in the capacity of the federal government to manage for results, including an infrastructure of outcome-oriented strategic plans, performance measures, and accountability reporting that provides a solid foundation for improving the performance of federal programs. However, agencies have made less progress in getting their managers' to use performance information in their decision making.

GAO was asked to testify on the preliminary results of ongoing work looking at (1) trends in federal managers' use of performance information to manage, both governmentwide and at the agency level; (2) how agencies can encourage greater use of performance information to improve results; and (3) lessons learned from prior management reforms for the next administration. Our statement is based on prior GAO reports and surveys we conducted in 1997, 2000, 2003, and 2007. For the results of our 2007 survey, see e-supplement [GAO-08-1036SP](#). GAO will be issuing a report at a later date that will explore the use of performance results in management decision making at selected agencies.

To view the full product, including the scope and methodology, click on [GAO-08-1026T](#). For more information, contact Bernice Steinhardt at (202) 512-6806 or steinhardt@gao.gov.

GOVERNMENT PERFORMANCE

Lessons Learned for the Next Administration on Using Performance Information to Improve Results

What GAO Found

According to GAO surveys, since 1997 significantly more federal managers report having performance measures for the programs they manage. However, despite having more performance measures available, federal managers' reported use of performance information in management decision making has not changed significantly, as shown below.

Percentage of Federal Managers Who Reported Using Information Obtained from Performance Measurement for Various Management Activities to a "Great" or "Very Great" Extent



Source: GAO.

Notes: Percentages are based on those respondents answering on the extent scale.

^aThere is a statistically significant difference between 1997 and 2007 surveys.

^bThis question was not asked in 1997.

For the collection of performance information to be considered more than meaningless paperwork exercises, it must be useful to and used by federal decision makers at all levels—including Congress. To reach this state, GAO believes that the next administration should promote three key practices that we have identified in our work over the last 10 years: (1) demonstrate leadership commitment to results-oriented management; (2) develop a clear “line of sight” linking individual performance with organizational results; and (3) build agency capacity to collect and use performance information. In addition to encouraging agencies to employ these practices, the next administration should: (1) adopt a more strategic and crosscutting approach to overseeing governmentwide performance; (2) improve the relevance of performance information to Congress; and (3) build agency confidence in assessments for use in decision making.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the results of our 2007 Survey on Performance and Management Issues and lessons learned over the past 15 years through legislative and executive efforts to improve the management and performance of the federal government. Recent events, such as lead paint in imported children's products, tainted meat, predatory mortgage lending, contract fraud, and national disasters like Hurricane Katrina and the attacks of September 11, 2001, raise questions among the American people about the capacity of the federal government to meet their most pressing needs. Additionally, the nation's long-term fiscal imbalance drives the need for federal agencies to allocate increasingly scarce resources in the most efficient and effective way possible. The next administration can continue to bring a greater focus on improving the performance of federal programs and ensuring that federal funds are allocated effectively by building on the strengths of prior performance improvement initiatives.

Over the past 15 years, various reform efforts have attempted to shift the focus of federal government management from a preoccupation with activities to the results or outcomes of those activities. Congress enacted the Government Performance and Results Act of 1993 (GPRA)¹ to inform congressional and executive decision making by providing objective information on the relative effectiveness and efficiency of federal programs and spending. That same year, the Clinton administration launched the National Performance Review (NPR), which was intended to make the government "work better and cost less." The current administration has also attempted to resolve long-standing federal management weaknesses through its five governmentwide management priorities under the President's Management Agenda (PMA), which was first announced in 2001.² A central element in the Performance Improvement Initiative of the PMA is the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART), which was created in 2002 and serves as a diagnostic tool that is intended to provide a consistent approach for evaluating federal programs as part of the executive budget formulation process. Through PART, OMB has sought to create better ties between program performance and the allocation of

¹Pub. L. No. 103-62 (Aug. 3, 1993).

²In addition to budget and performance integration, the other four priorities under the PMA are strategic management of human capital, expanded electronic government, improved financial performance, and competitive sourcing.

resources. Prior to these efforts, our work on performance measurement in the federal government showed that federal agencies generally lacked the infrastructure needed to manage and report on the results of federal programs in a way that was transparent to Congress and the American people.

Based on over a decade of work in this area, we can say that there has been a transformation in the capacity of the federal government to manage for results. This capacity includes an infrastructure of outcome-oriented strategic plans, performance measures, and accountability reporting that has significantly increased over time and provides a solid foundation for improving the performance of federal programs.³ However, we have found that progress is still needed to further integrate information about program performance into federal managers' decision making and ensure continued progress.

You asked us to discuss: (1) the trends in federal managers' reported use of performance information governmentwide and at the agency level as identified through four surveys we conducted over the past 10 years; (2) how agencies can encourage greater use of performance information to improve federal program management; and (3) lessons learned to be considered by the next Congress and administration for future performance improvement initiatives.

In summary, our surveys show that, while significantly more federal managers' have performance measures for their programs and some agencies have shown greater use of information, overall the use of performance information in management decision making has not changed over the last 10 years. To remedy this situation, the next administration should focus its efforts on ensuring that performance information is both useful and used. First, the next administration should promote three key practices that we have identified in our work over the last decade to ensure that the performance information gathered is used in making management decisions: (1) demonstrating leadership commitment to results-oriented management; (2) developing a clear "line of sight" linking individual performance with organizational results; and (3) building agency capacity to collect and use performance information. In addition, the next administration should focus its attention on: (1)

³GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, [GAO-04-38](#) (Washington, D.C.: Mar. 10, 2004).

adopting a more strategic and crosscutting approach to overseeing governmentwide performance; (2) improving the relevance of performance information to Congress; and (3) building agency confidence in assessments for use in decision making.

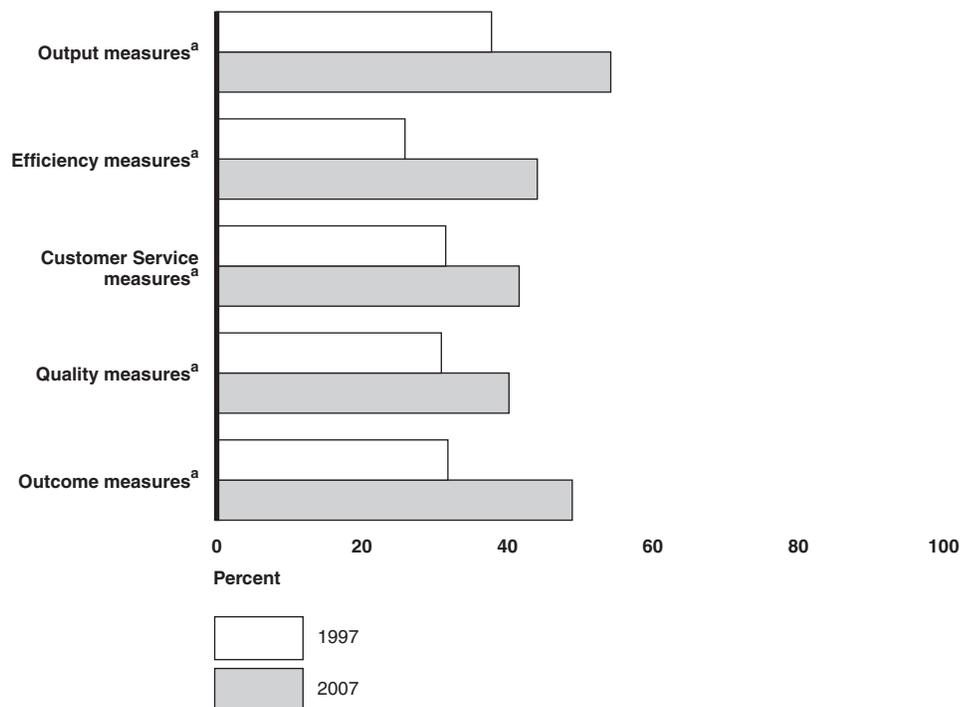
Our statement is based on survey data collected in response to your request that we examine the extent to which federal agency managers are using performance information and how selected agencies could improve their use of performance information to achieve results. We will be issuing a report at a later date that addresses both these questions, including an analysis of practices at selected agencies. Our survey, which included a random, stratified, governmentwide sample of federal managers at the GS-13 level and above, was conducted from October 2007 through January 2008, and is comparable to surveys we conducted in 1997, 2000, and 2003. Our 2000 and 2007 surveys included a larger sample of government managers—over 4,000 in 2007—that allowed for analysis of individual agency-level results. Significant differences are reported at the 95 percent confidence interval. In reporting federal managers' positive responses to survey questions asking about the extent to which a condition or practice was present (ranging in five categories from "no" to "very great" extent), we are reporting responses that indicated to a "great" or "very great" extent. Concurrently with this statement, we are issuing an electronic supplement that shows the responses to all survey items.⁴ In addition to the survey results, we also drew from our extensive prior work on GPRA, PART, transformational change, and performance management. We conducted our work from March 2007 to July 2008, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁴GAO, *Government Performance: 2007 Federal Managers Survey on Performance and Management Issues, an E-supplement to GAO-08-1026T*, [GAO-08-1036SP](#) (Washington, D.C.: July 24, 2008).

Governmentwide Use of Performance Information in the Past 10 Years Remains Unchanged Although Some Agencies Show Improvements

Based on federal managers' responses on our four governmentwide surveys conducted over the past 10 years, performance planning and measurement have slowly, yet increasingly, become a part of agencies' cultures. In particular, as shown in figure 1, significantly more federal managers today report having the types of performance measures called for by GPRA and PART than they did 10 years ago.⁵

Figure 1: Percentage of Federal Managers Reporting Having Performance Measures to a "Great" or "Very Great" Extent



Source: GAO.

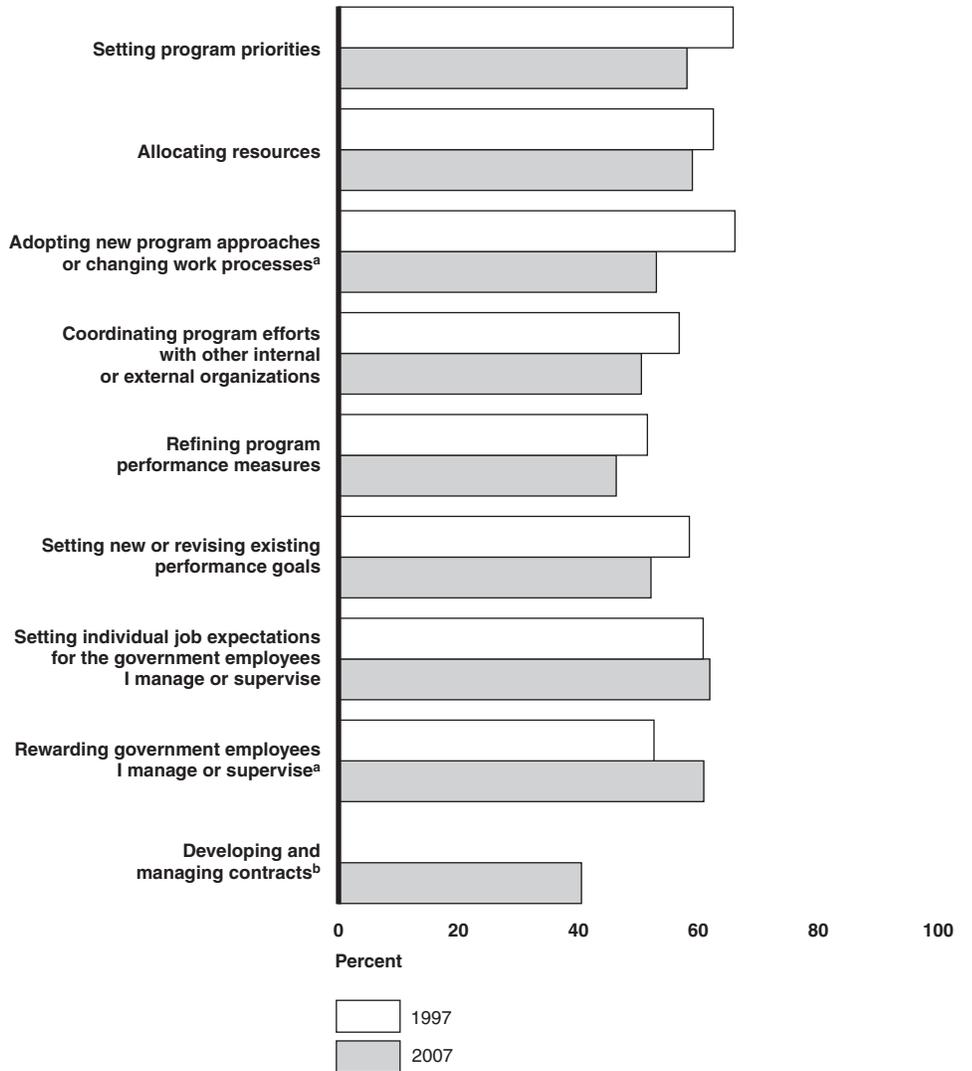
^aThere is a statistically significant difference between 1997 and 2007 surveys.

However, unless federal managers use performance data to make management decisions and to inform policymakers, the benefit of collecting performance information cannot be realized and real improvement in management and program results are less likely to be

⁵GAO-04-38. When discussing federal managers' responses to survey questions, we are reporting the percent of federal managers that responded from a great to very great extent.

achieved. We have found that despite having more performance measures, the extent to which managers make use of this information to improve performance has remained relatively unchanged. As shown in figure 2, seven of the nine categories of management activities we asked about showed no significant change over the past 10 years.

Figure 2: Percentage of Federal Managers Who Reported Using Information Obtained from Performance Measurement for Various Management Activities to a “Great” or “Very Great” Extent



Source: GAO.

Notes: Percentages are based on those respondents answering on the extent scale.

^aThere is a statistically significant difference between 1997 and 2007 surveys.

^bThis question was not asked in 1997.

In particular, despite efforts through GPRA and PART to help government better inform resource allocation decisions with performance information, over the past decade, there has been no significant shift in the percent of managers reporting they use information obtained from performance measurement when allocating resources. In addition, contract management remains the management activity with the least reported use of performance information, despite recommendations for better management of federal contracts from Congress and GAO and efforts to improve contract management through the PMA Competitive Sourcing Initiative. In 2007, 41 percent of managers reported that they use performance information when developing and managing contracts, a 3 percentage point increase from 2000, when we first asked the question. Given the growing fiscal imbalance, the government must get the best return it can on its investment in goods and services by improving its development, management, and assessment of contracts; using performance information in these activities can help to focus contract management on results.⁷

Of interest, there were two areas relating to managers' use of performance information in management decision making that did change significantly between 1997 and 2007. First, there was a significant decrease in the percentage of managers who reported that their organizations used performance information when adopting new program approaches or changing work processes. Performance information can play a valuable role in highlighting the need to take a closer look at the effectiveness of existing approaches and processes. Such an examination could lead to identifying needed changes to bring about performance improvements. Second, there was a significant increase in the percentage of managers who reported that they reward the employees they manage or supervise based on performance information. We believe this is an important development that can play a role in getting managers to pay attention to their performance; we will discuss this in more detail later in this statement.

While in general there has been little change in federal managers' reported use of performance information governmentwide, agency level

⁷GAO, *Federal Acquisitions and Contracting: Systemic Challenges Need Attention*, [GAO-07-1098T](#) (Washington, D.C.: July 17, 2007).

comparisons between 2000 and 2007 reveal that some agencies have made notable progress. For example, over the last 7 years, the Nuclear Regulatory Commission (NRC) showed a significant increase in positive responses to eight questions related to use of performance information in management activities. At the same time, DOD showed no change in their responses to questions related to the use of performance information and the Small Business Administration (SBA) reported significantly lower use of performance in 2007 than 2000 on two questions.

As seen in table 1, the range of use also varied considerably among agencies with Forest Service (FS) and Department of the Interior (Interior) managers among the lowest users, and the Social Security Administration (SSA) and National Aeronautics and Space Administration (NASA) among the highest.

Table 1: Agencies with Lowest and Highest Percent of Federal Managers Who Reported Using Performance Information for Various Management Activities

	Managers responding to a “great” or “very great” extent		
	Lowest percent (agency)	Highest percent (agency)	Governmentwide percent
Setting program priorities	43 (Interior)	78 (SSA)	58
Allocating resources	39 (Interior)	70 (NASA)	59
Adopting new program approaches or changing work processes	30 (FS)	71 (NSF)	53
Coordinating program efforts with other internal or external organizations	28 (FS)	62 (VA)	50
Refining program performance measures	28 (FS)	66 (Education)	46
Setting new or revising existing performance goals	33 (FS)	73 (Energy)	52
Setting individual job expectations for the government employees I manage or supervise	44 (FS)	79 (SSA)	62
Rewarding government employees I manage or supervise	47 (FEMA)	78 (NASA)	61
Developing and managing contracts	24 (FS)	70 (NASA)	41

Source: GAO.

Notes: Percentages are based on those respondents answering on the extent scale.
 Education = Department of Education.
 Energy = Department of Energy.
 FEMA = Federal Emergency Management Agency.
 VA = Department of Veterans Affairs.

The PART has been used by the current administration to increase the government’s focus on improving program performance results. Specifically, OMB includes an assessment of whether programs use performance information for program management as one element of its overall program assessment. In judging agency progress on the

Performance Integration Initiative of the PMA, OMB also considers whether PART findings and performance information are used consistently to justify funding requests, management actions, and legislative proposals. However, of the federal managers familiar with PART,⁸ a minority—26 percent—indicated that PART results are used in management decision making, and 14 percent viewed PART as improving performance.

Key Practices for Improving Government through the Use of Performance Information

As our survey results show, despite legislative and administration efforts to focus federal management decisions on the achievement of results and maximize the use of federal funds, changing the way federal managers make decisions is not simply a matter of making program performance information available. Based on our work on management reform efforts as well as analysis of federal managers' responses to our surveys over the past 10 years, we have identified three key practices that can contribute to greater attention to results when making management decisions. Regardless of the form of future initiatives, the next administration should take steps to ensure that agencies emphasize these practices to make sure that performance information is used in management decision making:

1. demonstrate leadership commitment to results-oriented management;
2. create a clear “line of sight” linking individual performance with organizational results; and
3. build agency capacity to collect and use performance information.

Demonstrate Leadership Commitment to Results-Oriented Management

Perhaps the single most important element in successfully implementing organizational change is the demonstrated, sustained commitment of top leaders.⁹ Leaders can demonstrate their support for results-oriented management and facilitate the use of performance information by agency managers through frequent and effective communication of performance information.¹⁰ On our survey, we found a positive relationship between

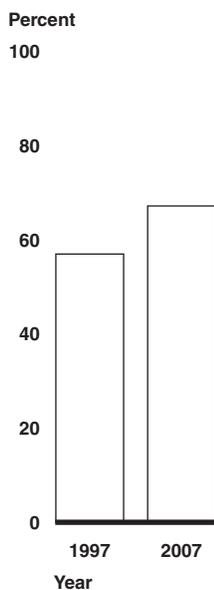
⁸In our discussion of questions relating to PART, the data include the responses of federal managers who indicated they had a low, moderate, or extensive level of knowledge of the details of OMB's PART initiative and excluded those with no knowledge. Twenty-three percent of respondents indicated having a low to extensive level of knowledge.

⁹GAO-04-38.

¹⁰GAO, *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, GAO-05-927 (Washington, D.C.: Sept. 9, 2005).

agency managers who reported that performance information is effectively communicated on a routine basis and managers' reported use of performance information in key management activities—in other words, greater communication of performance information is associated with greater use. Leaders can communicate performance information in their organizations by promoting the use of visual tools such as poster displays, performance scorecards, and intranet sites. In prior reviews, officials have told us that publicizing performance information can inspire a greater sense of ownership on the part of employees in their unit's performance; it can also spur competition between units. Additionally, we found that frequently reporting performance information can help to identify program problems before they escalate, identify the factors causing the problems, and modify services or processes to try to address problems. Leaders can play a key role in this process by following up on problems identified during discussions of performance information and by holding managers accountable for addressing the problems.

Figure 3: Percentage of Federal Managers Who Reported Top Leadership Demonstrated Commitment to Results-Oriented Management to a “Great” or “Very Great” Extent



Source: GAO.

Note: There is a statistically significant difference between 1997 and 2007 surveys.

From 1997 to 2007, we saw a significant increase in the percent of managers—from 57 to 67 percent—who reported that top leadership demonstrates a strong commitment to achieving results (see fig. 3.). Our survey results confirm the relationship between leadership commitment to results-oriented management and managers’ reported use of performance information in key management activities, such as developing program strategy and making decisions about funding or allocating resources.¹¹ Similarly, managers who believed their immediate supervisor paid attention to the use of performance information in decision making also perceived that managers at their level made greater use of performance information. Regarding the contribution of PART to improving this practice, 37 percent of federal managers familiar with PART reported that upper management has paid greater attention to performance and achieving results. More than any other items we asked about concerning the effect of PART, this item received the greatest degree of endorsement from federal managers.

Create a Clear “Line of Sight” Linking Individual Performance with Organizational Results

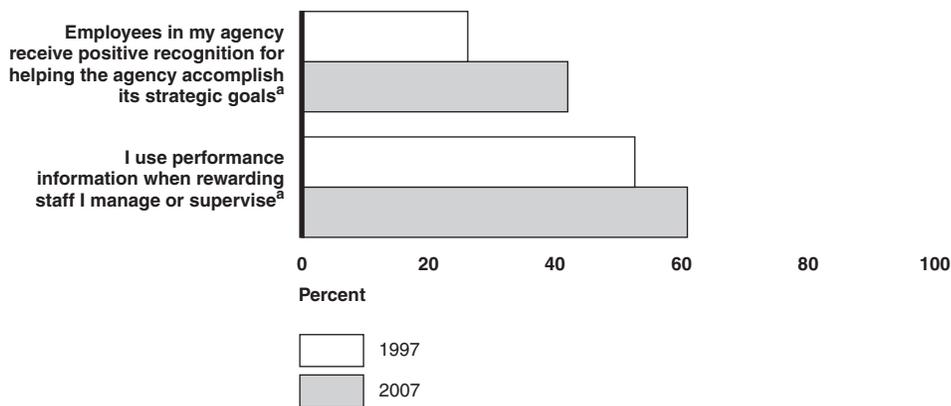
To be successful, governmentwide performance improvement initiatives must ensure that all employees involved in the process understand the rationale for making the changes and their role and responsibility in the process. Performance management systems are a vital tool for managing and directing such organizational transformations because they create a “line of sight” showing how team, unit, and individual performance can contribute to overall organizational results. Additionally, performance management systems can be used to hold employees accountable for achieving and incorporating results into management and employee decision making.¹²

¹¹We measured managers’ use of performance information in key management activities by developing a core uses index derived from nine questions on the 2007 federal managers’ survey. These questions inquired about uses of performance information in management activities and decision making that can lead to improved results as identified in our 2005 report *Enhancing Agency Use of Performance Information for Management Decision Making* (GAO-05-927). For a complete list of the practices used in this index see app. I. This index was then used in various analyses, including a ranking of the 24 Chief Financial Officers (CFO) Act agencies and five components that participated in our survey on their use of performance information. Throughout this testimony, when we refer to “managers’ use of performance information in key management activities” we are referring to their reported use of performance information according to this index.

¹²GAO, *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, GAO-03-488 (Washington, D.C.: Mar. 14, 2003).

Over the past 10 years, we found positive trends in federal managers' responses to several questions relating to how agencies are managing their employees, which agencies can build upon to further emphasize the importance of managing by results (see fig. 4.). Specifically, we saw a statistically significant increase—from 53 percent in 1997 to 61 percent in 2007—in the percentage of federal managers that reported using performance information when rewarding government employees they manage. Additionally, a significantly higher number of federal managers reported that employees in their agency receive positive recognition for helping the agency accomplish its strategic goals from 1997 to 2007.

Figure 4: Percentage of Federal Managers' Indicating Performance Information Plays a Role in Recognizing or Rewarding Individuals to a "Great" or "Very Great" Extent



Source: GAO.

^aThere is a statistically significant difference between 1997 and 2007 surveys .

At the same time, an increasing portion of senior executives report they are being held more accountable for results. In recent years, Congress and the administration modernized the performance appraisal and pay systems for senior executives by requiring a clearer link between individual performance and pay. Specifically, agencies are allowed to raise Senior Executive Service (SES) base pay and total compensation caps if their performance appraisal systems are certified by the Office of Personnel Management (OPM) with concurrence by the Office of Management and Budget (OMB) as, among other things, linking performance for senior

executives to the organization's goals and making meaningful distinctions based on relative performance.

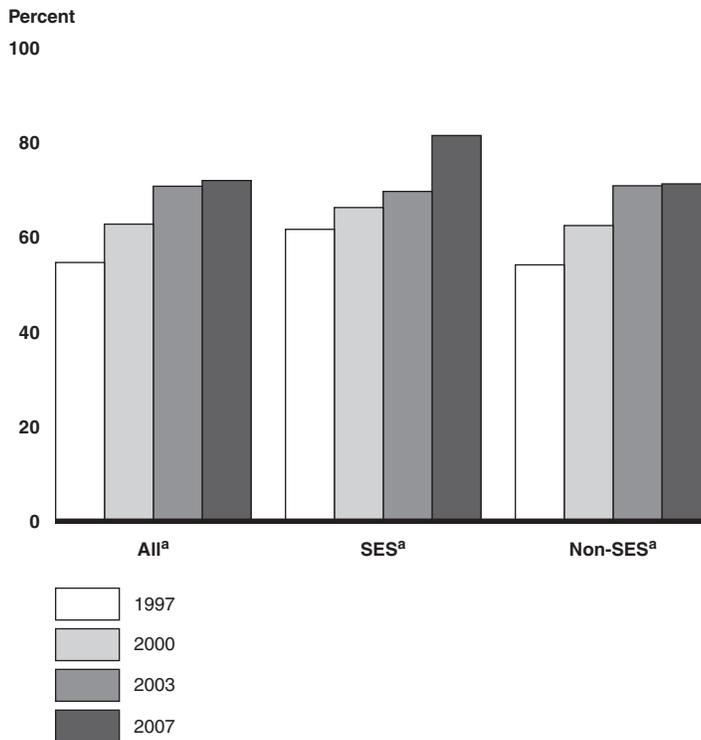
In our past work on performance management and pay issues, we have reported that performance-based pay cannot be simply overlaid on most organizations' existing performance management systems.¹⁴ Rather, as a precondition to effective pay reform, individual expectations must be clearly aligned with organizational results, communication on individual contributions to annual goals must be ongoing and two-way, meaningful distinctions in employee performance must be made, and cultural changes must be undertaken. Most important, leading organizations have recognized that effective performance management systems create a "line of sight" showing how unit and individual performance can contribute to overall organizational goals and can help them drive internal change and achieve external results.¹⁵ Effective performance-management systems that hold executives accountable for results can help provide continuity during times of leadership transition, such as the upcoming change in the administration, by maintaining a consistent focus on organizational priorities.

Interestingly, since our 2003 survey, SES responses regarding accountability show a significant increase. Between 2003 and 2007, there was a 14 percentage point increase in the number of SES who responded that managers/supervisors at their level are held accountable for accomplishment of agency strategic goals. In 2007, there was a 12 percentage point increase in the number of SES who reported that they are held accountable for the results of the programs, operations, or projects for which they are responsible as compared to 2003 (see fig. 5.). There was no significant change in responses from 2003 to 2007 in non-SES level responses to either of these questions.

¹⁴GAO, *Human Capital: Symposium on Designing and Managing Market-Based and Performance-Oriented Pay Systems*, [GAO-05-832SP](#) (Washington, D.C.: July 27, 2005).

¹⁵GAO, *Human Capital: Senior Executive Performance Management Can Be Strengthened to Achieve Results*, [GAO-04-614](#) (Washington, D.C.: May 26, 2004).

Figure 5: Percentage of Federal Managers Who Reported That They Were Held Accountable for the Results of the Program/Operations/Projects for Which They Are Responsible to a “Great” or “Very Great” Extent



Source: GAO.

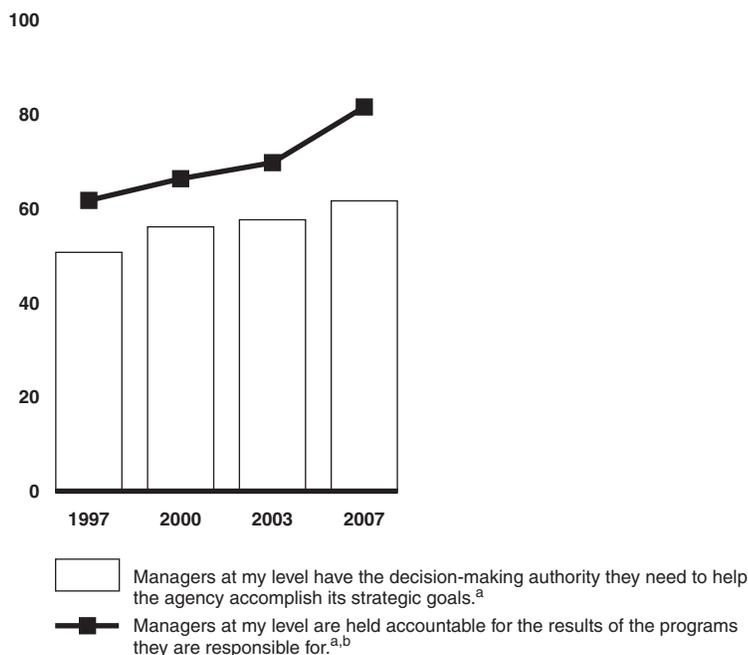
^aThere is a statistically significant difference between 1997 and 2007 surveys.

As we have previously reported, it is important to ensure that managers have the authority to implement changes to the programs for which they are held accountable.¹⁶ Our 2007 survey results, however, indicate a growing gap between senior executives’ perceptions of their accountability for program performance as opposed to their decision-making authority (see fig. 6). In 2007, 81 percent of senior executives reported that they are held accountable for the results of the programs for which they are responsible, while 62 percent reported that they have the decision-making authority they need to help the agency achieve its strategic goals, a 19 percentage point difference. Managers’ ability to effect

¹⁶GAO-04-38.

change within their organization is limited if they do not have the decision-making authority to help the agency accomplish its strategic goals.

Figure 6: Comparison of SES Responses Regarding Accountability and Decision-Making Authority



Source: GAO.

^aThere is a statistically significant difference between 1997 and 2007.

^bThere is a statistically significant difference between 2003 and 2007.

Build Agency Capacity to Collect and Use Performance Information

While agencies can require managers to collect and report performance information, this does not ensure that managers have the knowledge or experience necessary to use the information or will trust the information they are gathering. The practice of building analytical capacity to use performance information and to ensure its quality—both in terms of staff trained to do the analysis and availability of research and evaluation resources—is critical to using performance information in a meaningful fashion and plays a large role in the success of government performance improvement initiatives.

Managers must understand how the performance information they gather can be used to provide insight into the factors that impede or contribute to program successes; assess the effect of the program; or help explain the

linkages between program inputs, activities, outputs, and outcomes. In earlier work, we found a positive relationship between agencies providing training and development on setting program performance goals and the use of performance information when setting or revising performance goals.¹⁷ While our survey found a significant increase in training since 1997, only about half of our survey respondents in 2007 reported receiving any training that would assist in strategic planning and performance assessment. We previously recommended that OMB ensure that agencies are making adequate investments in training on performance planning and measurement, with a particular emphasis on how to use performance information to improve program performance.¹⁸ However, OMB has not yet implemented our recommendation.

In addition to building agency capacity by educating staff on how to use performance information, it is also important to ensure that the information gathered meets users' needs for completeness, accuracy, consistency, timeliness, validity, and ease of use. Our survey results indicate that those federal managers who felt they had sufficient information on the validity of the performance data they use to make decisions were more likely to report using performance information in key management activities. Interestingly, this question regarding managers' perception of the validity of performance data was more strongly associated with managers' reported use of performance information than it was with any other question on the survey. Additionally, we found a significant relationship between federal managers reporting that managers at their level are taking steps to ensure that performance information is useful and appropriate and their reported use of performance information in key management activities. Getting buy-in from managers by involving them in the selection and development of measures for their programs can help increase their confidence in the data collected and the likelihood that they will use the information gathered in decision making.

¹⁷GAO-04-38.

¹⁸GAO-04-38.

Lessons Learned from Prior Performance Improvement Initiatives

Regardless of the form, future governmentwide initiatives to improve performance should take into consideration key lessons learned that we have identified through our work. First, the next administration should promote the three key practices we found that facilitate the use of performance information by all levels of agency management. Beyond this, the next administration can better focus its efforts to improve performance by (1) adopting a more strategic and crosscutting approach to overseeing performance; (2) improving the relevance of performance information to Congress; and (3) building agency confidence in assessments for use in decision making.

Adopt a More Strategic and Crosscutting Approach to Overseeing Governmentwide Performance

Given the time and effort required to assess agency and program performance, taking a more crosscutting, strategic approach to such assessments may better use limited resources. Additionally, focusing decision makers' attention on the most pressing policy and program issues and on how related programs and tools affect broader outcomes and goals may better capture their interest throughout the process. The current administration's PART initiative focuses on individual programs, which aligns with OMB's agency-by-agency budget reviews, but has been used infrequently to address crosscutting issues or to look at broad program areas in which several programs or program types address a common goal. Crosscutting analysis looking at broad program areas is necessary to determine whether a program complements and supports other related programs, whether it is duplicative and redundant, or whether it actually works at cross-purposes to other initiatives. While OMB has reported on a few crosscutting assessments in recent budget requests,¹⁹ we have suggested that OMB adopt this approach more widely and develop a common framework to evaluate all programs—including tax expenditures and regulatory programs—intended to support common goals.²⁰

We have previously reported GPRA could provide OMB, agencies, and Congress with a structured framework for addressing crosscutting

¹⁹For the fiscal year 2006 President's budget request, OMB conducted two crosscutting assessments on Community and Economic Development and Rural Water. In addition, OMB recently announced two new PMA initiatives aimed at improving the performance of federal credit programs and health information quality and transparency across the major relevant federal agencies.

²⁰GAO, *21st Century Challenges: How Performance Budgeting Can Help*, [GAO-07-1194T](#) (Washington, D.C.: Sept. 20, 2007).

program efforts.²¹ OMB, for example, could use the provision of GPRA that calls for OMB to develop a governmentwide performance plan to integrate expected agency-level performance. Unfortunately, this provision has not been implemented fully. OMB issued the first and only such plan in February 1998 for fiscal year 1999. Without such a governmentwide focus, OMB is missing an opportunity to assess and communicate the relationship between individual agency goals and outcomes that cut across federal agencies and more clearly relate and address the contributions of alternative federal strategies. The governmentwide performance plan also could help Congress and the executive branch address critical federal performance and management issues, including redundancy and other inefficiencies in how the government does business. It could also provide a framework for any restructuring efforts.

In addition to the annual performance plan, a governmentwide strategic plan could identify long-term goals and strategies to address issues that cut across federal agencies.²² Such a plan for the federal government could be supported by a set of key national outcome-based indicators of where the nation stands on a range of economic, environmental, safety/security, social, and cultural issues. A governmentwide strategic plan combined with indicators could help in assessing the government's performance, position, and progress, and could be a valuable tool for governmentwide reexamination of existing programs, as well as proposals for new programs. Further, it could provide a cohesive perspective on the long-term goals of the federal government and provide a much needed basis for fully integrating, rather than merely coordinating, a wide array of federal activities.

Improve the Relevance of Performance Information to Congress

In order for performance improvement initiatives to hold appeal beyond the executive branch, and to be useful to the Congress for its decision making, garnering congressional buy-in on what to measure and how to present this information is critical.²³ In a 2006 review, congressional committee staff told us that although OMB uses a variety of methods to communicate the PART assessment results, these methods cannot replace the benefit of early consultation between Congress and OMB about what

²¹ GAO-04-38.

²² GAO-04-38.

²³ GAO-07-1194T.

they consider to be the most important performance issues and program areas warranting review.²⁴ However, a mechanism to systematically incorporate a congressional perspective and promote a dialogue between Congress and the President in the PART review process is missing. As a result of this lack of consultation, there have been several areas of disagreement between OMB and Congress about this executive branch tool, resulting in most congressional staff we spoke with not using the PART information. Most congressional staff reported that they would more likely use the PART results to inform their deliberations if OMB (1) consulted them early in the PART process regarding the selection and timing of programs to assess, (2) explained the methodology and evidence used or to be used to assess programs, and (3) discussed how the PART information can best be communicated and leveraged to meet their needs.

OMB has recently taken some steps to more succinctly report agency performance information. In 2007, OMB initiated a pilot program that explores alternative approaches to performance and accountability reporting, including a “highlights report” summarizing key performance and financial information. However, more work could be done to better understand congressional information needs and communication preferences. We have reported previously that congressional staff appreciate having a variety of options for accessing the information they need to address key policy questions about program performance or to learn about “hot” issues.²⁵ In a case study we conducted on FAA’s communication of performance, budgeting, and financial information with Congress, congressional committee staff from the House Transportation and Infrastructure Committee were interested in better using technology to gain additional agency data in a timely manner. For example, staff reported that agencies could create a For Congress page on their Web site dedicated to serve as a single repository of data for congressional requesters. In future initiatives, OMB could explore alternative communication strategies and data sources to better meet congressional needs and interest and ensure that the valuable data collected for performance improvement initiatives is useful and used.

²⁴GAO, *Performance Budgeting: OMB’s Performance Rating Tool Presents Opportunities and Challenges for Evaluating Program Performance*, [GAO-04-550T](#) (Washington, D.C.: Mar. 11, 2004).

²⁵GAO, *Managing for Results: Views on Ensuring the Usefulness of Agency Performance Information to Congress*, [GAO/GGD-00-35](#) (Washington, D.C.: Jan. 26, 2000).

Additionally, Congress could consider whether a more structured oversight mechanism is needed to permit a coordinated congressional perspective on governmentwide performance issues. Just as the executive branch needs a vehicle to coordinate and address programs and challenges that span multiple departments and agencies, Congress might need to develop structures and processes that better afford a coordinated approach to overseeing agencies and tools where jurisdiction crosses congressional committees. We have previously suggested that one possible approach could involve developing a congressional performance resolution identifying the key oversight and performance goals that Congress wishes to set for its own committees and for the government as a whole. Such a resolution could be developed by modifying the annual congressional budget resolution, which is already organized by budget function.²⁶ This may involve collecting the input of authorizing and appropriations committees on priority performance issues for programs under their jurisdiction and working with crosscutting committees such as the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, and the House Committee on Rules. This year, Congress issued its budget resolution for fiscal year 2009 containing a section directing Committees of the House of Representatives and the Senate to review programs' performance within their jurisdiction for waste, fraud, and abuse and report recommendations annually to the appropriate Committee on the Budget.²⁷

Build Agency Confidence in Assessments for Use in Decision Making

As the primary focal point for overall management in the federal government, OMB plays a critical role in the planning and implementation of the President's initiatives. During the current administration, OMB has reported that it has reviewed over 1,000, or 98 percent, of all federal programs through its PART initiative. Moreover, through its PMA and PART initiatives, OMB has set the tone of leadership at the top by holding agencies accountable for their implementation of recommendations intended to improve program management. However, regardless of the mechanism that the next administration employs to oversee agency and program performance, OMB's efforts could be enhanced by building agency confidence in the credibility and usefulness of its assessments for

²⁶GAO-07-1194T.

²⁷Concurrent Resolution on the Budget for Fiscal Year 2009, H.R. Rep. 110-659, at 45-46 (2008).

management decision making. To build this confidence, OMB could further its efforts to increase OMB examiners' knowledge of the programs they are assessing and agency knowledge about how to develop and use the information gathered for PART.

Our survey results indicate that concerns exist among federal managers regarding the quality of OMB's assessments. Specifically, managers responding to our survey expressed concerns that OMB examiners may be spread too thinly and do not have sufficient knowledge of the programs they are reviewing necessary for accurate assessments. On our survey, the suggested improvement to PART with the highest level of endorsement from federal managers familiar with PART was to ensure that OMB's examiners have an in-depth knowledge of the programs they review. Seventy percent of respondents indicated that this was a high to very high priority for improving PART. For example, one respondent told us that "the PART reviewer does not have time to try to understand [their] program" and another stated that "some PART reviewers are not familiar with their agency mission and scope." These responses echo previous statements officials have given us regarding PART, in particular that PART assessments can be thoughtful when OMB is knowledgeable about a program and has enough time to complete the reviews, but that assessments are less useful when OMB staff are unfamiliar with programs or have too many PART assessments to complete. By taking a more targeted, strategic approach as we previously recommended, OMB could allow examiners time to conduct more in-depth assessments of selected programs and build their knowledge base about the programs.

OMB can also help to facilitate implementation of future initiatives by offering training to agency officials on the reporting requirements of the initiatives and how the information gathered for these efforts might be incorporated into management decision making. As we previously mentioned, it is important to build agency capacity in terms of the capability of staff to analyze and use performance information in their decision making. Nearly half of managers familiar with PART indicated that agency-level training on developing acceptable performance measures for PART as well as training on how to use performance measures identified as a result of the PART process should be high to very high priorities for improving PART. One survey respondent commented that "PART is a great concept but poorly understood by many in federal service; more training and interaction among managers [working on PART] could lead to substantial improvements in performance and overall efficiencies." Another survey respondent emphasized that training needed to be provided to field offices "so field supervisors and front-line

employees understand how their work outcomes/outputs roll up to highest levels in government goals and initiatives.” Building agency officials familiarity with and confidence in the performance assessments being conducted will be critical to improving the integration and use of the information gathered in management decision making.

Conclusions

Each new administration has the opportunity to learn from and build upon the experiences of its predecessors. While the last decade has seen the creation of an infrastructure for government performance improvement efforts, and a more results-oriented culture in the federal government, we still see more that can be done to make this transformation more widespread among federal agencies. Adopting the key practices we have highlighted—demonstrating leadership commitment to performance, aligning individual performance with the goals of the organization, and building the capacity to use information—would be an important first step, and OMB can play an important role in fostering these practices across government. OMB could also adopt some of these practices in its own engagement with agencies—particularly, by helping to provide the training and development that both OMB analysts and agency program managers will need to make sure that any OMB-led performance review is useful and used.

Beyond this, Congress and the administration can help bring a more strategic approach to how government performance is monitored and measured. As we have noted repeatedly in our work, a governmentwide strategic plan, underpinned by a set of key national indicators (KNI), would, in defining outcomes shared by multiple agencies and programs, help keep sight of how well agency programs are working collectively to produce intended results. Whatever performance improvement initiatives the next administration adopts, it will be vital to engage the Congress in helping to identify the meaningful measures of success, as well as the form in which performance information will be useful to Congress itself in carrying out its oversight, legislative, and appropriations roles.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions you or other members of the committee may have at this time.

GAO Contacts and Acknowledgments

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Appendix I: Objectives, Scope and Methodology

A Web-based questionnaire on performance and management issues was administered to a stratified random probability sample of 4,412 persons from a population of approximately 107,326 mid-level and upper-level civilian managers and supervisors working in the 24 executive branch agencies covered by the Chief Financial Officers (CFO) Act of 1990. The sample was drawn from the Office of Personnel Management's (OPM) Central Personnel Data File (CPDF) as of March 2007, using file designators indicating performance of managerial and supervisory functions. In reporting the questionnaire data, when we use the term "governmentwide" and the phrase "across the federal government," we are referring to these 24 CFO Act executive branch agencies, and when we use the terms "federal managers" and "managers," we are referring to both managers and supervisors. The questionnaire was designed to obtain the observations and perceptions of respondents on various aspects of such results-oriented management topics as the presence and use of performance measures, hindrances to measuring performance and using performance information, and agency climate. In addition, the questionnaire included a section requesting respondents' views on the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART) and the priority that should be placed on various potential improvements to it.

With the exception of the section of the questionnaire asking about OMB's PART, most of the items on the questionnaire were asked in three earlier surveys. The earliest survey was conducted between November 1996 and January 1997 as part of the work we did in response to a Government Performance and Results Act (GPRA) requirement that we report on implementation of the act. The second survey, conducted between January and August 2000, and the third survey, conducted between June and August 2003, were designed to update the results from each of the previous surveys.¹ The 2000 survey, unlike the other two surveys, was designed to support analysis of the data at the department and agency level as well as governmentwide.

¹For information on the design and administration of the three earlier surveys, see GAO, *The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven*, [GAO/GGD-97-109](#) (June 2, 1997); *Managing for Results: Federal Managers' Views on Key Management Issues Vary Widely Across Agencies*, [GAO-01-592](#) (May 25, 2001); and *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, [GAO-04-38](#) (Mar. 10, 2004).

Similar to the three previous surveys, this survey covered the CFO Act agencies and the sample was stratified by whether the manager or supervisor was Senior Executive Service (SES) or non-SES. The management levels covered general schedule (GS), general management (GM), or equivalent schedules at levels comparable to GS/GM-13 through career SES or equivalent levels of executive service. Similar to our 2000 and 2003 surveys, we incorporated special pay plans, for example, Senior Foreign Service executives, into the population and the sample to ensure at least a 90 percent coverage of all managers and supervisors at or comparable to the GS/GM-13 through career SES level at the departments and agencies we surveyed.

One purpose of this survey was to update the information gathered at the departmental and agency level for the survey done in 2000. Similar to the design of the 2000 survey, stratification was also done by the 24 CFO Act agencies with an additional breakout of five selected agencies from their departments—Forest Service, Centers for Medicare and Medicaid Services (CMS), Federal Aviation Administration (FAA), Internal Revenue Service (IRS), and Federal Emergency Management Agency (FEMA). The first four agencies were selected for breakout in our 2000 survey on the basis of our previous work, at that time, identifying them as facing significant managerial challenges. FEMA, which was an independent agency at the time of our 2000 survey, became part of the Department of Homeland Security (DHS) when the department was created. The intent of this survey was to cover the same set of entities examined in the 2000 survey with the addition of DHS, which was created in 2003, in order to examine possible change in managerial perceptions of performance measurement and use over time at the department and agency level between 2000 and 2007. The PART section was included to obtain feedback from managers that would help inform the transition and management agenda of the next administration.

Most of the items on the questionnaire were closed-ended, meaning that, depending on the particular item, respondents could choose one or more response categories or rate the strength of their perception on a 5-point extent scale ranging from “to no extent” at the low end of the scale to “to a very great extent” at the high end. For the PART questions about improvement priorities, the 5-point scale went from “no priority” to “very great priority.” On most items, respondents also had an option of choosing the response category “no basis to judge/not applicable.”

We sent an e-mail to members of the sample that notified them of the survey’s availability on the GAO Web site and included instructions on

how to access and complete the survey. Members of the sample who did not respond to the initial notice were sent up to four subsequent reminders asking them to participate in the survey. The survey was administered from October 2007 through January 2008.

During the course of the survey, we deleted 199 persons from our sample who had either retired, separated, died, or otherwise left the agency or had some other reason that excluded them from the population of interest. We received useable questionnaires from 2,943 sample respondents, or about 70 percent of the remaining eligible sample. The eligible sample includes 42 persons that we were unable to locate and therefore unable to request that they participate in the survey. The response rate across the 29 agencies ranged from about 55 percent to 84 percent.

The overall survey results are generalizable to the population of managers as described above at the CFO Act agencies. The responses of each eligible sample member who provided a useable questionnaire were weighted in the analyses to account statistically for all members of the population. All results are subject to some uncertainty or sampling error as well as nonsampling error. As part of our effort to reduce nonsampling sources of error in survey results, we checked and edited (1) the survey data for responses that failed to follow instructions and (2) verified the programs used in our analyses. In general, percentage estimates in this report for the entire 2007 sample have confidence intervals ranging from about +1 to +6 percentage points at the 95 percent confidence interval. Percentage estimates in this report for individual agencies have confidence intervals that range from +3 to +18 percentage points. An online e-supplement [GAO-08-1036SP](#) shows the questions asked on the survey with the weighted percentage of managers responding to each item.

As part of our analyses of the 2007 survey data, we identified a set of nine items from the questionnaire that inquired about uses of performance information that we identified in a previous GAO report.² Using those items we developed an index that reflected the extent to which managers' perceived their own use of performance information for various

²See GAO, *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, [GAO-05-927](#) (Sept. 9, 2005). See the online e-supplement GAO, *Government Performance: 2007 Federal Managers Survey on Performance and Management Issues, an E-supplement to GAO-08-1026T*, [GAO-08-1036SP](#) (Washington, D.C.: July 24, 2008) for the wording of the items. The nine items constituting the index are questions 8a, 8c, 8d, 8e, 8k, 8m, 10d, 10m, and 11b.

managerial functions and decisions as well as that of other managers in the agency. To obtain this overall index score of reported use of performance information, we computed an average score for each respondent across the nine items we identified. By using this average index score, which yields values in the same range as the 5-point extent scale used on each item, we were able to qualitatively characterize index score values using the same response categories used for the items comprising the index.³ We refer to this index as the “core uses index” in that it indicates managers’ perceptions about the extent to which performance information is used across a core set of management decision-making areas.

Because a complex sample design was used in the current survey as well as the three previous surveys, and different types of statistical analyses are being done, the magnitude of sampling error will vary across the particular surveys, groups, or items being compared due to differences in the underlying sample sizes and associated variances. The number of participants in the current survey is slightly larger than the 2000 survey (2,510) and much larger than the 1996–1997 survey (905) and the 2003 survey (503), both of which were designed to obtain governmentwide estimates only. Consequently, in some instances, a difference of a certain magnitude may be statistically significant. In other instances, depending on the nature of the comparison being made, a difference of equal or even greater magnitude may not achieve statistical significance. We note throughout the report when differences are significant at the .05 probability level. Also, as part of any interpretation of observed shifts in individual agency response between the 2007 and the earlier 2000 survey, it should be kept in mind that components of some agencies and all of the Federal Emergency Management Agency (FEMA) became part of the Department of Homeland Security (DHS).

We conducted our work from March 2007 to July 2008, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained

³For example, index score values between 1 and 2.99 were viewed as covering the two categories of “small” or “to no extent” while values of 3 to 3.99 fit the category “moderate extent” and values between 4 and 5 encompassed the categories of “great” or “very great” extent.

provides a reasonable basis for our findings and conclusions based on our audit objectives.

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