United States General Accounting Office

GAO

Accounting and Information Management Division

August 1998

Budget Issues Issue Area

Active Assignments

GAO/AA-98-21(3)

161021

Foreword

This report was prepared primarily to inform Congressional members and key staff of ongoing assignments in the General Accounting Office's Budget Issues issue area. This report contains assignments that were ongoing as of August 17, 1998, and presents a brief background statement and a list of key questions to be answered on each assignment. The report will be issued quarterly.

This report was compiled from information available in GAO's internal management information systems. Because the information was downloaded from computerized data bases intended for internal use, some information may appear in abbreviated form.

If you have questions or would like additional information about assignments listed, please contact Paul Posner, Director, on (202) 512-9573; or Susan Irving, Associate Director, on (202) 512-9142.

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IMPROVING BUDGET CHOICES

TITLE: **STATE FISCAL RESPONSES TO WELFARE REFORM (935235)**

KEY QUESTIONS : Welfare reform significantly changes the fiscal relationship between the federal government and the states in providing a safety net. State planning for economic downturns will affect its ability to finance its programs without additional federal aid. Emergency requests for additional resources would have an adverse impact on efforts to achieve and maintain a balanced budget. How have state budgetary resources, including federal aid, been reallocated since welfare reform? What plans have states made to assure programmatic stability in times of fiscal and economic stress, eg. "rainy day" funds? To what extent have states used, or plan to use, provisions in the new welfare law, such as the "Contingency Fund for State Welfare Programs" and loans if they need additional funds?

TITLE: **EXPERIENCES OF STATES WITH RESERVE FINDS (935267)**

KEY QUESTIONS : The Congressional Budget Office's most recent estimates project a federal budget surplus, and the Congress is currently debating how this surplus might be used. One common action taken by many states experiencing surpluses has been to set aside money in reserve or contingency accounts to help prepare for periods of economic downturn or other unforeseen events. GAO will conduct a review to determine: (1) how many states have reserve/contingency funds; (2) what are the purposes and characteristics of these funds; (3) are these funds effective in meeting their stated purposes; (4) what can the federal government learn from state experiences; and (5) how might the federal government budget for reserves/contingencies with its surplus budgetary funds?

TITLE: **FINALIZATION OF LEADING PRACTICES IN CAPITAL DECISION-MAKING EXECUTIVE GUIDE (935275)**

KEY QUESTIONS : We recently issued an exposure draft of an Executive Guide on leading practices in capital decision-making based on our work at outstanding private and state and local entities. We have distributed this widely and requested comments including additional examples. This assignment will finalize the Executive Guide by incorporating any comments we receive.

TITLE: **LONG-TERM COMMITMENTS REPORT (935277)**

KEY QUESTIONS : Despite projected budget surpluses in the near future, GAO and others have reported that, over the long term, the government's commitments greatly exceed its projected resources. Some analysts believe that information in the budget on the cost of long-term government commitments and control of these commitments in the budget process may be inadequate. Therefore, GAO has been requested to report on the following questions: (1) What is the range and nature of the federal government's long-term obligations and commitments? and (2) How can attention paid to these commitments be increased in the budget and budget process?

TITLE: **ACCRUAL BUDGETING: EXPENIERENCES OF OTHE RNATIONS (935280)**

KEY QUESTIONS : As part of efforts to improve financial management systems and to implement performance-based management, some countries such as Iceland, New Zealand, Australia, and the United Kingdom, have adopted, or are plan to adopt, accrual budgeting. These countries' early experiences may provide insight for the U.S. (1) Why has there been a shift towards accrual budgeting? (2) How are other countries using accrual based information to budget? (3) To what extent has the use of accrual budgeting influenced decision-making, including benefits achieved and/or problems encountered? (4) What have been the key implementation challenges (technical and political) associated with accrual budgets? (5) To what extent do analogous situations exist in the U.S.and what are the implications for budgeting?

TITLE: **COST ASSOCIATED WITH EXAMPLES OF WASTE, FRAUD AND MISMANAGEMENT (935283)**

KEY QUESTIONS : GAO was asked to be part of a hearing to further explore the issue of reducing the costs of waste, fraud, abuse, and poor management, and its implications over the next few years as agencies enter a period of increasing fiscal austerity arising from discretionary spending caps.

GOVERNMENT RESTRUCTURING

TITLE: **BUDGET ISSUES' ASSISTANCE TO GAO ISSUE AREAS IN REVIEWS OF ANNUAL PERFORMANCE PLANS (935258)**

KEY QUESTIONS : As required by the Results Act, agencies are submitting their first annual performance plans to the Congress. GAO has been asked to review and evaluate the plans of the 24 agencies covered by the Chief Financial Officers Act. This job will assist in evaluating linkages between performance plans and budgets in several ways. We plan to: (1) provide a listing of budget program activities to issue areas, (2) answer issue areas' questions as they review plans and (3) review issue areas' written summaries and attend briefings to the requestor, if needed. We will also provide input to a capping report regarding patterns in agencies' attempts to link performance goals and measures to resource requests.

TITLE: **GOVERNMENTWIDE PERFORMANCE PLAN (935260)**

KEY QUESTIONS : As required by the Results Act, the first governmentwide performance plan was submitted to Congress with the President's 1999 budget. Although the Act provides discretion to the Director of OMB in developing the plan, the Congress intended for the plan to present a "single cohesive picture" of governmentwide performance. Congressional leadership further expects the plan to serve as a key tool to inform decision-making. GAO was asked to assess (1) whether the plan complied with statutory requirements and congressional intent and (2) ways the plan could be improved.

OTHER ISSUE AREA WORK - BI

TITLE: **BUDGET SURPLUSES: EXPERIENCE OF OTHER COUNTRIES (935264)**

KEY QUESTIONS : The U.S. is facing a budget surplus for the first time in nearly 30 years. How to "spend" or "save" a surplus raises a different set of issues from the recent focus on reducing the deficit. The experiences of other nations that have had or currently have surpluses provide valuable lessons. Specifically, we will determine (1) what measures of fiscal condition other countries use to focus budget decisions on long-term fiscal health; (2) why countries lost surpluses and how much was due to economic underperformance and how much was due to fiscal actions; (3) what the benefits of maintaining a surplus are; and (4) what budget mechanisms other countries employ that encourage future-oriented decisions.