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General Government Division

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September 25, 2000

The Honorable F. James Sensenbrenner, Jr.
Chairman, Committee on Science
House of Representatives

Subject: Observations on the Fiscal Year 1999 Annual Program Performance Report and Fiscal Years 2000 and 2001 Annual Performance Plans for Selected Science Agencies Within the Department of Commerce

Dear Mr. Chairman:

In response to your April 11, 2000, request and based upon subsequent discussions we had with your office, this letter provides our analysis of the Department of Commerce's Fiscal Year 1999 Annual Program Performance Report (report) and the fiscal year 2000 and fiscal year 2001 plans (plan) for selected science-related agencies. These documents were required by the Government Performance and Results Act (GPRA). The performance plans are required to identify annual goals and measurable target levels for performance. The performance report is required to show how actual performance in a particular fiscal year compared with performance as described in that year's performance plan. Together with the GPRA-required strategic plan, these documents provide the framework for agencies to manage for results. Commerce is currently revising its strategic plan, which is to cover fiscal years 2000 to 2005. According to Commerce, the upcoming fiscal year 2002 annual performance plan is expected to fully reflect the revised strategic goals and measures.

In conducting our analysis, we focused on the sections of the performance report and performance plans that dealt with Commerce's two major science agencies, the National Oceanic and Atmospheric Administration (NOAA) and the Technology Administration (TA). Together, the budget requests for these two agencies accounted for approximately 67 percent of Commerce's overall fiscal year 2001 budget request of \$5.4 billion. The objectives of our work were to determine (1) whether the NOAA and TA sections of Commerce's fiscal year 1999 performance report and fiscal years 2000 and 2001 performance plans told a coherent story in addressing science issues, (2) whether NOAA's and TA's performance goals, budgetary and full time equivalent (FTE) staffing resource requirements identified in Commerce's fiscal year 2001 performance plan linked, i.e., matched, to those in NOAA's and

TA's sections of Commerce's fiscal year 2001 congressional budget submission,¹ and (3) whether the NOAA and TA sections of Commerce's fiscal year 2001 performance plan addressed the weaknesses that we identified in our review of Commerce's fiscal year 2000 performance plan.² Detailed information about the objectives, scope and methodology of our work, as well as comments provided by Commerce, are discussed near the end of this letter.

Results in Brief

The NOAA and TA sections of Commerce's performance report and performance plans address science issues in a generally coherent and consistent manner. For example, NOAA's and TA's mission statements and performance goals remained essentially unchanged in each of the three GPRA documents. Further, NOAA and TA described their performance goal strategies or objectives, supporting activities, and crosscutting activities in the fiscal year 2000 and fiscal year 2001 plans, and these descriptions also remained essentially unchanged. One difference between the two plans, however, was that an additional goal of protecting the nation's information infrastructure was added to TA's section of the fiscal year 2001 plan. Also, both NOAA and TA expanded their discussions from the previous year's plan on departmentwide or bureau-specific initiatives. We did note, however, that significant changes were made to the performance measures and resource requirements and that these changes were not always explained in the GPRA documents. Although GPRA guidance does not require that such changes be explained, without explanations the rationale for the changes that were made and the impact that they would have on addressing science issues was not clear. Also, in one case, no performance measures were established for a performance goal. Additionally, performance measures were not always established for NOAA's or TA's contribution to departmentwide initiatives, nor were measures established for their respective bureau-specific initiatives. As a result, it was not always easy to determine the progress NOAA and TA had made towards achieving their goals or in contributing to departmentwide efforts.

Our review of the NOAA and TA sections of the fiscal year 2001 plan and their sections of the fiscal year 2001 budget submission showed that performance goals, budgetary resources and FTE levels were the same in those two documents in most cases but differed to some degree in other cases. For example, we found direct linkages between the performance plan and budget submission for NOAA's performance goals and their supporting objectives or activities. For TA, we found direct linkages for six of its seven performance goals, but not for each goal's supporting objectives or activities. And, for both NOAA and TA, there were no linkages for any of their respective bureau-specific initiatives. However, our review did not address the GPRA requirement that the performance plan itself cover each program activity contained in the budget, and we did not review whether the budgetary implications of the plan itself were clear and transparent.

¹ See the objectives, scope and methodology section towards the end of this letter for limitations in scope related to this second objective.

² Observations on the Department of Commerce's Fiscal Year 1999 Annual Program Performance Report and Fiscal Year 2001 Annual Performance Plan (GAO/GGD-00-152R, June 30, 2000).

Based on our examination of its fiscal year 2001 plan, we believe Commerce has addressed some, but not all, of the weaknesses we identified when examining the previous year's plan. Those weaknesses we identified were in the areas of strategies, resources, and performance data verification and validation, as well as in performance measures.

This letter contains recommendations to the Secretary of Commerce to (1) include explanatory information in its GPRA documents when significant changes are made to agency performance goals, objectives or activities, performance measures and resource requirements and (2) direct that Commerce agencies better link their sections of the GPRA documents to congressional budget submissions and other budget documents.

In written comments on a draft of this letter, Commerce stated that the letter raised a number of valid points that Commerce will consider in refining its next strategic plan and its future annual performance plans and reports. Commerce also indicated that it will provide explanations when major changes have been made to performance measures or goals. More specific comments attributed to NOAA and TA included those agencies' concurrence that better linkages between performance data and budget data could be made. In addition, TA raised two questions and stated that it would be pleased to contribute to any future discussions on the questions that Congress and the administration might hold. The questions asked whether agencies should be required to fully explain and document all changes to their performance measures and whether measures should be developed and reported on for all initiatives.

Background

The larger of Commerce's two major science agencies is NOAA, whose fiscal year 2001 budget submission of \$2.9 billion represented about 54 percent of the total Commerce budget request. NOAA's mission is to describe and predict changes in the Earth's environment, as well as conserve and manage coastal and marine resources to ensure sustainable economic opportunities. Its components consist of the National Environmental Satellite, Data and Information Service; the National Marine Fisheries Service; the National Ocean Service; the National Weather Service; and Oceanic and Atmospheric Research. NOAA carries out its mission by conducting research aimed at developing new technologies, improving operations, and supplying the scientific basis for managing natural resources and solving environmental problems. NOAA acquires observations from many sources, ranging from satellites and radar to ships and submersibles. According to NOAA, these sources provide critical data and quality information needed for the safe conduct of daily life and the basic functioning of a modern society. NOAA's products and services include short-term weather forecasts, seasonal climate predictions, long-term global change prognoses, environmental technologies, nautical charts, marine fisheries statistics and regulations, assessments of environmental changes, and hazardous materials response information.

The smaller of the two science agencies, TA, prepared a congressional budget submission for fiscal year 2001 of \$722 million, or about 13 percent of the total Commerce budget request. According to TA, its mission is to work with U.S. industry to maximize the technological

contribution to the nation's economy, serving as the executive branch focal point for civilian technology and competitiveness issues. TA says that it fulfills its mission by maintaining and improving key components of the technological infrastructure in the United States; fostering the development, diffusion, and adoption of new technologies and leading business practices; creating a business and policy environment conducive to innovation; and disseminating technical information. TA is composed of the following: the National Institute of Standards and Technology (NIST), the National Technical Information Service (NTIS), and the Office of Technology Policy (OTP). TA also houses the Office of Air and Space Commercialization, which coordinates Commerce's efforts to foster commercial space development and encourages private sector investment in space.

NOAA's and TA's Sections of the GPRA Plans and Report Address Science Issues in a Generally Coherent Manner, but Measuring Progress in Attaining Science-Related Performance Goals Could Be Improved

The NOAA and TA sections of the performance report and performance plans address science issues in a generally coherent and consistent manner. For example, NOAA's and TA's mission statements and performance goals remained essentially unchanged in each of the three GPRA documents. Further, NOAA and TA listed their performance goal strategies or objectives, supporting activities, and crosscutting activities in the fiscal years 2000 and 2001 plans, and we noted that these descriptions also remained essentially unchanged. One difference between the two plans was that an additional goal of protecting the nation's information infrastructure was added to TA's section of the fiscal year 2001 plan. Also, both NOAA and TA expanded their discussions on departmentwide or bureau-specific initiatives.

We did note that significant changes had been made to the performance measures and resource requirements, and that these changes were not always explained in the GPRA documents. Although GPRA guidance does not require that such changes be explained, in the absence of explanations, the rationale for the performance measure and resource changes that were made and the impact that they would have on addressing science issues was not clear. We also noted that, in one case, no performance measures were established for a performance goal. Additionally, performance measures were not always established for NOAA's or TA's contribution to departmentwide initiatives, nor were measures established for their respective bureau-specific initiatives. As a result, it will not always be easy to determine the progress NOAA and TA make towards achieving their goals or contributing to departmentwide efforts.

Performance Measures and Resources Were Changed Without Adequate Explanation

We identified 10 performance measures established by NOAA or TA that had been dropped or added with little or no explanation provided. We also noted instances in which—for specific

performance goals--the requested appropriation amounts identified in the fiscal year 2000 plan differed significantly from the enacted appropriation amounts identified in the fiscal year 2001 plan. Yet, the fiscal year 2001 plan offered no explanations as to why this happened or what impact the changed resource levels might have on the attaining of performance goals. Finally, we identified one TA project that had been dropped from the subsequent year's plan with no explanation as to why. While the Office of Management and Budget's (OMB) Circular No. A-11, Part 2, which provides guidance for preparing GPRA documents, does not require explanations for such changes, the lack of such an explanation in this case makes it more difficult to understand what progress has been made on science issues.

In the fiscal year 2000 plan, NOAA's goal of promoting safe navigation contained a performance measure for the "Number of Physical Oceanographic Real-Time Systems (PORTS) in Place to Provide Quality-Assured Data in Real-Time for Safe Navigation." According to NOAA, PORTS is an information system that, in part, furnishes real-time navigational data to commercial and recreational mariners. In the plan, NOAA established a performance target of increasing the number of these systems by three each year. This measure was dropped from the fiscal year 2001 plan without explanation, and a new measure for NOAA's goal of safe navigation was added. The new measure relates to the completion of the National Spatial Reference System (NSRS)--a system of reference stations and monuments across the country--that is tied to the global positioning system (GPS). The NSRS helps provide integrity to geographic coordinates obtained from GPS satellite signals used, in part, for surveying, navigation, and mapping.

In another case, in the fiscal year 2001 plan, a measure--"Results of 90% of the research activities cited in the 2001 IPCC Third Assessment of Climate Change"--was added for NOAA's performance goal of predicting and assessing decadal to centennial change.³ NOAA provided no explanation as to why this measure was added. Further, we found the measure's title to be unclear, no explanation offered for why the 90 percent target had been selected, and no discussion included on how the results of the measure's research activities would be used.

We also noted that, in some cases, changes were made from one plan to another in the amounts of funding and FTE resources identified for specific performance goals. These changes were not explained. For example, according to the fiscal year 2000 plan, NOAA identified a total of \$324 million and 1,661 FTEs needed for activities supporting its goal to build sustainable fisheries. The fiscal year 2001 plan showed that NOAA actually received an appropriation of \$441.6 million and 2,371 FTEs for that effort. This represented increases of \$117.6 million (36 percent) and 710 FTEs (43 percent), yet no explanation for these significant increases was provided in the plan to help the reader understand how the increases affected the attaining of the goal.

In another example, according to the fiscal year 2000 plan, NOAA identified a total of \$218 million and 608 FTEs needed for activities supporting its goal of sustaining healthy coasts.

³ The IPCC is the Intergovernmental Panel on Climate Change which periodically assesses scientific, technical, and economic information in evaluating interferences in the climate system.

The fiscal year 2001 plan showed that NOAA actually received an appropriation of \$278.7 million and 867 FTEs. This represented increases of \$60.7 million (28 percent) and 259 FTEs (43 percent), yet no explanation for these increases and how they affected performance levels was provided. Furthermore, according to the fiscal year 2001 plan, NOAA identified an additional increase in these amounts to \$486.8 million and 912 FTEs for fiscal year 2001. Again, no explanation for how these increases would affect performance was provided.

During a meeting with Commerce officials in which we discussed these two examples, we were told that the differences between the appropriation amounts requested and enacted were not as significant as they appeared. The officials said that the budget and FTE amounts shown in the fiscal year 2000 plan—which purported to represent the total amounts required for the respective performance goals—were erroneous in each case.⁴ They explained that the budget and FTE amounts shown in the plan in each case represented appropriation requests only for a NOAA component organization. In fact, according to NOAA officials, the amounts portrayed in the plan as the total resource requirements needed for each of the performance goals were understated because they did not include the budget and FTE requirements of the other contributing Commerce organizations.

In the case of TA, according to the fiscal year 2000 plan, a project to foster the professional development of mathematics and science teachers in elementary, middle, and secondary schools was to begin as an activity supporting Commerce’s priority initiative of building upon America’s technology infrastructure. According to the plan, although required FTEs were not identified, the project was shown to require a \$500,000 appropriation. The fiscal year 2001 plan did not include this project, nor did it explain why the project was dropped.

Performance Measures Not Always Established

According to Circular No. A-11, Part 2, performance measures must be included for performance goals that are not self-measurable. In most cases, NOAA and TA complied with this requirement. However, we did note one instance in which a performance goal was not self-measurable, yet it had no performance measures. Commerce’s 2001 plan also identified several departmentwide initiatives, and for most of those initiatives Commerce identified bureau-specific performance measures. However, we noted one instance in which bureau-specific performance measures for a departmentwide initiative had not been established. Finally, NOAA and TA identified their own bureau-specific initiatives, but did not identify related performance measures. Circular No. A-11, Part 2, does not specifically discuss the treatment of departmentwide or bureau-specific initiatives. However, establishing performance measures for all such initiatives, or explaining how these initiatives relate to existing performance goals and measures, could help the reader to learn whether progress has been made in all performance areas.

⁴ According to NOAA officials, the correct total amounts that should have been shown in the fiscal year 2000 plan for the goal of building sustainable fisheries were \$426.3 million and 2,371 FTEs. For the goal of sustaining healthy coasts, they said the correct total amounts that should have been shown in the plan were \$315 million and 944 FTEs.

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We noted that, in two cases, no performance measures had been established for either a TA performance goal or a departmentwide initiative. Regarding the TA performance goal, we mentioned earlier that a new TA performance goal of protecting the national information infrastructure had been included in the fiscal year 2001 plan. No performance measure was established for the goal. In the plan, TA explained that the goal was needed, in part, because the ubiquitous and interconnected nature of information technology increases the extent to which even limited attacks or failures can broadly disrupt the nation's information infrastructure. TA also identified the principal activity supporting this goal to be the establishment and operation of the Institute for Information Infrastructure Protection (IIIP), which will lead a partnership among industry, academia, and government to develop the R&D capacity, technologies, and knowledge needed to protect the nation's information infrastructure. TA identified a measure for the goal entitled "Activity metrics related to program establishment." However, a close read of the discussion on that measure showed that no measurable targets had been developed. TA explained that, as the IIIP becomes established, it will build appropriate outcome measures into its long-term program and operational plans. Although it may be premature to establish appropriate outcome measures for attaining the performance goal, some intermediate output measures associated with establishing the IIIP would have provided stakeholders a better sense of what TA expected to accomplish in fiscal year 2001.

In the case of the departmentwide initiative, according to the fiscal year 2001 plan, there was a priority initiative of "Addressing Critical Construction Needs." This \$33.8 million initiative included construction and renovation of NOAA and TA facilities. However, unlike the other departmentwide initiatives, no performance measures or targets were established for this initiative. Appropriate output measures could have communicated NOAA's and TA's intended fiscal year 2001 performance in this area.

In the case of bureau-specific initiatives, one of NOAA's four such initiatives was entitled "the Lands Legacy." Under this \$265.8 million initiative, according to the fiscal year 2001 plan, NOAA was to--among other activities--provide resources to enhance national marine sanctuaries and maintain and protect critical estuaries. No performance measures were established for this or for NOAA's other three bureau-specific initiatives. Similarly, TA, in the fiscal year 2001 plan, identified three bureau-specific initiatives. For example, one was titled "New Super-Fast Methods of Materials in Chemical Research." This \$4.5 million initiative uses combinatorial methods to accelerate research, development, and testing of new materials, ranging from pharmaceuticals to metal alloys to biological products. Again, no performance measures were established for this or for TA's other two bureau-specific initiatives.

Goals and Resources in NOAA's and TA's Sections of the Fiscal Year 2001 Plan Generally Matched Those in Their Sections of the Fiscal Year 2001 Budget Submission, but Better Linkages Can Be Made in the Future

Our review of the NOAA and TA sections of the fiscal year 2001 plan and their sections of the fiscal year 2001 budget submission showed that, in most cases, the identified performance goals, budgetary resources and FTE levels were the same. In other cases, however, they differed to some degree. For example, we found direct linkages between the performance plan and budget submission for NOAA's performance goals and their supporting objectives or activities. For TA, we found direct linkages for six of its seven performance goals, but not for each goal's supporting objectives or activities. And, for both NOAA and TA, there were no linkages for any of their respective bureau-specific initiatives.

NOAA's section of the performance plan provided budget and FTE information for each of its seven performance goals, as well as budget information for each goal's supporting objectives or activities. We were able to easily track this information to NOAA's section of Commerce's fiscal year 2001 budget submission. This was so because NOAA had included in its budget submission a fiscal year 2001 resources summary table that (1) identified resource needs by goals and objectives and (2) corresponded directly to the information presented in its section of the performance plan. On the other hand, while TA's section of the performance plan also provided budget and FTE information for each of its seven performance goals, it did not provide budget information for each goal's supporting objectives or activities like NOAA's did. Therefore, we were unable to identify linkages to TA's budget submission at the objectives or activities level. At the performance goal level, although TA did not include in its budget submission a summary table identifying resource requirements by goals and objectives as NOAA did, we were nevertheless able to independently identify linkages to the budget submission for six of TA's seven performance goals. However, for one of the seven--to assure and improve measurements and standards--we had to obtain the assistance of a TA budget officer to determine how the fiscal year 2001 budgetary amount identified in the plan for that goal linked to the fiscal year 2001 budget submission. The amount identified in the plan for that goal was \$368.2 million, while the amount identified in the budget submission was \$337.5 million. The budget officer explained that, because component activities for that goal were identified in different places within the budget submission, calculations were needed to reconcile the difference in the amounts.

Both NOAA and TA, in the performance plan, identified bureau-specific initiatives that were listed and discussed separately from their performance goals and objectives. Budgetary resources for these initiatives were not identified in the fiscal year 2001 plan, but were identified in the fiscal year 2001 budget submission.

Not All Performance Plan Weaknesses Were Addressed by the Fiscal Year 2001 Plan

In our review of Commerce's fiscal year 2000 plan, we reported that the Department had considerable success in improving its planning and the overall format and presentation of its plan compared with the fiscal year 1999 plan.⁵ However, our review of the fiscal year 2000 plan also identified several areas in which improvements could still be made. Based on our examination of its fiscal year 2001 plan, we believe Commerce addressed some, but not all, of the weaknesses we had identified in the fiscal year 2000 plan.

In our report on the fiscal year 2000 plan, we identified general areas of weakness, including those related to strategies, resources, and performance data verification and validation. We also identified weaknesses in the area of performance goals and measures, and earlier in this letter we highlighted some of the problems that still exist in that area. The following information describes in more detail the other weaknesses we identified and the extent to which they have been addressed in the NOAA and TA sections of Commerce's fiscal year 2001 plan.

Strategies and Resources

In our report on the fiscal year 2000 plan, we stated that the plan's descriptions of strategies and resources were generally vague and did not clearly relate to the achievement of identified performance goals and targets. Our review of the fiscal year 2001 plan showed that, for the NOAA and TA sections of the plan, Commerce has improved its descriptions of strategies as well as resource requirements.

We previously stated that the strategies and resources associated with performance goals in the fiscal year 2000 plan were, in some cases, general and not tailored specifically for the achievement of these goals. In addition, we stated that the fiscal year 2000 plan did not clearly show how funding, FTE, and information technology (IT) resources would be allocated to performance goals. Further, we said the plan did not generally discuss how external factors that could affect targeted performance levels would be mitigated.

In the fiscal year 2001 plan, the Department used largely the same language to identify the strategies for NOAA's and TA's performance goals as was used in the fiscal year 2000 plan. However, as discussed earlier, one improvement was that the NOAA section of the fiscal year 2001 plan related a specifically identified budget amount to each strategy. Our review of the fiscal year 2001 plan also showed that, for NOAA and TA, Commerce clearly listed budget, FTE, and IT resource requirements for 13 of these two bureaus' 14 performance goals. The only exception was that TA did not delineate an IT resource requirement for its goal to protect the National Information Infrastructure.

⁵ Observations on the Department of Commerce's Fiscal Year 2000 Performance Plan (GAO/GGD-99-117R, July 20, 1999).

Regarding mitigation strategies for addressing external factors that could affect targeted performance, the fiscal year 2001 plan offered some improvement over the fiscal year 2000 plan. But the 2001 plan, like the 2000 plan, did not provide mitigation strategies for external factors affecting some goals. While the NOAA and TA sections of the fiscal year 2000 plan did not identify strategies for addressing external factors, these sections of the fiscal year 2001 plan did identify mitigation strategies for external factors for 5 of 14 goals. However, the plan did not provide mitigation strategies to address external factors listed for the other nine performance goals. For example, under its performance goal of sustaining healthy coasts, NOAA identified several coastal stewardship activities that depend on the contributions of states, territories, and federal agencies. While it recognized that the failure of one or more of these partners to fulfill their contributions to these activities could seriously affect the effort to attain the performance goal, NOAA did not provide a mitigation strategy for addressing this factor. In addition, under TA's performance goal of analyzing and developing technology policies, it identified the objective of coordinating and leading state and federal partnership efforts for key interagency technology programs. In the plan, TA identified as an external factor the fact that outputs associated with these partnership programs depend on the interest and commitment of the participants. However, TA did not identify a strategy for addressing that factor.

Performance Data Verification and Validation

We previously reported that the fiscal year 2000 plan did not adequately (1) explain how Commerce bureaus would verify and validate data, (2) identify sources of the data, and (3) identify limitations of the data for specific goals and measures. Verification refers to the accuracy of the data, and validation refers to the appropriateness of the data for measuring performance. Accurate and valid information is important for measuring progress towards achieving performance goals and for making informed program decisions. Our review of the fiscal year 2001 plan showed that, for NOAA and TA, efforts were made to improve data verification and validation plans and to identify the sources and limitations of the data. Nevertheless, in some cases, NOAA and TA could further describe the sources and validity of the data used to measure progress in attaining their performance goals.

In the fiscal year 2001 plan, NOAA and TA, in some cases, provided expanded explanations in the data validation and verification sections of the plan. For example, in the case of NOAA's goal of providing advance short-term warnings and forecasts--specifically, the related measure to increase lead time and accuracy of tornado warnings--the fiscal year 2001 plan provided an expanded explanation of how data used to measure performance would be collected, verified, and reported. The plan also indicated that the frequency of collecting and reporting those data would be increased from an annual basis to a monthly basis. However, there was no information provided on the validity of the data for this performance measure. The language used to describe data limitations remained unchanged from the prior year's plan.

In another case, for TA's goal to assure and improve measurements and standards--specifically, the related measure of standard reference materials available--the data

verification and validation section of the fiscal year 2001 plan provided an expanded discussion of data verification and highlighted the data limitations. Similarly expanded information was provided for some of TA's other goals and measures as well. Nevertheless, little explanation was generally provided for the sources of the data, and, as with NOAA, information regarding the validity of the data was lacking.

Conclusions

The NOAA and TA sections of the fiscal year 1999 performance report and fiscal years 2000 and 2001 plans tell a generally coherent story in addressing science issues in that their missions and performance goals were consistently stated in each document. However, since the issuance of the fiscal year 2000 plan, significant, unexplained changes have been made to NOAA's and TA's performance measures and identified resource needs. While explanations for these significant changes are not required by either GPRA or by OMB, we believe such explanations would provide a more complete picture of what the agencies are trying to accomplish and how they plan to do so. Further, the exercise of developing explanations for such changes, we believe, would help identify the kinds of errors we encountered when comparing data from one plan to another. Also, we believe opportunities exist for establishing performance measures for departmentwide and bureau-specific initiatives. The explanations for changes and the added performance measures would be useful to Congress as it carries out its oversight and appropriation responsibilities, to internal and external auditors as they evaluate agency programs and activities, and to agency managers and line personnel as they work together to effectively implement agency programs and activities.

Further, we believe that better linkages, i.e., a closer match, between information in the GPRA documents and in the NOAA and TA sections of the budget submission would help provide users with perspective in terms of the size and significance of the goals, objectives, or activities, especially as the goals, objectives, or activities evolve or change over time. Also, we believe that identifying budgetary resources for departmentwide initiatives in the annual performance plans would provide stronger linkages between the plan and the budget submission. In addition, we believe that linkages could be improved for TA in the future if it were to identify budgetary resources for its individual objectives or activities and include a corresponding summary table in its budget submission.

Finally, we believe that continuing efforts by Commerce to address weaknesses we identified when examining the fiscal year 2000 performance plan, especially those related to performance data verification and validation, would help increase confidence in the results reported in the future.

Recommendations

We recommend that the Secretary of Commerce (1) include in the GPRA documents explanatory information related to significant changes made to agency performance goals, objectives or activities, performance measures, and resource requirements and (2) direct that Commerce agencies better link their sections of the GPRA documents to congressional budget submissions and other budget documents by identifying budgetary resources at the bureau-specific initiative levels and the performance goal objective or activity levels in both the GPRA and budget documents.

Agency Comments and Our Evaluation

On September 20, 2000, the Secretary of Commerce submitted to us written comments on a draft version of this letter. Those comments included Commerce's general observations on our findings and recommendations as well as specific comments from NOAA and TA. Some of the specific comments included questions about implementing GPRA. We have presented those questions below for consideration by those involved in implementing GPRA and utilizing GPRA-related documents.

Commerce's general observations were that our letter raised a number of valid points that Commerce will consider in refining its next strategic plan and its future annual performance plans and reports. In addition, Commerce indicated that it will implement at least part of our recommendation by providing explanations when major changes have been made to performance measures or goals. Commerce did not indicate, in its general observations, whether or not it agreed with the other part of our recommendation—that is, the need to better link sections of the GPRA documents to congressional budget submissions and other budget documents.

Regarding NOAA's and TA's specific comments, both concurred that better linkages between performance data and budget data could be made. For example, NOAA stated that our finding that budget initiatives (e.g., the \$265.8 million bureau-specific Lands Legacy initiative) and performance measures could be more explicitly linked was valid. In fact, NOAA stated that it concurred with our recommendation that called for a better linkage between the GPRA documents and the congressional budget submissions and other budget documents by identifying budgetary resources at the bureau-specific initiative levels. TA stated that the linkage between its budget data, contained in both the performance plan and the budget submission, could be better articulated and that its future budget submissions will include a table that aligns its budget data with the structure of the annual performance plan.

NOAA and TA raised some concerns about other matters covered in our draft. For example, in response to our concern about significant, unexplained differences between appropriation amounts requested and amounts actually provided, NOAA stated that "...funds requested by the administration are not always appropriated by Congress, and explanations are not

necessarily provided, so it would not be productive or prudent to speculate on this aspect.” We agree that it would be inappropriate to speculate on why funding differences occurred. However, because significant funding differences can materially affect the attainment of performance goals, we believe that it would be beneficial to provide the reader with the rationale for the funding differences, if available, as well as an explanation of how the funding differences will affect attainment of the goals.

NOAA further indicated that the impact of changed resource levels would be more appropriately addressed in the annual performance report as opposed to the annual performance plan. We agree that “actual impact” from the significantly changed resource levels would be appropriately addressed in the subsequent performance report. However, we also believe that information regarding planned or “expected impact” from such resource changes would be appropriately included in the performance plan, since the available resources directly affect planned attainment of performance goals.

In its specific comments, TA raised two questions and stated that it would be pleased to contribute to any future discussions that GPRA leaders in Congress and the administration might hold on these two questions. The first question was: “Should agencies be required to fully explain and document all changes to their performance measures in any given performance plan and corresponding performance report, or should this type of information be conveyed through other channels (for instance, through stakeholder consultations)?” The second question was: “Should agencies be required to provide and subsequently report on performance measures for all initiatives, or should GPRA performance plans and reports, focus on the ‘vital few’ measures that best characterize performance in core programmatic areas?”

Finally, TA commented that GPRA remains unclear on the extent to which agencies should formally document anticipated performance levels associated with all initiatives, regardless of level, scope, and character. TA wondered whether a \$500,000 initiative should receive the same level of metric development and reporting as a \$40 million initiative and whether performance measures for construction initiatives should be developed on a par with measures for new and/or existing research programs.

Objectives, Scope, and Methodology

The objectives of our work were to determine (1) whether the NOAA and TA sections of Commerce’s fiscal year 1999 performance report and fiscal years 2000 and 2001 performance plans told a coherent story in addressing science issues, (2) whether NOAA’s and TA’s performance goals, budgetary and FTE resource requirements identified in Commerce’s fiscal year 2001 performance plan linked to NOAA’s and TA’s sections of Commerce’s fiscal year 2001 congressional budget submission, and (3) whether the NOAA and TA sections of Commerce’s fiscal year 2001 performance plan addressed the weaknesses that we identified in our review of Commerce’s fiscal year 2000 performance plan.

The scope of our work was limited to the two Commerce science-related agencies: NOAA and TA. The fiscal year 2001 budget requests for these two science-related agencies, together,

accounted for approximately 67 percent of Commerce's overall fiscal year 2001 budget request.

Concerning our second objective, GPRA requires "...each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency." Circular No. A-11, Part 2, further requires that, "Each program activity in an agency's Program and Financing Schedules in the Budget Appendix must be covered by a performance goal or indicator in the annual performance plan." The scope of this review did not include examining compliance with those requirements. A review of those requirements is included in the scope of another, ongoing, GAO review. The results of that review should be reported in the near future.

Our methodology included a review of information contained in Commerce's fiscal year 1999 performance report and fiscal years 2000 and 2001 performance plans related to the two science agencies. This information included the agencies' mission statements, priorities, performance goals and measures, and resource requirements. We also examined Commerce's fiscal year 2001 budget submission to Congress for the two science-related agencies. We evaluated the extent to which there were linkages between those agencies' resource requirements, as identified in their sections of Commerce's fiscal year 2001 performance plan, and the information contained in their sections of Commerce's fiscal year 2001 congressional budget submission. In addition, to determine the extent to which NOAA's and TA's sections of Commerce's fiscal year 2001 plan addressed weaknesses we had identified in the prior year's plan, we first identified those weaknesses by examining our prior report on Commerce's fiscal year 2000 performance plan. We then examined the NOAA and TA sections of Commerce's fiscal year 2001 performance plan to determine the extent to which they addressed those weaknesses. Finally, we submitted written questions to, and interviewed, appropriate Commerce officials to obtain answers and explanatory information regarding questions that arose during our review.

We did not independently verify the information contained in the performance report or plans. We conducted our review in July and August 2000 in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this letter until 30 days from the date of this letter. At that time, we will send copies of this letter to Representatives Vernon J. Ehlers and Ralph M. Hall in their capacities as Vice Chairman and Ranking Minority Member, respectively, of the House Science Committee. We will also, at that time, send copies to Representatives Harold Rogers and Jose E. Serrano in their capacities as Chairman and Ranking Minority Member, respectively, of the House Appropriations Subcommittee on Commerce, Justice, State and Judiciary. And, at that time, we will send copies to Representatives Dan Burton and Henry Waxman in their capacities as Chairman and Ranking Minority Member, respectively, of the House Committee on Government Reform.

Also, at that time, we will send copies to Senators Judd Gregg and Ernest Hollings in their capacities as Chairman and Ranking Minority Member, respectively, of the Senate

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Appropriations Subcommittee on Commerce, Justice, State and the Judiciary; to Senator John McCain in his capacity as Chairman of the Senate Commerce, Science, and Transportation Committee; and to Senators Fred Thompson and Joseph Lieberman in their capacities as Chairman and Ranking Minority Member, respectively, of the Senate Governmental Affairs Committee. At that time, we will also send copies to the Honorable Jacob J. Lew, Director of OMB, and we will publish this letter on our Internet Web site, www.gao.gov

If you have any questions about this report, please contact me or N. Scott Einhorn on (202) 512-8676. Key contributors to this assignment were Gerard Burke and Jeremy Latimer.

Sincerely yours,



Michael Brostek
Associate Director, Federal Management
And Workforce Issues

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