

GAO

Testimony

Before the Subcommittee on Government Management,  
Information and Technology, Committee on Government  
Reform, House of Representatives

For Release on Delivery  
Expected at  
2 p.m.  
Thursday,  
July 1, 1999

PERFORMANCE  
BUDGETING

Initial Agency Experiences  
Provide a Foundation to  
Assess Future Directions

Statement of Paul L. Posner  
Director, Budget Issues  
Accounting and Information Management Division

Statement of Christopher J. Mihm  
Associate Director, Federal Management  
and Workforce Issues  
General Government Division



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Mr. Chairman and Members of the Subcommittee:

It is a pleasure to be here today to discuss how we can advance performance budgeting in the federal government. As you requested, I will discuss the postponement of the performance budgeting pilots that are required by the Government Performance and Results Act. I will also discuss some of the challenges that confront these pilots and any effort to more closely relate performance expectations and spending estimates. Despite these challenges, our recent and ongoing reviews of agencies' performance plans indicate that federal agencies are developing approaches called for by the Results Act to link performance plans and budget requests. These agency efforts deserve close attention and support, not only because of their contribution to the overall implementation of the act, but also because of their potential to inform our understanding of and expectations for performance budgeting within the federal government. But first, to set context for this discussion, I'd like to begin by briefly looking at how the concept and practice of performance budgeting has evolved in the federal government.

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## The Evolution of Performance Budgeting

The concept of performance budgeting—essentially the process of linking budget levels to expected results, rather than to inputs or activities—has and will likely continue to evolve. Historically, within the federal government, performance budgeting has progressed from a relatively straightforward efficiency concept, as evidenced in recommendations from the first Hoover Commission, to the complex and mechanistic processes associated with such initiatives as the Planning-Programming-Budgeting System (PPBS) and Zero-Base Budgeting (ZBB).<sup>1</sup> Similarly, foreign countries and state and local governments in this country are experimenting with a variety of approaches to more closely associate expected performance with requested funding levels, as part of their broader reform efforts to become more results-oriented.<sup>2</sup> These governments recognize that focusing on results involves defining clear missions and outcomes, measuring performance to gauge progress, and

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<sup>1</sup>Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation (GAO/AIMD-97-46, March 27, 1997).

<sup>2</sup>See, for example, Budgeting for Results: Perspectives on Public Expenditure Management, prepared by the Organisation for Economic Co-operation and Development, 1995, and "The State of the States: Performance-Based Budgeting Requirements in 47 Out of 50," by Julia Melkers and Katherine Willoughby, Public Administration Review (January/February 1998, Vol. 58, No. 1).

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using performance information within decision processes. Performance budgeting is the general term used to refer to the infusion of performance information into resource allocation processes.

We have looked at the history of performance budgeting in the federal government and the experiences of state governments and believe that two general themes are suggested.<sup>3</sup>

- First, although the process of budgeting is inherently an exercise of political choice in which performance information can be one but not the only factor underlying ultimate decisions, many governments have recognized that systematic presentation of performance information alongside budget amounts will improve budget decision-making. In fact, the Results Act is based on a premise that budget decisions should be more clearly informed by performance.
- Second, no single definition of, or common approach to, performance budgeting can encompass the range of needs or interests of decisionmakers, or the variety of political institutions and organizational arrangements of modern governments. Thus performance budgeting is best seen as a process of adaptation rather than as an adoption of a specific process.

In its overall structure, focus, and approach, the Results Act incorporates important lessons from previous federal efforts to connect plans with budgets. For example, past initiatives—such as ZBB in 1977—typically devised unique and often voluminous presentation formats unconnected to the structures used in congressional budget presentations. The Results Act requires an agency’s annual performance plan to link directly to the presentation structures (“program activities”<sup>4</sup>) used in the President’s budget submission for that agency. Also, past performance budgeting initiatives—such as PPBS in 1965—were typically implemented governmentwide within a single annual budget cycle. In contrast, the Results Act defines a phased and iterative implementation process that incorporates pilot tests and formal evaluation of key concepts, including performance budgeting.

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<sup>3</sup>See GAO/AIMD-97-46, March 27, 1997 and Performance Budgeting: State Experiences and Implications for the Federal Government (GAO/AFMD-93-41, February 17, 1993).

<sup>4</sup>The term “program activity” refers to the listings of projects and activities in the Appendix portion of the Budget of the United States Government. Subject to clearance by the Office of Management and Budget and generally resulting from negotiations between agencies and appropriations subcommittees, program activity structures are intended to provide a meaningful representation of the operations financed by a specific budget account.

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The need to more closely link plans and budgets is of central importance to the Results Act. Improving agencies' performance budgeting capabilities is critical to meet a key expectation of the act—that decisionmakers understand what is being achieved in relation to what is being spent. Agencies cannot credibly set performance goals without understanding what resources are needed to achieve them. Correspondingly, these goals will be of little value to congressional appropriations decisions without a connection to the resources that agencies are requesting.

The Results Act actually defines two different approaches regarding performance budgeting. First, the act requires “each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency.” The Congress intended this provision to establish a direct annual link between plans and budgets. To prevent voluminous presentations, agencies are permitted to aggregate, disaggregate, or consolidate the program activities in their budgets, so long as any major function or operation of the agency is not omitted or minimized. The Office of Management and Budget's (OMB) subsequent guidance regarding this provision of the act set forth an additional criterion: plans should display, generally by program activity, the funding level being applied to achieve performance goals.<sup>5</sup> In effect, OMB's guidance expected performance plans to indicate how amounts shown for program activities in an agency's budget request would be allocated to the performance goals displayed in the performance plan.<sup>6</sup> Testifying on the Results Act prior to its passage, the Director of OMB characterized this requirement of the act as a “limited—but very useful—form of performance budgeting ...”<sup>7</sup>

In addition to mandating a direct link between budget requests and performance plans, the Results Act also required that a second approach to performance budgeting be piloted. Specifically, the Director of OMB, in consultation with the head of each agency, was required to designate for fiscal years 1998 and 1999 at least five agencies to prepare budgets that “present, for one or more of the major functions and operations of the agency, the varying levels of performance, including outcome-related

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<sup>5</sup>OMB Circular A-11, Sec. 220.9(e), June 23, 1997.

<sup>6</sup>Subsequently, in its guidance on fiscal year 2000 plans, OMB noted that it expected to see “significant progress in associating funding with specific performance goals or sets of goals” in agencies' plans.

<sup>7</sup>Government Performance and Results Act of 1993, Committee on Governmental Affairs, United States Senate, S. Rpt. No. 103-58, p. 19 (1993).

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performance, that would result from different budgeted amounts.”<sup>8</sup> While the act required agencies to define goals consistent with the level of funding requested in the President’s budget, these pilot projects would also show how performance would change if the agency received more or less than requested. OMB was to include the pilot performance budgets as an alternative presentation in the President’s Budget for fiscal year 1999. Subsequently, the Director of OMB is required to report to the President and to the Congress no later than March 31, 2001, on the feasibility and advisability of including a performance budget as part of the President’s Budget. This report is also to recommend whether legislation requiring performance budgets should be proposed. However, as I will discuss in this testimony, the performance budgeting pilots required by the Results Act have not begun.

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## Performance Budgeting Efforts Face Many Challenges

While the Results Act’s design incorporates important lessons learned from previous initiatives, many challenges remain. To a large extent, these challenges are inherent to a complex, political environment such as the federal government. For example, competing and at times conflicting goals, the variety of service delivery approaches, and the nature of federal budgetary commitments raise serious implementation concerns. Both the Congress and the executive branch must continue to explore what can be reasonably expected from performance budgeting.

Performance budgeting assumes that performance goals can be defined and that valid and reliable performance measures can be developed. However, as we have noted previously, reaching a reasonable level of consensus on clear and precise goals will almost certainly encounter political hurdles.<sup>9</sup> In addition, goal definition and measure development are particularly challenging in the complex operating environment of the federal government.

- Full or ultimate program outcome is typically not under the control of a single federal agency, complicating responsibility determinations and resource allocation decisions. In some cases, federal activities are but one—and often a small—component of total public and private sector

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<sup>8</sup>31 U.S.C. 1119(b).

<sup>9</sup>See GAO/AIMD-97-46, March 27, 1997, and The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997).

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interventions in a given program area; in other cases, intended results cut across the activities of several agencies.<sup>10</sup> In these situations, individual agency outcome measures could be incomplete and of limited value to budgetary deliberations.

- Increasingly—in program areas ranging from child welfare to environmental protection—state and local governments, contractors, and other third parties are the delivery agents for federally financed activities. The efforts of these nonfederal actors—and their objectives and concerns—are often critical factors in determining whether program results are achieved.
- Many federal activities, for example health and safety programs or research and development programs, achieve desired outcomes only over periods of many years. In such cases, relating these lengthy performance horizons to annual budget deliberations can raise special measurement questions.
- Finally, the predominance of entitlement spending within the federal budget, in which federal spending is a function of statutory eligibility determinations, can cloud efforts to hold agencies accountable for results. In these types of programs, attention is often shifted from outcomes (e.g., assuring a certain standard of living) to specific process standards (e.g., ensuring correct and prompt payments to individuals).

The high stakes involved in budgetary decisions further complicate the development and use of outcome measures. Introducing such measures into resource allocation processes before a reasonable level of consensus is achieved heightens the potential for bias toward favorable results.<sup>11</sup> Recognizing this potential, the Results Act requires agencies to build procedures for verifying and validating performance measures into their plans. However, improvements in the quality of verification and validation discussions in agencies' plans are needed if the Congress is to have needed assurance that agencies' performance data will be credible.<sup>12</sup>

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<sup>10</sup>See for example Combating Terrorism: Opportunities to Improve Domestic Preparedness Program Focus and Efficiency (GAO/NSIAD-99-3, November 12, 1998), Drug Treatment: Overview of Federal Programs (GAO/HEHS-98-237R, September 3, 1998), and Homelessness: Coordination and Evaluation of Programs Are Essential (GAO/RCED-99-49, February 26, 1999).

<sup>11</sup>Program evaluation is critical to understanding and isolating an agency's impact on outcomes. For a discussion of performance measurement challenges, see Managing for Results: Measuring Program Results That Are Under Limited Federal Control (GAO/GGD-99-16, December 11, 1998), Program Evaluation: Agencies Challenged by New Demand for Information on Program Results (GAO/GGD-98-53, April 24, 1998), and Managing for Results: Analytic Challenges in Measuring Performance (GAO/HEHS/GGD-97-138, May 30, 1997).

<sup>12</sup>Managing for Results: An Agenda to Improve the Usefulness of Agencies' Annual Performance Plans (GAO/GGD/AIMD-98-228, September 8, 1998).

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In addition to developing and using nonfinancial outcome measures, performance budgeting also requires an ability to understand how costs are related to outcomes. Reliable cost information is essential for Results Act implementation and was called for by the Chief Financial Officers (CFO) Act of 1990. Cost accounting standards developed by the Federal Accounting Standards Advisory Board (FASAB)<sup>13</sup> require that agencies develop and implement cost accounting systems that can be used to relate the full costs of various programs and activities to performance outputs. Although these standards were originally to become effective for fiscal year 1997, the CFO Council—an interagency council of the CFOs of major agencies—requested the effective date be delayed for 2 years due to shortfalls in agencies' cost accounting systems. Ultimately, the effective date was extended by 1 year, to fiscal year 1998, but with a clear expectation that there would be no further delays.

Agencies recognize the importance of cost accounting and other financial management systems in allocating funding to performance, but developing the necessary tools to gather and analyze needed program and activity-level cost information will be a substantial undertaking. For the most part, agencies are just beginning this effort and are already experiencing difficulties. For example, our audit of the Internal Revenue Service's (IRS) fiscal year 1998 financial statements found that IRS does not consistently capture cost information in accordance with cost accounting standards.<sup>14</sup> Consequently, IRS was unable to reliably report cost-based performance measures. Similarly, the fiscal year 1998 audit of the Federal Aviation Administration's (FAA) financial statements found significant deficiencies in FAA's cost accounting systems. FAA does not expect to have a fully operational system until 2001.<sup>15</sup>

Finally, performance budgeting efforts will almost always disclose tensions between budgeting and planning structures. As I mentioned earlier, the

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<sup>13</sup>In October 1990, the nine member FASAB was established by the Secretary of the Treasury, the Director of OMB, and the Comptroller General of the United States to consider and recommend accounting standards to address the financial and budgetary information needs of the Congress, executive agencies, and other users of federal financial information. Once FASAB recommends accounting standards, the Secretary of the Treasury, the Director of OMB, and the Comptroller General decide whether to adopt the recommended standards. If they are adopted, the standards are published as Statements of Federal Financial Accounting Standards by OMB and GAO.

<sup>14</sup>Financial Audit: IRS' Fiscal Year 1998 Financial Statements (GAO/AIMD-99-75, March 1, 1999).

<sup>15</sup>Federal Aviation Administration: Financial Management Issues (GAO/T-AIMD-99-122, March 18, 1999).

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Results Act requires agencies to link performance goals to their program activity structures, which form the basis for their budget requests. This requirement is aimed at assuring a simple, straightforward connection among goals, budgets, and performance information. However, achieving this link is dependent on the capacity of agencies' program activity structures to meet dual needs. These budget structures have evolved to help the Congress control and monitor agency activities and spending and, as such, are geared more to fostering accountability for inputs and outputs within the control of agencies.<sup>16</sup> On the other hand, performance plans need to be broad and wide-ranging if they are to articulate the missions and outcomes agencies seek to influence. Strategies for bringing budgeting and planning structures together must balance both sets of needs and values.

For example, planning structures and presentations that bore no connection to budget structures and presentations hampered performance budgeting initiatives prior to the Results Act. In the fiscal year 1999 performance plans, agencies attempted to bring these structures and presentations together by (1) changing budget structures to more closely align them with goals in the performance plan, (2) using the budget justification to provide more details on goals contained in their performance plans, or (3) using crosswalks or tables to show relationships between planning and budgeting structures.

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## The Postponement of Performance Budgeting Pilots

Many of the challenges I have just described were evident in OMB's decision to delay the performance budgeting pilots required by the Results Act. The performance budgeting pilots were scheduled to start in fiscal year 1998—four years after initiation of the act's pilot projects for performance plans and reports—"so that they would begin only after agencies had sufficient experience in preparing strategic and performance plans, and several years of collecting performance data."<sup>17</sup> In this context, and indicating the importance of concentrating on governmentwide implementation in fiscal year 1998, the Director of OMB in his statutorily required May 1997 report on Results Act implementation announced that the pilots would be delayed for at least a year. The Director stated that the performance budgeting pilots would require the ability to calculate the

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<sup>16</sup>Budget Account Structure: A Descriptive Overview (GAO/AIMD-95-179, September 18, 1995).

<sup>17</sup>S. Rpt No. 103-58, p. 38.

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effects on performance of marginal changes in cost and funding. According to OMB, very few agencies had this capability, and the delay would give time for its development.

Subsequently in September 1998, OMB suggested possible formats and time frames for the pilots in a discussion paper sent to federal agencies. In this document, OMB noted that pilot projects would not be designated unless they could “fairly test the [Results Act’s] concept of performance budgeting,” which the discussion paper described as “the application of multi-variate or optimization analysis to budgeting.” The paper described three analytical alternatives that could be tested, involving performance tradeoffs (1) in the same program with changes in program funding, (2) in the same program with no change in total program funding, or (3) in several programs with shifts in intra-agency funding between these programs. OMB solicited agencies’ comments on the discussion paper and on their capability to produce the alternative budgets suggested in the committee report accompanying the Results Act. However, according to OMB, no agency volunteered to participate. In its discussion paper, OMB stated that “the absence of designated pilots or having fewer designations than required would be an indication of agency readiness to do performance budgeting, and would be discussed in the OMB report to Congress,” which is required on March 31, 2001.

Agencies’ reaction to the performance budgeting pilots reaffirms the challenges and tensions that performance budgeting will face within the federal government. Whether due to imprecise goal definitions, the absence of valid and reliable financial and nonfinancial performance information, uncertainty concerning the relationship between agency activities and desired outcomes, or a lack of priority attention, no federal agency was prepared to associate itself with pilot projects that appeared to mechanically link resources to results. Although not required to do so, OMB has not publicly communicated agencies’ reactions to the discussion paper or agencies’ reasons for declining to participate in the pilots. As a result, it has been over 2 years since OMB reported to the Congress on challenges facing these pilots, and more information is needed to determine not only the viability of the pilots but also the direction that federal performance budgeting efforts can and should take. In effect, an opportunity to better understand the specific challenges facing the Results Act’s performance budgeting pilots has been missed.

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## OMB Can Take Steps to Achieve the Intent of the Pilot Projects

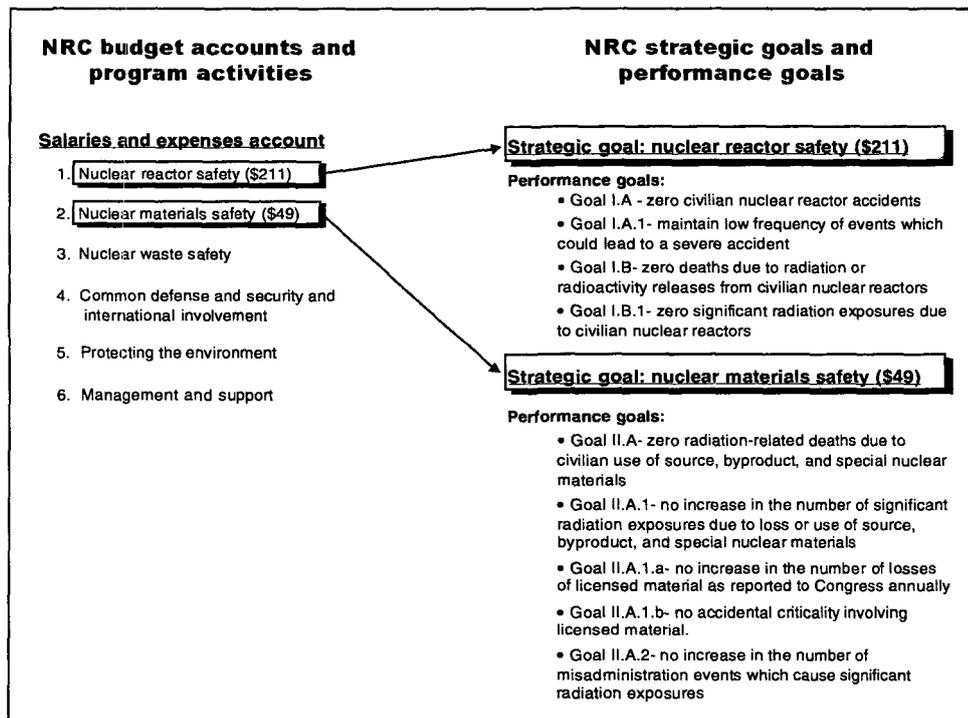
Despite the postponement of the performance budgeting pilots, our review of agencies' performance plans shows that some agencies have been able to develop approaches to make perhaps a more basic, but still useful, connection between proposed spending and expected performance. The experience of these agencies during the first two performance planning cycles under the Results Act can provide a valuable foundation for future efforts to more closely demonstrate the performance consequences of budgetary decisions.

In summary, we found that 30 of the 35 fiscal year 1999 agency performance plans we reviewed defined some relationship between program activities and performance goals, as called for by the Results Act.<sup>18</sup> However, only 14 of these plans translated this relationship into budgetary terms by (1) identifying the proposed funding level needed to achieve a discrete set of performance goals and (2) describing how that funding had been derived from the program activities in the agencies' budget requests. Figure 1 illustrates the relationship between resources and results that was expressed by 1 of the 14 agencies—the Nuclear Regulatory Commission (NRC). As shown in this figure, NRC not only indicated that it would need \$211 million to achieve the nuclear reactor safety performance targets described in its plan but also explained that the \$211 million had been derived from a single program activity in its budget request. As a result, NRC's plan not only indicates the estimated cost of a given level of performance but also shows which goals would be primarily affected by changing the level of program activity funding from NRC's proposal.

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<sup>18</sup>See GAO/AIMD/GGD-99-67, April 12, 1999. We could not determine linkages between program activities and performance goals for five agencies from the information provided in their performance plans.

**Figure 1: The Nuclear Regulatory Commission Aligns Budget and Planning Structures to Create a Simple Relationship Between Program Activities and Performance Goals**



Note: Dollars in millions.

Source: GAO analysis based on NRC's fiscal year 1999 performance plan and Budget of the United States Government Fiscal Year 1999—Appendix.

We also looked across these 35 plans to determine whether agencies and their plans shared common characteristics. We found that three approaches, either alone or in combination, were used more frequently by the 14 agencies that were able to relate resources to results.<sup>19</sup> These agencies more often (1) showed simple, clear relationships between program activities and performance goals, (2) fully integrated performance plans into congressional budget justifications, or (3) changed their budget program activity structures to reflect the goal structures in their performance plans.

<sup>19</sup>In this review, we did not assess the quality of the goals presented in the plans or independently verify the funding levels associated with the goals.

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NRC adopted each of these approaches. As figure 1 shows, NRC presented a simple one-to-many relationship between its program activities and its performance goals in its fiscal year 1999 performance plan.<sup>20</sup> The allocation of funding to performance goals in the NRC plan was essentially automatic because each of the agency's program activities generally aligns with a strategic goal and its supporting performance goals. This alignment was facilitated by NRC's decision to change its budget structure to align with its strategic goals, as shown in figure 1.<sup>21</sup> For the fiscal year 2000 performance plan, NRC maintains the relationships shown in figure 1 while fully integrating its performance plan and budget justification.<sup>22</sup> Information traditionally contained in a budget justification, such as descriptions of accounts and their funding, was combined with performance information such that the NRC budget justification and plan could not be separated. In contrast, other agencies, such as the Department of Veterans Affairs (VA), did not identify the funding levels needed to achieve performance goals and associated numerous program activities with numerous performance goals in their fiscal year 1999 performance plans—a “many-to-many” presentation that did not indicate the performance consequences of the agencies' budget requests. Like some other agencies, VA has noted that it is considering changes to its budget structure to improve its ability to relate resources and results.

Although they used some common approaches, the 14 agencies that connected budgetary resources to results represented a range of federal missions, including agencies providing services directly to the public (e.g., IRS), those principally involved in grant or loan making (e.g., the U.S. Agency for International Development), and some with principally a regulatory mission (e.g., NRC). Similarly, these agencies achieved linkages despite varying planning and budgeting structures. The relative complexity of these structures—measured in terms of the number and layers of goal structures, and the number of budget accounts and program activities and concentration of funding within those accounts—did not appear to be a significant factor in an agency's ability to relate proposed resources to expected results.

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<sup>20</sup>Figure I.2 in appendix I provides another illustration of a simple one-to-many relationship.

<sup>21</sup>As shown in figure I.3 in appendix I, the Environmental Protection Agency proposed an alignment of its program activities and strategic goals.

<sup>22</sup>Figure I.4 in appendix I provides an illustration of another agency that fully integrated its performance plan and budget justification.

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During our preliminary review of the fiscal year 2000 plans for the same 35 agencies, we have noted little change in the overall number of agencies clearly relating resources to results. But, it does appear that some progress is being made in presenting the performance consequences of budgetary decisions. For example, more fiscal year 2000 plans associated funding levels with specific performance goals, although in many cases these funding levels were not linked back to the program activities in agencies' budget requests.

The extent of agencies' progress in linking plans and budgets is not surprising; translating the use of agency resources into concrete and measurable results will be a continual challenge that will require both time and effort. However, based on our review of the first two cycles of performance planning under the Results Act, we believe that the approaches being developed by some agencies provide a valuable foundation for further experimentation in identifying useful methods to connect planning and budgeting structures. Some of these approaches—such as those used by NRC, the Administration for Children and Families, the Health Resources and Services Administration, and IRS—are illustrated in figure 1 and appendix I to this testimony.

In fact, agency efforts to link performance goals and program activity funding essentially constitute a first step toward achieving the intent of the performance budgeting pilots. As defined by the Congress, the original intent for the act's pilot projects was twofold: to allow OMB and agencies to develop experience and capabilities towards realizing the potential of performance budgeting, and to provide OMB with a basis for reporting to the Congress on next steps and needed changes. In addition to providing some practical experience with the concept of performance budgeting, agencies' fiscal year 1999 and 2000 performance plans also provide a baseline from which OMB could assess progress and determine what changes, if any, may be needed to the act and federal budget processes.

OMB is the lead agency for overseeing a framework of recently enacted reforms designed to improve the effectiveness and responsiveness of federal agencies.<sup>23</sup> Thus, OMB should be well-situated to assess (1) the practicality of performance budgeting pilots as currently defined in the law,

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<sup>23</sup>The Results Act: Observations on the Office of Management and Budget's July 1997 Draft Strategic Plan (GAO/AIMD/GGD-97-169R, August 21, 1997).

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(2) agency approaches and continuing challenges to linking budgetary resources and performance goals, and (3) options to encourage progress in subsequent planning and budgeting cycles.

In light of the delay of the performance budgeting pilots required by the Results Act and the experiences of agencies during the fiscal year 1999 performance planning and budgeting cycle, we recommended in April 1999 that the Director of OMB assess the approaches agencies used to link performance goals and program activities in the fiscal year 2000 performance plans. OMB's analysis, building on our review of fiscal year 1999 performance plans, should develop a better understanding of promising approaches and remaining challenges with respect to the concept of performance budgeting within the federal government. OMB's analysis should address, for example,

- the extent of agencies' progress in associating funding with specific or sets of performance goals,
- how linkages between budgetary resources and results can be made more useful to the Congress and to OMB,
- what types of pilot projects might be practical and beneficial, and
- when and how those pilot projects would take place.

On the basis of this analysis, we recommended that OMB work with agencies and the Congress to develop a constructive and practical agenda to further clarify the relationship between budgetary resources and results, beginning with specific guidance for the preparation of agencies' fiscal year 2001 plans. We further recommended that this analysis and the resulting agenda become the foundation for OMB's report to the Congress in March 2001, as currently required by the Results Act, on the feasibility and advisability of including a performance budget as part of the President's Budget and on any other needed changes to the requirements of the act.

In summary, Mr. Chairman, much can be learned from the initial efforts of some agencies to demonstrate the performance consequences of budget requests. Given the importance of performance budgeting to achieving the Results Act's full potential and the delay of performance budgeting pilots called for by the act, it is critical that promising approaches be explored and encouraged. The performance plans being developed under the Results Act show potential to inform the budget process and change the nature of its dialogue by more routinely introducing performance information into budgetary decision-making. To be sure, many challenges will remain—from defining outcome goals to developing effective performance measures and reliable cost information.

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At the same time, the Results Act and, in fact, any performance budgeting initiative cannot be expected to eliminate conflict inherent in the political process of resource allocation. The linkage of performance plans and budget requests does not guarantee that decisions will be made solely on the grounds of performance—nor should they be, there are other important criteria. However, the absence of meaningful links can inhibit the usefulness of performance information for resource allocation decisions. Only through continued experimentation and the mutual efforts of the Congress and the executive branch will the potential, and limits, for performance budgeting within the federal government be determined.

Mr. Chairman, this concludes my statement this morning. I would be pleased to respond to any questions you or other Members of the Subcommittee may have.

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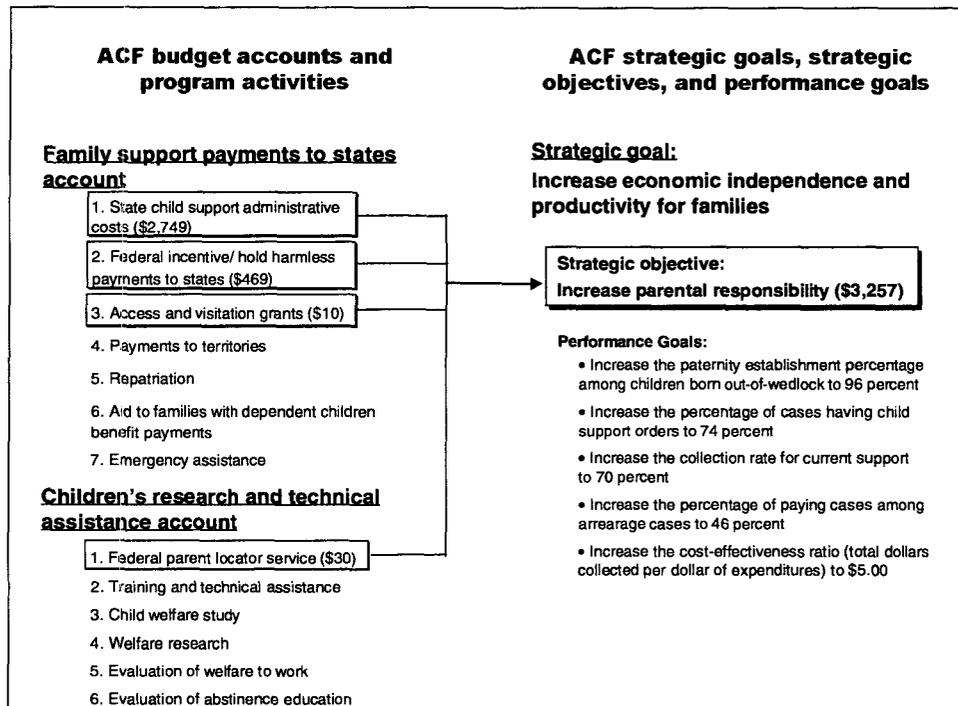
## Contact and Acknowledgments

For information about this testimony, please contact Paul Posner at (202) 512-9573 or by e-mail at [posnerp.aimd@gao.gov](mailto:posnerp.aimd@gao.gov), or J. Christopher Mihm at (202) 512-8676 or by e-mail at [mihmj.ggd@gao.gov](mailto:mihmj.ggd@gao.gov). Individuals making key contributions to this testimony included Michael J. Curro and Laura E. Castro.



# Illustrations of Approaches Used to Connect Resources to Results in Agencies' Fiscal Year 1999 Performance Plans

**Figure I.1: The Administration for Children and Families Crosswalks Program Activities to Performance Goals**

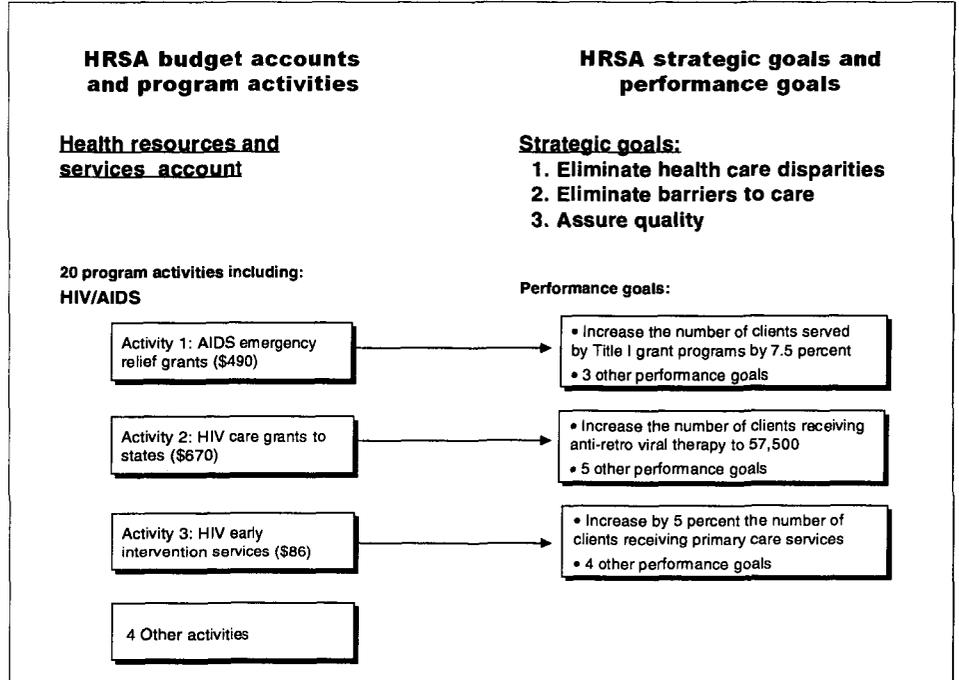


Note: Dollars in millions. Numbers may not add due to rounding.

Source: GAO analysis based on the Administration for Children and Families' fiscal year 1999 performance plan and Budget of the United States Government Fiscal Year 1999—Appendix.

**Appendix I  
 Illustrations of Approaches Used to Connect  
 Resources to Results in Agencies' Fiscal Year  
 1999 Performance Plans**

**Figure I.2: The Health Resources and Services Administration Creates a Simple Relationship Between Program Activities and Performance Goals**

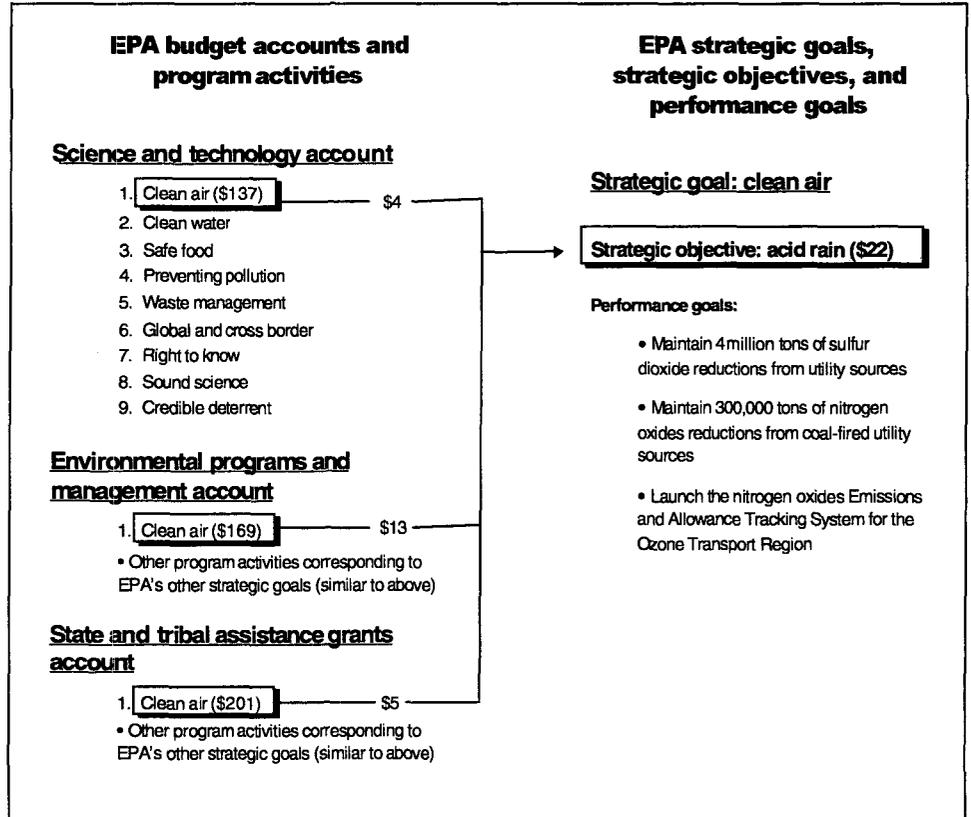


Note: Dollars in millions.

Source: GAO analysis based on the Health Resources and Services Administration's fiscal year 1999 performance plan and Budget of the United States Government Fiscal Year 1999—Appendix.

**Appendix I  
 Illustrations of Approaches Used to Connect  
 Resources to Results in Agencies' Fiscal Year  
 1999 Performance Plans**

**Figure I.3: The Environmental Protection Agency Proposed Aligning Budget and Planning Structures**

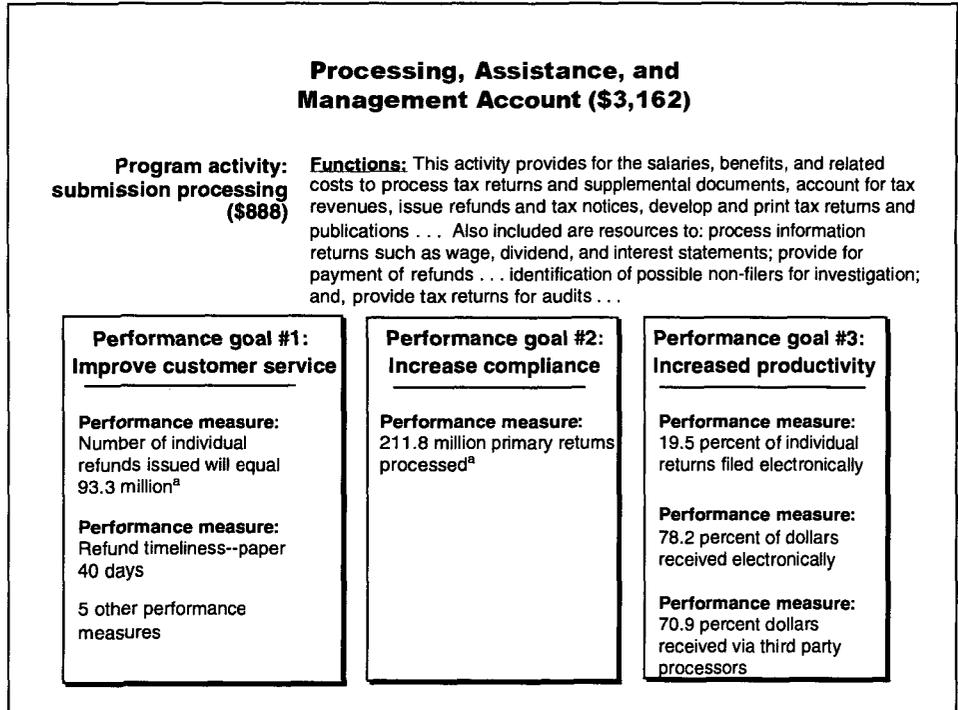


Note: Dollars in millions.

Source: GAO analysis based on the Environmental Protection Agency's fiscal year 1999 performance plan and Budget of the United States Government Fiscal Year 1999—Appendix.

**Appendix I**  
**Illustrations of Approaches Used to Connect**  
**Resources to Results in Agencies' Fiscal Year**  
**1999 Performance Plans**

**Figure I.4: IRS Integrates Its Budget Justification and Performance Plan**



<sup>a</sup>IRS noted that this is a projection for budget purposes and is not used in the agency's business review.

Note: Dollars in millions.

Source: GAO analysis based on Internal Revenue Service's fiscal year 1999 performance plan.