



United States  
General Accounting Office  
Washington, D.C. 20548

156220

---

General Government Division

B-270953

February 14, 1996

The Honorable John A. Koskinen  
Deputy Director for Management  
Office of Management and Budget

Dear Mr. Koskinen:

This letter summarizes our initial observations on selected agencies' first attempts to report on their performance in the pilot phase of the Government Performance and Results Act (GPRA). As you know, GPRA seeks to improve the effectiveness, efficiency, and accountability of federal programs by having agencies focus their management practices on the results, or outcomes, that federal programs strive to achieve. Under GPRA, agencies will be required to report annually on the performance of their programs to provide policymakers, federal managers, and the public with the information needed to assess what government is accomplishing with the money it spends.

GPRA requires each agency to develop a strategic plan to lay out its mission, long-term goals and objectives, and strategies for achieving those goals and objectives. In addition, it requires, beginning with fiscal year 1999, each agency to produce an annual performance plan containing (1) the annual performance goals for gauging progress made toward achieving longer term strategic goals and (2) the performance measures to be used for assessing the progress the agency has made toward achieving annual performance goals.<sup>1</sup>

---

<sup>1</sup>GPRA defines a performance goal as the target level of performance (either output or outcome) expressed as a tangible, measurable objective, against which achievement is to be compared. If performance goals cannot be expressed in quantitative terms, GPRA allows the Office of Management and Budget (OMB) to authorize an alternative form of a goal, including a description of a successful and minimally effective program or other criteria, both stated with enough precision to permit independent assessment of performance. None of the pilot reports we reviewed expressed goals in these alternative forms.

GAO/GGD-96-66R GPRA Performance Reports

065812/156220

GPRA also requires each agency annually to report publicly on its performance, specifically on the degree to which the agency is meeting its annual performance goals and the actions needed to achieve unmet goals. All agencies are to submit their first annual program performance reports to cover fiscal year 1999 by March 31, 2000. They are to submit subsequent reports by March 31 for the years that follow.

Under GPRA, OMB was required to select at least 10 agencies to pilot GPRA performance planning and reporting requirements for one or more of the major functions and operations of the selected agencies during fiscal years 1994 through 1996. As of January 1996, 71 pilot projects in performance planning and reporting were under way in 25 agencies. Of these, 19 agencies submitted performance reports for 44 pilot projects to OMB for fiscal year 1994. For a more detailed description of GPRA's requirements, see enclosure I.

This letter on the fiscal year 1994 performance reports is part of our effort to respond to GPRA's requirement that we assess GPRA's implementation during the pilot phase. It is one of a series of products we are issuing on the results of federal agencies' efforts to become more results-oriented under GPRA.<sup>2</sup> This letter provides our initial observations on selected pilots' first annual performance reports that were to cover performance in fiscal year 1994. We are addressing this letter to you because of OMB's responsibility for overseeing the GPRA pilot process. Our objective was to identify, on the basis of a review of selected pilot project performance reports, reporting practices having the potential to enhance the usefulness of subsequent performance reports from agencies. OMB is requiring agencies to submit their pilot projects' fiscal year 1995 reports to it by March 31, 1996. We plan to use this next round of reports to further assess pilot agencies' GPRA progress, because the pilots will have had another year of experience in implementing GPRA performance planning and reporting requirements. We expect that as agencies gain experience with GPRA, successful reporting practices will continue to be refined and identified.

#### RESULTS IN BRIEF

By reviewing 13 selected pilot projects' fiscal year 1994 performance reports, we identified some individual practices which, when viewed as a combined set, appear to have the potential for enhancing the general usefulness of future performance reports as

---

<sup>2</sup>See Managing for Results: Status of the Government Performance and Results Act (GAO/T-GGD-95-193, June 27, 1995); Managing for Results: Critical Actions For Measuring Performance (GAO/T-GGD/AIMD-95-187, June 20, 1995); and Government Reform: Goal Setting and Performance (GAO/AIMD/GGD-95-130R, Mar. 27, 1995).

vehicles for providing decisionmakers and the public with information to assess progress. These practices included

- discussing the relationship between annual performance and strategic goals and mission,
- including cost information,
- providing baseline and trend data,
- explaining the uses of performance information,
- incorporating other relevant information, and
- presenting performance information in a user-friendly manner.

Discussing the relationship between reported annual performance information and the strategic goals and mission of an agency can be important to help report users understand the relationship between the agency's efforts during the year under review and the achievement of its strategic goals and its reason for existence. Including cost information—ideally, unit cost per output or outcome—can also be important for showing the cost-effectiveness and productivity of program efforts. In addition, providing baseline and trend data could enable decisionmakers to assess an agency's performance more fully because the data show progress over time and because decisionmakers can use historical data to assess performance, including whether performance achieved in the fiscal year covered by the report was reasonable. Similarly, explaining the uses of performance information, such as actions being taken or that need to be taken to achieve unmet goals, can provide executive and legislative decisionmakers with information they need to judge the reasonableness of an agency's performance goals and the actions, if any, that these decisionmakers need to take to help improve the agency's performance. Incorporating other relevant information, such as limitations in the quality of the reported data, also can be important for providing report users with a context to assist them in understanding the reported performance. Finally, performance reports that use direct nontechnical text with clearly defined terms and that present performance information in user-friendly tables and graphs can help to make reports easier to use.

#### OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to identify reporting practices having the potential to enhance the usefulness of subsequent performance reports. We reviewed reports from 13 of the 44 pilot projects that submitted fiscal year 1994 performance reports to OMB. Generally, we selected those pilots that were broadest in scope and largest in approximate fiscal year 1994 spending as reported to OMB by the agencies. Of the selected 13 pilot reports, 8 were from pilots that covered entire agencies, and 5 were selected from the other large pilots that according to the agencies had estimated fiscal year 1994 spending of over \$300

million.<sup>3</sup> Of the five pilots that did not cover entire agencies, we selected three pilots because OMB identified them as exemplars in developing their fiscal year 1994 performance plans, and we selected two other pilots because OMB had the needed documentation at the time of our review. Our emphasis on the pilot projects covering entire agencies was based on the assumption that their reports would be most representative of the types of reports that all agencies are to produce after GPRA is implemented governmentwide. Enclosure II provides a list of the pilots included in our review.

To identify reporting practices with the potential to improve the usefulness of fiscal year 1995 performance reports, we developed and used a data collection instrument to gather information from the selected 1994 reports. To refine the practices that emerged from our review of pilot reports, we examined the requirements of GPRA, legislative history through which Congress established its intent and expectations for GPRA, and related guidance from OMB.<sup>4</sup>

We further used the data collection instrument to gather information on the differences between the fiscal year 1994 annual performance report of each pilot selected and its fiscal year 1994 performance plan. However, we did not assess the quality or appropriateness of the goals and measures contained in the performance reports we reviewed. The pilots generally established these goals and measures in their performance plans, which OMB required be submitted to it in the spring of 1994. OMB and the National Academy of Public Administration have separately assessed the goals and measures contained in these plans.<sup>5</sup>

We discussed the results of our analysis with your office and agency officials at some of the pilot projects included in our review. However, we did not obtain formal comments from agencies because our observations were drawn from the experiences of a number of pilot projects and were not based on the experiences of any individual pilot. We did our

---

<sup>3</sup>There are nine pilot projects covering entire agencies. Of these, the Department of the Treasury agreed with OMB not to submit the Internal Revenue Service performance report. There were an additional 13 large pilot projects that estimated fiscal year 1994 spending of over \$300 million. Of these, we selected five for our review.

<sup>4</sup>See, in particular, the explanation and related statements contained in the report on GPRA of the Senate Committee on Governmental Affairs. S. Rep. No. 58, 103d Cong. 1st Sess. (1993).

<sup>5</sup>See, for example, Toward Useful Performance Measurement: Lessons Learned From Initial Pilot Performance Plans Prepared Under the Government Performance and Results Act, National Academy of Public Administration, November 1994.

work from August 1995 to January 1996 in Washington, D.C., and in accordance with generally accepted government auditing standards.

DISCUSSING THE RELATIONSHIP BETWEEN ANNUAL PERFORMANCE AND STRATEGIC GOALS AND MISSION

An agency can increase the value of its report to congressional and executive branch decisionmakers and the public by linking annual performance information to the agency's strategic goals and mission in its annual performance report. Without understanding this linkage, users of the information may not be able to judge the significance of what is being reported and whether an agency is making progress toward achieving its strategic goals.

We found that the Forest Service pilot, which covered the entire agency, provided a good example of such a linkage by describing in its report how each of the 22 programs listed related to one or more of the agency's 4 broad strategic goals. For example, in describing the Reforestation and Stand Improvement Program, the report explained that the program was relevant to the strategic goal of "ensuring environmentally acceptable commodity production" in that it served to reestablish disturbed areas, enhance and maintain site productivity, and plant stock with desired genetic characteristics. This description provided a conceptual link that made it easier to understand how the program's performance goal "to annually reforest an area equal to the area annually deforested by timber harvests, fire, insects, disease, and adverse weather" related to this broader strategic goal.

The U.S. Mint also provided a performance report structure that helped to clarify the relationship between annual performance measures and its three mission areas. Specifically, the Mint report included a description of its mission areas and a discussion of its performance measures, including how the information collected from implementing these measures would be used. Such a discussion can be particularly useful to a report user when the relationship of the measure to the agency's mission may not be immediately obvious. For example, the two measures that the Mint listed under its mission area of "security and protection of U.S. Treasury precious metals and other monetary assets held in the Mint's custody" were (1) protection cost as a percentage of reserve value and (2) losses as a percentage of reserve value. For the first measure, the report stated that the measure "compares the cost of asset protection with the market value of the assets protected" and is "used to help to ensure adequate asset security at the least cost." The Mint's report states that the second measure was to provide "a broad indicator of the effectiveness of the asset protection function in relation to the market value of the assets being protected."

### INCLUDING COST INFORMATION

For agencies to link the cost of programs to their performance—especially in terms of unit cost per output or outcome—can be important for informed decisionmaking by Congress and others and for presenting to the public a useful and informative perspective on federal spending. Although Congress encouraged agencies to link their performance to cost, such a linkage is not a requirement of GPRA. However, the need for agencies to integrate performance and cost information will likely increase as the Government Management Reform Act of 1994 (GMRA) is fully implemented.

As you are aware, GMRA, in part, gives OMB the authority to propose the consolidation and simplification of various statutory reports. Under GMRA, OMB is considering requiring two annual reports, a planning and budgeting report and an accountability report. The consolidation of current reporting requirements into an accountability report would eliminate the separate requirements under various laws, including GPRA and the Chief Financial Officers (CFO) Act. OMB has selected six agencies to produce, on a pilot basis, accountability reports providing a comprehensive picture of each agency's performance and including its financial statements.<sup>6</sup>

Four pilots—the Social Security Administration (SSA), the U.S. Mint, the Bureau of Engraving and Printing, and the Defense Logistics Agency—included in their reports information to be used in gauging the efficiency of their operations. For example, SSA provided unit cost information for one of its performance goals—"the Office of Hearings and Appeals will process at least 421,200 hearings in fiscal year 1994, an increase of more than 46,000 hearings over the number processed in fiscal year 1993."<sup>7</sup> SSA reported processing 417,333 hearings in fiscal year 1994, thus achieving 99 percent of its goal. SSA's report included the unit cost of processing a hearing and showed changes in unit cost since 1990. Although the report showed that the backlog of end-of-year hearings had increased since 1990, the unit cost associated with processing a hearing had steadily decreased since 1991.

### PROVIDING BASELINE AND TREND DATA

Including baseline and trend data in annual performance reports can help agencies ensure that their reports are complete and that performance is viewed in context. Such data also can show whether performance goals are realistic given the past performance of an

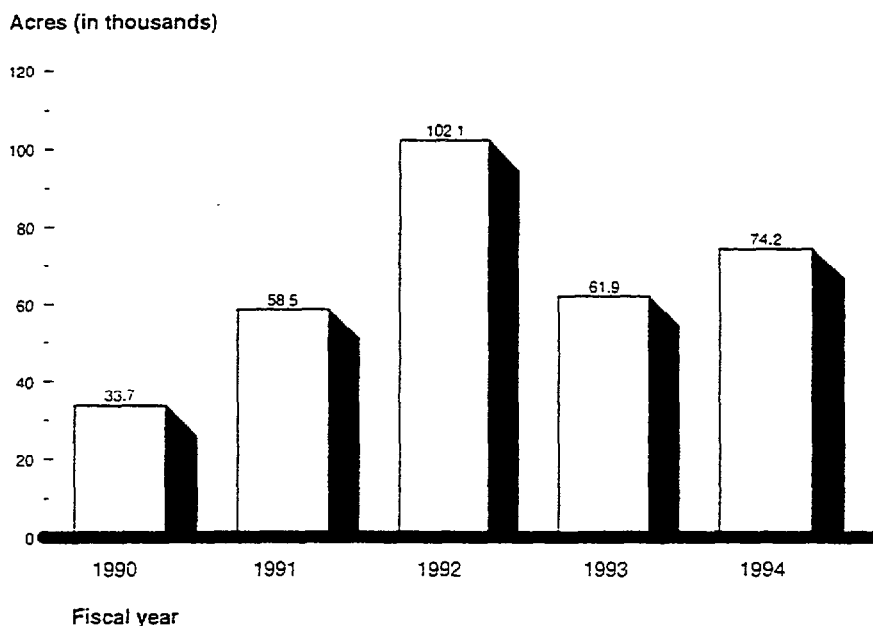
---

<sup>6</sup>See Financial Management: Continued Momentum Essential to Achieve CFO Act Goals (GAO/T-AIMD-96-10, Dec. 14, 1995).

<sup>7</sup>As authorized by GPRA, SSA included its GPRA annual performance report in its audited financial statement required by the CFO Act.

agency or program. In reviewing the selected fiscal year 1994 reports, we found that 11 of the 13 pilot performance reports included baseline or trend data for at least some of the pilots' measures, although including such data is not a pilot requirement.<sup>5</sup> Such data can assist users of reports in drawing more informed conclusions than they would by comparing only a single year's performance against an annual goal, because users of reports can see improvements or declines in an agency's performance over prior years. For example, in its 1994 performance report, the Forest Service's Wildlife, Fish, and Rare Plants Management program showed that the program met 82 percent of its performance goal on improving acres of habitats for threatened, endangered, and sensitive species. This performance suggests that the program was not as successful as the Forest Service had hoped. However, the report included trend data covering performance in fiscal years 1990 through 1994, showing that 1994 performance exceeded performance in 3 of the 4 preceding years, more than doubled 1990 performance, and continued an overall upward trend in habitat improvement (see fig. 1).

Figure 1: Acres of Threatened, Endangered, and Sensitive Species' Habitat Improved

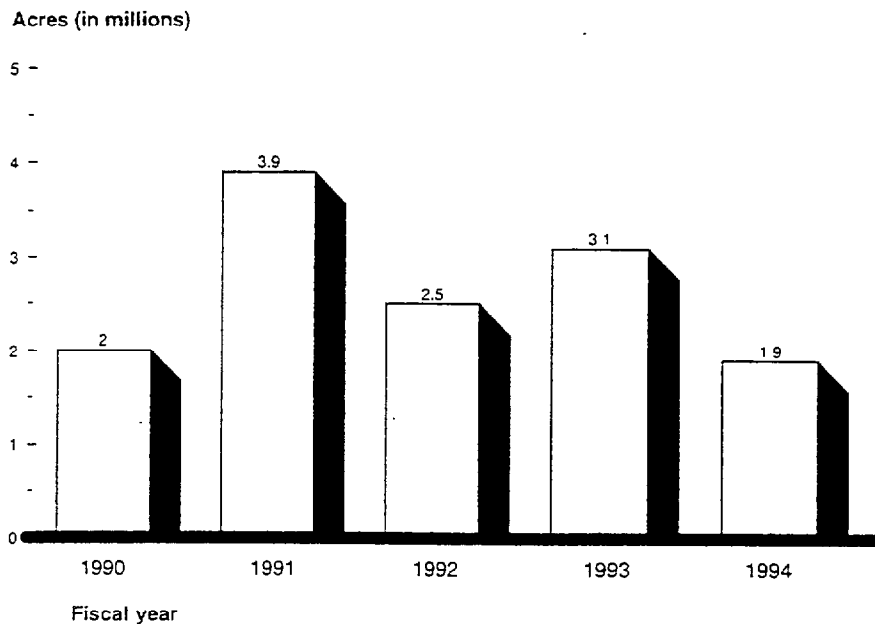


Source: Data provided from the Forest Service.

<sup>5</sup>For fiscal years 2000 and 2001, agencies' reports are to include performance data beginning with fiscal year 1999. For each subsequent year, agencies are to include performance data for the year covered by the report and 3 prior years.

Conversely, we found instances in which a pilot met or substantially exceeded annual performance goals, but when its fiscal year 1994 performance was compared to baseline or trend data, a more complete picture emerged showing declining performance over an extended period. For example, the Forest Service reported that it exceeded by 86 percent the 1994 habitat inventory goal for its Wildlife, Fish, and Rare Plants Management program. However, by also providing trend data, the Forest Service showed that 1994 performance was lower than each of the preceding 4 fiscal years (see fig. 2).

Figure 2: Acres of Wildlife Habitat Inventoried



Source: Data provided from the Forest Service.

### EXPLAINING THE USE OF PERFORMANCE INFORMATION

In crafting the requirements for GPRA performance reports, Congress recognized that to be useful tools for decisionmaking, agencies' performance reports would not only need to document performance levels but also to explain and describe the reasons for any unmet goals and plans and schedules for achieving those goals. Congress recognized that a number of reasons may contribute to an agency not meeting established goals, such as the goal itself being unreasonable given the resources allocated. Performance reports that include explanatory information should provide executive and legislative report users



with more of the information they need for making decisions on how to improve program performance.

A potentially critical source of information on the reasons goals were not met and actions that could be taken to improve performance are the findings of performance evaluations. In that regard, GPRA requires agencies to include in their reports the summary findings of any program evaluations completed during the fiscal year.

Finally, GPRA also requires that agencies' performance reports evaluate the performance plan for the fiscal year in which the report was submitted (e.g., in their fiscal year 1994 performance reports, the pilots were to evaluate their fiscal year 1995 performance plans, which generally were submitted to OMB in the fall of 1994, on the basis of their reported performance in fiscal year 1994). This evaluation will help to show how an agency's past performance is influencing its current plans.

In the pilot reports we reviewed, 109 of the 286 goals were reported as not met.<sup>9</sup> Of the 109 unmet goals, the pilot reports explained the reasons that 41 were unmet. Pilot reports described actions pilots were taking to achieve 27 unmet goals. However, none of the reports included plans and schedules for achieving unmet goals. Nevertheless, the Mint report provided a good example of explaining factors that contributed to its not meeting one of its performance goals and actions it was taking to achieve the goal. Part of the Mint's mission is to generate revenues for the federal government through the manufacturing and marketing of various coin and medal products. In support of that mission area, the Mint has a program goal to increase coin and medal sales each year above the preceding year's sales. However, the Mint reported that fiscal year 1994 sales fell well below its established performance level. The Mint explained that a variety of factors contributed to the shortfall, including (1) the U.S. commemorative coin market being saturated from the enactment of numerous coin programs, (2) the domestic sales of commemorative coins being depressed by the lack of enthusiasm by the Mint's core customers for the coins selected, and (3) sluggish conditions existing in the market for bullion products. The Mint report then described actions being taken to address this shortfall, which is particularly important in cases where an agency, such as the Mint, does not control all of the factors that determine whether goals will be met. The Mint stated that it cannot control the number of commemorative coin programs authorized for a given fiscal year or the choice of subjects commemorated, but it continues to advise the

---

<sup>9</sup>In addition, the pilot reports identified 6 of the 109 unmet goals as being impractical or infeasible; for 3 of these 6, the reports explained the reasons and discussed recommended actions to be taken, including changing the goal.

Secretary of the Treasury on subjects and designs for commemorative coins.<sup>10</sup> In addition, the Mint stated that it has prepared draft legislation that it believes would improve its competitive position in the global market for gold bullion products.

We identified other opportunities that suggest that agencies could enhance the usefulness of performance reports by including important explanatory information. We found that 2 of the 13 pilot reports we reviewed—those of SSA and the Mint—discussed the findings of program evaluations. However, neither of these pilots' reports described how the findings of these evaluations are being used to improve performance for unmet goals. We also found that only one pilot briefly discussed its fiscal year 1995 performance plan on the basis of its performance in fiscal year 1994 and that discussion related to only one of the pilot's four goals.

#### INCORPORATING OTHER RELEVANT INFORMATION

In addition to explaining the reasons for unmet goals and the actions that need to be taken to achieve those goals, performance reports that contain other relevant information, including the reasons for changes made to performance goals and measures during the year, the way to interpret performance results, and limitations of the performance data, can help the users of the reports obtain a more complete perspective on an agency's performance.

In drafting GPRA, Congress expected that agencies would revise their performance goals and measures as the agencies gained experience developing more outcome-oriented performance goals and identifying better measures for gauging progress made toward achieving those goals. Our review of the 13 selected pilots' fiscal year 1994 performance plans and reports found that 8 pilots revised or added goals or performance measures between submitting their 1994 performance plans to OMB in the spring of 1994 and submitting their 1994 performance reports to OMB in the spring of 1995.

We found that when agencies change performance goals or measures during a fiscal year, they could enhance the usefulness of their performance reports by discussing the nature, extent, and significance of those changes in their reports. A good example of such a discussion can be found in the performance report of the Coast Guard's Marine Safety and Security program. The program's 1994 performance plan stated that the Coast Guard would use the number of deaths and injuries annually from maritime casualties as its measure for gauging progress toward achieving its desired results—to reduce deaths and injuries from maritime casualties by 20 percent over 5 years. In the program's 1994

---

<sup>10</sup>The number of commemorative coin programs and the subjects of these coins are established through legislation.

performance report, the measure was changed to annual fatalities per 100,000 maritime workers aboard U.S. vessels and platforms. The report explained that the Coast Guard refined the measure as described in the plan to express fatalities as a rate in the report. According to the report, the Coast Guard did so to allow for changes in the number of maritime workers over time and for better comparisons with data published by other sources. Also, the report stated that the measure, as refined, excluded maritime injuries. In the report, the Coast Guard explained that injuries were excluded because the data were far less reliable than data on fatalities for a number of reasons, including that the reporting threshold—in terms of the severity of the injury—could be subject to greater interpretation.

Explanatory information also can be helpful when aggregated data may not provide a representative picture of a program's results. For example, because oil and chemical spills of over 1 million gallons occur infrequently, the Coast Guard's report explained the potential skewing effect of including them in calculating the total number of gallons of oil and chemicals spilled annually into the water from maritime sources. The report noted that such skewing would cause extreme fluctuations from year to year and have an extreme influence on statistical trends. Thus, the Coast Guard did not include these large spills in calculating trend data, establishing performance goals, or measuring performance. Rather, it reported these data separately and used a stacked bar chart to illustrate the number of large spills.

Finally, Congress emphasized in passing GPRA that the usefulness of agencies' performance data depends, to a large degree, on the reliability and validity of those data. As a result, GPRA requires that agencies describe in their annual performance plans the means to be used to verify and validate performance data. We found that including such information in performance reports could be equally important in ensuring report users of the quality of the performance data. For example, the National Highway and Traffic Safety Administration (NHTSA) included an appendix to its performance report that discussed the sources, and in some cases the limitations, of the data it used to report on performance. One area discussed in the appendix was data for total motor vehicle crashes and nonfatal injuries. NHTSA noted that its data were based on police reports. However, NHTSA also noted that it estimated in 1990 that the total count of nonfatal injuries was over 5 million compared to the 3.2 million estimate based on the police data; the difference was attributable to the number of motor vehicle crashes that were not reported to police. NHTSA said that the majority of these unreported crashes involved minor property damage and no significant personal injury. However, NHTSA's report states that it plans "to assess the unreported injury problem." According to an NHTSA official, an assessment of nonfatal injuries that are not reported to police will help it better understand the severity of unreported injuries.

PRESENTING PERFORMANCE INFORMATION IN A USER-FRIENDLY MANNER

In prior work, we noted that agency reports that discuss performance will be more useful if such reports are easy to understand, concisely presented, and able to capture and focus the report users' attention on critical issues.<sup>11</sup> We also said that information contained in agencies' reports should be clear and understandable to the public. In our review, we found that performance information was often easier to understand in reports that used visual aids, such as tables and graphs, to illustrate text; defined technical terms; and avoided jargon. Such reports were more informative and thus could be more useful to decisionmakers. Tables and graphs in reports were most useful when data were presented simply, labeled clearly, and related to performance information. For example, SSA's report contained a table that included baseline data (actual fiscal year 1993 performance data), the fiscal year 1994 performance goal, the actual fiscal year 1994 data, and the percentage of the goal that was met. Tables in the Federal Lands Highway organization's report also presented the organization's 5-year strategic goals. In addition, the SSA and Mint reports contained a glossary, which also contributed to making the reports easier to understand.

CONCLUSION

Congress expects that the information in agencies' GPRA performance reports will play a critical role in helping decisionmakers to frame a wide range of congressional and executive branch decisions. Our review of the fiscal year 1994 performance reports of the 13 selected GPRA pilots identified a number of practices that agencies can consider employing to improve the usefulness of annual performance reports produced for fiscal years 1995 and beyond. As to be expected for the first year of a pilot phase, no single pilot report we reviewed contained all of the identified practices. The pilot phase of GPRA is providing agencies with an important opportunity to build experience before GPRA requirements are implemented governmentwide beginning in 1997. Ultimately, the reporting practices that we identified, along with other practices that may emerge as agencies continue to learn about performance reporting, can help ensure that performance reports provide decisionmakers and the public with the information they need to have confidence that tax dollars are being wisely and effectively spent.

We are sending copies of this letter to the Chairman and Ranking Minority Member, Senate Committee on Governmental Affairs; Chairman and Ranking Minority Member,

---

<sup>11</sup>See Managing for Results: Strengthening Financial and Budgetary Reporting (GAO/T-AIMD-95-181, July 11, 1995).

B-270953

House Committee on Government Reform and Oversight; Chairman and Ranking Minority Member, Subcommittee on Government Management, Information and Technology, House Committee on Government Reform and Oversight; Chairman and Ranking Minority Member, Senate Committee on Appropriations; Chairman and Ranking Minority Member, House Committee on Appropriations; officials at GPRA pilot agencies; and other interested parties. We also will make copies available to others on request.

The major contributors to this letter are listed in enclosure III. Please contact Michael Brostek, Associate Director, or me on (202) 512-8676 if you have any questions.

Sincerely yours,

*Michael Brostek*

*for*

L. Nye Stevens  
Director, Federal Management and  
Workforce Issues

OVERVIEW OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT

The Government Performance and Results Act (GPRA) is the primary legislative framework through which agencies will be required to set strategic goals, measure performance, and report on the degree to which goals were met. It requires each federal agency to develop, no later than the end of fiscal year 1997, strategic plans that cover a period of at least 5 years, and include the agency's mission statement; identify the agency's long-term strategic goals; and describe how the agency intends to achieve those goals through its activities and through its human, capital, information, and other resources. Under GPRA, agency strategic plans are the starting point for agencies to set annual goals for programs and to measure the performance of the programs in achieving those goals.

Also, GPRA requires each agency to submit to the Office of Management and Budget (OMB), beginning for fiscal year 1999, an annual performance plan. The first annual performance plans are to be submitted in the fall of 1997. The annual performance plan is to provide the direct linkage between the strategic goals outlined in the agency's strategic plan and what managers and employees do day to day. In essence, this plan is to contain the annual performance goals the agency will use to gauge its progress toward accomplishing its strategic goals and identify the performance measures the agency will use to assess its progress. Also, OMB will use individual agencies' performance plans to develop an overall federal government performance plan that OMB is to submit annually to Congress with the president's budget, beginning for fiscal year 1999.

GPRA requires that each agency submit an annual report to the president and to the appropriate authorization and appropriations committees of Congress on program performance for the previous fiscal year (copies are to be provided to other congressional committees and to the public upon request). The first of these reports, on program performance for fiscal year 1999, is due by March 31, 2000, and subsequent reports are due by March 31 for the years that follow. However, for fiscal years 2000 and 2001, agencies' reports are to include performance data beginning with fiscal year 1999. For each subsequent year, agencies are to include performance data for the year covered by the report and 3 prior years.

In each report, an agency is to review and discuss its performance compared with the performance goals it established in its annual performance plan. When a goal is not met, the agency's report is to explain the reasons the goal was not met: plans and schedules for meeting the goal; and, if the goal was impractical or not feasible, the reasons for that and the actions recommended. Actions needed to accomplish a goal could include legislative, regulatory, or other actions or, when the agency found a goal to be impractical or infeasible, a discussion of whether the goal ought to be modified.

In addition to evaluating the progress made toward achieving annual goals established in the performance plan for the fiscal year covered by the report, an agency's program performance report is to evaluate the agency's performance plan for the fiscal year in which the performance report was submitted (e.g., in their fiscal year 1999 performance reports, due by March 31, 2000, agencies are required to evaluate their performance plans for fiscal year 2000 on the basis of their reported performance in fiscal year 1999). This evaluation will help to show how an agency's actual performance is influencing its plans. Finally, the report is to include the summary findings of program evaluations completed during the fiscal year covered by the report.

Congress recognized that in some cases not all of the performance data will be available in time for the March 31 reporting date. In such cases, agencies are to provide whatever data are available, with a notation as to their incomplete status. Subsequent annual reports are to include the complete data as part of the trend information.

In crafting GPRA, Congress also recognized that managerial accountability for results is linked to managers having sufficient flexibility, discretion, and authority to accomplish desired results. GPRA authorizes agencies to apply for managerial flexibility waivers in their annual performance plans beginning with fiscal year 1999. The authority of agencies to request waivers of administrative procedural requirements and controls is intended to provide federal managers with more flexibility to structure agency systems to better support program goals. The nonstatutory requirements that OMB can waive under GPRA generally involve the allocation and use of resources, such as restrictions on shifting funds among items within a budget account. Agencies must report in their annual performance reports on the use and effectiveness of any GPRA managerial flexibility waivers that they receive.

GPRA calls for phased implementation so that selected pilot projects in the agencies can develop experience from implementing its requirements in fiscal years 1994 through 1996 before implementation is required for all agencies. As of January 1996, 71 pilot projects for performance planning and performance reporting were under way in 25 agencies. OMB also is required to select at least five agencies from among the initial pilot agencies to pilot managerial accountability and flexibility for fiscal years 1995 and 1996; however, as of January 1996 it had not done so. We are reviewing this matter as part of a separate assignment.

Finally, GPRA requires OMB to select at least five agencies, at least three of which have had experience developing performance plans during the initial GPRA pilot phase, to test performance budgeting for fiscal years 1998 and 1999. Performance budgets to be prepared by pilot projects for performance budgeting are intended to provide Congress with information on the direct relationship between proposed program spending and expected program results and the anticipated effects of varying spending levels on results.

PILOTS INCLUDED IN OUR REVIEW

The following pilot projects were included in our review; departments appear in parentheses:

PILOTS COVERING AN ENTIRE COMPONENT OR AGENCY

Bureau of Engraving and Printing (Department of the Treasury)  
Defense Logistics Agency (Department of Defense)  
Forest Service (Department of Agriculture)  
Internal Revenue Service (Department of the Treasury)  
United States Mint (Department of the Treasury)  
National Highway Traffic Safety Administration (Department of Transportation)  
Occupational Safety and Health Administration (Department of Labor)  
Small Business Administration  
Social Security Administration

OTHER SELECTED PILOTS

Federal Lands Highway organization; Federal Highway Administration  
(Department of Transportation)  
Marine Safety and Security and Marine Environmental Protection programs; U.S. Coast  
Guard  
(Department of Transportation)  
Environment function; National Oceanic and Atmospheric Administration (Department of  
Commerce)  
Office of Investigations; U.S. Customs Service (Department of the Treasury)  
Property Procurement and Management Division; Federal Bureau of Investigation  
(Department of Justice)



MAJOR CONTRIBUTORS

J. Christopher Mihm, Assistant Director, Federal Management and Workforce Issues, (202) 512-3236

Victoria M. O'Dea, Evaluator-in-Charge, (202) 512-6397

Thomas M. Beall

Joyce D. Corry

Mary F. Ernsberger

Edward G. Joseph

Kiki Theodoropoulos

## RELATED GAO PRODUCTS

Financial Management: Continued Momentum Essential to Achieve CFO Act Goals (GAO/T-AIMD-96-10, Dec. 14, 1995).

Managing for Results: Strengthening Financial and Budgetary Reporting (GAO/T-AIMD-95-181, July 11, 1995).

Managing for Results: Status of the Government Performance and Results Act (GAO/T-GGD-95-193, June 27, 1995).

Managing for Results: Experiences Abroad Suggest Insights for Federal Management Reforms (GAO/GGD-95-120, May 2, 1995).

Government Reform: Goal-Setting and Performance (GAO/AIMD/GGD-95-130R, Mar. 27, 1995).

Managing for Results: State Experiences Provide Insights for Federal Management Reforms (GAO/GGD-95-22, Dec. 21, 1994).

Management Reform: Implementation of the National Performance Review's Recommendations (GAO/OCG-95-1, Dec. 5, 1994).

Financial Management: CFO Act Is Achieving Meaningful Progress (GAO/T-AIMD-94-149, June 21, 1994).

(410006)

---

### Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

**Orders by mail:**

U.S. General Accounting Office  
P.O. Box 6015  
Gaithersburg, MD 20884-6015

**or visit:**

Room 1100  
700 4th St. NW (corner of 4th and G Sts. NW)  
U.S. General Accounting Office  
Washington, DC

Orders may also be placed by calling (202) 512-6000 or by using fax number (301) 258-4066, or TDD (301) 413-0006.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

[info@www.gao.gov](mailto:info@www.gao.gov)

**United States  
General Accounting Office  
Washington, D.C. 20548-0001**

**Bulk Rate  
Postage & Fees Paid  
GAO  
Permit No. G100**

**Official Business  
Penalty for Private Use \$300**

**Address Correction Requested**