



Highlights of [GAO-10-394](#), a report to congressional requesters

Why GAO Did This Study

Given record budget deficits and continuing fiscal pressures, the federal government must seek to deliver results more efficiently. The prior Administration sought to improve efficiency under the Program Assessment Rating Tool (PART) by requiring programs to have at least one efficiency measure and procedures for improving efficiency, and show annual efficiency gains. The current administration has also emphasized efficiency in some initiatives. GAO was asked to examine (1) the types of PART efficiency measures and the extent to which they included typical elements of an efficiency measure; (2) the extent to which selected programs showed gains and how they used efficiency measures for decision making; (3) the challenges selected programs faced in developing and using efficiency measures; and (4) other strategies that can be used to improve efficiency. GAO analyzed the 36 efficiency measures in 21 selected programs in 5 agencies and a generalizable sample from the other 1,355 measures governmentwide, reviewed documents and interviewed officials from selected programs, reviewed literature on efficiency, and interviewed experts.

What GAO Recommends

GAO recommends that OMB evolve toward a broader approach with its guidance and support to improve efficiency at government-wide, agency, and program levels. OMB concurred with our recommendations.

[View GAO-10-394 or key components.](#)
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STREAMLINING GOVERNMENT

Opportunities Exist to Strengthen OMB's Approach to Improving Efficiency

What GAO Found

Under PART, most programs developed an efficiency measure. However, according to GAO's analysis, 26 percent did not include both typical efficiency measure elements—an input (e.g., labor hours or costs) as well as an output or outcome (e.g., the product, service, or result produced). Most frequently missing was the input (69 percent). For example, a measure developed by the National Nuclear Security Administration considered the number of information assets reviewed for certification without considering costs of review. This could result in measures that do not capture efficiency. GAO has previously recommended agencies improve cost information for decision making, but they are in various stages of implementation. However, alternative forms of measurement, such as reducing costly error rates, could still be useful.

Of the efficiency measures GAO reviewed that had both typical elements, a similar number reported gains and losses. Officials for some programs stated that the efficiency measures reported for PART were useful, and described ways in which they used the data, such as to evaluate proposals from field units, lower the cost of a contract, or make decisions to shift production. Others did not find the efficiency measures useful because, for example, the program lacked control over key cost drivers, such as contractually required staffing levels, or because of concern that raising output could lower quality.

Officials for all of the programs reviewed described challenges to developing and using program-level efficiency measures and performance measures in general. Challenges included interpreting outcome-level efficiency information, such as the cost of improving or maintaining the condition of watershed acres, when factors other than program funding, such as past impacts from mining, affected conditions as well; achieving required annual efficiency gains in cases where a program intervention takes years to implement; and inconsistent or limited guidance and technical assistance from the Office of Management and Budget (OMB) to agencies on how to measure efficiency.

A variety of approaches have been used to improve efficiency, including governmentwide reviews, agency restructurings, process and technology improvements, and strategic spending approaches. The Administration has some initiatives along these lines, such as information technology and procurement reforms. The Government Performance and Results Act (GPRA) provides a framework for planning future efficiency gains while maintaining or improving effectiveness and quality of outputs or outcomes. OMB, as the focal point for management in the executive branch, provides guidance and supports information-sharing mechanisms, such as the Performance Improvement Council, which could also be used to create a more strategic and crosscutting focus on agency efforts to improve efficiency. OMB has not clearly indicated whether programs should continue measuring efficiency nor has it emphasized efficiency in its GPRA guidance to agencies.