



BUDGET ISSUES

Agency Implementation of Capital Planning Principles Is Mixed

Highlights of [GAO-04-138](#), a report to the Subcommittee on Government Efficiency and Financial Management, Committee on Government Reform, House of Representatives

Why GAO Did This Study

In fiscal year 2002, the federal government spent nearly \$100 billion on capital investments intended to yield long-term benefits for its own operations. Interested in ensuring that good investment decisions are made, the Chairman and Ranking Minority Member, Subcommittee on Government Efficiency and Financial Management, House Committee on Government Reform, asked GAO to evaluate agency experiences with the capital planning principles embodied in the Office of Management and Budget's (OMB) *Capital Programming Guide* and GAO's *Executive Guide* on leading state, local, and private sector capital investment practices. This report examines selected agencies' implementation of this guidance and OMB's use of long-term capital planning data.

What GAO Recommends

GAO recommends that OMB (1) require that agencies comply with the principles and practices of its *Capital Programming Guide* and (2) require that long-term capital plans be submitted to OMB and provided to congressional decision makers. GAO also recommends various specific improvements that could help the Department of Veterans Affairs (VA), the National Park Service (Park Service), the Bureau of Prisons (BOP) and the National Oceanic and Atmospheric Administration (NOAA) in fully implementing the capital planning principles.

www.gao.gov/cgi-bin/getrpt?GAO-04-138.

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.

What GAO Found

VA, the Park Service, BOP, and NOAA have had mixed success with implementing the planning phase principles found in OMB's *Capital Programming Guide* and GAO's *Executive Guide*. The agencies' capital planning processes generally link to their strategic goals and objectives, and they all consider a range of alternatives to bridge an identified performance gap—including nonownership options where appropriate. Most have established processes to review and select from competing project proposals—including the use of senior-level review boards and established criteria to rank project proposals—strongly emphasizing linkage to strategic goals. However, case study agencies have had limited success with using agencywide asset inventory systems and data on asset condition to identify performance gaps. Also, none of them prepares an agencywide long-term capital investment plan. Some have long-term capital planning documents that could serve as a base for development of a comprehensive agencywide plan. While two case study agencies indicated plans to develop agencywide asset inventories and condition data—one of these making substantial progress—only one plans to develop a comprehensive agencywide long-term capital plan.

OMB resource management office (RMO) staff varied in their expectations about agency use of OMB's *Capital Programming Guide*. The RMO staff for the four case study agencies consider numerous factors in reviewing agency requests for capital funding, including strategic plans, obligation rates, and the overall budget request. OMB does not require long-term capital plans from agencies, but RMOs receive various documents for individual capital projects.

Case Study Agencies Conformance with Capital Planning Guidance

Planning guidance	VA	BOP	NPS	NOAA
Strategic linkage	●	●	●	●
Needs assessment and gap identification	◐	◐	◐	◐
Alternatives evaluation	●	●	●	●
Review and approval framework with established criteria for selecting projects	●	◐	●	●
Long-term capital investment plan	○	◐	◐	○

● Practices conform
 ◐ Practices partially conform
 ○ Practices do not conform

Source: GAO analysis of agency data.