



Highlights of [GAO-05-117SP](#)

Why GAO Did This Study

Efforts to better align and integrate budget and performance information raises many issues, including the question of budget structure—should appropriations accounts or congressional budget justifications or both be restructured to tighten the link between resources and performance? If so, how and to what extent? The administration elevated attention to this issue by including budget restructuring as part of the President's Management Agenda in 2001.

To provide an overview of the various budget restructuring efforts underway in the federal government, GAO: (1) summarized steps taken by the Office of Management and Budget (OMB) and nine selected agencies to better align their budgets with performance and to better capture the cost of performance in the budget; (2) discussed the potential implications of these efforts for congressional oversight and executive branch managerial flexibility and accountability; (3) described the experiences and implementation challenges associated with these efforts; and (4) identified lessons learned that can provide insights useful in considering current and future budget restructuring efforts.

What GAO Recommends

This staff study does not contain recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-05-117SP.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Susan J. Irving at (202) 512-9142 or irvings@gao.gov.

PERFORMANCE BUDGETING

Efforts to Restructure Budgets to Better Align Resources with Performance

What GAO Found

Budget restructuring—changes to the congressional budget justifications and in some cases appropriations accounts to better align budget resources with programs and performance—has the potential to help reframe budget choices and is one tool among many that can advance results-oriented management. The administration has pursued budget restructuring, requiring agencies to submit a “performance budget” beginning with fiscal year 2005. Agencies took a variety of approaches, and these different approaches have different implications for agency management and congressional oversight.

The budget structure reflects fundamental choices about how resource allocation choices are framed and the types of controls and incentives considered most important. As such, budget restructuring involves significant tradeoffs between the type of information provided and accountability frameworks used and has implications for the balance between managerial flexibility and congressional control. Accordingly, our work revealed differing views on the potential benefits and shortcomings of budget restructuring. OMB and agency officials credited budget restructuring with supporting more results-oriented management by increasing attention to strategic planning, performance, and results, providing more complete information on the budget resources associated with performance, and in some cases, enhancing agencies' flexibility and incentives to make tradeoffs necessary to increase efficiency and effectiveness.

However, budget changes did not meet the needs of some executive branch managers and congressional appropriations subcommittees. Officials from two case study agencies said that restructuring may complicate resource management. For example, by allocating administrative expenses across programs, the restructuring has the potential to reduce their ability to shift resources among programs to address unanticipated needs. Also, congressional appropriations subcommittee staff expressed general support for budget and performance integration but objected to changes that substituted rather than supplemented information traditionally used for appropriations and oversight, such as object class and workload information. In addition, questions have been raised about the ability of agencies' performance and financial management systems to support the new budget structures.

Going forward, infusing a performance perspective into budget decisions may only be achieved when the underlying information becomes more credible, accepted, and used by all major decision makers. Thus, Congress must be considered a partner. In due course, once the goals and underlying data become more compelling and used by Congress, budget restructuring may become a more compelling tool to advance budget and performance integration.