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ACCOUNTABILITY AND RESULTS IN FEDERAL BUDGETING

HEARING

BEFORE THE

FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, AND INTERNATIONAL SECURITY SUBCOMMITTEE

OF THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

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CONTENTS

	Page
Opening statements:	
Senator Coburn	1
Senator Lautenberg	5
Senator Carper	13

WITNESSES

TUESDAY, JUNE 14, 2005

Hon. David M. Walker, Comptroller General of the United States, U.S. Government Accountability Office	3
Hon. Clay Johnson, III, Deputy Director for Management, Office of Management and Budget	4
Eileen Norcross, M.A., Research Fellow, Government Accountability Project, The Mercatus Center of George Mason University	22
Beryl A. Radin, Ph.D., Professor of Government and Public Administration, University of Baltimore	24

ALPHABETICAL LIST OF WITNESSES

Johnson, Hon. Clay, III:	
Testimony	4
Prepared statement	56
Norcross, Eileen, M.S.:	
Testimony	22
Prepared statement	60
Radin, Beryl A., Ph.D.:	
Testimony	24
Prepared statement	74
Walker, Hon. David M.:	
Testimony	3
Prepared statement	33

APPENDIX

Questions and responses for the Record from:	
Mr. Walker	78
Mr. Johnson	81
Ms. Radin	83
"An Analysis of the Office of Management and Budget's Program Assessment Rating Tool (PART)," June 2005, by Eileen C. Norcross, Mercatus Center, George Mason University	87

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TUESDAY, JUNE 14, 2005

U.S. SENATE,
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,
GOVERNMENT INFORMATION, AND INTERNATIONAL SECURITY,

OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2 p.m., in room 562, Dirksen Senate Office Building, Hon. Tom Coburn, Chairman of the Subcommittee, presiding.

Present: Senators Coburn, Carper, and Lautenberg.

OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. The Subcommittee will come to order. This hearing today is on Accountability and Results in Federal Budgeting. The Federal Government is expected to spend $2.5 trillion in the next fiscal year, which comes to $22,000 per family in the United States, a significant sum. While the first hearing of this Subcommittee focused broadly on the President's Management Agenda, also known as PMA, today, we will more specifically discuss efforts to increase accountability in Federal budgeting—accountability as seen through transparency, on-time reports, evaluation, and assessment.

As part of the PMA, OMB released in 2003 the Program Assessment Rating Tool, or PART. Used to evaluate the design, goals, and performance of Federal programs, PART seeks to find ways to ultimately improve overall performance through the format of a basic questionnaire and evaluation of that. Thus far, PART has been used to evaluate 607 Federal Government programs, roughly 60 percent of the Federal budget. Of these 607 programs, 15 percent have been rated effective, less than 90; 26 percent moderately effective; 4 percent ineffective; 29 percent could not demonstrate results, and 26 percent, adequate.

That last number that I gave you, the 29 percent that could not demonstrate results, it was almost a third of the Federal Government's programs.

We will also discuss today the latest iteration of OMB's scorecard, which is a set of quarterly grades for each Federal agency. Ratings of red, yellow, and green are given to each agency for each of five initiatives: Human capital, competitive sourcing, financial performance, e-government, and budget and performance integra-

tion. Ratings are given for both current status and progress in implementing the PMA, the President's Management Agenda.

When the first scorecard was issued in June 2002, only 4 agencies received yellow current status ratings for their budget performance and integration, while the remaining 22 agencies all received red ratings. In the latest scorecard, 6 agencies have red ratings, 12 have yellow ratings, and 8 have green current ratings for budget performance and integration. While the latest of these scores are encouraging, they also demonstrate that the Federal Government has a lot to do when it comes to managing the way it spends the taxpayers' money.

As part of the President's budget proposal for fiscal year 2006, OMB released a list of roughly 150 discretionary programs for which it proposed either reduced funding or complete elimination. The termination of many of these programs has been proposed before. For example, the OMB proposed the termination of the Advanced Technology Program four separate times. The termination of earmarks for the Centers for Disease Control and Prevention was proposed not only in fiscal year 2006, but in 2002, 2003, 2004, and 2005, as well. The termination of the program for Community Technology Centers has been proposed six separate times.

It is absolutely stunning that we continue to fund programs that time after time, year after year, fail to produce positive results or measurable results. I hope we will hear substantive proposals today to either terminate or measurably reform these programs.

We are pleased to have with us today representatives from both government and academia. On our first panel, the Hon. David Walker, Comptroller General of the Government Accountability Office, and the Hon. Clay Johnson, III, the Deputy Director for Management at the Office of Management and Budget, will give us their perspective on efforts to increase accountability and ultimately improve results in Federal budgeting.

We are also privileged to have on our second panel Eileen Norcross, a Research Fellow with George Mason University and The Mercatus Center, and Beryl Radin, a professor of Government and Public Administration at the University of Baltimore. They will both give us a helpful non-governmental perspective on the effect of government accountability efforts.

Our Ranking Member, Senator Carper, will be here in a moment. We will ask him for his opening statement at that time. At the present time, I would like to introduce our witnesses. Our first witness is the Hon. David Walker, Comptroller General of the United States. Mr. Walker began his 15-year term as the Nation's chief accountability officer and was appointed in 1998 as the head of the then-General Accounting Office, now referred to as the Government Accountability Office. Through his role as Comptroller General, Mr. Walker oversees GAO's work to improve the performance and accountability of the Federal Government, including measures to improve the efficient and effective use of taxpayer dollars.

Our second witness on the first panel today is the Hon. Clay Johnson, III, Deputy Director of Management for the Office of Management and Budget. In this role, Mr. Johnson provides government-wide leadership to the Executive Branch agencies to improve the agency and program performance. Prior to this position,

Mr. Johnson served as Assistant to the President for Presidential personnel and as the Executive Director of the Bush-Cheney transition team.

I would like to thank both Mr. Walker and Mr. Johnson for being here. They have been here before and will be here again. We are very pleased with your work, and I would note that your submitted statements will be made a part of the record and you will each be recognized for 5 minutes.

Mr. Walker.

TESTIMONY OF HON. DAVID M. WALKER,[1] COMPTROLLER GENERAL OF THE UNITED STATES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. WALKER. Thank you, Mr. Chairman. It is a pleasure to be back before this Subcommittee. I appreciate your commitment to improving government performance and ensuring accountability for the American people. I thank you for including my entire statement into the record. I will now move to summarize it.

I am pleased to come here before the Subcommittee today to talk about the concept of performance budgeting in general and the Office of Management and Budget's Program Assessment Rating Tool, or PART, in particular. As you know, Mr. Chairman, our Nation is currently on an unsustainable fiscal path. I have two graphics that I would like to refamiliarize you and the other Members and key staff with.[2]

Both are based upon GAO's long-range budget simulations. This first one is based on CBO's 10-year baseline projections and the requirements that CBO, by law, must comply with. Those requirements, among other things, include: (1) no new laws will be passed in the next 10 years, (2) all expiring tax cuts will, in fact, sunset, and (3) discretionary spending will grow by the rate of inflation during the next 10 years, and (4), that the alternative minimum tax will not be fixed.

Mr. Chairman, I have asked individuals in every speech that I have given in the last 2 months whether or not they believe any of those four assumptions are true, and so far, I have less than ten out of several thousand that believe that those assumptions are reasonable. Unfortunately, this is the basis Congress is using to make decisions.

The next chart demonstrates what an alternative scenario would look like if all expiring tax cuts are made permanent and if discretionary spending grows by the rate of the economy during the entire period. It is clearly a very dramatic and unacceptable outcome.

As a result, it is critically important that a fundamental reexamination of major spending and tax policies and priorities be undertaken in order to recapture our fiscal flexibility for the future and address key social, economic, and security changes and challenges in the 21st Century. Clearly, performance budgeting holds promise as part of a fundamental reexamination of the basis of the Federal Government. Existing performance budgeting efforts, such as the Government Performance and Results Act (GPRA), and PART, (or

[1] The prepared statement of Mr. Walker appears in the Appendix on page 33.

[2] The graphics referred to in Mr. Walkers prepared statement appear in the Appendix on pages 39 and 40 respectively.

the Program Assessment Rating Tool), can provide a foundation for a baseline review of existing Federal policies, programs, functions, and activities.

As I testified before this Subcommittee in April, the President's Management Agenda and its related initiatives, including PART, demonstrate the Administration's commitment to improving not only Federal financial management but also overall management while enhancing government performance. However, it is not clear that PART has had any significant impact on Congressional authorization, appropriations, and oversight activities to date.

In our view, there are three key factors that we believe are critical to sustaining successful performance budgeting over time. One, we have to build a supply of credible performance information. Two, we have to encourage demand for that information and its use in Congressional processes by garnering stakeholder buy-in. And three, we need to take a comprehensive and cross-cutting approach to assessing related programs and policies which must be not just vertical, but horizontal, and must consider not just spending, but also tax policies and preferences.

The Federal Government is in a period of profound transition. We face an array of changes, challenges, and opportunities to enhance performance and assure accountability. Much is at stake in the development of a collaborative performance budgeting process. This is an opportune time for the Executive Branch and the Congress to consider and discuss how agencies and committees can best take advantage of and leverage the new information and perspectives coming from the reform agenda currently underway. Some program improvements can come solely through Executive Branch action, but for PART to meet its intended goal, there must be greater buy-in by the Congress, which to date has not been forthcoming.

I would be happy to answer any questions that you and the other Members of the Subcommittee may have, Mr. Chairman. Thank you.

Senator COBURN. Thank you, Mr. Walker. Mr. Johnson.

TESTIMONY OF HON. CLAY JOHNSON, III,[1] DEPUTY DIRECTOR FOR MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET

Mr. JOHNSON. Mr. Chairman, Senator Lautenberg, thank you. I contend that agencies are better managed today, and they are more focused on results than ever before. But we are not as focused on results as we can and need to be.

Agencies are assessing program performance with the PART instrument and using this information to inform management and budget actions. The Administration is proposing Sunset and Results Commissions legislation to involve Congress more directly in holding agencies accountable for results.

Some say the PART assessments have not had any impact on authorizations, appropriations, or oversight. To that, I say it has had some impact, but clearly, we can do a better job convincing Congress of the usefulness of performance information. I point out that this effort was designed to span 5 years. Only this past year did

[1] The prepared statement of Mr. Johnson appears in the Appendix on page 56.

we assess programs accounting for more than 50 percent of the budget. We are only in the fourth year of a 5-year effort, and there is more attention being paid this year than last.

Some would also say that PART assumes that each program has one goal and that all programs are alike. To that, I say all programs are alike in that they should be able to account for what taxpayers are getting for their money. Most importantly, I point out, though, that the PART asks unique questions for different kinds of programs. They ask unique questions for competitive grant programs, block grant programs, regulatory-based programs, capital asset programs, credit programs, and research and development programs.

Some say that good performance data is hard to come by. I agree, but shame on us if we are not always looking for the best way, no matter how imperfect, to measure what our programs do, and what outcomes they achieve.

And some say that the Results and Sunset Commissions that we are about to propose are ways to get rid of programs we do not like. To that, I say we want programs to work. The history of Sunset Commissions and similar programs is that they are much more apt to drive program improvement than they are to result in program elimination.

We all want to get more for the money we spend. The biggest opportunity is to get programs to work better. Yes, we debate in the preparation of our budgets and in appropriations legislation on whether to eliminate $5 or $10 billion of programs or how else to spend it, but this pales in comparison to the $20-plus billion associated with every 1 percent improvement in performance. The most significant opportunity we have is to drive better program performance.

We believe that the PART now, and the soon to be proposed Sunset and Results Commissions, help us achieve these savings for the taxpayers. They help us focus on results. Thank you.

Senator COBURN. Thank you, Mr. Johnson.

Senator Lautenberg, would you like to make an opening statement.

OPENING STATEMENT OF SENATOR LAUTENBERG

Senator LAUTENBERG. Thank you very much, Mr. Chairman. Forgive my tardiness. I am sorry that I missed the Subcommittee meeting that you had, but it was impossible to be back here from distant travel.

I do thank you for convening this hearing, and thanks also for giving us an opportunity to discuss the issue. Mr. Chairman, I think everyone knows I came out of the business community, and before I arrived in the Senate, when I left that company 23 years ago, we had 16,000 employees and the cardinal principle was to make sure everybody carried their share and we held them accountable. As a result of that kind of supervision, we had a really successful career as a company and it continued on way past my chairmanship, so apparently I got them off on a good start.

So I applaud the President's desire to hold the government programs and employees accountable for their performance. The first step in accountability is an ability to measure performance, and

that is what the PART program is about. Measuring performance is like any other tool in business or government. It can be effective, but only if it is used properly, and that, Mr. Chairman, is my concern about the PART program.

We have to ask the right questions, measure the right things. If we don't, we will never get good results. So we have to make sure that the questions are directed in such a way that there is an objective review. Programs should be judged based on how well they achieve the goals set for them and whether or not they have any political pressure to present the results of their review.

Since this hearing is about a performance-based budget, there is one thing that I would like to mention in passing, and that is in business, there is a measure of success that we don't have available to us here and that is the financial result, financial bottom-line. But government just doesn't and can't really do it the same way. Our definition of success is much more complicated. When a program doesn't perform, we have to ask why not.

For instance, the Manufacturing Extension Partnership Program lost points on its PART evaluation because in spite of its successes in leveraging financial support, it serves only a small percentage of small manufacturers each year, and that evaluation was used to cut the funding for the program. It doesn't make sense. If the program is working, it doesn't have enough resources to make a big enough impact, we should decide on whether or not we are going to increase it or get rid of the program.

In short, Mr. Chairman, we should demand accountability for the Federal Government to make sure they accomplish the goals that we set for them, but we have to examine the outcomes of these programs honestly, fearlessly, and without any bias in the way we see the programs other than in their efficiency and their results.

So I thank you, Mr. Chairman, for doing this.

Senator COBURN. Thank you. I would clarify for the record, in both Mr. Walker's testimony and Mr. Johnson's testimony, I believe there is reference to the fact that when programs fall low on the PART assessment, that sometimes it is because not enough money has been given. So I think they recognize that weakness and they have testified that way.

I want to go back to your chart, because whether we have a Results or a Sunset Commission or whether we have a PART evaluation, right now, we are sitting at about 19.6 percent of our GDP, the government consuming it, according to what you have right there, and estimated to grow to approximately 40 percent by the year 2040.

We have a tool now that we are using—that we are attempting to use. We are not effectively using it in a lot of ways because a lot of the agencies aren't responding with the management expertise based on the measurement tool that is going to be used there. What is the plan to move those numbers down through PART, through results, through Sunset Commission, so even though we have this long run of mandatory spending, how in the world are we going to achieve that area that we can achieve and how are we going to be able to implement this?

We are in the third year, fourth year of this. What do we see? Are we seeing improvements? The criticisms of the PART system,

are they legitimate? Is it resistance to just being measured, or are there some legitimate criticisms to the PART system, either one of you that might want to respond to that.

Mr. WALKER. I will start, Mr. Chairman, by refamiliarizing you, and I know you have read this at least once, the booklet that we put out——

Senator COBURN. Twice.

Mr. WALKER. Thank you very much, Mr. Chairman. Specifically, I am referring to the booklet that we put out on February 16 which lays out the business case pretty strongly that we are on an imprudent and unsustainable fiscal path. As a result we are going to have to look at the basis of the Federal Government, both as it relates to spending and as it relates to tax policy.

With regard to the subject of this hearing today, in addition to trying to answer the 202-plus questions in the booklet that illustrate the need to reexamine the base of the government, I do believe there is strong conceptual merit to having some type of periodic assessment of programs, policies, functions, and activities. My personal view is that the agencies should be on the front line. This should be a normal and recurring part of their job.

I think in order for these assessments to work, several things have to happen. It is important what the process is. It is important what the principles and the criteria are. It is also important who the players are that are involved in generating the results that will be considered by the Congress, as well as by the President, to the extent of the Executive Branch, in trying to make decisions.

In that regard, I think there is a need for and an opportunity to institutionalize a periodic assessment process that builds upon the principles that are laid out in this booklet, including the generic questions, as well as the principles and generic questions that are outlined in the PART. By doing so we can try to come up with something that has a chance of being sustained over time and can generate more meaningful results, both financially and non-financially, irrespective of what administration might currently be in power.

Mr. JOHNSON. I think we have great opportunity to use the PART. Whatever it is called 5 years or 10 years from now there should be an instrument that we use consistently across all programs to assess performance, and today is it called the PART and there are 25 questions, plus or minus. It should be a part of our job. It should be part of what agencies do on a day-in and day-out basis. That is the assumption in the PART now.

Part of the PART program is you evaluate different aspects of the program and then you are supposed to develop recommended next steps, things that you, the program manager, are going to do this next year to improve performance, reduce cost, or both, and we are set up to monitor that and to hold agencies accountable for the follow-through—we, OMB, are set up to follow through, hold agencies accountable and then follow through on those recommendations.

And some of these programs' recommended next steps are really significant. They are going to invest more money in IP. They are going to reorganize this. They are going to change the rules, get a

bill changed, new legislation, or whatever. Others are less aggressive.

They all should be held accountable for having a commitment to improve performance every year. That is built into the system. We are now at the point where we have some programs that are now in the second year and the third year since its asessment, so we are now able to start holding agencies accountable for that follow-up on what they said they could do to improve performance.

The other thing we need to do and are preparing to do is to make this information more public so there is more discussion about PART and about what the desired outcomes are, what the performance measures are, and so forth. All this information is available now on the website. You have to really want to find it and you have to be able to speak that form of English that only OMB and a few Congressional staffers are adept at speaking.

What we want to do is to take this information, just put it in English, put it in lay terms for all the world to see. Here is what we are spending your money on. Here is how we evaluate these programs. Here is how we measure success, and here is what the recommended next steps are. This more public information, we believe, is going to drive more dialogue between the public and Members of Congress.

There will be more dialogue between think tanks and good government groups and Members of Congress and the Executive Branch about how much better this performance measure is than that performance measure, how much stronger and more aggressive this recommended next set of actions is than that one, and there will be more pressure, more dialogue, more discussion about how to drive performance even better. Make it more public, make it more transparent, and get more impetus behind using the information to drive performance. Both of those things—the first one exists and the second one is in the process of being developed.

Senator COBURN. It seems to me we have three problems. One is creating a culture where you use management tools of assessment and outcomes to drive policy, refinements, and efficiency within programs.

The second is just the management expertise of demanding more with less, which is nowhere in any of this that I have found anywhere. We still have yearly budgets that come in at baseline rather than zero-based budgeting. So that is the second part.

And the third part is to engage Congress. The Congress is going to get surprised in about 4 years and we are going to be making major cuts to major programs to handle our financial difficulties. It seems to me whatever we can do to awaken Congress to what is about to happen to us in terms of international financial markets, the force that is going to be placed on the Congress.

My follow-up question is, what about the second and the third part? What about the more for less that is every business. Senator Lautenberg asked that of his business every year. Give me more for less. That is called efficiency. That is called productivity. He asked that and got it. What about that component of it?

And the second question I would ask you about is how do you engage Congress? How do you engage Congress to address what those charts show, and how do we make the changes that are nec-

essary, create an awareness in Congress to do the reform? There are a lot of programs out there that are great. This isn't going to be just about programs that are great ideas. It is going to end up being what about the programs that we cannot afford? Which is the best of those? That is the other reason why we should have such a good assessment tool. We cannot afford everything that we are promising today.

So please answer those two subparts of that question, if you would, and then I will defer to Senator Lautenberg.

Mr. WALKER. Mr. Chairman, I would respectfully suggest that we need to integrate and institutionalize those two concepts into the current processes that we already have. For example, we have the Government Performance and Results Act, which requires strategic and annual performance planning, and annual performance and accountability reporting. A key component of that should be the concept of getting more done with whatever resources and authorities you have, and it could be with less, or it could be the same amount.

Second, I think we also have to look at the budget process and the materials that are provided to the Congress. We need to move beyond baselines. The baselines are not sustainable. The baselines, to a great extent, represent an amalgamation and combination of programs, policies, functions, and activities that made sense when they were put into place but haven't been subject to fundamental review and reexamination. Performance information needs to be included as part of that process.

I think we need to make the agencies responsible for doing this. I think there needs to be a role for OMB on behalf of the Executive Branch and the President, whoever the President might be. I also think there needs to be a role for GAO, because the fact of the matter is that every administration has a President who is associated with a political party. They change from time to time, but by definition, the Congress has to feel comfortable with the process, the principles, and the players. As a result it is important not just to get an Executive Branch assessment but also the GAO's assessment since we are an independent, nonpartisan, nonideological agent and a subsidiary of the Congress.

Mr. JOHNSON. When they first started using the PART 40 some odd percent of the programs could not demonstrate a result. So it was impossible to hold the head of programs accountable for the accomplishment of a goal. They couldn't define what the goal was. They didn't know what they were trying to accomplish or they knew what they were trying to accomplish, but they couldn't measure it, or whatever, some combination of the above.

With performance information for programs, you now have information that you can use to hold program managers responsible for the accomplishment of desired outcomes at desired costs, and it is at that point, and we are just now getting to that point, where you can start setting annual goals with program managers that we want to get more for less, or we want to get the same for less, or we want to get more for the same. And that needs to be part of holding managers accountable, holding employees accountable.

That is one of the basic concepts for why there ought to be, we propose and will recommend here shortly, civil service modernization government-wide. It helps create an environment where peo-

ple, managers in particular, are held more accountable for how their programs perform, and also how to better engage Congress.

When we started this, the whole PMA was designed to focus on opportunities to better manage the Federal Government that involved Congress initially as little as possible. Nothing against Congress, but we wanted to work as much as we could within the Executive Branch to drive performance. Now there is more information available. There is information on 60 percent of the budget. We have information now that can be used to inform budget decisions, programs, continuation of programs, and elimination kind of decisions. So now there is enough information to more significantly involve Congress.

So this is why we are having these kinds of hearings. This is why you are interested in this. We can get more buy-in about what the stated purpose is. We can get more buy-in to the validity of these performance measures. We can get more buy-in to the validity of these efficiency measures.

And I think one of the key things that is going to lead to the credibility and validity of these numbers is if we are able to show Congress how this information is being used within the Executive Branch, not to eliminate, add, or subtract programs, but to drive performance. We can show that this makes sense. Program managers are using these new definitions of desired outcomes, and we are making these kinds of changes in the way programs are being managed and achieving different kinds of results, more desirable results, than we were several years ago before we had this information.

I believe that is going to make a big difference in terms of how credible this information is with Congress, and then these kinds of trends also make it much more necessary for Members of Congress and the Executive Branch to pay attention to what is working and what is not, and what we are getting for the money.

Senator COBURN. Senator Lautenberg.

Senator LAUTENBERG. Thanks, Mr. Chairman.

These two witnesses are very knowledgeable people. We see them with some degree of regularity.

Mr. JOHNSON. We have the same agent. [Laughter.]

Mr. WALKER. We get the same fee.

Mr. JOHNSON. The same fee, Senator, zero. [Laughter.]

Senator LAUTENBERG. Well, we can discuss that at another time, but what I——

Mr. WALKER. More for less. [Laughter.]

Senator LAUTENBERG. I got a little concerned when Mr. Johnson made some reference, and I thought that there was a suggestion in there that maybe the Congress ought to be rated the same way, using PART. If that is the case, I will recuse myself from that hearing. [Laughter.]

But in any event, thank heaven that we are not measured by the same yardstick. It is fair to say that there might even be some political influence around here.

How sure are you, Mr. Walker, can we be, that there is no political urging, to use the politest term I can, because this is all that I share with the Chairman here. We have gotten to know each

other some and we know that in terms of how we operate, there is consistency of view.

As I listened to what each of you had to say, I thought about the differences in departments. How do you measure the museum performance and how do you measure a transportation program or the manufacturing program, which I think is a very good idea? You are left in kind of a discovery area. Who do you talk to—who gets spoken to when these decisions are being reviewed or questions are being asked? Who in the line of command typically gets talked with? Do the employees get to respond? Do the staff within these units get to respond, or is this strictly a management review?

Mr. JOHNSON. I don't know how far down it gets. It is both agency and OMB, but I don't know how far down, if it gets down to the Forest Service person in whatever Western State.

There are four basic areas of questioning in the PART that really are good questions that would apply to your form of business, my form of business, any kind of Federal program. Is there a clear, defensible purpose? There are several questions related to that. Are there valid short-term and long-term goals? Is the management sound or the management practices good? And what are the results of the program relative to the goals? Now, those are generic questions that apply to any kind of program.

There is work done by OMB and people working on individual programs within the agencies. They get agreement or disagreement on what the ratings are. We are this year establishing an appeals board in case there is an impasse at what the evaluation ought to be, and it goes to a selection of deputy secretaries to review that and make some determination on what the ruling ought to be on that.

But I feel comfortable that there are good assessment from both objective and pride of authorship. The people involved in the program standpoint, and the questions that are asked are generic in nature, but very focused on whether the programs are working or not.

Senator LAUTENBERG. Mr. Walker.

Mr. WALKER. Senator Lautenberg, you having been in the private sector for many years and I having been in the private sector for 21 years, these are management 101 concepts that apply to government as well as the private sector and the not-for-profit sector. They are not inherently partisan in nature. And yet the fact of the matter is, the government hasn't done much in this area for many decades, irrespective of which party was in power.

I would respectfully suggest that the agencies have to be primarily responsible and accountable for doing what needs to be done here. I would also agree that OMB has a role to play. At the same point in time, I don't believe that it can stop at OMB. Given the fact that OMB is part of the Executive Branch, and works directly for the President—whoever the President might be and whichever party that President might be associated with—I think you need to have a check and balance. I think part of that check and balance possibly is to have a role for GAO. Ultimately, it is not only going to require action by the Executive Branch, it is also going to require action by the Legislative Branch in order to achieve meaningful and lasting results.

Rightly or wrongly, I know there is concern in the Congress with regard to just relying upon the PART. There is also interest in having some checks and balances in the process. That is how our Constitution is based.

Senator LAUTENBERG. In the business world, again, each of our witnesses here has talked about the experiences in the private world. I think that the most reliable measure is to see how the customers like it. I don't know whether we include that as part of our review. Again, I note that the museum is here, and I wonder, have we done any assessment or do we do any about visitors, whoever the customers may be. Unfortunately, it takes time to catch up with that opinion. The cart and horse thing that is so often used as a reference here is whether the resources are adequate to give the facility or the program enough time and enough direction to work effectively.

Mr. WALKER. Senator Lautenberg, I would respectfully suggest, as Clay Johnson touched on the criteria need to be customized to the particular entity involved. Let us take GAO as an example, which I know firsthand. We are a professional services organization. We have four primary measures. Measure one, results, financial and non-financial results. Two, what do our clients, meaning the Congress, think about our work? Three, what do our employees think about our agency? And then four, what do our partners, both within government and outside of government domestically and internationally, think about us?

Those four measures work very well, and there are a lot of details behind those measures, but the framework has a lot of conceptual merit. However, the details obviously have to be tailored to the particular enterprise and their workforce.

Senator LAUTENBERG. And each of you is satisfied that there is—that these results are free of any skewing for political or ideological decisions?

Mr. JOHNSON. I am totally satisfied that they are free of those biases.

Mr. WALKER. We haven't evaluated that. I believe that to the extent that you have a process that provides for checks and balances, then it can provide additional assurance, not just for today, but 5 years from now, and 50 years from now.

Mr. JOHNSON. I want to talk about customer service in a second, but one thing, there is less bias in our assessment of the ratings than will be there in Congress' assessment of whether programs work or not, to your point that you made earlier.

On customer service, we had talked about that. I can tell you that every program that has a large customer service component, which is almost all of them, does a lot of customer service measuring. All of our lending operations, all of our grant-making operations, all of our e-Government initiatives are measuring customer satisfaction, and like many government issues, they are comparing our ability to take a reservation for a campsite with orbit.com's satisfaction with their ability to take an airline reservation. So we are looking for private sector benchmarks and trying to build that into program managers' goals.

The thing we have to realize, our ability to assess programs are in a pretty infant stage. We are now in a 3-plus year process of

measuring program performance. We haven't even evaluated all the programs yet. The program metrics and measurements we use will be way better 5 years from now than they are now and better still 10 years from now. We will get better at measuring. We will get better at correlating this with results and so forth.

We talked about how we don't have customer satisfaction measures in all of our customer service programs. It is in some, but not all. That needs to be corrected. That will be corrected. But we are going from a situation 2 years ago where 50 percent of the programs could not demonstrate any result, forget the right result, any result. We are now coming to the point where we have measures, a lot of them are very rudimentary and basic, and now we are going to build from there and make them much better and use that information to hold the program managers more accountable for the delivery of more for less.

Senator COBURN. Senator Carper, welcome.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Thanks, Mr. Chairman. I apologize for running a little late. Our caucus luncheon ran until about 2:15. We had a heated discussion on energy policy, and as I was making my way over here, my cell phone went off and it was our Lieutenant Governor from Dover, Delaware calling, from Legislative Hall, to give me the results of the elections in Boys' State and he was standing next to the newly-elected Boys' State Lieutenant Governor, our oldest son, Christopher Carper, who we are just very proud of.

Senator COBURN. All right.

[Applause.]

Senator CARPER. Nobody has asked for a recount. [Laughter.]

So, I think we are in a moment of real pride. He had lunch at the Governor's house today, where we used to live. Tuesday in Delaware, we have a legislative leadership luncheon where Democrat and Republican leaders in the legislature and the Governor and the Lieutenant Governor all have lunch, and sitting right there at the table was—literally in a room where he grew up for 8 years, was our boy, real special.

I have a statement I would like to give, not now but maybe during our break between our panels, if you don't mind. I want to say to our witnesses that I don't think I have ever seen the two of you before, but it is great to see you. [Laughter.]

People are going to start talking, but we are glad you are both here. Thank you for your testimony and your response to our questions.

Let me just start off, if I could, with a question for you, Mr. Johnson, and I am going to ask Mr. Walker to respond to it, as well. I will give you the first shot at it, if I can.

I have read criticisms, and you have probably heard them, too, of the Program Assessment Rating Tool which argue that OMB's ratings sometimes ignore the will of Congress with respect to our intent in creating certain programs. I just wonder, is it possible for a program to get a poor rating simply because it does what is required by statute and not necessarily what OMB might like for that program to do?

Mr. JOHNSON. Yes.

Senator CARPER. All right. What should we do about that?

Mr. JOHNSON. What we challenge our agencies to do is——

Senator CARPER. I want the record to show, that is the shortest answer I have ever gotten from any witness in the 4-plus years I have been here. Could you be more direct? [Laughter.]

Mr. JOHNSON. We charge agencies to have outcome goals for each program, and if the enabling legislation doesn't provide that or leaves that vague or there are contradictory outcomes called for, we make it the responsibility of the agencies to go back to the appropriate body here and fix that.

They say, well, but I can't control that. Then we say, well, we are not saying who is at fault here. We are saying we have a program that does not have a defined outcome, or it has a defined outcome and perhaps in some cases the measures are undefined—or the goals are so broad or so vague that you could never hold anybody accountable for their accomplishment. That needs to be fixed. And if it involves working with Congress to fix it, then it is their responsibility to work with Congress to fix it.

Again, the assessment is not of Congress—it is of the program, but the program manager is responsible for doing what they can to get the most result for the amount of money spent for that program, and if it involves corrective legislation, that is what they need to go try to get.

Senator CARPER. Mr. Walker, any thoughts, please?

Mr. WALKER. First, I think one of the things that Congress needs to do when it is enacting legislation, whether it be a new program, or whether it be a new tax policy, is it needs to think about why is it doing it, what is it trying to achieve, and how should success be measured. Therefore, at the very creation of a program or policy, these are issues that should be focused on by the Congress, since it is the body that causes it to be created and appropriates money on a recurring basis. That is generally not being done at the present time.

Second, it is important that we not just look at the programs with regard to the different departments and agencies, but we need to have additional emphasis on horizontal activities, because many times there are many programs that are being operated and trying to accomplish a similar goal within many different departments and agencies, and we need to focus on employing more of a horizontal and integrated approach.

Last, I think we can't forget about tax policy. We spend as much in this country, or fore go as much in revenue in this country in some years as a result of tax expenditures and tax preferences as we do in total discretionary spending. Discretionary spending includes national defense, homeland security, judicial system, education, the environment, GAO, OMB, etc. It is important that we not let tax preferences/expenditures off the radar screen. They have to be on the radar screen, too.

Senator CARPER. I have to ask this question. It is not really germane to our hearing today, but you mentioned tax expenditures and revenue flow gone. Is there any significant revenue flow gone simply because taxes that are owed and are not being collected?

Mr. WALKER. Over $300 billion is the estimated tax gap, of which there are sub-elements to that, some because people aren't claiming

the income, some because they have understated their gains, some because they have overstated their losses, some because they have delinquencies that we haven't collected. And we had a hearing on that before the Senate Finance Committee and that is an issue that needs more attention, as well.

Senator CARPER. So $300 billion, is that like a one-time number or is that a recurring number?

Mr. WALKER. Every year.

Senator COBURN. The Chairman and I have talked about that and I think that might be the subject of some subsequent inquiries not today, but that is an issue for another day.

We had another hearing in our full Committee, Mr. Chairman, this morning, and out of the mouths of a couple of our witnesses came the words "Government Performance and Results Act," and I don't remember anybody ever mentioning that in a hearing before, at least not that I can recall. Anyway, it was mentioned a time or two in our earlier hearing.

What I would like to do is ask, if I could, just start with Mr. Johnson to ask a little bit about how we coordinate the rating tool with the Government Performance and Results Act, which I think might have been adopted about a dozen or so years ago but I think it goes back to the early or mid-1990s. How does OMB take into account programs' successes in fulfilling obligations, placed on them in their agency's long-range or annual performance plan? Does the rating tool ignore the Government Performance and Results Act? How do we just coordinate the two and use them both effectively, or is that impossible?

Mr. JOHNSON. No, it is not impossible at all. In fact, they should be used together. The Government Performance and Results Act was adopted 12 years ago and——

Senator CARPER. Could you just take a second and give us a little short primer on the Government Performance and Results Act, if you are able to? And if you are not, you are OK.

Mr. JOHNSON. I am known to be a pretty good delegator, and so I am going to call on my good friend, Mr. Walker.

Mr. WALKER. That is called delegating up, Senator, but that is OK. [Laughter.]

Mr. JOHNSON. Whatever you want to call it, just do it for me.

Mr. WALKER. He is very adept at delegating.

Senator CARPER. Well, we have all done it.

Mr. WALKER. I would say, Senator, one of the things that I mentioned before was I think it is very important that we recognize that we do have a number of statutory provisions in place, one of which is the Government Performance and Results Act, GPRA. My personal view is that we need to take a lot of these concepts, and integrate them into the current framework. We also need to institutionalize them such that they will exist irrespective of what administration is in power and irrespective of which party controls the Senate and the House of Representatives.

I do not think they are mutually exclusive. They should both be done. One should be a subset of the other.

Senator CARPER. How did he do?

Mr. JOHNSON. It wasn't much of a summary, but—— [Laughter.]

Mr. WALKER. Oh, you want me to summarize GPRA? I apologize.

Senator CARPER. Just a primer, if you would, on——

Mr. WALKER. Yes. The Government Performance and Results Act, which I believe was created in——

Mr. JOHNSON. I would give him a——

Senator CARPER. An incomplete?

Mr. JOHNSON. No——

Senator CARPER. You are taking my time.

Mr. WALKER. The answer is that the Government Performance and Results Act, which I believe was created in 1993, provides for a number of things. One, it provides that agencies do a strategic plan periodically. Second, it provides that agencies prepare an annual performance plan. Third, it requires that agencies publish an annual performance and accountability report.

I might note for the record that, as frequently is the case, many times, these pieces of legislation are passed and only apply to the Executive Branch. In this particular case, as in many others, we have voluntarily adopted it at GAO, not just to comply, but to try to lead by example.

It was a very valuable concept and we have made a lot of progress in the last 12 years with regard to this. But we still have a ways to go. I believe that some of the concepts we are talking about today represent a prime example of how we need to integrate these concepts into our existing mechanism. However, we need greater involvement by the Legislative Branch, including the Congressional committees, because to a great extent, whether it is budget, whether it is appropriations, whether it is authorizations or reauthorizations or whether it is oversight, this type of information is not used to the extent that it should be.

Mr. JOHNSON. David and I were on a panel a couple of years ago with Pat McGinnis with the Council on Excellence in Government and Congressman Armey talking about the Government Performance and Results Act, and I think that it was the feeling of everybody on that panel that the Government Performance and Results Act had not lived up to its potential.

I think one of the reasons is that the unit of evaluation, I suggest, should not be an agency. It is difficult to say that an agency has succeeded, an agency is the sum of its programs. There are some agencies like Commerce that have the most unbelievably wide diversity of programs—they all do, but some of them are incredible. And to say that Commerce is doing this or doing that overall, it is not really relevant.

So I think now having program information gives us information about relevant units of measure, relevant component parts of agencies that can now be incorporated into our overall discussion about if Commerce, if Interior, if the State Department is meeting its mission? Is it accomplishing its strategic goals?

Three years ago, we only had program information for 20 percent of the programs, then 40, now 60. We are in 80. This next year is for us the time when all of us should figure out how to really bring these two things together, because I think it gives us an opportunity to realize even more completely the full potential of the Government Performance and Results Act of 12 years ago.

Senator CARPER. Yes, sir.

Mr. WALKER. One last thing, Senator Carper, we still need a government-wide plan. We don't have a government-wide strategic plan. We don't have a government-wide performance plan. We do have, I would argue, a performance and accountability report, but we still need the government-wide plan.

The budget is, by definition, not a strategic plan because it doesn't look out far enough.

Senator CARPER. Who should be responsible for developing that?

Mr. WALKER. The President, and presumably the President would use his very valuable agent, OMB.

Senator CARPER. Thank you. Gentlemen, thanks very much.

Senator COBURN. I want to go back for just a moment. Mr. Johnson, in your testimony, you stated that the Administration is proposing two new commissions, the Sunset and the Results Commissions. Can you talk in some detail about what those commissions would do, how would they be created, and how they would be structured, and what their purposes would be?

Mr. JOHNSON. Yes, and I know I am going to miss a few of these facts. The Sunset Commission is a concept, I think it is employed by about half the States. Texas is one. What we are proposing is that there be a seven-member commission, four in the majority party—or in the Administration, three not. Four members appointed by the President with consultation from the majority and minority leaders in both Houses.

There would be a list put together with Congress, a schedule of when programs or agencies would come up for review over a 10-year period of time. So it would set a 10-year review cycle. If Congress and the President agreed that the department of X ought to be reviewed in total, it will be on that list. If they agree that it only ought to be programs or it ought to be these programs but not those programs, or it shouldn't be defense programs, or it should be—that will be worked out, but there will be a 10-year review cycle.

Then every year, those programs, and so we are talking about 1,200 programs—let us say it is only program specific—it would be 1,200 programs. About 120 programs a year would come up for consideration. If they are not affirmatively agreed to to be continued, they would sunset.

My understanding is that the experience in the States is that the programs tend not to then go away. They tend to know that their judgment day is coming up, so there is accountability—Congress is on the line, calling for performance. The Executive Branch is on the line, calling for performance. Program managers really feel held accountable for how their programs perform, and it tends to drive more significant performance, more focus on results, and more focus on efficiency.

And so what happens is programs get better. Improvements get better. Occasionally, the Sunset Commission will come out with a recommendation to modify a program or change the measures or less of this and more of that as opposed to this thing should go away altogether. If something needs to be done away with, my guess is, and I think the experience in States is, it will generally be done away with long before it ever comes up before sunset review. So it is a mechanism for driving a formal focus on results.

Congress would be involved and the Executive Branch involved, both calling for results.

The Results Commission is to deal with the programs like job training or community and economic development or programs dealing with disadvantaged youth or world water quality, where there are issues that many agencies and many programs are involved with which makes it very difficult for the Executive Branch and for the Congress to deal with these matters, because you get into jurisdictional issues, you get into so many different budgets, you get into issues about, well, is it Commerce's fault, is it Interior's fault, is it whatever.

If Congress agreed to the concept, then what would happen is the President would propose that we ought to create a specific Results Commission on the subject of job training. Congress would agree that was not too controversial a topic or it was a good enough amount of money or a substantive issue that we should create a Results Commission to deal with that. They would agree to do that. The President would form a seven-person commission, four in consultation with the majority and minority leaders in both Houses. But it would be seven people who have expertise of various sorts on the subject of job training in this case. It would be a commission put together to deal with the specific issue at hand.

They would then have 9 months to receive a proposal on how to organize these multi-agency, multi-program efforts differently, do away with some, add some things, combine them over here, combine them into—whatever the recommendation is, take that, have hearings, decide what they believe—how the President's recommendation ought to be amended, if at all, come back to the President with that. There is some dialogue back and forth. Anyway, but then that goes to the Congress for expedited consideration, like a BRAC-kind of a process.

So one deals with single agency kinds of performance issues. The other one deals with single program performance. The other one deals with multiple departments, multiple agencies, multiple programs dealing with the same issue.

I have left a lot of the details out, but——

Senator COBURN. Talk with me for a minute about the fact that we are going to approve $170 billion worth of spending this year for programs that aren't authorized. How does the Results or the Sunset Commission deal with that? In other words, we are going to spend $170 billion. We are going to appropriate it this year for programs that are totally unauthorized. In other words, the Congress hasn't done this job, either won't reauthorize them, don't have the votes to reauthorize and appropriate them anyway. How do you address that problem? Thirty percent of our discretionary budget is appropriated without any authorization.

Mr. JOHNSON. I am not familiar with the particulars, but when the Congress and the Executive Branch are developing that list of programs, that schedule to review all programs, it would decide whether they are reviewing just authorized programs, or unauthorized programs. They might decide to put all those unauthorized programs in the first couple years of sunset review.

So Congress is integrally involved with the Executive Branch to decide what is involved and in what order these different programs are involved. So this would be a mechanism for doing that.

Senator COBURN. We really could do that if we had effective oversight, without either of those commissions, couldn't we?

Mr. JOHNSON. Yes, sir.

Mr. WALKER. Mr. Chairman, I would respectfully suggest the commission wouldn't deal with that issue. The fact of the matter is that you already have a number of programs that have not been reauthorized yet, even though they are supposed to be reauthorized, and yet the Congress has decided to continue to appropriate.

There is absolutely no question that we need additional emphasis on whether or not programs, policies, functions, and activities are achieving real results. There is absolutely no question that we need additional emphasis on mechanisms to determine whether and to what extent programs should be continued.

However, we should integrate those mechanisms into other ongoing processes and institutionalize them. I haven't seen the proposed legislation and I would reserve any comment on the proposed legislation until I see it. However, historically, we have done a lot of work at GAO with regard to commissions that work and commissions that don't work. The commissions that typically have worked the best are the ones that had a finite term and a specific mission to be accomplished. What I am hearing is something that could go on indefinitely.

The real key is, how can we end up making sure that the Congress is engaged to a greater extent? How can we make sure that more of this type of information is automatically considered? How can we increase the transparency of this information, not only for the benefit of the Congress, but also for the benefit of the public so there are incentives to start dealing with some of the tough issues that have accumulated over time and that we are going to be forced to deal with because of the fiscal picture that I outlined earlier?

Senator COBURN. Senator Carper.

Senator CARPER. Just a couple more questions, if I could. Let me just ask, and again, I sort of direct this to you, if I could, Mr. Johnson, and then to ask Mr. Walker to respond, as well, but what factors do the views of stakeholders or the individuals or groups that benefit from a given program, what factors would their views play with respect to OMB's ratings of a particular program and how, if at all, does OMB actually solicit their views?

Mr. JOHNSON. I know that we pay attention to if programs are working or not, and if they are supposed to serve a given community, the most important stakeholder group is the community of citizens that are supposed to be served, and so there are different measurements of whether they are being served or not.

But the exact method of doing that and the degree to which it happens across the board, I don't know, but I can get back to you with that information.

Senator CARPER. General, do you want to take a shot at that one, as well?

Mr. WALKER. He would be in a better position to say on PART. I do believe that it is a factor that should be considered. At the

same point in time, just because you have a lot of people that are happy that the program exists doesn't mean that the program or policy, if it is on the tax side, is achieving the desired results.

All too frequently, in the absence of having performance and outcome-based information, the assumption is if we spend more money, we will get more results, or if we give more tax preferences, we will get more results. That is not necessarily true, and that is part of the whole purpose here. We need to find out what works and what doesn't work because we are not going to be able to afford and sustain all that we have right now. We also need to make room for other things that the Congress will want to do because of emerging needs and challenges facing the country in the future.

Senator CARPER. OK. And one last question, if I could. Based on the analysis of the rating tool scores, grant programs, as I understand it, are less likely to receive effective scores and much more likely to be deemed ineffective or to receive a score of results not demonstrated. I just wonder, why do you think this is, and how do rating tool questionnaires differentiate between different types of programs?

Mr. JOHNSON. There are questions that are asked of grant programs that are specific to grant programs. I was giving a talk to the SESes at EPA about a month ago and a couple fellows came up to me at the end and said PMA is great and getting more results and better defined goals and so forth. We need to get States and local communities to, once we grant them the money, get focused on getting more for the money.

And I said, what is fabulous is that you are asking me about this. I bet you 5 years ago, you never would have been inclined to think about how we can now focus on what our grant recipients do with the money, because that is what we are holding agencies accountable for. The goal is not to give monies to States and municipalities in an efficient, effective fashion. The goal is to get good things happening with the money that States and municipalities are spending in a prescribed nature.

So that means not only we have to define what the goals are, but we have to hold States and municipalities, to the extent to which we can, accountable for spending the money as designed and in an effective fashion. Right now, we are not particularly equipped to do that, and I think that disconnect between us giving them the money and them spending the money wisely or them spending the money as intended or them producing or measuring the results of that is not what it needs to be. But now our agencies know that they are being held accountable for how their grant recipients spend the money and so they are going to turn around and work with States or municipalities and maybe make the money they get next year dependent on how well they spend the money this year.

We can get better at this. We just generally have not been. That has not been our goal, is to seek the performance against desired outcomes at the bottom level.

Senator CARPER. All right. Mr. Walker.

Mr. WALKER. Several thoughts, Senator. One, there are different forms of grants, including block grants, and I think one of the things that we need to keep in mind is that we need more performance-related information, we need more transparency so that we

can have more accountability both at the Federal level as well as the State and local level, depending upon the facts and circumstances.

Second, we have a finite amount of resources, which are going to get tighter as time goes forward based upon known demographic trends, rising health care costs, and other factors. As a result, we need to be more value and risk oriented. We also need to be more targeted with regard to expenditures as well as tax preferences.

The last thing is, and it is a concern that I have, there are other practices that exist that can complicate this. For example, the practice of Congressional earmarking. When you are in a situation where you have a finite amount of resources and it is going to get tighter and you are trying to get people to focus on results, to the extent that there is going to be more earmarking, then there is going to be less flexibility to be able to target, to achieve desired outcomes, to mitigate risk, which could establish a vicious cycle that should be of concern to all parties.

Senator CARPER. Good enough. Thank you both very much.

Senator COBURN. Thank you. I am going to submit some questions in writing so we don't carry this out too long.

The other point I would make, the number one stakeholder in all these programs is the next two generations. It is not the stakeholders that are meant to serve, because if we don't solve the financial problem, there is not going to be any service and the stakeholders, the next two generations, are going to be paying the bill for things that we have already spent the money long ago.

So it is important for us to—the ultimate stakeholder is the American taxpayer for all these programs, because since we are running on a deficit to the tune of about $22,000 per man, woman, and child per year in this country, and the people sitting in this room, the vast majority, aren't going to be paying that money back, it is going to be our children or grandchildren, it is important to keep perspective of who the real stakeholder is.

I want to thank you for your testimony. I am sure we will invite you back. We appreciate so much you being with us, and with that, we will dismiss the first panel.

Senator Carper, while our second panel is coming up, I will ask you to——

Senator CARPER. I think I would just ask unanimous consent that my statement appear in the record and we will go right to the second panel.

Senator COBURN. Without objection.

Senator CARPER. Thanks.

[The prepared statement of Senator Carper follows:]

OPENING PREPARED STATEMENT OF SENATOR CARPER

Thank you, Mr. Chairman, for holding this very timely hearing.

As you and all of our witnesses are well aware, our country is facing record budget deficits. We're just embarking on another appropriations season here in Congress where we'll be called on to make some very difficult decisions about what to do with scarce Federal dollars.

At the same time, as GAO and General Walker have pointed out countless times before this Subcommittee and elsewhere, we're at a kind of turning point right now where we need to decide what we want our government to do in the 21st Century. Nearly 4 years after the attacks on September 11, we still have a whole new set

of needs and priorities that must be balanced against older needs and priorities and scores of popular programs.

And with the challenge of the retiring Baby Boom generation on the horizon, we just can't afford to do all of the things we might want to do—at least not well. That's why proposals like OMB's Program Assessment Rating Tool are so interesting.

We should never be afraid of taking a hard look at Federal programs to determine whether or not they're accomplishing what we intended for them to accomplish when we first created them. In this day and age, we simply can't afford to allow poorly-managed programs to continue without reform or, frankly, for a program that has run its course and achieved its goals to continue draining resources from other priorities. That said, we need to be certain that the Program Assessment Rating Tool or whatever mechanism we use to make these evaluations is itself effective.

To be effective, a program like the Program Assessment Rating Tool must be totally separated from politics and ideology. It must also be closely coordinated with existing mechanisms agencies and Congress use to align budgets with program goals and outcomes, such as the Government Performance and Results Act. And perhaps most importantly, we also need to make sure that a program's intended beneficiaries outside of Washington have a say before an evaluation is completed. While I'm keeping an open mind on this issue, I've some evidence that the Rating Tool might fail all three of these tests.

I'd just say in closing, Mr. Chairman, that we're not going to close the budget deficit by reducing spending on a program here or eliminating a program there. President Bush called for the curtailment or elimination of 154 programs in his Fiscal Year 2006 budget proposal. Even if Congress were to eliminate every single one of those programs, I think the savings would only cover a fraction of our budget deficit.

Non-defense discretionary spending, the target of many of the spending reductions and program eliminations in the President's budget proposal, makes up only about 16 percent of the Federal budget. I'm sure we can find ways to improve the management of some of the funding in that 16 percent, or even to find and eliminate waste or inefficient use of resources. If we truly want to tackle the fiscal problems facing us right now, however, we—meaning Congress—need to take a look at the entire budgetary picture, on both the spending and revenue side, and make some tough decisions.

Senator COBURN. Our second panel, we are privileged to have with us today two scholars from the academic community to give us their perspectives on Federal Government accountability efforts.

Our first witness on the second panel is Eileen Norcross from the Mercatus Center in George Mason University. Much of Ms. Norcross's academic research effort has focused on the analysis of budget and performance integration and agency performance reports. We look forward to hearing from her today.

Our second witness on the panel is Dr. Beryl Radin, Professor of Government and Public Administration with the University of Baltimore. She has written extensively on the role of the Federal management as an instrument of policy implementation, and we look forward to hearing her thoughts on the current initiative to make government more accountable and outcome-oriented.

Ms. Norcross, if you would.

TESTIMONY OF EILEEN NORCROSS,[1] RESEARCH FELLOW, GOVERNMENT ACCOUNTABILITY PROJECT, THE MERCATUS CENTER OF THE GEORGE MASON UNIVERSITY

Ms. NORCROSS. Thank you, Chairman Coburn and Senator Carper and Members of the Committee on Homeland Security and Governmental Affairs, for inviting me to testify on the state of accountability and results in Federal budgeting.

Much of my research at the Mercatus Center is on the progress agencies have made towards developing outcome measures, the

[1] The prepared statement of Ms. Norcross appears in the Appendix on page 60.

Program Assessment Rating Tool, and the extent to which Congress and the Executive Branch use performance information in the budget. I would like to submit for the record my paper analyzing the results of the fiscal year 2006 PART. Additionally, I would like to submit a copy of our 2004 annual scorecard for your reference.

Why should we bother to evaluate the performance of agencies or program results? What is the purpose of linking performance information with cost information? Policy makers can and do debate values and priorities, but such a debate is about ends, not means. Policy makers often articulate many worthwhile ends—reducing homelessness, eradicating disease, or ensuring we are secure from terrorism. If we are to accomplish these ends, we must know if results are being achieved. This means holding programs to a fact-based, not values-based, standard.

If our goal is to reduce homelessness, does the program actually do this? If so, to what extent does it succeed? Do other approaches reduce homelessness more effectively? How many fewer homeless people would we have if we moved resources from a less-effective to a more-effective program?

Answering such questions requires reliable performance and financial information. Linkage of results information and cost information tells us which means are most likely to accomplish the ends policy makers decide are worthwhile. Measuring results enables us to know what public benefits arose from a given activity.

Agencies are statutorily required to report on their annual performance by articulating their goals, designing performance measures, and assessing results achieved. This then requires that agencies link their goals, objectives, and performance measures with their budgets.

According to our annual scorecard, which evaluates how well agencies are meeting their reporting requirements, we find many agencies lag in linking performance information and financial information. Not until our third annual scorecard in 2002 did an agency, SBA, receive the highest score in this category. They achieved this because each of their performance indicators included a cost estimate, and some included a cost per output measure. This practice continued in 2003.

This measure is important because where there are programs of equal efficacy, then the best means of comparing them is the cost per unit of success. This allows us to know how resources might be used to increase the public benefit.

Some agencies have made improvements in recent years. In our first scorecard in 1999, 14 agencies showed no linkage of cost to goals. This year, 7 agencies allocated their costs among goals and objectives, falling short of the highest score only because they failed to link these costs to individual performance measures.

With the fiscal year 2004 budget, the Bush Administration attempted to forward the use of performance budgeting with PART. By formally linking budget requests to program performance, PART provides a view into how the Executive Branch is making some of its budgetary decisions.

This approach has several merits. It is program-focused. Budget decisions are often made at the program level. Where multiple pro-

grams attempt to accomplish similar outcomes, PART assessments can facilitate comparisons. OMB has made the assessments publicly available, ensuring the process is transparent and open to the public.

There are some shortcomings. We may agree or disagree on individual PART assessments. The yes/no format may oversimplify agency answers. There are difficulties in relating individual program assessments to GPRA's assessment of performance goals.

PART must remain open to constructive criticism in terms of its methodology and mechanics, but it would be a setback to the use of performance information if the concept of trying to objectively assess program results were abandoned altogether.

In the fiscal year 2006 budget, the President recommended 155 programs for termination or program cuts. Fifty-four of these programs have been PARTed. Of the 99 recommended for termination, 32 have been PARTed. Of the 55 recommended for cuts, 23 have been PARTed. These 55 programs represent about $10 million in savings, or 0.4 percent of the proposed $2.57 trillion budget. Within the 55 programs, it appears PART was used in conjunction with other information to make funding decisions. Twenty-five of the 175 programs rated results not demonstrated, and half of the 22 programs rated ineffective to date were recommended for elimination or cuts. There is not a perfect correlation between a PART score and funding decisions.

PART is not the only means to better integrate performance information into the budget. Important criticisms remain about its methodology, question format, and ratings classifications. But PART remains a consistent, systematic, and transparent attempt to evaluate government programs. By focusing on individual programs where budgetary decisions are often made, PART is a valuable approach that can only improve the effort to advance performance budgeting.

Thank you, Mr. Chairman, Senator Carper, and Members of the Committee for taking on this important subject. The integration of performance information into the budget is a vital means of guaranteeing that the stewardship of public funds will achieve the most effective results and show the greatest public benefits. I hope this testimony will be helpful as the Subcommittee considers the role of performance information in the Federal budgetary process.

Senator COBURN. Dr. Radin.

TESTIMONY OF BERYL A. RADIN,[1] PROFESSOR OF GOVERNMENT AND PUBLIC ADMINISTRATION, UNIVERSITY OF BALTIMORE

Ms. RADIN. Chairman Coburn, Ranking Member Carper, my name is Beryl A. Radin and I am a Professor of Government and Public Administration at the University of Baltimore and an elected Fellow of the National Academy of Public Administration, and I will be joining the faculty at American University's School of Public Affairs this coming fall.

For more than a decade, I have been studying the efforts within the Federal Government to improve the effectiveness and account-

[1] The prepared statement of Ms. Radin appears in the Appendix on page 74.

ability of Federal programs and have published a number of articles on this subject. Like many others, I believe it is important to find ways to assure that limited Federal dollars are used effectively to carry out the goals and objectives of programs that have been created by both the Congress and the Executive Branch. But while the focus on performance is extremely important, I have serious questions about the current procedures that have been put in place to carry it out.

The effort that has been undertaken in OMB through PART may have been motivated by a legitimate and appealing concern, but I do not think that this model is an appropriate way, or is a limited way to measure program performance.

The six issues that I will discuss today explain why there appears to be a disconnect between many of the PART evaluations overseen by OMB and the budget proposals that were found in the President's current budget. They illustrate how difficult it is to impose a single model in an extremely complex Federal system with a diverse array of programs. We should heed what H.L. Mencken once said, "Explanations exist. They have existed for all times, for there is always an easy solution to every human program, neat, plausible, and wrong."

Let me summarize my six points. First, many Federal programs have multiple and conflicting goals. The PART process does not really reflect that reality, and most of the evaluations that have been done assume there is a single goal for programs.

Second, not all Federal programs are alike. There are major differences, and we heard some of that earlier, between competitive grant programs, block grant programs, research efforts, regulatory programs, and other program forms. Yet the PART approach largely treats them alike, even though OMB acknowledges the differences and GAO has actually written about that extensively. Perhaps most importantly, the PART process does not recognize the decisions by Congress to enact programs in different form. Instead, OMB actually second-guesses Congress in terms of assessment of program purpose and design.

My third point, OMB budget examiners and OMB itself have a limited perspective on programs. It does not make sense to rely on only one perspective to determine whether programs should live or die. Congress itself has recognized that as it has separated the authorizing and appropriating functions. A yearly budget is not the only way to look at what are often very detailed and complex programs.

Fourth, there are many different types of information that are useful to those who are charged with running or assessing programs. The information that is used in the PART process is not value-neutral. Rather, it reflects markedly different reasons for concern about performance. Significantly, the information that is emphasized by OMB often is not useful to program managers, policy planners, or evaluators, or judging from the quite tepid reaction on Capitol Hill, to those charged with appropriations recommendations.

Fifth, OMB calls for new data sources but does not acknowledge that agencies are not able to collect that data. A number of agencies would like to collect data on the achievement of program out-

comes. However, they are constrained both by the mandates of the Paperwork Reduction Act as well as by their inability to receive appropriations that would give them the sources to develop these data systems.

And sixth, PART focuses on an Executive Branch perspective and is not easily transferred to the Congressional branch. The one-size-fits-all approach that is found in the PART process is not compatible with a Legislative Branch with multiple committees and subcommittees as well as separating between authorizing and appropriations perspectives. The multiple venues within the Congress for discussing issues are one of the strongest attributes of our democracy, even though the complexity it creates is sometimes frustrating.

In conclusion, I suggest that this Subcommittee and the Congress avoid attempting to adopt the PART process and instead, by focusing on accountability and results, emphasize the existing resources that are unique to the Legislative Branch. Instead of searching for a one-size-fits-all approach, the Congress has rich resources within the appropriations and authorizing committees structure that could be used to craft definitions of results within the framework of specific programs. Performance can best be handled within the confines of specific program development and traditional Congressional oversight.

The Congress has oversight capacity that can be used to provide more robust information than that from the PART process. The oversight process gives the Congress access to a range of information from GAO, from CBO, CRS, and the Inspectors General, as well as from non-governmental sources. Each of these sources has a somewhat different perspective, but collectively, they offer a rich view of program performance. Congress has the ability to develop a regularly-scheduled assessment of programs within its oversight role.

Thank you for inviting me to testify, and I am available to work with the Subcommittee and its staff to continue this conversation. Thank you.

Senator COBURN. Thank you both for your testimony.

I know that the oversight is there. The Congress, less than 7 percent of their hearings are oversight. Ms. Radin, my question is, how are you going to change that? How are you going to get Congress to do the oversight that is necessary and how are we going to measure performance if Congress won't do the oversight?

Ms. RADIN. Has there been an attempt to try to prop up the process?

Senator COBURN. That is one of the things that Senator Carper and I are doing with this very Subcommittee, but it is a new attempt. We are going to average about two Subcommittee hearings a week. That is about 60 or 70, maybe even 80 hearings on oversight.

But the fact is, if you look at all the hearings in Congress, the vast majority of them are not oversight hearings. The vast number are on the basis of new legislation or appropriations. So my question to you is, if we are not going to use the PART performance tool, which everybody recognizes it has weaknesses, what tool are we going to use?

Let us also assume all the programs out there are good. Let us just make that assumption from it. They are all good, but we are going to come up with this budget hurdle we are going to face. So the thing we have to know is how do we prioritize them? Which is the best, because some are going to go away. I promise you, in the next 10 years, a large portion of the Federal Government is going to go away because we will not be able to afford it. So how do we measure what do we give best to the Federal Government?

Ms. RADIN. The Subcommittee certainly can't do everything on its own. But can't there be some effort in the organization of the Senate and in the House to really focus on the authorizing committees, because they are the ones that really know the programs. It seems to me that there has not been a priority given to oversight in those committees, and that seems to me something that the organizers of the Congress can push.

It is not going to happen all at once. We know that there have been attempts to try to rationalize the budget process and it is maybe a little bit less irrational than it was in the past, but the system is so complex that thinking that we can deal with it in one fell swoop is just not realistic.

Senator COBURN. With all due respect, I don't think we are thinking we can do it in one fell swoop. We have seen a transition process. And the PART may not be the answer, but some measure of performance and some level of accountability so that people understand what the end goal is that is associated with a relook at how you are performing on that end goal has to be a component of every Federal Government program that we have. We have to start asking the hard questions because we are going to get the hard questions asked about the end, the tough ones in the next 5 to 10 years.

Ms. RADIN. I am not arguing that you shouldn't ask those questions. I am suggesting that Congress has to grapple with that in its own terms and that turning it over to OMB really is violating what the Constitution has created. The ball is in your court.

Senator COBURN. That is exactly why we are having the hearing. We haven't turned it over to OMB. But a measurement of performance, no matter who does it, still gives some information with which the Congress can act on. And the question may not be whether Senator Carper and I agree on a program. The question may be which of the following ten programs, two out of them are going to have to go if we are going to live within the constraints for our grandchildren. Which two, and how do we measure that?

To have a ratings program or an assessment program within the agencies within the program in terms of creating the expectation for performance is not a bad idea. I don't think that there is anybody up here that is suggesting Congress is about to give that over. They are not, because the only way you change it is through Congress.

The other point that I would just ask is you recognize that over 25 percent of our discretionary budget is unauthorized right now. There is no expertise on it because there is no authorizing language and hasn't been for 10 or 15 years. So Congress has its own problems in terms of authorizing the spending that we have.

First of all, unanimous consent to put the Mercatus Center evaluation into the record, and without objection, that is so ordered.[1]

Senator COBURN. Ms. Norcross, compare the Mercatus Center to the evaluation by OMB and their process. If you line those two up, what did you see?

Ms. NORCROSS. The annual scorecard?

Senator COBURN. Yes.

Ms. NORCROSS. Our annual scorecard evaluates performance, the annual performance reports that agencies must submit. And what we found this year was that about 11 percent of the budget is represented by good reporting, and what we mean by that is that these agencies receive a satisfactory score according to our criteria, which assess reports on whether they produce public benefits, how transparent they are, and on leadership.

The PART tool assesses government programs. So the annual scorecard we produce really evaluates a GPRA requirement. The PART tool evaluates on the program level.

Senator COBURN. OK. Thank you. Senator Carper.

Senator CARPER. Let me just start off by welcoming you and thank you very much for being here and for the thought you have given to these issues and your counsel to us today and to the Congress.

Let me start off by asking, where do you think the two of you agree in terms of your advice to us and where do you disagree?

Ms. RADIN. Well, I think we both agree that assessing performance is important, that the question is how do you do it and whether you acknowledge that there is incredible diversity of programs in the Federal portfolio.

I am concerned about the PART evaluations that I think have really ignored the will of Congress. David Walker talked about the importance of Congress defining goals. Now, some of the goals and programs are outcome goals, but some of them are also process goals and those are legitimate. And yet the approach that we have used in both GPRA and in PART have suggested that process goals aren't important.

So, for example, Congress may develop a goal that says we want to involve particular groups in the decisionmaking process who have not been involved before. That goal is not new. The Cooperative Extension Service back in the 1930s really created process goals, and I think that is a very legitimate role for Congress.

We have also seen efforts in research, for example, that are really process goals and not outcome goals. We focus on process because we don't know what is going to occur as a result of a research effort.

In other cases, Congress has actually determined the means for developing particular programs. In both the Clean Water Revolving Fund and the Consumer Product Safety Commission, Congress told the agency not to use cost-benefit analysis in making their decisions about programs, yet those agencies got very low ratings because they didn't have a cost-benefit analysis.

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[1] "An Analysis of the Office of Management and Budget's Program Assessment Rating Tool (PART)," June 2005, by Eileen C. Norcross, Mercatus Center, George Mason University, appears in the Appendix on page 87.

Now, you asked earlier whether OMB, there were times in which OMB, in a sense, preempted the voice of Congress, and it has happened. In another example, the Appalachian Regional Commission got a low rating because it was playing a coordination role and wasn't outcome-oriented. But the very fact of that Appalachian Regional Commission is to focus on coordination. That is its goal. But it is not an outcome goal, it is a process goal.

So I think this makes things a lot more difficult for the agency to fit into the PART process.

Senator CARPER. Let me go back to my original question, and I will direct it this time to Ms. Norcross. Where do you see you and Dr. Radin agreeing in your testimony? Where do you see you disagreeing?

Ms. NORCROSS. I would say we both agree on the importance of using performance information. We might have disagreements on the PART itself and the extent to which it should be used by Congress. I don't know that I advocate PART being used by Congress wholesale. I think the Executive Branch took the initiative to develop a tool that would evaluate the government on a program level and I would like to see Congress also incorporating that kind of performance information, whether it is the PART or not, once Congress demands performance information, agencies have to produce it. They have to know how their programs are doing and they have to produce better data, and it just gives us more objective data to make better decisions.

Senator CARPER. Early this morning, on the way down on the train, I had a telephone conference call with my State director and with the person who is in charge of our largest county for me. We were talking about the results of a faith-based housing initiative, a home ownership initiative that we have going in each of our three counties, and we were talking about how the program was going with respect to being successful or not.

And the question I asked, and I ask this question a lot of my staff, is how do we measure success? And the response that came back was that we measure success with respect to how many people are involved in home ownership counseling programs. And I said, is that really the way we want to measure success, or do we want to measure success with respect to the number of people who become homeowners because of their participation in this process.

I am sort of reminded of that conversation here today, Mr. Chairman, because how we measure success is really important as to how we evaluate these programs.

First of all, we have to answer that question. How do we measure success, whether it is a home ownership program or whether it is a program to get people off of welfare or any variety of programs to make us safer, but to be able to determine how we measure success is just critical and I don't know that we spell that out all that often in legislation that we pass. Since we don't spell it out, I think it makes it all the more difficult for OMB or anybody else to come in and say programs are a success or are doing what they are supposed to or not because we have not ourselves said, in order for this program to be successful, this has to happen.

Ms. RADIN. I would say that what you are describing is a reliance on output measures rather than outcomes. One of the reasons why

we tend to fall back on output measures is because so many of the outcomes are not measurable today but in the future. Yet we are talking about annual budget processes. You have to give a program, let us say, 5 years or 10 years to really show any outcomes. So we use the outputs as an indicator, and this is a classic problem for the whole evaluation field. People have really tried to figure out how you can focus on outcomes when you have a time delay in the process.

Senator CARPER. All right. Thank you.

Senator COBURN. Well, the important thing is that we have some process ongoing to measure, and it is not just that we are going to measure it, it is that we are going to create the expectation that it is going to be measured, which is just as important as the measurement itself.

Just a couple of things. First of all, I thank each of you for coming. I have not gotten through the Center's evaluation. I am going to do that. I would like to leave the record open so that we can send you additional questions.

I guess one additional question for you, Dr. Radin. Can you not measure process? In other words, if the Appalachian Regional Commission is a coordinator of effort, can you not measure that coordination?

Ms. RADIN. You can, but the way that we have approached these kinds of processes——

Senator COBURN. Now you are talking about OMB's approach.

Ms. RADIN. Yes.

Senator COBURN. OK.

Ms. RADIN. I think you can measure processes as long as you acknowledge that the process is what Congress is trying to accomplish with the program. That will be different from outcomes.

Senator COBURN. I think that is true, and I would assure you with the diversity in the Senate that what OMB brings to us, we are going to look at that evaluation and then we are going to make an independent judgment on what is or what isn't going to be funded—and unfortunately, from my viewpoint, a lot of things are going to get funded that shouldn't and a lot of things may not get funded that should, and just the opposite viewpoint on somebody sitting on a different political spectrum.

But the most important thing is to reach above that and say, no matter whether we agree or not, let us say we agree on all of them needing to be funded. How are we going to measure which ones have to have priority, because that is really what is coming. What is the priority for the Federal Government in how we spend, what we spend, and where do we spend it?

We are not going to see the polarization on issues, I think, in the future because the problems economically are going to be so difficult. It is going to be which ones have the highest priority and which ones do we as a group think needs to be funded first, second, third, fourth, and fifth. So measurement of whether it is outcome or output or trend lines on outcome or output are going to become very valuable for us.

Ms. RADIN. One of the things that I have been concerned about is that I think most of the effort in the performance area (not just PART), has really focused on efficiency values. But there also are

effectiveness values and there are also equity values and we shouldn't forget them because many programs have all of those elements.

Senator COBURN. And I think the other thing that we heard before you came is that there are some programs that aren't performing because they are underfunded. In other words, they are not going to achieve the critical mass to achieve the goal that Congress wanted them to because the resources haven't been put there. So we need to look at all of that.

Any other comments either of you might want to make?

Senator CARPER. Mr. Chairman, I do have one last question, if I could. This discussion really reminds me of conversations I have had with my colleagues before about programs that are not being authorized, not being reauthorized, not being revisited, and yet the funding continues. In some cases, it makes sense. In other cases, frankly, it does not. In some cases, it reflects not an inappropriate thing to go forward and to fund a program that has not been reauthorized. In other cases, I think it really reflects a failure on our part in the Legislative Branch.

I would like to ask Dr. Radin, one last question, if you don't mind. I think you argue, I believe in your testimony, that at least some of the ratings given by OMB reflect some of the views that critics have held about programs for some time. Are there weaknesses within the Program Assessment Rating Tool or in the way it has been implemented that allow or maybe even encourage bias?

And as a follow-up, do you think it is possible for OMB, regardless of whether it is staffed by Democrats or by Republicans, is it possible for OMB to do the kind of work and make the kind of determinations that the rating tool calls for without introducing some level of bias, whether it be political or ideological?

Ms. RADIN. I think one of the points that GAO made in its report a year ago January was that there is incredible variability in OMB in the way the budget examiners have been dealing with PART. And so you have some cases in which a budget examiner for the last 20 years has been trying to kill a program, makes a recommendation for zero budgeting and Congress puts the money back. And then there are other cases in which the budget examiner loves the program and so it does extremely well.

And so I think that this process really gives an incredible amount of authority to the individual budget examiner. Much of that is not really transparent so that we don't know why a rating occurs. The child welfare community-based Child Abuse Prevention Program was rated in a number of elements that, "this element is not applicable." Yet the overall rating was "results not demonstrated" and nobody really quite understands how you got from that, the "not applicable" to the "results not demonstrated."

So the fact that this isn't transparent, I think is a big issue, and that is why this process is too important to really have it centralized in the hands, really, of a small number of people in OMB.

Senator CARPER. All right. Thanks to both of you very much.

Senator COBURN. Thank you. The meeting is adjourned.

[Whereupon, at 3:40 p.m., the Subcommittee was adjourned.]

APPENDIX

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Federal Financial Management, Government Information, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

For Release on Delivery
Expected at 2:00 p.m. EDT
Tuesday, June 14, 2005

21ST CENTURY CHALLENGES

Performance Budgeting Could Help Promote Necessary Reexamination

Statement of David M. Walker
Comptroller General of the United States

GAO-05-709T

Highlights of GAO-05-709T, a testimony before the Chairman, Subcommittee on Federal Financial Management, Government Information, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

As part of its work to improve the management and performance of the federal government, GAO monitors progress and continuing challenges in performance budgeting and the Administration's related initiatives, such as the Program Assessment Rating Tool (PART). In light of the nation's long-term fiscal imbalance and other emerging 21st century challenges, we have also reported that performance budgeting can help facilitate a needed reexamination of what the federal government does, how it does it, who does it, and how it is financed in the future. GAO remains committed to working with Congress and the Administration to help address these important and complex issues.

What GAO Recommends

GAO is not making new recommendations in this testimony. However, as we have reported, governmentwide strategic and performance plans could provide a framework for reexamining existing federal programs and policies. This could help decision makers articulate the role, goals, objectives, and effectiveness of the federal government. Obtaining congressional buy-in on what to measure is important given Congress's constitutional budgeting role. GAO has also suggested that Congress consider the need to develop a more systematic vehicle for communicating its top performance concerns.

www.gao.gov/cgi-bin/getrpt?GAO-05-709T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Paul L. Posner at (202) 512-9573 or posnerp@gao.gov.

June 14, 2005

21ST CENTURY CHALLENGES

Performance Budgeting Could Help Promote Necessary Reexamination

What GAO Found

The federal government is in a period of profound transition and faces an array of challenges and opportunities to enhance performance, ensure accountability, and position the nation for the future. A number of overarching trends—including the nation's long-term fiscal imbalance—drive the need to reexamine what the federal government does, how it does it, who does it, and how it gets financed. This will mean bringing a variety of tools and approaches to bear on the situation.

Performance budgeting holds promise as a means for facilitating a reexamination effort. It can help enhance the government's capacity to assess competing claims for federal dollars by arming decision makers with better information both on the results of individual programs as well as on entire portfolios of tools and programs addressing common goals. However, it is important to remember that in a political process, performance information should be one, but will not be the only, factor in decision making.

Existing performance budgeting efforts, such as PART, provide a means for facilitating a baseline review of certain federal policies, programs, functions, and activities. Successful application of these initiatives in this reexamination process rests on

- building a supply of credible and reliable performance information,
- encouraging demand for that information by garnering congressional buy-in on what is measured and how it is presented, and
- developing a comprehensive and crosscutting approach to assessing the performance of all major federal programs and policies encompassing spending, tax expenditures, and regulatory actions.

Through the President's Management Agenda and its related initiatives, including PART, the Administration has taken important steps in the right direction by calling attention to successes and needed improvements in federal management and performance. However, it is not clear that PART has had any significant impact on authorization, appropriations, and oversight activities to date. It will only be through the continued attention of the executive branch and Congress that progress can be accelerated and sustained. Such an effort can strengthen the budget process itself and provide a valuable tool to facilitate a fundamental reexamination of the base of government. We recognize that this process will not be easy. Furthermore, given the wide range of programs and issues covered, the process of rethinking government programs and activities could take a generation or more to complete.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss performance budgeting and the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART).[1] Given current trends and challenges facing the nation—including the federal government's long-term fiscal imbalance—it is critical to reexamine the relevancy of federal programs and their fit with national priorities, while maximizing program performance within current and expected resource levels. The implementation of performance budgeting approaches can be an important step to help achieve this goal.

As Congress is well aware, our nation is currently on an unsustainable fiscal path. Long-term budget simulations by GAO,[2] the Congressional Budget Office (CBO), and others show that we face a large and growing long-term structural deficit due primarily to known demographic trends and rising health care costs. Continuing on this unsustainable fiscal path will gradually erode, if not suddenly damage, our economy, our standard of living, and ultimately our national security. All reasonable simulations indicate that the problem is too big to be solved by economic growth alone or by making modest changes to existing spending and tax policies. Rather, a fundamental reexamination of major spending and tax policies and priorities will be important to recapture our fiscal flexibility and ensure that our programs and priorities respond to key emerging social, economic, and security changes and challenges.

Performance budgeting holds promise as part of a process of reexamining the base of the federal government. It can help enhance the government's capacity to assess competing claims for federal dollars by arming decision makers with better information both on the results of individual programs as well as on entire portfolios of policies, programs, and other tools designed to address common goals. However, it is also important to remember that in a political process performance information is likely to be one, but not the only, factor in budgetary decision making. In other words, performance information can change the terms of debate but it will not necessarily determine the ultimate decision.

[1]In this testimony, the term performance budgeting refers to any linkage between budgeting and expected or actual evidence-based performance information.

[2]For more information see GAO's Web site "Our Nation's Fiscal Outlook: The Federal Government's Long-Term Budget Imbalance," http://www.gao.gov/special.pubs/longterm.

Existing performance budgeting efforts, such as the Government Performance and Results Act of 1993 (GPRA)[3] and PART, provide a foundation for a baseline review of existing federal policies, programs, functions, and activities. We recognize that this will not be easy. Reforming programs and activities leads to winners and losers, notwithstanding demonstrated shortfalls in performance and design. Given prior experiences and political realities, there is little real "low-hanging fruit" in the federal budget.

Today I will touch first on the need for a fundamental reexamination of government given our nation's long-term fiscal challenge. Then I will turn to and discuss the important role of performance budgeting in any such reexamination. The successful application of performance budgeting in this reexamination process rests on

- continuing to build on the legacy of GPRA by improving the reliability and credibility of performance information and increasing program evaluation capacity;
- encouraging demand for that information by garnering stakeholder buy-in—particularly from Congress—on what to measure and how to present this information, since only then will it be linked to the congressional authorization, appropriations, and oversight processes; and
- developing a comprehensive, crosscutting approach to assessing the performance of all programs—including tax expenditures—relevant to common goals.

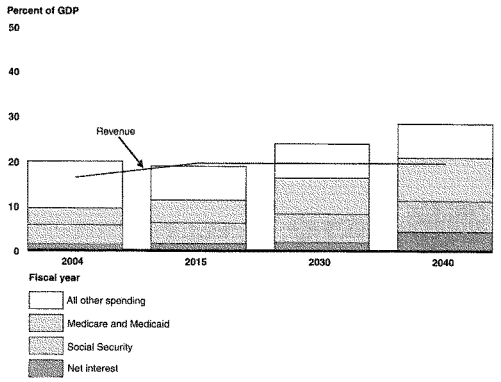
This testimony draws upon our wide-ranging work on GPRA and federal budget and performance integration and on information in the President's *Budget of the U.S. Government, Fiscal Year 2006*, specifically the budget and performance integration initiative of the President's Management Agenda (PMA). We conducted our work in accordance with generally accepted government auditing standards.

[3]Pub. L. No. 103-62 (1993).

Long-term Fiscal Challenge Provides Reexamination Impetus

As I noted, known demographic trends and rising health care costs are major drivers of the nation's large and growing structural deficits. The nation cannot ignore this fiscal pressure—it is not a matter of whether the nation deals with the fiscal gap, but how and when. GAO's long-term budget simulations illustrate the magnitude of this fiscal challenge. Figures 1 and 2 show these simulations under two different sets of assumptions. Figure 1 uses the CBO January 2005 baseline through 2015. As required by law, that baseline assumes no changes in current law, that discretionary spending grows with inflation through 2015, and that all tax cuts currently scheduled to expire are permitted to expire. In Figure 2, two assumptions about that first 10 years are changed: (1) discretionary spending grows with the economy rather than with inflation and (2) all tax cuts currently scheduled to expire are made permanent. In both simulations discretionary spending is assumed to grow with the economy after 2015 and revenue is held constant as a share of Gross Domestic Product (GDP) at the 2015 level. Also in both simulations long-term Social Security and Medicare spending are based on the 2005 trustee's intermediate projections, and we assume that benefits continue to be paid in full after the trust funds are exhausted. Long-term Medicaid spending is based on CBO's December 2003 long-term projections under midrange assumptions.

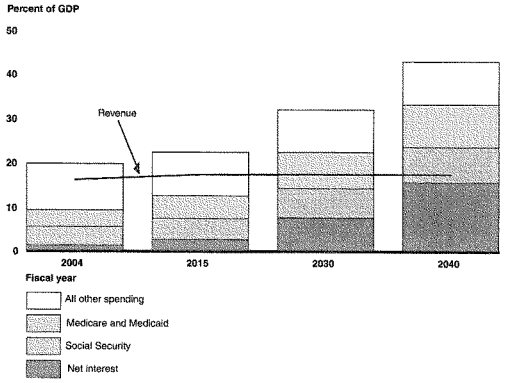
Figure 1: Composition of Spending as a Share of GDP under Baseline Extended



Source: GAO's March 2005 analysis.

Note: In addition to the expiration of tax cuts, revenue as a share of GDP increases through 2015 due to (1) real bracket creep, (2) more taxpayers becoming subject to the Alternative Minimum Tax (AMT), and (3) increased revenue from tax-deferred retirement accounts. After 2015, revenue as a share of GDP is held constant.

Figure 2: Composition of Spending as a Share of GDP Assuming Discretionary Spending Grows with GDP after 2005 and All Expiring Tax Provisions Are Extended



Source: GAO's March 2005 analysis.

Note: Although expiring tax provisions are extended, revenue as a share of GDP increases through 2015 due to (1) real bracket creep, (2) more taxpayers becoming subject to the AMT, and (3) increased revenue from tax-deferred retirement accounts. After 2015, revenue as a share of GDP is held constant.

As these simulations illustrate, absent policy changes on the spending and/or revenue side of the budget, the growth in spending on federal retirement and health entitlements will encumber an escalating share of the government's resources. Indeed, when we assume that recent tax reductions are made permanent and discretionary spending keeps pace with the economy, our long-term simulations suggest that by 2040 federal revenues may be adequate to pay little more than interest on the federal debt. Neither slowing the growth in discretionary spending nor allowing the tax provisions to expire—nor both together—would eliminate the imbalance. Although federal tax policies will likely be part of any debate about our fiscal future, making no changes to Social Security, Medicare, Medicaid, and other drivers of the long-term fiscal gap would require at

least a doubling of federal taxes in the future—and that seems both unrealistic and inappropriate.

These challenges would be difficult enough if all we had to do is fund existing commitments. But as the nation continues to change in fundamental ways, a wide range of emerging needs and demands can be expected to compete for a share of the budget pie. Whether national security, transportation, education, or public health, a growing population will generate new claims for federal actions on both the spending and tax sides of the budget.

Although demographic shifts and rising health care costs drive the long-term fiscal outlook, they are not the only forces at work that require the federal government to rethink its role and entire approach to policy design, priorities, and management. Other important forces are working to reshape American society, our place in the world, and the role of the federal government. These include evolving defense and homeland security policies, increasing global interdependence, and advances in science and technology. In addition, the federal government increasingly relies on new networks and partnerships to achieve critical results and develop public policy, often including multiple federal agencies, domestic and international non- or quasi-government organizations, for-profit and not-for-profit contractors, and state and local governments. If government is to effectively address these trends, it cannot accept all of its existing programs, policies, and activities as "givens." Many of our programs were designed decades ago to address earlier challenges. Outmoded commitments and operations constitute an encumbrance on the future that can erode the capacity of the nation to better align its government with the needs and demands of a changing world and society. Accordingly, reexamining the base of all major existing federal spending and tax programs, policies, and activities by reviewing their results and testing their continued relevance and relative priority for our changing society is an important step in the process of assuring fiscal responsibility and facilitating national renewal.[4]

A periodic reexamination offers the prospect of addressing emerging needs by weeding out programs and policies that are redundant, outdated, or

[4]For more information on reexamination of federal programs, see GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO-05-325SP (Washington, D.C.: February 2005).

ineffective. Those programs and policies that remain relevant could be updated and modernized by improving their targeting and efficiency through such actions as redesigning allocation and cost-sharing provisions, consolidating facilities and programs, and streamlining and reengineering operations and processes. The tax policies and programs financing the federal budget can also be reviewed with an eye toward both the overall level of revenues that should be raised as well as the mix of taxes that are used.

We recognize that taking a hard look at existing programs and carefully reconsidering their goals and financing are challenging tasks. Reforming programs and activities leads to winners and losers, notwithstanding demonstrated shortfalls in performance and design. Moreover, given the wide range of programs and issues covered, the process of rethinking government programs and activities may take a generation to unfold.

We are convinced, however, that reexamining the base offers compelling opportunities to both redress our current and projected fiscal imbalance while better positioning government to meet the new challenges and opportunities of this new century. In this regard, the management and performance reforms enacted by Congress in the past 15 years have provided new tools to gain insight into the financial, program, and management performance of federal agencies and activities. The information being produced as a result can provide a strong basis to support the needed review, reassessment, and reprioritization process.

Current Performance Budgeting Initiatives Hold Promise for Reexamining the Base

While this kind of oversight and reexamination is never easy, it is helped by the availability of credible performance information focusing on the outcomes achieved with budgetary resources and other tools. Performance budgeting can help enhance the government's capacity to assess competing claims in the budget by arming budgetary decision makers with better information on the results of both individual programs as well as entire portfolios of tools and programs addressing common outcomes. To facilitate application of performance budgeting in reexamination, it is useful to understand the current landscape. Going forward, decision makers need a road map—grounded in lessons learned from past initiatives—that defines what successful performance budgeting would look like and identifies the key elements and potential pitfalls on the critical path to success. Central to this is an understanding of what is meant by success in performance budgeting and the key factors that influence that success.

Current Performance Budgeting Initiatives Are Grounded in Past Efforts

Performance budgeting efforts are not new at the federal level. In the 1990s, Congress and the executive branch drew on lessons learned from 50 years of efforts to link resources to results to lay out a statutory and management framework that provides the foundation for strengthening government performance and accountability. With GPRA as its centerpiece, these reforms also laid the foundation for performance budgeting by establishing infrastructures in the agencies to improve the supply of information on performance and costs. GPRA is designed to inform congressional and executive decision making by providing objective information on the effectiveness and efficiency of federal programs and spending. A key purpose of GPRA is to create closer and clearer links between the process of allocating scarce resources and the expected results to be achieved with those resources. Importantly, GPRA requires both a connection to the structures used in congressional budget presentations and consultation between the executive and legislative branches on agency strategic plans. Because these requirements are grounded in statute, this gives Congress an oversight stake in GPRA's success.[5] Over a decade after its enactment, GPRA has succeeded in expanding the supply of performance information and institutionalizing a culture of performance as well as providing a solid foundation for more recent budget and performance initiatives.[6] In part, this success can be attributed to the fact that GPRA melds the best features, and avoids the worst, of its predecessors.

Building on GPRA's foundation, the current administration has made the integration of performance and budget information one of five governmentwide management priorities under its PMA.[7] PART is central to

[5]See Pub. L. No. 103-62 § 2, 5 U.S.C. § 306, and 31 U.S.C. §§ 1115-1116.

[6]GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, GAO-04-38 (Washington, D.C.: Mar. 10, 2004).

[7]In addition to budget and performance integration, the other four priorities under PMA are strategic management of human capital, expanded electronic government, improved financial performance, and competitive sourcing.

the Administration's budget and performance integration initiative.[8] OMB describes PART as a diagnostic tool meant to provide a consistent approach to assessing federal programs as part of the executive budget formulation process. It applies 25 questions to all "programs"[9] under four broad topics: (1) program purpose and design, (2) strategic planning, (3) program management, and (4) program results (i.e., whether a program is meeting its long-term and annual goals) as well as additional questions that are specific to one of seven mechanisms or approaches used to deliver the program.[10]

Drawing on available performance and evaluation information, the PART questionnaire attempts to determine the strengths and weaknesses of federal programs with a particular focus on individual program results and improving outcome measures. PART asks, for example, whether a program's long-term goals are specific, ambitious, and focused on outcomes, and whether annual goals demonstrate progress toward achieving long-term goals. It is designed to be evidence-based, drawing on a wide array of information, including authorizing legislation, GPRA strategic plans and performance plans and reports, financial statements, inspector general and GAO reports, and independent program evaluations.

Since the fiscal year 2004 budget cycle, OMB has applied PART to 607 programs (about 60 percent of the federal budget) and given each program one of four overall ratings: (1) "effective," (2) "moderately effective," (3) "adequate," or (4) "ineffective" based on program design, strategic planning, management, and results. A fifth rating, "results not demonstrated," was given—independent of a program's numerical score—

[8]For a detailed examination of PART, see GAO, *Performance Budgeting: Observations on the Use of OMB's Program Assessment Rating Tool for the Fiscal Year 2004 Budget*, GAO-04-174 (Washington, D.C.: Jan. 30, 2004). Another significant element of the performance and budget integration initiative is efforts to restructure budgets. See GAO, *Performance Budgeting: Efforts to Restructure Budgets to Better Align Resources with Performance*, GAO-05-117SP (Washington, D.C.: February 2005).

[9]There is no standard definition for the term "program." For purposes of PART, OMB described the unit of analysis (program) as (1) an activity or set of activities clearly recognized as a program by the public, OMB, and/or Congress; (2) having a discrete level of funding clearly associated with it; and (3) corresponding to the level at which budget decisions are made.

[10]The seven major categories are competitive grants, block/formula grants, capital assets and service acquisition programs, credit programs, regulatory-based programs, direct federal programs, and research and development programs.

if OMB decided that a program's performance information, performance measures, or both were insufficient or inadequate. During the next 2 years, the Administration plans to assess all remaining executive branch programs with limited exceptions.[11]

As I testified before this subcommittee in April,[12] PMA and its related initiatives, including PART, demonstrate the Administration's commitment to improving federal management and performance. By calling attention to successes and needed improvements, the focus that these initiatives bring is certainly a step in the right direction, and our work shows that progress has been made in several important areas over the past several years. However, it is not clear that PART has had any significant impact on congressional authorization, appropriations, and oversight activities to date. In order for such efforts to hold appeal beyond the executive branch, developing credible performance information and garnering congressional buy-in on what to measure and how to present this information to them are critical. Otherwise, as some congressional subcommittees have noted, PART is unlikely to play a major role in the authorization, appropriations, and oversight processes.

Prior initiatives have left us with some lessons about how to build a sustainable approach to linking resources to results. Before I discuss those critical factors let me touch briefly on the importance of realistic expectations. I say this because previous management reforms have been doomed by inflated and unrealistic expectations. Performance budgeting can do a great deal: it can help policymakers address important questions such as whether programs are contributing to their stated goals, are well-coordinated with related initiatives at the federal level or elsewhere, and are targeted to the intended beneficiaries. However, it should not be expected to provide the answers to all resource allocation questions in some automatic or formula-driven process. Performance problems may well prompt budget cuts, program consolidations, or eliminations, but they may also inspire enhanced investments and reforms in program design and management if the program is deemed to be of sufficiently high priority to the nation. Conversely, even a program that is found to be exceeding its

[11]The administration is considering alternative methods and timelines for assessment of programs with limited impact and large activities where it is difficult to determine an appropriate unit of analysis.

[12]GAO, *Management Reform: Assessing the President's Management Agenda*, GAO-05-574T (Washington, D.C.: Apr. 21, 2005).

performance expectations can be a candidate for budgetary cuts if it is a lower priority than other competing claims in the process. The determination of priorities is a function of competing values and interests that may be informed by performance information but also reflects other factors, such as the overall budget situation, the state of the economy, security needs, equity considerations, unmet societal needs, and the appropriate role of the federal government in addressing any such needs.

Accordingly, we found that while PART scores for fiscal year 2004 were generally positively related to the Administration's proposed funding changes in discretionary programs, the scores did not automatically determine funding changes. That is, for some programs rated "effective" or "moderately effective" OMB recommended funding decreases, while for several programs judged to be "ineffective" OMB recommended additional funding in the President's budget request with which to implement changes.[13] As we have noted, success in performance budgeting should not be defined only by its impact on funding decisions but also on the extent to which it helps inform Congress and executive branch policy decisions and improve program management.[14] In this regard, for the fiscal year 2004 PART assessments we reported that over 80 percent of the PART recommendations focused on improving program management, assessment, and design; less than 20 percent related to funding.[15]

We also reported that OMB's ability to use PART to identify and address future program improvements and measure progress—a major purpose of PART—is predicated on its ability to oversee the implementation of PART recommendations. At the request of the Chairman of the House Subcommittee on Government Management, Finance, and Accountability, Committee on Government Reform, we are currently conducting a review of (1) OMB's and agencies' perspectives on the effects PART recommendations are having on agency operations and results and issues encountered in responding to PART recommendations; (2) OMB's leadership and direction in ensuring an integrated, complementary relationship between PART and GPRA, including how OMB is assessing performance when multiple programs or agencies are involved in meeting

[13]GAO-04-174, 14.

[14]GAO, *The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven*, GAO/GGD-97-109 (Washington, D.C.: June 2, 1997), 90.

[15]GAO-04-174, 12.

goals and objectives; and (3) steps OMB has taken to involve Congress in the PART process.

Achieving Success in Performance Budgeting Requires Credible Information, Congressional "Buy-in," and a Comprehensive and Crosscutting Perspective

Let me now turn to three factors we believe are critical to sustaining successful performance budgeting over time:

1. building a supply of credible performance information,
2. encouraging demand for that information and its use in congressional processes by garnering stakeholder buy-in, and
3. taking a comprehensive and crosscutting approach to assessing related programs and policies.

Having a Supply of Credible Performance Information

The credibility of performance information, including related cost data, and the ability of federal agencies to produce credible evaluations of their programs' effectiveness are key to the success of performance budgeting. As I testified before this subcommittee in April, this type of information is critical for effective performance measurement to support decisions in areas ranging from program efficiency and effectiveness to sourcing and contract management. To be effective, this information must not only be timely and reliable, but also both useful and used. Agencies are expected to implement integrated financial and performance management systems that routinely produce information that is (1) timely—to measure and affect performance, (2) useful—to make more informed operational and investing decisions, and (3) reliable—to ensure consistent and comparable trend analysis over time and to facilitate better performance measurement and decision making. Producing timely, useful, and reliable information is critical for achieving the goals that Congress established in GPRA, the Chief Financial Officers (CFO) Act of 1990,[16] and other federal financial management reform legislation.

[16]Pub. L. No. 101-576 (1990).

Unfortunately, as our work on PART and GPRA implementation shows, the credibility of performance data has been a long-standing weakness.[17] Likewise, our work has noted limitations in the quality of agency evaluation information and in agency capacity to produce rigorous evaluations of program effectiveness. We have previously reported that agencies have had difficulty assessing many program outcomes that are not quickly achieved or readily observed and contributions to outcomes that are only partly influenced by federal funds.[18] Furthermore, our work has shown that few agencies deployed the rigorous research methods required to attribute changes in underlying outcomes to program activities.[19] Our 2003 review of agencies' evaluation capacity identified four main elements that can be used to develop and improve evaluation efforts. They are (1) an evaluation culture, (2) data quality, (3) analytic expertise, and (4) collaborative partnerships.[20]

OMB, through its development and use of PART, has provided agencies with a powerful incentive for improving data quality and availability. Agencies may make greater investments in improving their capacity to produce and procure quality information if agency program managers perceive that program performance and evaluation data will be used to make actual resource decisions throughout the resource allocation process and can help them get better results.

Improvements in the quality of performance data and the capacity of federal agencies to perform program evaluations will require sustained commitment and investment of resources. Over the longer term, failing to discover and correct performance problems can be much more costly. More importantly, it is critical that budgetary investments in this area be viewed as part of a broader initiative to improve the accountability and management capacity of federal agencies and programs.

[17]GAO has suggested various approaches to addressing this and other challenges. See GAO/GGD-97-109 and GAO-04-38.

[18]GAO, *Performance Budgeting: Opportunities and Challenges*, GAO-02-1106T (Washington, D.C.: Sept. 19, 2002).

[19]GAO, *Program Evaluation: Agencies Challenged by New Demand for Information on Program Results*, GAO/GGD-98-53 (Washington, D.C.: Apr. 24, 1998).

[20]GAO, *Program Evaluation: An Evaluation Culture and Collaborative Partnerships Help Build Agency Capacity*, GAO-03-454 (Washington, D.C.: May 2, 2003).

Obtaining Congressional Buy-in

Federal performance and accountability reforms have given much attention to increasing the supply of performance information over the past several decades. However, improving the supply of performance information is in and of itself insufficient to sustain performance management and achieve real improvements in management and program results. Rather, it needs to be accompanied by a demand for and use of that information by decision makers and managers alike. Key stakeholder outreach and involvement is critical to building demand and, therefore, success in performance budgeting.

Lack of consensus by a community of interested parties on goals and measures and the way that they are presented can detract from the credibility of performance information and, subsequently, its use. Fifty years of past executive branch efforts to link resources with results have shown that any successful effort must involve Congress as a full partner. We have previously reported that past performance budgeting initiatives faltered in large part because they intentionally attempted to develop performance plans and measures in isolation from the congressional authorization, appropriations, and oversight processes.[21] While congressional buy-in is critical to sustain any major management initiative, it is especially important for performance budgeting given Congress's constitutional role in setting national priorities and allocating the resources to achieve them.

Obtaining buy-in on goals and measures from a community of interested parties is critical to facilitating use of performance information in resource allocation decisions. PART was designed for and is used in the executive branch budget preparation and review process; as such, the goals and measures used in PART must meet OMB's needs. However, the current statutory framework for strategic planning and reporting is GPRA—a broader process involving the development of strategic and performance goals and objectives to be reported in strategic and annual plans. OMB's desire to collect performance data that better align with budget decision units means that the fiscal year 2004 PART process became a parallel competing structure to the GPRA framework. Although OMB acknowledges that GPRA was the starting point for PART, the emphasis is shifting. Over time, as the performance measures developed for PART are

[21]GAO, *Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation*, GAO/AIMD-97-46 (Washington, D.C.: Mar. 27, 1997).

used in the executive budget process, these measures may come to drive agencies' strategic planning processes.

Opportunities exist to strengthen PART's integration with the broader GPRA planning process. Some tension about the amount of stakeholder involvement in the internal deliberations surrounding the development of PART measures and the broader consultations more common to the GPRA strategic planning process is inevitable. Compared to the relatively open-ended GPRA process, any budget formulation process is likely to seem closed. However, if PART is to be accepted as other than one element in the development of the President's budget proposal, congressional understanding and acceptance of the tool and its analysis will be critical.

As part of the executive branch budget formulation process, PART must clearly serve the President's interests. However, measures developed solely by the executive branch for the purposes of executive budget formulation may discourage their use in other processes, such as internal agency management and the congressional budget process, especially if measures that serve these other processes are eliminated through the PART process. PART's focus on outcome measures may ignore stakeholders' needs for other types of measures, such as output and workload information. Our recent work examining performance budgeting efforts at both the state and federal levels revealed that appropriations committees consider workload and output measures important for making resource allocation decisions.[22] Workload and output measures lend themselves to the budget process because workload measures, in combination with cost-per-unit information, can be used to help develop appropriation levels and legislators can more easily relate output information to a funding level to help define or support a desired level of service. Like PART, GPRA states a preference for outcome measures. However, in practice, GPRA also recognizes the need to develop a range of measures, including output and process measures. Since different stakeholders have different needs and no one set of goals and measures can serve all purposes, PART can and should complement GPRA but should not replace it.

Moreover, as we have previously reported, several appropriations subcommittees have cited the need to link PART with congressional

[22]See GAO, *Performance Budgeting: States' Experiences Can Inform Federal Efforts*, GAO-05-215 (Washington, D.C.: Feb. 28, 2005) and GAO-05-117SP.

oversight.[23] For example, the House Report accompanying the Transportation and Treasury Appropriations Bill for fiscal year 2004 included a statement in support of PART, but noted that the Administration's efforts must be linked with the oversight of Congress to maximize the utility of the PART process, and that if the Administration treats as privileged or confidential the details of its rating process, it is less likely that Congress will use those results in deciding which programs to fund.[24] Moreover, the subcommittee said it expects OMB to involve the House and Senate Committees on Appropriations in the development of the PART ratings at all stages in the process.

In our January 2004 report on PART,[25] we suggested steps for both OMB and Congress to take to strengthen the dialogue between executive branch officials and key congressional stakeholders, and OMB generally agreed. We recommended that OMB reach out to key congressional committees early in the PART selection process to gain insight about which program areas and performance issues congressional officials consider warrant PART review. Engaging Congress early in the process may help target reviews with an eye toward those areas most likely to be on the agenda of Congress, thereby better ensuring the use of performance assessments in resource allocation processes throughout government.

The importance of getting buy-in for successful performance budgeting can be seen in the experience of OMB's recent efforts to restructure budget accounts.[26] While OMB staff and agency officials credited budget restructuring with supporting results-oriented management, the budget changes did not meet the needs of some congressional appropriations committees. While congressional appropriations subcommittee staff expressed general support for budget and performance integration, they objected to changes that substituted rather than supplemented information traditionally used for appropriations and oversight purposes. As we said in our February 2005 report on this issue,[27] the greatest challenge of budget restructuring may be discovering ways to reflect both the broader planning

[23]GAO-04-174.

[24]H.R. Rep. No. 108-243, pp. 168-69 (2003).

[25]GAO-04-174.

[26]For more information on this effort, see GAO-05-117SP.

[27]GAO-05-117SP.

perspective that can add value to budget deliberations and foster accountability in ways that Congress considers appropriate for meeting its authorizing, appropriations, and oversight objectives.

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 full partner in any efforts to infuse a performance budget perspective into budget structure and budget deliberations. 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.

Reexamination Requires a Crosscutting Perspective

While existing performance budgeting initiatives provide a foundation for a baseline review of federal policies, programs, functions, and activities, several changes are in order to support the type of reexamination needed. For example, PART focuses on individual programs, but key outcome-oriented performance goals—ranging from low income housing to food safety to counterterrorism—are addressed by a wide range of discretionary, entitlement, tax, and regulatory approaches that cut across a number of agencies. While PART's program-by-program approach fits with OMB's agency-by-agency budget reviews, it is not well suited to addressing crosscutting issues or to looking at broad program areas in which several programs address a common goal.

The evaluation of programs in isolation may be revealing, but a broader perspective is necessary for an effective overall reexamination effort. It is often critical to understand how each program fits with a broader portfolio of tools and strategies—such as regulations, direct loans, and tax expenditures—to accomplish federal missions and performance goals. Such an analysis is necessary to capture whether a program complements and supports other related programs, whether it is duplicative and redundant, or whether it actually works at cross-purposes to other initiatives. OMB reported on a few crosscutting PART assessments in the fiscal year 2006 budget and plans to conduct additional crosscutting reviews in 2005. However, we would urge a more comprehensive and consistent approach to evaluating all programs relevant to common goals.

Such an approach would require assessing the performance of all programs related to a particular goal—including tax expenditures and regulatory programs—using a common framework. Our federal tax system includes

hundreds of billions of dollars of annual expenditures—the same order of magnitude as total discretionary spending. Yet relatively little is known about the effectiveness of tax incentives in achieving the objectives intended by Congress. PART, OMB's current framework for assessing the performance of federal programs, has not been applied to tax expenditures. Assessing complete portfolios of tools related to key outcome-oriented goals is absolutely critical to the type of reexamination needed. The governmentwide performance plan required by GPRA could help address this issue.

GPRA requires the President to include in his annual budget submission a federal government performance plan. Congress intended that this plan provide a "single cohesive picture of the annual performance goals for the fiscal year."[38] The governmentwide performance plan could help Congress and the executive branch address critical federal performance and management issues, including redundancy and other inefficiencies in how we do business. It could also provide a framework for any restructuring efforts. Unfortunately, this provision has not been fully implemented. Instead, OMB has used the President's budget to present high-level information about agencies and certain program performance issues. The agency-by-agency focus of the budget does not provide the integrated perspective of government performance envisioned by GPRA.

If the governmentwide performance plan were fully implemented, it could also provide a framework for congressional oversight and other activities. In that regard, we have also suggested that Congress consider the need to develop a more systematic vehicle for communicating its top performance concerns and priorities; develop a more structured oversight agenda to prompt a more coordinated congressional perspective on crosscutting performance issues; and use this agenda to inform its authorization, appropriations, and oversight processes. One possible approach would involve developing a congressional performance resolution identifying the key oversight and performance goals that Congress wishes to set for its own committees and for the government as a whole. Such a resolution could be developed by modifying the current congressional budget resolution, which is already organized by budget function. Initially, this may involve collecting the "views and estimates" of authorization and appropriations committees on priority performance issues for programs under their jurisdiction and working with such crosscutting committees as

[38]S. Rep. No. 103-58, p. 27 (1993).

this committee, the House Committee on Government Reform, and the House Committee on Rules.

In addition, we have previously recommended that Congress consider amending GPRA to require the President to develop a governmentwide strategic plan to provide a framework to identify long-term goals and strategies to address issues that cut across federal agencies.[29] A strategic plan for the federal government, supported by key national outcome-based indicators to assess the government's performance, position, and progress, could be a valuable tool for governmentwide reexamination of existing programs, as well as proposals for new programs. Developing a strategic plan can help clarify priorities and unify stakeholders in the pursuit of shared goals. Therefore, developing a strategic plan for the federal government would be an important first step in articulating the role, goals, and objectives of the federal government. If fully developed, a governmentwide strategic plan can potentially provide a cohesive perspective on the long-term goals of the federal government and provide a much-needed basis for fully integrating, rather than merely coordinating, a wide array of federal activities. The development of a set of key national indicators could be used as a basis to inform the development of governmentwide strategic and annual performance plans. The indicators could also link to and provide information to support outcome-oriented goals and objectives in agency-level strategic and annual performance plans. Successful strategic planning requires the involvement of key stakeholders. Thus, it could serve as a mechanism for building consensus. Further, it could provide a vehicle for the President to articulate long-term goals and a road map for achieving them. In addition, a strategic plan can provide a more comprehensive framework for considering organizational changes and making resource decisions.

Concluding Observations

The federal government is in a period of profound transition and faces an array of challenges and opportunities to enhance performance, ensure accountability, and position the nation for the future. In addition to the serious long-term fiscal challenges facing the nation, a number of overarching trends, such as defense and homeland security policies, increasing global interdependence, and advances in science and technology, drive the need to reconsider the proper role for the federal

[29]GAO-04-38.

government in the 21st century, including what it does, how it does it, who does it, and how it gets financed. This will mean bringing a variety of tools and approaches to bear. In our February 2005 report on 21st century challenges, we outline a number of approaches that could facilitate a reexamination effort.[30] Today, I've discussed several of these, as well as some additional steps that I believe are necessary for an effective reexamination effort.

Much is at stake in the development of a collaborative performance budgeting process. This is an opportune time for the executive branch and Congress to consider and discuss how agencies and committees can best take advantage of and leverage the new information and perspectives coming from the reform agenda under way in the executive branch. Through PMA and its related initiatives, including PART, the Administration has taken important steps in the right direction by calling attention to successes and needed improvements in federal management and performance. Some program improvements can come solely through executive branch action, but for PART to meet its full potential the assessments it generates must also be meaningful to and used by Congress and other stakeholders.

Successful integration of inherently separate but interrelated strategic planning and performance budgeting processes is predicated on (1) ensuring that the growing supply of performance information is credible, useful, reliable, and used (2) increasing the demand for this information by developing goals and measures relevant to the large and diverse community of stakeholders in the federal budget and planning processes, and (3) taking a comprehensive and crosscutting approach. It will only be through the continued attention of the executive branch and Congress that progress can be sustained and, more importantly, accelerated. This effort can both strengthen the budget process itself and provide a valuable tool to facilitate a fundamental reexamination of the base of government. We recognize that this process will not be easy. Given the wide range of programs and issues covered, the process of rethinking the full range of federal government programs, policies, and activities could take a generation or more to complete. Regardless of the specific combination of reexamination approaches adopted, success will require not only the factors listed above but also sustained leadership throughout the many stages of the policy process. In addition, for comprehensive

[30]GAO-05-325SP, 82-7.

reexamination of government programs and policies, clear and transparent processes for engaging the broader public in the debate are also needed.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions you or the other Members of the Subcommittee may have at this time.

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Office of Management and Budget

before the

Subcommittee on Federal Financial Management,
Government Information and International Security
Committee on Homeland Security and Governmental Affairs

United States Senate

June 14, 2005

I contend that agencies are better managed and achieving greater results today with the help of the President's Management Agenda, but the opportunities for improvement are great.

We want programs to work. We want to spend taxpayers' money better every year. We want to make sure that the taxpayers get what they expect.

One of our primary instruments for achieving this goal is the Program Assessment Rating Tool (PART). We use the PART to assess the performance of all Federal programs and to guide the action to improve their performance.

With the PART, we are assessing programs to find out what works and what doesn't. We ask of every program:

- Does it have a clear definition of success, and is it designed to achieve it?
- Are its goals sufficiently outcome-oriented and aggressive?
- Is it well managed?
- Does it achieve its goals?

In order for a program to be effective, it must have a clear definition of success and measures to determine whether it is achieving it. Each program assessed with the PART is required to develop clear, outcome-oriented goals and targets for improving both performance and efficiency. PART analysis also helps identify a program's strengths and weaknesses. In response to its PART assessment, a program identifies the specific steps it will take to improve its performance or overcome things that inhibit its performance. Under this model, all programs, both high and low performers, commit to improving each year.

We have already begun to see success. As agencies have become better at demonstrating and focusing on results, PART ratings have improved. The percentage of programs rated Effective, Moderately Effective or Adequate rose from 57% in 2003 to 67% in 2005. The percentage of programs rated Ineffective or Results Not Demonstrated fell from 43% in 2003 to 33% in 2005.

The Administration is committed to holding ourselves – agencies and programs -- accountable to the American people for achieving results. One way we do this is through the transparency of the PART process. Currently, anyone can see the all completed PART questions and answers online at OMB's website. We will also design a new website to more clearly communicate to the American people what programs are working, which ones are not, and what we are doing to make those programs better.

We also need to involve Congress more directly in holding agencies and programs accountable for their performance through a Sunset Commission, which provides regular, formal scrutiny of Federal programs. This bipartisan commission would review each Federal program on a schedule established by the Congress to determine whether it is producing results and should continue to exist. Programs would automatically terminate according to the schedule unless the Congress took action to continue them.

The Administration's efforts to get more results for the American people are not only aimed at programs; they are behind the Administration's effort to modernize the Federal Government's personnel system. The Administration will soon propose legislation to, among other things, ensure employees are recognized and rewarded for their performance relative to mission-relevant goals, rather than longevity. It will require managers to ensure everyone clearly understands what is expected of them, how they are performing relative to those expectations, and how they can grow professionally and become even more effective each year. Continuous program performance improvement is possible with such personnel reforms.

Many programs don't achieve their intended results because they are hampered by uncoordinated programs designed to achieve the same or similar goal. That is why the Administration proposes the enactment of Results Commissions, which would review Administration plans to consolidate or streamline programs that cross departmental or congressional committee jurisdictional lines to improve performance and increase efficiency. Ordinarily, programs that cross such boundaries often are not subject to the usual performance review process, resulting in inefficiencies, lost opportunities, or redundancies. Results Commissions, made up of experts in relevant fields, would be established as needed to review consolidation proposals. The Congress would consider the Commission's recommendations through expedited review authority.

The Administration has set a goal to reduce the deficit in half over the next five years and is working to stop growth in non-defense, non-homeland discretionary spending. In this context, it is even more imperative that we invest our resources in those programs that are performing well and those which hold the promise of performing well with reform.

When we find that tax dollars can be invested with better result in another program, it is our responsibility to propose it. PART ratings of "Ineffective" or "Results Not Demonstrated" were a major factor in the decision to propose a number of reforms as well as the termination or reduction of 29 programs. For instance:

> HOPE VI – The program was originally designed to address 100,000 of the severely distressed public housing units in the Nation's urban neighborhoods. Through 2004, 117,000 units have been demolished and HUD has approved the future demolitions of almost 50,000 more. The PART assessment found the program to be more costly than others and to take too long to produce results. So the budget redirects the funds other HUD programs.
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> Juvenile Accountability Block Grants – Other than anecdotal information, there is little evidence the program reduces juvenile crime. The Administration proposes to redirect the program's funds to other higher priority law enforcement programs.

Migrant and Seasonal Farm Worker Training Program – The PART assessment found that about 60 percent of participants receive no training and instead receive only low-cost supportive services that other Federal programs also finance. The Administration proposes to terminate the program, as it duplicates existing programs, does not focus sufficiently on job training, and has poor performance accountability for grantees.

Just because we propose to terminate a program like the Safe and Drug Free Schools State Grants program doesn't mean we don't want safe and drug free schools. In fact, it is because we care so much about having safe and drug free schools, and independent evaluations show that the program doesn't help us achieve that, we propose to invest the program's dollars instead in a program that will hold grantees accountable for spending the money in areas with the greatest need on activities that have proven successful.

We want programs to work. The PART helps us find out whether a program is working or not and, if not, what to do about it. In some cases, it may be that a program is such a low priority or performs so poorly that that program's funds should be allocated elsewhere. It is our responsibility to convince Congress we are right. If we are successful, the result will be more programs achieving the intended results on behalf of the American people.

Testimony of

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Before the
Subcommittee on Federal Financial Management, Government Information and International Security of the Senate Subcommittee on Homeland Security and Governmental Affairs

June 14, 2005

Mr. Chairman and Members of the Subcommittee:

Thank you Chairman Coburn, Senator Carper, and Members of the Committee on Homeland Security and Governmental Affairs for inviting me to testify before you today on the present state of accountability and results in federal budgeting. This is an issue that we follow closely at the Government Accountability Project at the Mercatus Center at George Mason University. I should note the views expressed in my testimony are not an official position of the University.

Much of my own research is concerned with the progress agencies have made towards developing outcome-oriented measures for their programs and results information, the effect the Performance Assessment and Rating Tool (PART) is having on budgetary decision-making and the extent to which Congress and the Executive use performance information in the budgetary process. I would like to submit to the record my forthcoming paper analyzing the results of the FY06 PART for your reference.

For the past several years our research team at the Mercatus Center has produced an Annual Scorecard that ranks agencies according to the quality of their annual performance reports, required under the Government Performance and Results Act (GPRA) (P.L. 103-62). I would like to submit our 2004 Annual Scorecard to the record for your reference. We have found that since GPRA's passage, agencies have made slow but measurable progress towards the integration of budget and performance information by federal agencies. However, much work remains to be done.

I. An overview: The importance of measuring performance

Before considering how much progress has been made in implementing GPRA, PART and the relationship between the two, I'd like to explore the question: why are we doing this? Why should we bother to evaluate the performance of either agencies or programs, and what is the purpose of linking performance information with cost information? In focusing on performance are we taking a narrow approach, thinking only in terms of efficiency, rather than our government's traditional broad focus on policy priorities that reflect a wide range of values?

Policymakers can and do debate values and priorities. Such debates are a healthy aspect of democracy. But a debate about values and priorities is a debate about ends, not means.

Policymakers often articulate many worthwhile ends. Most people of goodwill want to live in a society where the hungry are fed, the homeless are housed, dreaded

diseases are eradicated, and we are secure from terrorism (to name just a few.) If government is to accomplish these ends, rather than just make gestures towards accomplishing them, it is imperative that decision makers understand what means can most effectively accomplish those ends.

This involves holding programs to a fact-based standard, not a values-based standard. If our goal is to reduce homelessness, does this program actually accomplish the goal? If so, to what degree does the program succeed? Do other, alternative, approaches reduce homelessness more effectively? How many fewer homeless people would we have if we moved resources from the programs that are less effective to those that are more effective?

Answering these kinds of factual questions requires reliable performance and financial information. Linkage of performance and cost information tells us which means are most likely to accomplish whatever ends policymakers decide are worthwhile.

II. GPRA

GPRA is the most recent initiative of the past fifty years to promote the usage of performance budgets in the federal government to better inform budgetary decision-making. A performance budget can be defined as, "an integrated annual performance plan and annual budget that shows the relationship between funding levels and expected results. It indicates that a goal or set of goals should be achieved at a given

level of spending."[1] Performance budgeting means that money will be allocated not only based on policy priorities or perceived needs, but according to the government's ability to address effectively those needs and priorities. [2]

GPRA requires that agencies produce three types of reports: strategic plans, annual performance plans, and annual reports on program performance. In order to meet these reporting requirements, agencies must articulate their goals, design performance measures and assess results achieved.[3] This also requires that agencies be able to link their goals, objectives and performance measures with their budgets.

One of three reports required by agencies under GPRA is an annual performance report, the purpose of which is to give the American people accurate, timely information to let them assess the extent to which agencies are producing tangible public benefits. In this way, GPRA has encouraged the development of performance measures and data. This information helps to assess the progress of agency activities towards meeting their goals.

Since the GPRA requirements came into effect, the Mercatus Center at George Mason University has conducted an annual assessment of the 24 CFO agencies' annual performance reports. The purpose of an annual performance report is to identify how much public benefit federal agencies produce for citizens, and at what

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[1] John Mercer, *Performance Based Budgeting for Federal Agencies*, AMS, Fairfax, 2002, p. 2
[2] Maurice McTigue, Henry Wray and Jerry Ellig, *5th Annual Performance Report Scorecard: Which Federal Agencies Best Inform the Public?* Mercatus Center at George Mason University, April 2005.
[3] McMurty, Virginia A., *Performance Management and Budgeting in the Federal Government: Brief History and Recent Developments*, CRS Report for Congress, December 5, 2003.

cost. Mercatus' Annual Scorecard evaluates the quality of these reports based on three main criteria: 1) how transparently an agency reports its successes and failures. 2) how well an agency documents the tangible public benefits it claims to have produced; and 3) whether an agency demonstrates leadership that uses annual performance information to devise strategies for improvement.

In evaluating the second criterion: how well an agency documents tangible benefits to the public, agencies are assessed on four questions:

- Are the goals and objectives stated as outcomes?
- Are the performance measures valid indicators of the agency's impact on its outcome goals?
- Does the agency demonstrate that its actions have actually made a significant contribution towards its stated goals?
- Did the agency link its goals and results to costs?

It is the last of these four questions that enables us to assess how much progress agencies have made towards linking costs to performance. Knowledge of resource allocation and linkage to strategic goals, objectives, and performance measures are useful because they help agency management, Congress, and citizens understand what we are receiving in exchange for what we are paying.

Strategic allocation of resources becomes possible only when financial information allows one to calculate the cost per unit of success and to compare alternative methods of

achieving the same goal. Where there are programs of equal efficacy, then the best means of comparing them is the cost per unit of success. This allows us to know how resources might be used to increase the public benefit.

An agency cannot obtain the highest score on this criterion unless it breaks cost information down sufficiently to make such a calculation possible. The most meaningful linkage in this case is when an agency can link its performance measures to its costs.

We rate agencies on a scale of 1 to 5 on this criterion. Each year, the criteria are tightened to reflect the previous year's best practices. Roughly speaking, the following criteria determined scores for the fiscal 2004 reports:

1 = no linkages to costs

2 = costs linked only to strategic goals

3 = costs linked to strategic objectives within strategic goals

4 = costs linked to some level beyond strategic objectives

5 = costs linked to individual performance measures

In our earlier scorecards we found no agencies were truly meeting this criterion. It was not until our fourth annual scorecard in 2002 that any agency received the highest score. The Small Business Administration (SBA) received a score of five in that year because each performance indicator included a cost estimate. Some performance indicators included a cost per user or cost per output measure. In addition, the agency included a

chart that broke down costs for some activities. The agency, however, still lacked an overall listing of costs by strategic goals, though that could be easily calculated.

SBA continued this best practice in 2003, receiving a score of five. SBA linked its FY 2003 budget resources to its strategic goals and long-term objectives. The tables for each long-term objective further allocated costs down to each individual outcome performance measure under the applicable long-term objective. The cost information was presented going back to FY2000, making it possible to calculate each outcome. While the report was formatted to fully link costs to performance measures, the accuracy of the cost information is not certain given SBA's financial management weakness.

Agencies have made some general improvements in recent years, getting closer to linking costs with goals. In this year's scorecard, seven agencies achieved a score of four on this criterion, the greatest number of agencies to achieve this score to date.

These agencies: USAID, Commerce, Energy, Labor, SBA, State and Veterans Affairs broke down costs by more than just strategic goals and objectives. Commerce, USAID and Energy allocated costs among lower-level performance or program goals. The reason none of these agencies obtained the highest possible score is because they failed to allocate costs to individual performance measures. It is this level of detail that enables us to calculate what is paid for various types of successes.

Most agencies still lag far behind in this measure. For FY2004, five agencies received a score of one indicating they have no linkage of costs to goals or measures. However, there has been progress from our first scorecard in 1999, in which 14 agencies received the lowest score on this criterion.

Many agencies are still at the stage of allocating budgets among strategic goals, too high a level for any meaningful performance-based budgeting.

There are obstacles that agencies face in linking costs to performance data. Few agency financial and management information systems are capable of producing cost data linked to performance measures. Until better systems emerge, it is likely that agencies will continue to struggle to link costs to goals.

In terms of the big picture of how agencies are performing in their annual reports, this year's Annual Scorecard found that only 11 percent of the federal budget is covered by reports that averaged a score of 36 – the score a report would have if it received a "satisfactory" score of 3 on each of our 12 criteria. Based on their reports, it is difficult to tell what results are dollars are delivering.

III. How can the legislative and executive branches work together to forward the goals of GPRA?

GPRA is unique among performance budgeting efforts in that it is a legislative and not an executive initiative. However, Congress has not paid much attention to the information in agency reports, though it requires them to be produced. When Congress does begin to use the information contained in agency reports, it will have the effect of motivating agencies to produce better results, better measures, and better data. This in turn will make performance information more accurate, reliable and valuable to Congress when allocating budgetary resources. Good information facilitates transparent and rational decision-making.

The Bush Administration has attempted to use performance information in its budgetary decisions with the development of a tool to evaluate agencies' programmatic performance. The Office of Management and Budget (OMB) created the Program Assessment Rating Tool (PART) in 2002 to evaluate all programmatic activity undertaken by agencies over a five-year period. To date, 60 percent of the budget has been rated, with another 20 percent currently under assessment. A program is evaluated in four areas: purpose and design, strategic planning, program management, and results/accountability. Based on a weighting of these criteria, a program can receive one of five ratings: effective, moderately effective, adequate, ineffective, and results not demonstrated.

PART is an attempt to take GPRA-like analyses of results down to the level of individual programs. By formally linking budget requests with program performance, PART provides a view into how the Executive is making some of its budgetary decisions.

The PART approach has several merits. It is a program-focused evaluation. This is a positive development if performance information is to influence budget decisions. Budget decisions are frequently made at the program level. When multiple programs aim to accomplish similar outcomes, a PART-like evaluation process can facilitate comparisons that help agency managers and Congress identify the most effective ways of accomplishing the agency's goals. If we fail to make such comparisons, we guarantee that important needs will go unmet. While some may say this is inefficient, it is more accurately, irresponsible to those whose needs these programs are supposed to address.

This does not mean that all of OMB's PART evaluations are above criticism. We *do* have access to individual program questionnaires, but we may agree or disagree with individual PART evaluations. There remains a potentially subjective element to how ratings are assigned. The question format is limiting. There are legitimate difficulties that agencies face to relate PART's performance assessment of programs to GPRA's assessment of performance goals, which usually involve multiple programs. Given limited time and resources, it's understandable that some agency managers may feel that PART directs their attention away from GPRA. And we understand that PART's definition of performance or results, developed by OMB in consultation with agencies,

may not always mesh perfectly with the performance goals or measures developed by agencies and stakeholders under GPRA.

To the extent that the current PART evaluations fail to adequately assess program performance and provide a basis for comparison of similar programs, PART's supporters and critics should both work to improve it. It would be a setback to the use of performance information in budgeting, if criticisms or shortcomings of PART were to distract decision makers from the important task of systematically evaluating program performance.

III. How has PART influenced Executive budget decisions?

In the "Major Savings and Reforms" in the President's 2006 proposed budget, the Administration has recommended 154 programs for termination or reduction. According to this document, the Administration was guided by three principles in making these decisions

1) Does the program meet the Nation's priorities?
2) Does the program meet the President's principles for appropriate use of taxpayer resources?
3) Does the program produce the results intended?

Of these 154 programs, 99 were recommended for termination for a reduction of $8.8 billion in spending. Of these 99 recommended terminations, 32 programs underwent a

PART review at least once, representing about $6 billion. Sixteen of these programs received a rating of results not demonstrated, six were rated adequate, and ten were rated ineffective.

Of the 55 programs recommended for reductions in spending, 22 underwent a PART review at least once. Eight were rated adequate, four were rated moderately effective, nine were rated results not demonstrated and one was rated ineffective.

A little over one-third (or 54) of the programs recommended for either termination or reduction had been submitted to a PART review, representing about $10 billion in saving or 0.4% of the proposed $2.57 trillion budget. Within these 54 programs, PART appears to have been used in combination with other Administration criteria such as meeting the nation's priorities and an assessment of whether the program is an appropriate use of taxpayer funds. That is, PART is not the only factor that is used to make funding decisions in the Executive, though it has advanced the use of performance information by linking program performance to the President's budgetary proposals.

In addition to reductions and terminations, PART also informed several program reform proposals in both the mandatory and discretionary categories. Notably, OMB performed a cross-cutting analysis of 35 Community and Economic Development programs across seven agencies in FY2005. As a result of this analysis, in combination with PART data on several of these programs, the Administration recommends the consolidation of 18 of these programs into a new initiative under the Commerce Department.

PART analyses are also responsible for recommended reforms to several mandatory programs. The Department of Treasury's Financial Management (FMS) Debt Collection Initiative received an effective rating due to it being, "a well-established tool to collect delinquent non-tax debt." This rating led the President to recommend in his 2005 budget, an initiative to increase opportunities to collect debt owed to agencies.

There is not a perfect correlation between a program's score and whether that program receives an increase or decrease in funding. That is, a poor score does not mean a program will necessarily be cut, and a high score does not mean a program will receive an increase.

Looking only at those programs that were recommended for termination or funding cuts in the FY2006 Major Savings and Reforms, 25 of 179 programs rated results not demonstrated to date were recommended for either termination or a reduction in funding. And half of the 22 programs rated ineffective to date were recommended for termination or cutting (several more ineffective programs were recommended for consolidation as part of budget reform proposals.)

Rating	Total Progams PARTed	Terminations of PARTed programs (FY'06)	Total Budget Savings ($000)	Reductions in PARTed Programs (FY'06)	Total Budget Savings ($000)
Results not Demonstrated	179	16	$2,999	9	$1,567
Moderately Effective	159	0	$0	4	$604

Ineffective	22	10	$2,598	1	$286
Effective	90	0	$0	0	$0
Adequate	157	6	$755	8	$1,301
Total	*607*	*32*	*$6,352*	*22*	*$3,758*

Performance information is one of several factors that appear to have influenced the Administration's proposed terminations, funding reductions, and reforms.

PART is not the only means by which we may achieve better integration of performance information into the budget. Important arguments remain about PART's mechanics and methodology, the extent to which the ratings are reflective of program performance and the issue of whether agencies are designing meaningful outcome measures as a result, or does PART create an exercise in minimum compliance. These criticisms should not detract from the fact that PART is a consistent and transparent attempt to evaluate program performance and to incorporate performance information into the budgetary process. It focuses on individual programs where budgetary decisions are often made. For this reason, PART is a valuable concept which can only improve the effort to advance performance budgeting.

I would like to conclude by thanking you Mr. Chairman, Senator Carper, and Members of the Committee for taking on this important subject. The integration of performance information into the budget is a vital means of guaranteeing the stewardship of public funds will achieve the most effective results and ensure the greatest public benefits. I hope this testimony will be helpful to the Committee as it considers the role of performance information in the federal budgetary process.

TESTIMONY TO THE SENATE HOMELAND SECURITY AND GOVERNMENT AFFAIRS SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, AND INTERNATIONAL SECURITY
June 14, 2005

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Chairman Coburn, Ranking Member Carper, and Members of the Senate Subcommittee on Federal Financial Management, Government Information, and International Security: My name is Beryl A. Radin and I am a professor of Government and Public Administration at the University of Baltimore and an elected fellow of the National Academy of Public Administration. I will be joining the faculty at American University's School of Public Affairs this coming fall.

For more than a decade, I have been studying the efforts within the federal government to improve the effectiveness and accountability of federal programs and have published a number of articles on this subject. I am currently completing a book manuscript that focuses on some of the unanticipated consequences of performance measurement activities.

Like many others, I believe that it is important to find ways to assure that limited federal dollars are used effectively to carry out the goals and objectives of programs that have been created by both the Congress and the executive branch. Concern about performance attainment and performance measurement has spread beyond the public sector and it is hard to find any aspect of the American society today that does not focus on issues related to performance.

But while the focus on performance is extremely important, I have serious questions about the current procedures that have been put in place to carry it out. While the effort that has been undertaken in OMB through the Program Assessment Rating Tool (PART) may have been motivated by a legitimate and appealing concern, I do not think that this model is an appropriate way to measure program performance. Much of what has been devised in the name of accountability actually interferes with the responsibilities that individuals have to implement public programs. This includes PART as well as some other performance measurement efforts such as GPRA.

The six issues that I will discuss today explain why there appears to be a disconnect between many of the PART evaluations overseen by OMB and the budget proposals that were found in the President's current budget. They illustrate how difficult it is to impose a single model on an extremely complex federal system with a diverse array of programs.

We should heed what H. L. Mencken once said: "Explanations exist: they have existed for all times, for there is always an easy solution to every human problem – neat, plausible, and wrong."

Let me summarize my six points.

(1) Many federal programs have multiple and conflicting goals.

The dynamics of the legislative process and the need to craft coalitions of support often create programs that try to accomplish several things at once (and they are not always compatible). The PART process does not reflect that reality and most of the evaluations assume that there is a single goal for a program.

(2) Not all federal programs are alike.

There are major differences between competitive grant programs, block grant programs, research efforts, regulatory programs and other program forms. Yet the PART approach largely treats them alike (even though OMB acknowledges the differences that have been analyzed by many others, including GAO). Some programs seek to expand opportunities for those who have not received the benefits of federal programs yet the PART process does not usually measure these goals nor does it seek information from those who represent the program beneficiaries.

Political scientist James Q. Wilson has suggested there there are four different types of agencies; in some agencies outputs and outcomes can be observed and in others they cannot. He calls them production organizations, procedural organizations, craft organizations and coping organizations. He argues that in coping organizations outputs and outcomes are very difficult to measure. Yet PART does not really recognize these differences.

Perhaps most importantly, the PART process does not recognize the decisions by Congress to enact programs in different forms. Instead, OMB actually second guesses Congress in terms of assessment of program purpose and design. This is most dramatically shown in the way that OMB has assessed programs that involve block grants to states. Congress decided in these programs to provide discretion to states and let them decide how to use the funds within often minimally defined parameters. This occurs because Congress in its wisdom has noted that problems are quite different in different states and a federally imposed measure is not appropriate in such a setting.

When OMB rated block grant programs in its FY 2005 process, it found no block grant programs effective while finding 11% of programs examined that year rated effective. They also found 43% of the block grant programs to be ineffective while determining that only 5% of all the programs were ineffective. These ratings clearly suggest that the PART process is biased against block grant

programs. The rating of "ineffective" also ignores that programs have problems for different reasons. In some instances, the program does not have adequate staff or funding. In others, the federal government is involved in an issue but moves cautiously to address it because it is not clear how best to act.

3) OMB budget examiners and OMB itself have a limited perspective on programs.

It does not make sense to rely on only one perspective to determine whether programs should live or die. Congress itself has recognized that as it has separated the authorizing and appropriating functions. A yearly budget process is not the only way to look at what are often very detailed and complex programs. In some cases, the PART ratings approved by OMB simply reflect historical views about programs that some budget examiners have held over many years. For example, it is not surprising that some of the health professions programs within HRSA in HHS receive low PART ratings since for many years OMB has recommended that these programs be defunded. Focusing only on the OMB perspective seems to have eliminated the possibility that stakeholder views will be included in the PART assessment process.

(4) There are many different types of information that are useful to those who are charged with running or assessing programs.

The information that is used in the PART process is not value neutral. Rather, it reflects markedly different reasons for a concern about performance.

There are at least three agendas at play that are difficult to disentangle. Some advocates seek to eliminate programs and find it helpful to blame bureaucrats for problems. Others simply want to find a way to modify programs and argue that what worked in the past does not always make sense in a current or future environment. And still others believe that performance information will allow them to make a case for their programs and respond effectively with that data to those to whom they are accountable. PART does not allow a disentangling of these three agendas.

Significantly, the information that is emphasized by OMB often is not always useful to program managers, policy planners, or evaluators or, judging from the quite tepid reaction on Capital Hill, to those charged with appropriations recommendations.

(5) OMB calls for new data sources but does not acknowledge that agencies are not able to collect this data.

A number of agencies would like to collect data on the achievement of program outcomes. However, they are constrained both by the mandates of the Paperwork Reduction Act (which has required that they reduce the number of data elements collected) as well as by their inability to receive appropriations that would give them the resources to develop these data systems. In addition, there are sometimes limitations on data collection that are created by congressional decisions. For example, Congress has prohibited the Consumer Product Safety Commission from following cost/benefit analysis for some programs. Yet the PART evaluation criticized the Commission for failing to use cost-benefit analysis.

(6) PART focuses on an executive branch perspective and is not easily transferred to the congressional branch.

The one-size-fits-all approach that is found in the PART process is not compatible with a legislative branch with multiple committees and subcommittees as well as separation between authorizing and appropriations perspectives. The multiple venues within the Congress for discussing issues are one of the strongest attributes of our democracy even though the complexity it creates is sometimes frustrating. But that multiplicity itself makes it difficult to devise a single congressional perspective on performance. And as we know, legislation is constructed for a wide range of political reasons that may not be clear or relevant to OMB budget examiners. Deferring to the executive branch and accepting PART wholesale cedes program effectiveness analysis to the executive branch.

In conclusion, I suggest that this Subcommittee (and the Congress) avoid attempting to adopt the PART process and, instead, by focusing on accountability and results, emphasize the existing resources that are unique to the legislative branch. Instead of searching for a one-size-fits-all approach, the Congress has rich resources within the appropriations and authorizing committee structure that could be used to craft definitions of results within the framework of specific programs. Performance can best be handled within the confines of specific program development and traditional congressional oversight.

The Congress has oversight capacity that can be used to provide more robust information than that from the PART process. The oversight process gives the Congress access to a range of information from GAO, CBO, CRS and the Inspectors General as well as from non-governmental sources. Each of these sources has a somewhat different perspective but collectively they offer a rich view of program performance. Congress has the ability to develop a regularly scheduled assessment of programs within its oversight role.

Thank you for inviting me to testify before this Subcommittee; I am available to work with the Subcommittee and its staff to continue this conversation.

Responses to Questions for Comptroller General Walker
Government Accountability Office
June 14. 2005

Questions from Senator Carper

Question 1. In its report from January 2004, "*Performance Budgeting: Observations on the Use of OMB's Program Assessment Rating Tool for the Fiscal 2004 Budget*", GAO stated that PART was not well integrated with GPRA. You concluded at that time that the 2004 PART process was a parallel, competing structure to the GPRA. You also noted that agencies were reporting that OMB's replacement of GPRA's strategic and performance goals with those of PART was detrimental to the GPRA reporting process and was a drain on resources. Furthermore, while OMB officials had expressed the need to reduce the number of GPRA performance measures, your report showed that overlaying PART requirements would actually increase the total number of required measures, contrary to the goals of OMB officials. Your testimony didn't touch on any of these issues but, instead, portrayed PART and GPRA as complementary. Has GAO's position on the relationship between the two initiatives changed or have changes been made that make PART and GPRA reporting better integrated?

We believe that PART should be better integrated with the broader planning process provided for in the Government Performance and Results Act of 1993 (GPRA).[1] As noted in my June 14th testimony, we remain concerned that, over time, as the performance measures developed for the annual PART process are used in the executive budget process, these measures may come to drive agencies' strategic planning processes—a strategy contrary to GPRA's notion of cascading strategic and annual plans. As part of the executive branch budget formulation process, PART must clearly serve the President's interests. However, measures developed solely by the executive branch for the purposes of executive budget formulation may discourage their use in other processes, such as internal agency program management and the congressional authorization, budget, and oversight processes, especially if measures that serve these other processes are significantly revised or eliminated through the PART process. PART's focus on outcome measures may ignore stakeholders' needs for other types of measures, such as output and workload information. Like PART, GPRA states a preference for outcome measures and requires agencies to relate performance goals to resource needs. However, in practice, GPRA also recognizes the need to develop a range of measures—including output and process measures—to measure progress toward performance goals and related outcomes. Since different stakeholders have different needs and no one set of goals and measures can serve all purposes, PART can and should complement GPRA not replace it.

[1] Pub. L. No. 103-62 (1993)

GAO is continuing to monitor the implementation of PART, including its relationship to GPRA. At the request of the Chairman of the House Subcommittee on Government Management, Finance, and Accountability, Committee on Government Reform, we are currently conducting a review of (1) OMB's and agencies' perspectives on the effects PART recommendations are having on agency operations and results and issues encountered in responding to PART recommendations; (2) OMB's leadership and direction in ensuring an integrated, complementary relationship between PART and GPRA, including how OMB is assessing performance when multiple programs or agencies are involved in meeting goals and objectives; and (3) steps OMB has taken to involve Congress in the PART process. We would be happy to provide you with a copy of this forthcoming report upon its issuance (expected in Fall 2005).

Question 2. GAO has noted in the past that grant programs received lower than average PART scores. These low scores have often been a result of the programs' design, which allow for greater grantee decision making. Is there a danger of successful programs receiving low PART scores simply by operating as they were designed? If grant programs are more likely than other programs to receive lower PART scores, how should Congress use evaluations of grant programs when making funding decisions? Does PART need to be modified to better take into account the differences between programs?

OMB has said that if a program manager's ability to achieve results is hindered by an unclear purpose or suboptimal design, the manager should find it useful to have such obstacles highlighted. OMB has also said that if statutory provisions impede effectiveness, one result of a PART review could be recommendations for legislative changes. It is therefore possible for a program to get a poor rating because it operates as designed. As you note, in our January 2004 report on PART,[2] we noted that one of the patterns OMB identified in its ratings was that grant programs received lower-than-average ratings. To OMB this suggested the need for greater effort by agencies to make grantees accountable for achieving overall program results. This need not eliminate grantee flexibility as to how to achieve results. At the same time grant structure and design play a role in how federal agencies are able to hold third parties responsible and can complicate the process of identifying the individual contributions of a federal program with multiple partners. Block grants present particular implementation challenges, especially when national goals are not compatible with state and local priorities.

OMB has tailored the standard PART tool to try to account for different approaches to service delivery. In addition to the 25 questions among four broad topics that PART covers for all "programs" selected for review—(1) program purpose and design, (2) strategic planning, (3) program management, and (4) program results—PART also includes questions that are specific to one of seven mechanisms or approaches used to

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[2] GAO, *Performance Budgeting: Observations on the Use of OMB's Program Assessment Rating Tool for the Fiscal Year 2004 Budget*, GAO-04-174 (Washington, D.C.: Jan. 30, 2004).

deliver the program.[3] In addition, OMB publishes both a single, bottom-line rating for PART results and individual section scores.

Congress may find the individual PART section scores more useful than the overall summary score in conducting its oversight activities, because the complexity of federal programs makes it difficult to meaningfully interpret a bottom-line rating. For example, in the fiscal year 2004 PART, one program that was rated "adequate" overall got high scores for purpose (80 percent) and planning (100 percent), but poor scores in being able to show results (39 percent) and in program management (46 percent). In a case like this, the individual section ratings provided a better understanding of areas needing improvement than the overall rating alone. Caution should be taken in relying on bottom-line ratings for programs with multiple goals and when performance data are unavailable, the quality of those data is uneven, or they convey a mixed message on performance.

Question 3. As you know, President Bush's Fiscal Year 2006 budget proposal targets about 150 programs for elimination or reduction. Of the programs that received OMB ratings, some scored poorly. Others scored rather well. In addition, I understand that there are even some programs that scored poorly that the President has asked us to preserve, in some cases even with increased funding. What does this tell you about how PART works?

The relationship that you identified between PART scores and the President's funding recommendations for fiscal year 2006 is similar to what we found for fiscal year 2004. In 2004, we found that while PART scores were generally positively related to proposed funding changes in discretionary programs, the scores did not automatically determine funding changes. That is, for some programs rated "effective" or "moderately effective" OMB recommended funding decreases, while for several programs judged to be "ineffective" OMB recommended additional funding in the President's budget request with which to implement changes.[4]

As we have previously stated, OMB and others recognize that performance is not the only factor in funding decisions.[5] Performance budgeting initiatives should not be expected to provide the answers to all resource allocation questions in some automatic or formula-driven process. Performance problems may well prompt budget cuts, program consolidations, or eliminations, but they may also inspire enhanced investments and reforms in program design and management if the program is deemed to be of sufficiently high priority to the nation. Conversely, even a program that is found to be exceeding its performance expectations can be a candidate for budgetary cuts if it is a lower priority than other competing claims in the process. The determination of priorities is a function of competing values and interests that may be informed by performance information but also reflects other factors, such as the overall budget situation, the state of the economy, security needs, equity considerations, unmet societal needs, and the appropriate role of the federal government in addressing any such needs.

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[3] The seven major categories are competitive grants, block/formula grants, capital assets and service acquisition programs, credit programs, regulatory-based programs, direct federal programs, and research and development programs.

[4] GAO, *Performance Budgeting: OMB's Performance Rating Tool Presents Opportunities and Challenges for Evaluating Program Performance*, GAO-04-550T (Washington, D.C.: Mar. 11, 2004).

[5] GAO-04-550T, 5.

Questions for the Record from June 14, 2005 Hearing
Before the Senate Subcommittee on
Federal Financial Management, Government Information, and International Security

Clay Johnson III
Deputy Director for Management
Office of Management and Budget

1) During her testimony, Dr. Radin stated that the Program Assessment Rating Tool (PART) used to evaluate federal programs was unnecessary because Congress already had the resources and authority to effectively oversee federal programs. Do you believe that Congress has the resources, specifically the necessary amount of time, to effectively examine in detail the objectives and outcomes of every federal program, or is PART necessary to supplement the various efforts to conduct program oversight?

I am not the right person to speculate on whether Congress has sufficient resources to effectively oversee federal programs. The PART can be a valuable resource for use in Congressional oversight of Federal programs. The Executive Branch is responsible for implementing programs and as such has access to more timely, detailed information about how all program perform and why some excel and other fall short. PART information can help the Congress target its limited resources to those areas that would benefit most from additional Congressional oversight. The Executive and Legislative branches play complimentary roles in ensuring that programs achieve intended outcomes for the American people. Congress recognized that the Executive Branch would need to conduct the detailed, comprehensive program analysis when it passed the Government Performance and Results Act which requires the Executive Branch to evaluate the performance of its programs and report to Congress.

2) Dr. Radin suggested during the course of the hearing that PART "is violating what the Constitution has created" by attempting to evaluate and rate the performance of federal programs. Do you believe that this is a valid critique of PART? Does PART circumvent the Congressional oversight process, or does it serve to supplement the process?

PART does not violate the Constitution. Use of the PART reinforces the Congressional oversight process by providing the Congress with more detailed, comprehensive information. The PART is a tool the Executive Branch used to assess and improve the performance of its programs; it in no way limits Congressional authority. It is important to note that by law the Executive Branch is responsible for operating the programs that the Congress establishes. Most Americans would expect the Federal government to do a good job at implementing these programs without waiting for Congressional oversight to direct it to do so.

3) One of Dr. Radin's criticisms of PART was that it focuses too much on outcomes and efficiency values and not enough on process. Do you believe that programs can ultimately be improved without a sustained focus on goals and outcomes?

A focus on outcomes is essential to ensuring that programs achieve what was intended when they were created. One goal of a PART analysis is to make sure that the strategies and methods we use achieve their intended goals. Sometimes an approach to solving a problem may not be as effective when the nature of the problem changes. The PART helps us make sure we are doing the right things to achieve the best results for the American people. It is important to note that Section 3 of the PART focuses on program management and assesses whether programs have the right processes in place to achieve their goals effectively and efficiently.

4) Dr. Radin also stated during the hearing that the PART process "isn't transparent[.]" Do you agree with this assessment? What measures have been or are being taken to increase the transparency of the program evaluation process?

The PART process is extremely transparent as all information relating to the process is available on the internet. Each year the Office of Management and Budget publishes the list of programs that will be assessed, the schedule for assessing them, and the guidelines that will be used to assess them on the internet prior to beginning the assessments. Completed assessments are also published on the internet on www.ExpectMore.gov in both summary and detailed form. The detail includes an explanation and evidence for each answer to each question, the specific performance measures and data for each program, funding levels for the programs, and updates on what the programs are doing to improve. The launch of ExpectMore.gov was an important step in increasing transparency. While PART information has been publicly available each year since it began, this year with ExpectMore.gov the information was presented in clearer language that made it much more accessible to the public.

QUESTIONS AND RESPONSES FROM MS. RADIN

Carper Questions for the Record.

1. You note in your testimony that not all federal programs are alike, that many programs have multiple and conflicting goals and that PART doesn't reflect that. Why do you believe this is the case? Does PART do better or worse job than other, similar performance and budget integration initiatives?

PART is too simplistic to handle the complexities in and differences between government programs. PART purports to ask questions targeted to each of seven broad types of programs: competitive grants, block/formula grants, regulatory programs, capital asset and acquisition programs, credit programs, R & D, and "direct federal programs." PART does not actually differentiate the questions it asks of each type of program. Instead, it is a one-size-fits-all questionnaire that takes the same basic approach to all of these divergent types of programs.

Even if PART actually did a good job of tailoring its questionnaires to these seven types of programs, it still could well be overly simplistic. The PART approach assumes that there are generic activities that underly all credit programs or all regulatory programs, for example, and that there is neutral and objective information that adequately captures these generic activities. In fact, programs are quite distinct and have very different purposes, and it makes more sense to measure a given program's performance based on the specific expectations and purposes of a specific program. For example, OSHA and EPA's Clean Air Act regulatory programs are very different, serving very different purposes and statutory mandates. A simplistic list of generic questions could never yield as much valuable information for Congress or the public as a particularized inquiry specific to each program.

My concern about PART compared to other performance budgeting systems is that it is much more centralized than other systems. Most other systems (PPBS, GPRA) actually begin with a bottom-up process. PART, by contrast, is much more of a top-down process.

2. Are you aware of any instances in which PART has ignored the intent or will of Congress in rating programs? How much weight, if any at all, do you think OMB gives or should give programs success in carrying out the will of Congress or in meeting goals set out through planning programs like those set out through GPRA?

There are many such instances. Here are just a few:

* The CPSC is instructed by Congress not to use cost-benefit analysis when issuing rules specifically required by law, such as the rules governing garage door openers and bicycle helmets. CPSC (which, despite an otherwise high passing score, was categorized "Results Not Demonstrated") was penalized for following the law and not conducting cost-benefit analyses for those rules.

* CPSC was also scored down for not complying with OMB's tests for net benefits, even though CPSC's authorizing legislation instructs the agency to take a different approach in order to maximize public safety.

* The same is true for OSHA and MSHA. OMB scored these programs negatively for failing to do "cost-benefit comparisons or monetiz[ing] human life," even though their organic acts and Supreme Court precedent forbid these practices.

* OMB criticized the Appalachian Regional Commission (and flat-lined its budget request) for not being a "unique" program, because other existing agencies provide the same services. OMB completely misses the point of the Appalachian Regional Commission, which Congress created precisely because the existing patchwork of programs was failing to meet the needs of the extraordinarily impoverished population of that region.

* Another program serving rural populations, HHS's Rural Health Activities program, was likewise penalized for following the very law that created it. OMB's criticism speaks for itself: "The major flaw of the Office's portfolio *stems from the programs' authorization*" (emphasis added). The program was targeted for a drastic cut.

* Every EPA research program PARTed to date was assessed as "Results Not Demonstrated," based on rationales that are deeply incompatible with the purposes of those programs. OMB criticized these programs for failing to link their research activities with the accomplishment of outcomes, but such criticism is willfully blind of the very nature and benefits of research: often we can learn as much from failure as from any success.

OMB appears to give little or no credence to the intent of Congress. In fact, OMB deputy director Clay Johnson was asked directly during the hearing, "[I]s it possible for a program to get a poor rating simply because it does what's required by statute and not necessarily what OMB might like for that program to do?"-and Johnson replied, simply, "Yes."

The very role of the executive branch in the constitutional order is to execute the law. It is inappropriate for OMB to be grading programs for following the law rather than OMB's diktats.

3. *As you know, President Bush's Fiscal Year 2006 budget proposals targets about 150 programs for elimination or reduction. Of the programs that received OMB ratings, some scored poorly. Others scored rather well. In addition, that there are even some programs that scores poorly that the President has asked us to preserve, in some cases even with increased funding. What does this tell you about how PART works?*

One thing it tells us is that there is no formulaic match between performance scores and budget requests. That much, at least, makes sense; low performance could mean either that a program needs more resources to do its job well or that a program is at the end of its life. (Of course, low performance scores could also mean that the OMB assessor has simply concluded that the program is slated for the chopping block, no matter how well the program actually performs in meeting its statutory mandates.)

Looking more deeply into the numbers beyond this initial level of generality reveals more disturbing patterns, however.

* In the 2006 budget, programs rated "ineffective" apparently were targeted for elimination if they were housed in HUD or the Department of Education; of the programs that were rated ineffective and targeted for elimination, 78 percent came from HUD or the Department of Education

* Grant programs rate significantly lower in PART reviews than all other programs on average. Further, of the programs rated "ineffective" that were zeroed out completely in the 2006 budget, 89 percent were competitive or block/formula grants.

Ultimately, the information about scoring and budget requests reveals the political nature of both the PART assessments and their linkage with budget requests.

4. *Ultimately, how would you recommend that Congress make decisions about which programs are effective and ineffective and which should continue or be eliminated? What should be ur standard for determining whether or not a program is a success and a good use of scarce resources? Do you think the questions OMB asks through the PART process are rigorous, detailed or unbiased enough to give us he information we would need to make informed decisions?*

The questions about which programs should continue or be eliminated are

inherently congressional questions. And Congress has the ability to use its existing resources through the authorizing and appropriations processes as well as the information available to it through GAO, CRS, CBO and the departmental Inspectors General.

There is no simple answer that applies across the board to all programs to determine whether they are a success. There is no single definition of success that can be meaningfully applied to all government programs; what is meaningful is a particularized inquiry into whether a specific program is successful at achieving its specific statutory mandates. That success may not be captured in a single quantifiable measure; in perhaps most cases, the only meaningful assessment will come from gathering a large set of materials ranging from stakeholder assessments, both in and outside of government, to the program's history of engagement with its issues. The programs are much too complex to be reduced to a single number.

OMB's measures are, as I have explained above, too simplistic to yield any useful information to assist Congress.

87

A WORKING PAPER IN GOVERNMENT ACCOUNTABILITY

An Analysis of the Office of Management and Budget's Program Assessment Rating Tool (PART)

by

Eileen C. Norcross

June 2005

MERCATUS CENTER
GEORGE MASON UNIVERSITY

Executive Summary

In February 2005, the Bush Administration released its proposed FY2006 budget marking the third year that the Office of Management and Budget (OMB) has evaluated government programs using its Program Assessment Rating Tool (PART). Designed as a means of encouraging agencies to develop performance measures and data in order to show program results, PART is used, in conjunction with other information, to make recommendations in the President's budget proposals. This paper analyzes the 607 programs rated to date by PART and seeks to determine how agencies have fared over time according to this methodology, the proportion of agency budgets rated 'results not demonstrated' or lacking in performance measures and data, and the relationship between funding levels in Congress and funding recommendations by the Executive to PART ratings.

These findings show that while only a small part of overall total outlays, 6%, or $154 billion are rated results not demonstrated, this represents, in some cases a large percentage of individual agency appropriations. This indicates that a large portion of some agency activities and budgets are unable to show measurable results according to OMB's rating process. However, over the three year period that PART has been in place, there has been measurable progress by agencies to move from a results not demonstrated rating. This may indicate that agencies are responding to their assessments by improving their measurements and data, or that budget examiners are more experienced, or that a better set of programs is being evaluated each year.

The PART methodology has been criticized for being a simplistic means of evaluating the often complex missions of various programs, though the application of the assessment process has brought a degree of transparency and consistency to the evaluation of federal programs. The information generated by the assessments has contributed to the advancement of performance budgeting in the Executive.

An Analysis of the Office of Management and Budget's Program Assessment Rating Tool (PART)[1]

In February 2003, the Bush Administration released with its proposed FY04 budget, a new method for evaluating the performance of federal programs called the Program Assessment Rating Tool (PART). PART is presented as an effort to get agencies to report consistently on their programmatic goals and results in order to facilitate funding decisions. It is one of five initiatives of the President's Management Agenda.[2]

The evaluation of government agencies (also known as performance budgeting, or performance management) has been tackled by several previous administrations. PART is the first consistent methodology developed to evaluate federal programs.

According to a Congressional Research Service report, PART can be viewed through two lenses.[3] It has been argued that PART is a manifestation of the goals of the Government Performance and Results Act (GPRA). Passed in 1993, GPRA requires that agencies produce an annual report of programmatic progress and agency goals. By requiring agencies submit data on specific measures of program performance, advocates argue that PART has "breathed life into GPRA," by holding agencies accountable for a program's stated goals, through demonstrable measures of success. PART's strength, it is argued is that it is a consistent, transparent and publicly accessible tool that has advanced the use of performance budgeting.

Others have offered criticism of PART, notably a Government Accountability Office (GAO) report found after assessing the first year of PART data that there were some inconsistencies in what kinds of measures Office of Management and Budget (OMB) accepted as fulfilling program outcomes, and that the *yes/no* question format tended to result in an oversimplified assessment of program performance. [4] GAO went on to note that OMB has been open to such criticisms and scrutiny of its methodology.

PART's Methodology

PART requires that agencies submit an assessment of their programmatic performance to OMB over a six year period. To date, OMB has rated 607 of 1000[5] programs it has

[1] Prepared by Eileen C. Norcross, Research Fellow, Government Accountability Project, Mercatus Center at George Mason University. This paper is one in a series of working papers from the Mercatus Center's Government Accountability Project and does not represent an official position of George Mason University.

[2] The five core management problems of the President's Management Agenda include: 1) strategic management of human capital 2) competitive sourcing 3) improved financial performance 4) expanded e-government 5) budget and performance integration.

[3] Brass, Clinton T., "The Bush Administration's Program Assessment Rating Tool (PART)" CRS Report for Congress, November 5, 2004

[4] Government Accountability Office, "Performance Budgeting: Observations on the Use of OMB's Program Assessment and Rating Tool for the Fiscal 2004 Budget (GAO-04-174)", January 2004.

[5] Recently, OMB has spoken of revising the total number of programs to be assessed to 1200.

identified in the federal government. By FY08, all identified programs will have been assessed at least once.

PART is designed as a series of between 25 and 30 *Yes/No* questions that are submitted to federal agencies for specific programs in a given fiscal year. There are four sections of the questionnaire—each weighted differently—dealing with an aspect of program performance: purpose and design (20%), strategic planning (10%), program management (20%) and results/accountability (50%). The individual assessments for each program are provided on OMB's website.[6]

PART's purpose is to combine performance and budgeting information in order to better inform the President's budgetary recommendations. PART is also used as a means of addressing management and performance problems within programs. In addition to assessing information provided by the agencies, PART examines factors that may affect a program's performance that may be beyond the agency's control such as statutory provisions.

A program may receive one of five ratings: ineffective, adequate, moderately effective, effective and results not demonstrated. The latter rating means that a program does not have enough information (either measures or data) to be rated, it does not imply the program is ineffective.

Study Purpose and Previous Analyses

With three years of PART data available, I undertook this analysis to see how agencies have been rated over time, how scores are related to Executive and Congressional appropriations, and what percentage of the federal budget is represented by particular program ratings. This study does not answer the question, "Is PART *affecting* agency or legislative behavior and funding decisions?" There have been two previous studies performed using PART data to answer this question using regression analysis.

GAO undertook a regression analysis in 2004 using the first year of PART data in order to discover to what extent PART data had influenced the President's FY04 budgetary proposal. By separating mandatory and discretionary programs, GAO assessed if PART scores influenced proposed funding changes between FY03 and FY04. The study found that PART scores have a positive and statistically significant effect on discretionary program funding levels in the President's proposed budget, but there was no statistically significant relationship for mandatory programs. [7]

A forthcoming regression analysis of PART to be published in the *Public Administration Review* by John B. Gilmour and David E. Lewis discovered that PART scores (for 2004 and 2005) are positively correlated with the President's recommendations.[8]

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[6] http://www.whitehouse.gov/omb/budget/fy2006/part.html. (June, 2005)
[7] GAO-04-174, p. 42.
[8] Brass, p. CRS-13

For the purposes of this analysis, I take PART's ratings at face value. But, that does not mean I necessarily agree with the methodology used, or the conclusions arrived at in individual assessments. The President's FY06 proposed budget includes a Major Savings and Reforms report that uses PART scores to make termination and funding decisions. I use this document to find descriptive evidence of how PART was used by the Administration in the FY06 proposed budget. Again, this does not imply an endorsement or criticism of how PART was applied to make these decisions.

Key Findings

The first section of the paper considers how programs have performed over time, and within program category and agency.

Over time the number of programs rated results not demonstrated (not having sufficient information to evaluate performance), has declined from 50% to 29%; while the number of programs earning an effective rating have risen from 6% to 15%. This may be due to factors other than the influence of the PART assessment process.

Among the 128 programs that have been reassessed, the number of results not demonstrated programs has fallen drastically from 78 to 8, while the number of programs rated adequate has increased from 18 to 50, and effective programs from 4 to 27. Only seven programs have retained their results not demonstrated rating over time. And only four programs fell in their ratings. Again, this may be due to a variety of factors. A drastic reduction in the number of programs rated results not demonstrated *may* indicate PART is pushing program managers to develop measures and data.

Looking at the individual performance of agencies under the PART rating system, I found that five agencies with a high percentage of programs rated results not demonstrated also had the greatest percentage of their overall FY04 appropriations rated results not demonstrated indicating that programs OMB claim lack sufficient measures or sufficient data for evaluation not only consumed a large percentage of these agencies' activities, but also a large percentage of their annual appropriations. The same relationship was true for those agencies with a large percentage of programs rated effective. However, this relationship did not hold for every agency in every ratings category.

I also examined the percentage of the budget (as total outlays), represented by certain ratings categories and discovered that while only 6% of total outlays ($134 billion) are rated results not demonstrated, some of these programs consume a large portion of a given agency's appropriations.

The last part of this analysis considers how funding decisions are related to PART scores. By comparing the Administration's funding request in FY06 to what Congress appropriated to programs in FY05, I found that effective programs tended to be recommended for funding increases (61%) while ineffective tended to be recommended for funding decreases (86%). This does not mean that PART scores caused these funding

changes, or that a decrease represents a proposed cut or termination. Appropriation levels may change for other reasons such as expiration of a program's authorization.

In addition, I examined the President's FY06 Major Savings and Reforms and discovered that of the 154 programs recommended for either termination or funding reduction, 55 had been PARTed at least once. Among these, 12 were rated ineffective, half of all PARTed programs rated ineffective.[9] This implies that a rating of ineffective does not guarantee a termination or reduction in funding.

I conclude the analysis by looking at the first two years of PART data and comparing what Congress appropriated in FY04 to what it appropriated in FY05 according to program ratings. As with the Administration, programs rated effective were more likely to receive funding increases (62%) and those rated ineffective were more likely to receive decreases (68%). Again, this does not mean PART played a role in all, or any of these decisions.

How many programs are evaluated each year?

In the FY04 proposed budget, the first year of PART, 234 programs were evaluated[10]. However, several programs were removed from PART in ensuing years due to consolidation and eliminations bringing the actual total to 223. The following year, an additional 172 new programs were evaluated. In that year, PART reassessed 90 programs from FY04. Using the adjusted total, with the FY05 proposed budget a total of 395 programs had been PARTed at least once. With the FY06 proposed budget, 212 new programs were assessed and 38 were reassessed. A total of 128 programs have been assessed more than once. By FY06, 607 programs had been PARTed at least once, representing 60% of federal programs[11].

[9] In addition to these 12, two other ineffective programs, Community Development Block Grant Formulas, and Rural Housing and Economic Development had both been recommended for de-funding as part of a reform initiative to consolidate these programs under the Commerce Department, bringing the total of ineffective programs recommended for cuts or eliminations to 14.

[10] OMB states that 234 programs were PARTed in 2004. However, several programs were not included in ensuing PART reports: Center for Biologics Evaluation and Research, Center for Devices and Radiological Health, Center for Drug Evaluation and Research, Center for Food Safety and Applied Nutrition, Center for Veterinary Medicine were assessed as part of the Food and Drug Administration in the following year. Methane Hydrates, Geosciences Directorate, NSF Research Tools had their programmatic definitions change in ensuing years. Environmental Management was broken into two programs in 2004: R&D and Cleanup, but consolidated in 2005 and 2006. The Comanche Helicopter program is not mentioned in the 2004 PART, though it was evaluated in that year. Several programs also underwent name changes between 2004 and 2005. The Pension and Welfare Benefits Administration is referred to as the Employee Benefits Security Administration. Refugees to Israel is referred to as Humanitarian Migrants to Israel. Demining is referred to as Humanitarian Demining.

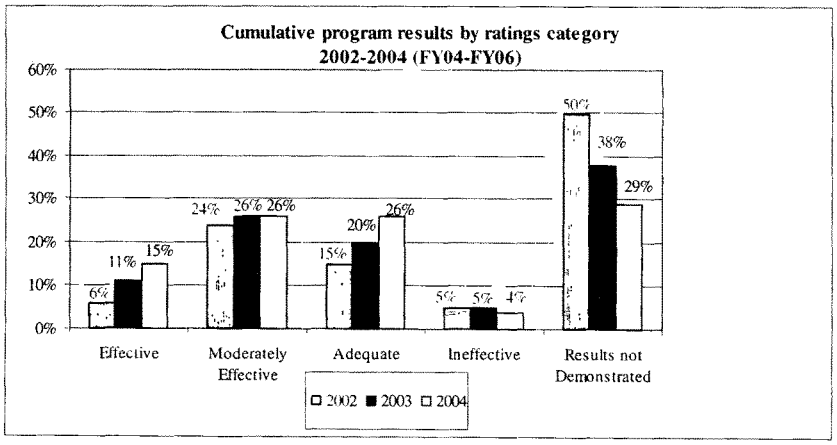
[11] Four programs were assessed in 2005, but were not included in the 2006 PART: Aviation Passenger Screening, Disaster Relief Fund – Public Assistance, Support for Eastern European Democracy and Freedom Act, Supplemental Security Income for the Aged, bringing the most recent total of PARTed programs to 607.

How PART has rated programs, cumulatively

With 60% of federal government programs assessed, there has been a decrease in the cumulative number of programs rated results not demonstrated over the three year period. The cumulative number of programs rated effective has also increased. Ineffective programs dropped slightly from 5% to 4%, while moderately effective and adequate programs increased from 24% to 26% and 15% to 26%, respectively. This may imply that agencies have begun to develop performance measures in earnest, thus avoiding a results not demonstrated rating. The improvement in cumulative program results from year to year in other rating areas may be due to several factors: a) programs are improving their results information b) evaluations by OMB are getting more accurate c) better-performing programs are being evaluated.

Cumulative program results 2004-2006

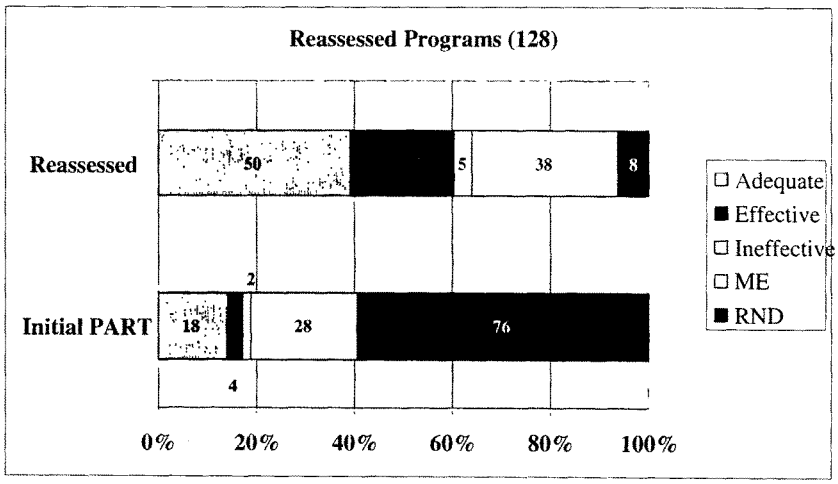
	FY04	FY05	FY06
Effective	6%	11%	15%
Moderately Effective	24%	26%	26%
Adequate	15%	20%	26%
Ineffective	5%	5%	4%
Results not Demonstrated	50%	38%	29%
Total	**234**	**395**	**607**



Are there observable changes in program performance between 2004 and 2006?

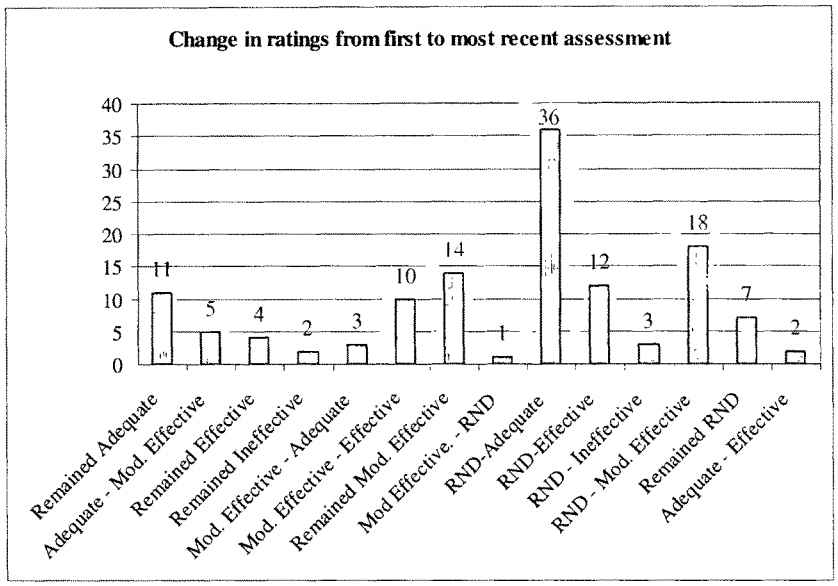
OMB has reassessed 128 programs out of the 607 assessed to date. Fifteen programs were evaluated three times. The remaining 113 were evaluated twice.

The greatest improvement occurred with the decreased number of programs rating results not demonstrated. During the initial PART of the 128 programs, 76 were rated results not demonstrated. Upon reassessment only eight received that rating, seven programs retained their results not demonstrated rating, and one program fell from moderately effective to results not demonstrated. The number of programs rated effective also increased. Initially, four programs received the highest rating. Upon reassessment, 27 programs were rated effective. Improvements also occurred in programs rated moderately effective (28 initially, 38 after reassessment) and adequate (18 initially, 50 after reassessment). There was an increase in the number of programs rated ineffective, from two to five, but the total number remains small. This raises the question of whether PART is motivating agencies to measure their performance or are other factors causing the improvement.



Most reassessed programs did not reverse direction and slip in their ratings. Thirty-nine programs received the same ratings upon reassessment. Sixty-nine programs moved out of the results not demonstrated rating. Three of those were rated ineffective, the majority, 36, earned an adequate rating upon reassessment. Four programs fell in their ratings: one moved from moderately effective to results not demonstrated (RND), and three programs fell from moderately effective to Adequate.

For a detailed listing of these programs please refer to Table 1 in the Appendix.



Programs rated by program type/category

PART classifies programs according to seven categories:

1) Block/Formula Grants – Programs that provide funds to State, local, and tribal governments and other entities by formula block grant.

2) Capital Acquisition – Programs that achieve their goals through development and acquisition of capital assets (such as land, structures, equipment, and intellectual property) or the purchase of services (such as maintenance, and information technology).

3) Competitive Grants – Programs that provide funds to State, local and tribal governments, organizations, individuals and other entities through a competitive process.

4) Credit – Programs that provide support through loans, loan guarantees and direct credit.

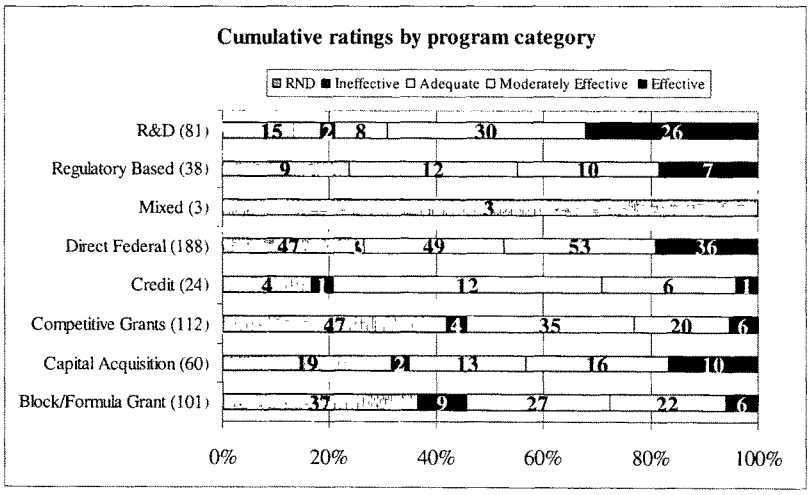
5) Direct Federal - Programs where services are provided primarily by employees of the Federal government.

6) Regulatory Based – Programs that accomplish their mission through rulemaking that implements, interprets or prescribes law or policy, or describes procedure or practice requirements.

7) Research and Development – Programs that focus on knowledge creation or its application to the creation of systems, methods, materials, or technologies.

Mixed programs are those that combine elements from two or more categories. (e.g. a Research and Development program that uses grants as a means of funding research).

An analysis of PART data for FY04 through FY06 reveals that certain categories of programs fare better than others in the ratings.



PART ratings by Program Category

Program Category	Results not Demonstrated	Ineffective	Adequate	Moderately Effective	Effective
Block/Formula Grant (101)	37%	9%	27%	22%	6%
	(37)	(9)	(27)	(22)	(6)
Capital Acquisition (60)	32%	3%	22%	27%	17%
	(19)	(2)	(13)	(16)	(10)
Competitive Grants (112)	42%	4%	31%	18%	5%
	(47)	(4)	(35)	(20)	(6)
Credit (24)	17%	4%	50%	25%	4%
	(4)	(1)	(12)	(6)	(1)
Direct Federal (188)	25%	2%	26%	28%	19%
	(47)	(3)	(49)	(53)	(36)
Mixed (3)	100%	0%	0%	0%	0%
	(3)	(0)	(0)	(0)	(0)
Regulatory Based (38)	24%	0%	32%	26%	18%
	(9)	(0)	(12)	(10)	(7)
R&D (81)	19%	2%	10%	37%	32%
	(15)	(2)	(8)	(30)	(26)

Though mixed programs have the largest percentage of programs rated results not demonstrated at 100%, it should be noted that only three of these programs have been rated.

Competitive Grants have 42% of programs rated results not demonstrated followed by Block Grants programs with 37% with results not demonstrated. Both Competitive Grants and Block Programs also have the largest percentage of programs rated ineffective, 4% and 9%, respectively.

This information has lead OMB to undertake a cross-cutting analysis during FY06 of Block Grant programs. These programs are generally used to provide social services on the state and local levels. OMB notes that block grants pose performance measurement challenges because they are used for a wide range of activities and this difficulty is

reflected in its high number of programs rating results not demonstrated. [12] The purpose of OMB's analysis is to discover which programs are working best and apply those management methods to programs that are not meeting expectations. A PART reassessment will be performed after the recommendations are adopted.

Research and Development programs, by contrast, have the highest percentage of programs rated Effective at 32%. Regulatory programs have the second highest percentage of effective programs with 18%, closely followed by Direct Federal programs with 19%, and Capital Acquisition programs with 17% rated effective. Six percent of Block Grant programs were rated effective and competitive grants and credit grants were rated with five and four percent effective, respectively. Nearly 50% of Block Grants, Capital Acquisition, Competitive Grants and R&D programs are rated either adequate or effective. Direct Federal and Regulatory programs received greater than 50% in a combination of these ratings.

Programs rated by Agency[13]

When looking at the cumulative scores of agencies over the three years, some agencies have a relatively high number of programs that rate results not demonstrated. General Services Administration (GSA) comes in first with 67% of its programs unable to show results.

GSA is closely followed by Education (63%), Veterans Affairs (57%), Department of Homeland Security (54%), Army Corp of Engineers (44%), Agriculture (41%), Interior (37%), Treasury and Housing and Urban Development (both with 30%), and Health and Human Services (26%). This rating again does not imply these programs are ineffective, but that there is not enough information available to judge their performance.

Housing and Urban Development and the Department of Labor also have the largest percentage of programs that are rated ineffective: 20% and 19% respectively.
To date, ten of the twenty programs rated by PART in Housing and Urban Development have either been unable to show results or are deemed ineffective.

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[12] Office of Management and Budget, *Budget of the U.S. Government fiscal year 2006 - Analytical Perspectives*, p. 15

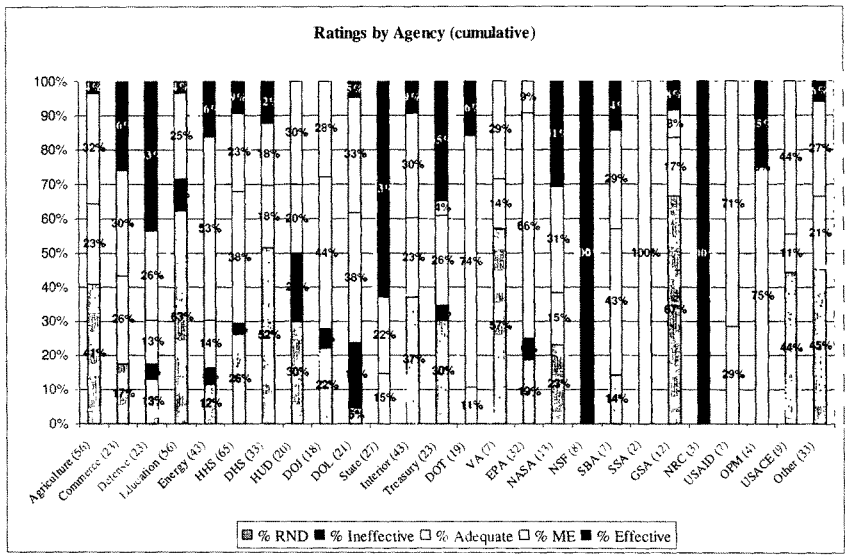
[13] OMB includes a category for smaller agencies called 'Other'. I have extracted five of the CFO agencies from this categorization for the analysis: Social Security Administration, General Services Administration, Nuclear Regulatory Commission, Office of Personnel Management and USAID. The remaining agencies in the Other category are: Consumer Product Safety Commission, Corporation for National and Community Service, Office of National Drug Control Policy, Export-Import Bank of the US, Tennessee Valley Authority, Federal Communications Commission, Federal Election Commission, Public Defender of the District of Columbia, Securities and Exchange Commission, Armed Forced Retirement Home, Broadcasting Board of Governors, Trade and Development Agency, American Battle Monuments Commission, International Assistance Programs, National Archives and Records Administration, Commodity Futures Trading Commission, Delta Regional Authority, National Credit Union Administration, Court Services and Offender Supervision Agency for the District, Neighborhood Reinvestment Corporation, Appalachian Regional Commission, and Denali Commission.

In terms of highest rated agencies, the National Science Foundation received ratings of effective for 100% of the seven programs that OMB has assessed to date. The Nuclear Regulatory Commission also had 100% of its three programs assessed to date rated effective. State was next with 63% of the 28 programs rated to date, assessed as effective. Defense had 43% of 23 programs rated effective. Treasury, NASA and Commerce all had at least of quarter of their assessed programs rated effective (35%, 31% and 26%, respectively).

Agency	Results not Demonstrated	Ineffective	Adequate	Moderately Effective	Effective
Education (56)	63%	9%	25%	0%	4%
	(35)	(5)	(14)	(0)	(2)
Veterans Affairs (7)	57%	0%	14%	29%	0%
	(4)	(0)	(1)	(2)	(0)
Homeland Security (33)	52%	0%	18%	18%	12%
	(17)	(0)	(6)	(6)	(4)
Agriculture (56)	41%	0%	23%	32%	4%
	(23)	(0)	(13)	(18)	(2)
Other (33)	45%	0%	21%	27%	6%
	(15)	(0)	(7)	(9)	(2)
Interior (43)	37%	0%	23%	30%	9%
	(16)	(0)	(10)	(13)	(4)
Treasury (23)	30%	4%	26%	4%	35%
	(7)	(1)	(6)	(1)	(8)
Housing and Urban Development (20)	30%	20%	20%	30%	0%
	(6)	(4)	(4)	(6)	(0)
Health and Human Services (65)	26%	3%	38%	23%	9%
	(17)	(2)	(25)	(15)	(6)

Agency	Results not Demonstrated	Ineffective	Adequate	Moderately Effective	Effective
NASA (13)	23%	0%	15%	31%	31%
	(3)	(0)	(2)	(4)	(4)
Justice (18)	22%	6%	44%	28%	0%
	(4)	(1)	(8)	(5)	(0)
EPA (32)	19%	6%	66%	9%	0%
	(6)	(2)	(21)	(3)	(0)
Commerce (23)	17%	0%	26%	30%	26%
	(4)	(0)	(6)	(7)	(6)
Defense (23)	13%	4%	13%	26%	43%
	(3)	(1)	(3)	(6)	(10)
Energy (43)	12%	5%	14%	53%	16%
	(5)	(2)	(6)	(23)	(7)
Labor (21)	5%	19%	38%	33%	5%
	(1)	(4)	(8)	(7)	(1)
State (27)	0%	0%	15%	22%	63%
	(0)	(0)	(4)	(6)	(17)
Transportation (19)	0%	0%	11%	74%	16%
	(0)	(0)	(2)	(14)	(3)
National Science Foundation (8)	0%	0%	0%	0%	100%
	(0)	(0)	(0)	(0)	(8)
Small Business Administration (7)	14%	0%	43%	29%	14%
	(1)	(0)	(3)	(2)	(1)
Social Security Administration (2)	0%	0%	0%	100%	0%
	(0)	(0)	(0)	(2)	(0)
General Services Administration (12)	67%	0%	17%	8%	8%
	(8)	(0)	(2)	(1)	(1)
Nuclear Regulatory Commission (3)	0%	0%	0%	0%	100%
	(0)	(0)	(0)	(0)	(3)

Agency	Results not Demonstrated	Ineffective	Adequate	Moderately Effective	Effective
Office of Personnel Management(4)	0%	0%	75%	0%	25%
	(0)	(0)	(3)	(0)	(1)
USAID (7)	0%	0%	29%	71%	0%
	(0)	(0)	(2)	(5)	(0)
US Army Corp of Engineers (9)	44%	0%	21%	27%	6%
	(4)	(0)	(7)	(9)	(2)



Agency program ratings as a percent of agency FY04 appropriations

It is more meaningful to ask what these program ratings represent in terms of their proportion to the agency's total annual appropriation. The table below shows the ratio of the total of all FY04 appropriations of PARTed programs (grouped by rating) within an agency to the agency's total FY04 appropriations received, according to their FY04 Financial Statements.

Percentage of agency's total FY04 appropriations according to ratings category

Agency	Results not Demonstrated	Ineffective	Adequate	Moderately Effective	Effective	Total assessed as a percent of FY04 Agency Appropriations	Total Agency FY04 Appropriations Received ($mil)
Agriculture	18%	0%	13%	46%	0%	78%	$94,316
Commerce	4%	0%	36%	17%	22%	80%	$6,134
Defense	1%	0.28%	7%	9%	27%	44%	$582,010
Education	25%	4%	38%	0%	0%	67%	$72,090
Energy	1%	0%	34%	33%	14%	81%	$24,190
HHS	2%	0%	2%	44%	4%	52%	$700,102
DHS	26%	0%	16%	12%	1%	56%	$38,303
HUD	5%	23%	0%	41%	0%	69%	$40,569
DOJ	4%	0%	18%	20%	0%	42%	$29,500
DOL	0%	5%	5%	15%	1%	26%	$58,039
State	0%	0%	6%	4%	40%	51%	$12,971
Interior	19%	0%	12%	5%	3%	39%	$14,712
Treasury	1%	0%	1%	0%	1%	3%	$352,212
DOT	0%	0%	16%	70%	8%	94%	$58,421
VA	63%	0	45%	2%	0	110%	$62,179
EPA	6%	0%	54%	1%	1%	62%	$8,353
NASA	29%	0%	4%	28%	20%	82%	$15,470
SBA	0%	0%	2%	2%	4%	8%	$4,430
SSA	0%	0%	0%	16%	0%	16%	$699,906
NRC	0%	0%	0%	0%	29%	29%	$593
USAID	0%	0%	15%	0%	17%	32%	$9,186

For example, in FY04, USDA was given total appropriations of $94 billion. The total amount of money allocated to the 56 programs PARTed to date, in FY04 is $73 billion, representing 78% of its total FY04 appropriations. By grouping appropriations together based on rating, we can determine what portion of USDA's appropriations fell into a particular ratings category. USDA has 23 programs rated results not demonstrated, or 41% of all USDA programs PARTed. Are these all small budget programs, or do they consume a larger part of the agency's appropriations? In this case, this represents 18% of total FY04 USDA appropriations. Fewer programs received a moderately effective rating (18, or 32% of PARTed USDA programs), but since one of these, the Food Stamp Program, is relatively large with $27 billion allocated in FY04, 46% of USDA's FY04 appropriations are moderately effective.

Sixty three percent of Veterans FY04 appropriations[14] are rated results not demonstrated, followed by NASA with 29%, Homeland Security with 26% and Education with 25%. These agencies have the greatest portion of their annual appropriations rated results not

[14] According to Veterans Affairs Financial Statement for FY04, "Appropriations Received" amounted to $62.179 billion. This is less than the $68.403 billion appropriated to PARTed programs in FY04.

demonstrated. In the case of the Education, 35 programs are rated results not demonstrated, representing 68% of PARTed Education programs, or 25% of the department's FY04 appropriations. These programs range from the relatively small, such as the $9 million Occupational and Employment Information to IDEA Grants to the States, which was funded at $10 billion in FY04.

In absolute terms, these agencies had a high percentage of their programs rated results not demonstrated, which also happens to represent a large percentage of their appropriations in FY04.

Forty percent of State's appropriations are rated effective (with 51% of its appropriations rated to date.) They are followed by Defense with 27%, Commerce with 22% and NASA with 20%. Again, this mirrors the percentage of programs rated effective. State and Defense had a large percentage of their programs rated effective (63% and 43%, respectively).

Though Labor has a relatively high percentage of programs rated ineffective at 19%, this only represents 5% of its FY04 appropriations. HUD, however, has the highest number of programs rated ineffective at 20%, or four programs, and this mirrors how much of its FY04 appropriations are ineffective, at 23%. Two programs in particular account for this, Project-Based Rental Assistance ($4.7 billion allocated in FY04), and Community Development Block Grants ($4.3 billion allocated in FY04). Forty-one percent of HUD's FY04 appropriations are rated moderately effective, (representing 6 programs or 30% of all PARTed HUD programs), and this is due largely to the performance of its Housing Vouchers program ($14.4 billion allocated in FY04).

The majority of agencies' programs, as a percent of appropriations, received either moderately effective or adequate ratings.

What percentage of the budget is represented by PART ratings?

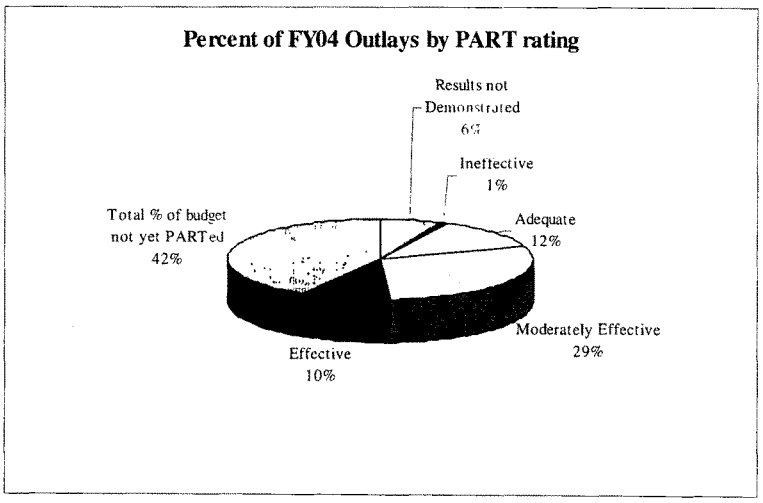
The total amount of money appropriated in FY04 to the 607 PARTed programs was $1.25 trillion, representing nearly 60% of total FY04 outlays[15] (excluding interest on the debt). Breaking this out by ratings category, 6% of FY04 outlays are rated results not demonstrated. This represents $135 billion in FY04 appropriations. Though 6% of total outlays may seem relatively small, it should be noted that some agencies have a higher concentration of results not demonstrated programs than others, which consume a large part of their overall yearly appropriations.

[15] For this calculation, I use the total amount of money appropriated in FY04 to all programs in a particular ratings category as my numerator. For the denominator, I have chosen to use Total Federal Outlays (excluding interest on the national debt) for FY04. This includes budgetary authority from previous years and is thus only a proxy for a 'total federal appropriations figure', which is not stated specifically in the budget, though it may be possible, to estimate this figure from the 13 individual appropriations bills. This calculation is therefore a rough estimate of what percentage of the budget is represented by certain ratings.

For example, as noted earlier, Education has 63% (35) of its programs rated results not demonstrated or 25% of its FY04 appropriations ($17.8 billion). The majority of this is made up of one program: IDEA Grants to States ($10 billion), followed by Improving Teacher Quality State Grants ($2.9 billion), Federal Work Study ($999 million), Supplemental Educational Opportunity Grants ($770 million), Adult Education State Grants ($574 million), IDEA Grants for Infants and Families ($444 million), IDEA Preschool Grants ($388 million) and TRIO Student Support Services ($263 million).

One percent of FY04 outlays are rated ineffective, representing $18 billion in FY04 appropriations. Twelve percent of FY04 outlays are rated adequate and 10% are rated effective. Twenty nine percent of are rated moderately effective.

The reason for such a large percentage of the budget being rated moderately effective is due to Medicare, which at $296.8 billion in FY04, represents half of the 29% of FY04 outlays rated moderately effective.



Total Amount of Money Appropriated in FY04 to PARTed Programs ($mil)

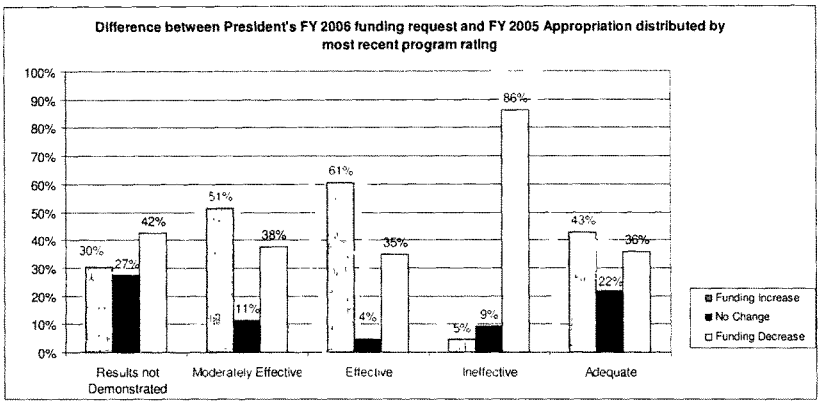
Agency	Results not Demonstrated	Ineffective	Adequate	Moderately Effective	Effective	Total
Agriculture	$16,624	$0	$12,568	$43,836	$299	$73,327
Commerce	$263	$0	$2,224	$1,071	$1,336	$4,894
Defense	$5,793	$1,620	$40,947	$50,951	$154,265	$253,576
Education	$17,852	$2,359	$27,351	$0	$182	$47,744
Energy	$272	$78	$8,153	$7,864	$3,308	$19,675
HHS	$12,160	$2,188	$15,360	$310,559	$27,160	$367,427
DHS	$9,901	$0	$6,309	$4,750	$471	$21,431
HUD	$1,996	$9,274	$160	$16,652	$0	$28,082
DOJ	$1,077	$59	$5,364	$5,887	$0	$12,387
DOL	$10	$2,864	$3,035	$8,836	$524	$15,269
State	$0	$0	$827	$552	$5,176	$6,555
Interior	$2,770	$0	$1,789	$802	$373	$5,734
Treasury	$3,355	$197	$3,351	$166	$2,132	$9,201
DOT	$0	$0	$9,444	$40,920	$4,666	$55,030
VA	$39,214	$0	$28,207	$982	$0	$68,403
EPA	$494	$63	$4,547	$95	$0	$5,199
NASA	$4,529	$0	$696	$4,385	$3,074	$12,684
NSF	$0	$0	$0	$0	$2,658	$2,658
SBA	$0	$0	$78	$93	$169	$340
Other	$18,656	$0	$91,659	$127,859	$2,678	$240,852
Total	**$134,966**	**$18,702**	**$262,069**	**$626,260**	**$208,471**	**$1,250,468**

Has PART affected Executive budget decisions?

How has the President used PART in making FY06 budget decisions? By considering the difference between the President's funding request for FY06 and what Congress appropriated in FY05 to the 607 programs PARTed to date, there is a clear indication that, based on the most recent program rating, effective programs tended to be recommended for funding increases (61%), while ineffective programs had a higher percentage of programs recommended for funding decreases (86%). Programs receiving a results not demonstrated rating were recommended for more funding decreases (41%), than increases (30%). A greater percentage of programs rated moderately effective and adequate were recommended for funding increases (51% and 43%, respectively), than for decreases (38% and 36%, respectively.)

This does not imply that PART is the only factor involved in these funding recommendations. There is no reason to expect a correlation between PART scores and individual funding decisions. An ineffective rating may mean a program is incapable of producing results, or that it requires managerial improvement. Programs may show a reduction in funding for a variety of reasons other than performance such as expiration of the program's authorization.

Based on change between President's FY06 request and FY05 actual appropriations	**Results not Demonstrated**	**Moderately Effective**	**Effective**	**Ineffective**	**Adequate**
Funding Increase	30%	51%	61%	5%	43%
No Change	28%	11%	4%	9%	22%
Funding Decrease	41%	38%	35%	86%	36%



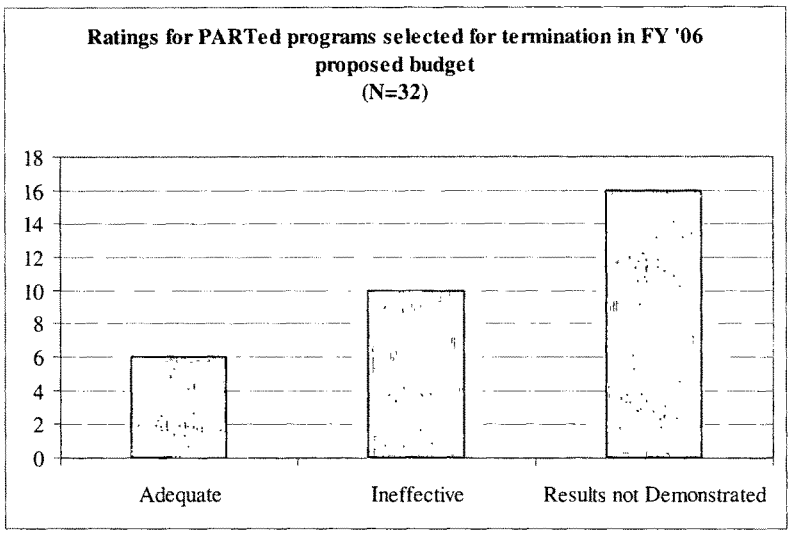
Descriptive evidence of how PART was used in the President's 2006 proposed Budget

Though PART was developed as a tool to help the Executive to make informed decisions about budget cuts, increases, and terminations, it was not the only factor used to make termination and reduction decisions in the 2006 proposed budget. In the FY06 proposed budget, the President included a Major Savings and Reforms document detailing which programs were recommended for termination, funding reductions, or reforms. In total, 154 programs were recommended for either termination or funding cuts for a total savings of $17.2 billion

Program terminations

Of the 99 programs selected for termination ($8.8 billion in spending), 32 underwent a PART review at least once, these 32 programs represent about $6.4 billion in spending.

Sixteen of the programs recommended for termination received a rating of results not demonstrated, six were rated adequate and ten were rated ineffective.



According to the Major Savings and Reforms, PART was an influence in many of the decisions to eliminate 32 of these programs, but the scores were used in conjunction with other information.

Even Start, a family literacy program in the Department of Education, was rated ineffective. The Administration says it bases its recommendation for termination on both its PART scores and several independent evaluations of the program's performance.

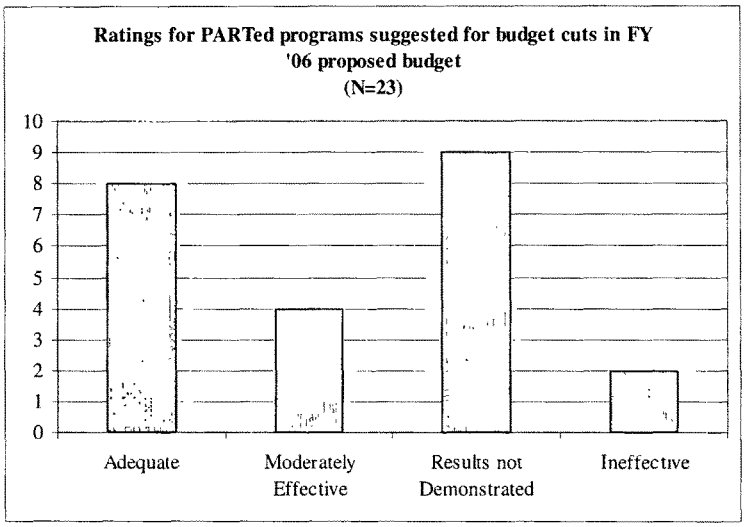
As another example, Justice Department's Juvenile Accountability and Block Grants Program was rated ineffective in 2004. The PART assessment states that evidence has not shown how it has contributed to a decreased juvenile crime rate in the last decade. Additionally, the 2006 budget says that the program competes with other priorities such as funds for Federal counterterrorism and reducing the Federal deficit.

A detailed list of the 32 programs that have undergone a PART evaluation and, the reason given for termination are included in Table 2 of the Appendix.

Program funding reductions

Of the 55 programs recommended for budget reductions ($6.3 billion in spending), 23 underwent a PART review at least once representing about $3.5 billion in spending. Two programs were rated twice: Interior Department's Indian School Construction Program

(both times it was rated results not demonstrated) and the EPA's Clean Water State Revolving Fund, which moved from results not demonstrated in 2005 to adequate in 2006.



Again, PART information seems to have been used in conjunction with other evidence in making these decisions.

The EPA's Alaska Native Villages program, a PART assessment concluded, suffers from programmatic and financial weaknesses, "that prevent citizens from fully benefiting from the program." It goes on to note that a State of Alaska financial audit uncovered, "unexplainable purchases of services and equipment, and poor project management that led to cost overruns and other wasteful spending." The Administration recommends a reduction in funding from $30 million in 2005 to $15 million in 2006. The PART appears to have been used in making this decision along with information provided by an Alaska State audit.

Health and Human Service's Children's Hospitals Graduate Medical Education Payment Program was rated adequate in 2005. According to the President's proposed budget, a PART assessment concluded that the program doesn't serve a real need since the financial condition of children's hospitals is generally better than other hospitals. A reduction from $298 million in 2005 to $200 million in 2006 is requested in order to reduce funding, "... for a subsidy that has as its only purpose to provide funding to hospitals regardless of need or financial status."

A reduction in funding from $7.05 billion to $6.5 billion was requested for Energy's Environmental Management program which PART rated adequate in 2005 due to its successful completion of its timetable in the clean up of radioactive and hazardous waste sites at Federal facilities. The PART score seems to have played no role in this budgetary recommendation.

Program Reforms

In addition to reductions and terminations, PART also informed several program reform proposals in both the mandatory and discretionary categories. OMB performed a cross-cutting analysis of 35 Community and Economic Development programs across seven agencies in FY05. As a result of this analysis, in combination with PART data on several of these programs, the Administration recommends the consolidation of 18 of these programs into a new initiative under the Commerce Department.

PART analyses are also responsible for recommended reforms to several mandatory programs. The Department of Treasury's Financial Management (FMS) Debt Collection Initiative received an effective rating due to it being, "a well-established tool to collect delinquent non-tax debt." This rating led the President to recommend in his 2005 budget, an initiative to increase opportunities to collect debt owned to agencies.

There is not a perfect correlation between a program's score and whether that program receives an increase or decrease in funding. That is, a poor score does not mean a program will necessarily be cut, and a high score does not mean a program will receive an increase.

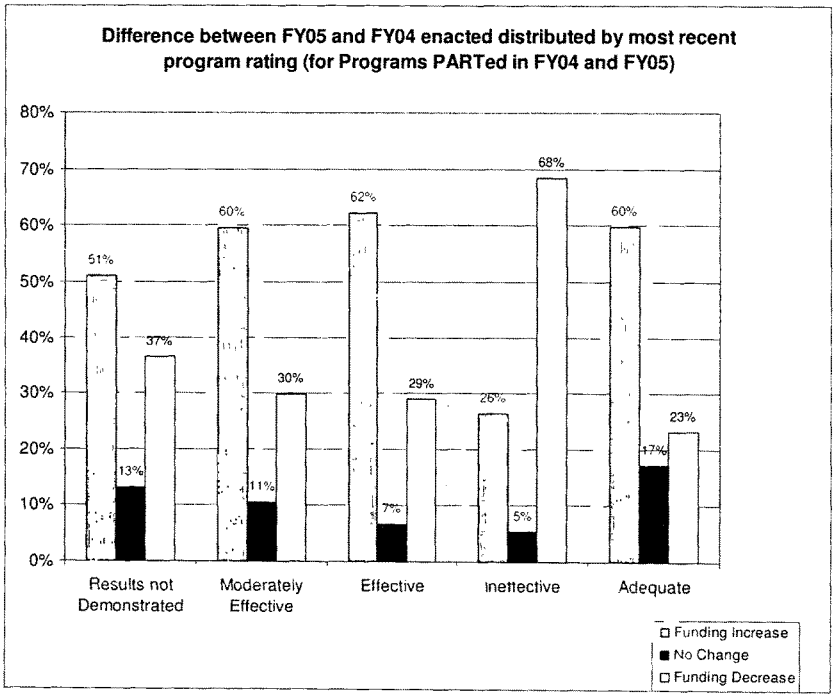
Looking only at those programs that were recommended for termination or funding cuts in the FY06 Major Savings and Reforms, 25 of 179 programs rated results not demonstrated to date were recommended for either termination or a reduction in funding. And twelve of the 23 programs rated ineffective to date were recommended for termination or cutting (Two more ineffective programs were recommended for consolidation as part of a of budget reform proposal.)

Rating	**Total Programs PARTed**	**Terminations of PARTed programs (FY'06)**	**Total Budget Savings ($000)**	**Reductions in PARTed Programs (FY'06)**	**Total Budget Savings ($000)**
Results not Demonstrated	179	16	$2,999	9	$1,567
Moderately Effective	159	0	$0	4	$604
Ineffective	22	10	$2,598	2	$286
Effective	90	0	$0	0	$0
Adequate	157	6	$755	8	$1,301
Total	*607*	*32*	*$6,352*	*23*	*$3,758*

How did Congress appropriate money to PARTed programs (FY04-FY05)?

By looking at the first two years of PARTed programs and comparing actual appropriations in FY04 to FY05 I was able to see how Congress appropriated money to these 395 programs. As with the Executive in its FY06 recommendations, a majority of programs rated ineffective were given funding decreases (68%). Similarly, a majority of effective programs (62%) were given funding increases. It is not possible to say to what extent (if any), PART scores influenced these decisions.

Based on change in FY05 and FY04 actual appropriations	**Results not Demonstrated**	**Moderately Effective**	**Effective**	**Ineffective**	**Adequate**
Funding Increase	51%	60%	62%	26%	60%
No Change	13%	11%	7%	5%	17%
Funding Decrease	37%	30%	29%	68%	23%



Conclusion

With three years of PART data, some trends can be observed in how agencies and programs are faring in their ratings, how certain categories of programs tend to perform, and the extent to which ratings categories are related to Executive funding recommendations and Congressional funding decisions. The larger question of whether PART is having a measurable effect on funding decisions is not considered in this paper, though other scholarly assessments have examined this question for previous years by using regression techniques. Based on this study, we can observe relationships, but not infer causality. Certainly, PART is only one variable in making budgetary decisions, which are also based on political considerations, partisan priorities, legislative limitations, and the incentives present for legislators to retain or eliminate given programs.

One conclusion we can draw is that in several cases, agencies with a large percentage of their programs rated results not demonstrated (or lacking in measures and data), also have a large percentage of their annual appropriations rated results not demonstrated. In some cases we may infer that large amounts of federal budgetary resources are spent on individual programs, or on a large portion of agency activity, but it is unknown if these resources are increasing the public benefit.

Appendix I: Reassessed Programs

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
Commerce	Minority Business Development Agency	Results Not Demonstrated	Results Not Demonstrated	x	29	29	29	34	30	31	Competitive Grant
HHS	Domestic HIV/AIDS Prevention	Results Not Demonstrated	Results Not Demonstrated	x	700	695	668	696	662	658	Competitive Grant
National Drug Control Policy	High Intensity Drug Trafficking Areas (HIDTA)	Results Not Demonstrated	Results Not Demonstrated	x	226	226	225	208	227	100	Competitive Grant
National Drug Control Policy	Youth Anti-Drug Media Campaign	Results Not Demonstrated	Results Not Demonstrated	x	150	145	144	145	119	120	Capital Assets and Service Acquisition
Small Business Administration	Business Information Centers	Results Not Demonstrated	Results Not Demonstrated	x	14	14	0	0	0	0	Direct Federal
Interior	Indian School Construction	Results Not Demonstrated	x	Results not Demonstrated			295		263	174	Capital Assets and Service Acquisition
EPA	Environmental Education	x	Results Not Demonstrated	Results not Demonstrated	9	9	9	0	9	0	Competitive Grant
Energy	Oil Technology	Ineffective	Ineffective	x	42	35	35	15	34	10	Research and Development
Commerce	U.S. Patent and Trademark Office - Patents	Adequate	Adequate	x	1,053	1,090	1,098	1,371	1,380	1,517	Direct Federal
Defense-Military	Defense Health	Adequate	Adequate	x	15,398	16,392	17,769	17,640	18,177	19,792	Direct Federal
Education	Student Aid Administration	Adequate	Adequate	x	900	912	912	935	914	939	Capital Assets and Service Acquisition

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
Energy	Building Technologies	Adequate	Adequate	x	67	60	58	58	65	58	Research and Development
Energy	Fuel Cells (Stationary)	Adequate	Adequate	x	61	71	69	23	74	65	Research and Development
HHS	317 Immunization Program	Adequate	Adequate	x	651	643	469	534	519	429	Competitive Grant
Labor	Occupational Safety and Health Administration	Adequate	Adequate	x	450	458	458	462	464	467	Regulatory Based
USAID	Public Law 480 Title II Food Aid	Adequate	Adequate	x	1,441	1,185	1,185	1,185	1,173	885	Competitive Grant
Education	Federal Family Education Loans	x	Adequate	Adequate	3,432	2,880	9,602	7,050	10,111	7,241	Credit
Education	William D. Ford Direct Student Loans	x	Adequate	Adequate	4,225	2,381	-169	-492	-89	-616	Credit
HHS	Agency for Toxic Substances and Disease Registry	x	Adequate	Adequate	82	73	73	77	76	76	Competitive Grant
Commerce	U.S. Patent and Trademark Office - Trademarks	Moderately Effective	Moderately Effective	x	129	132	131	162	174	186	Direct Federal
Energy	Advanced Fuel Cycle Initiative	Moderately Effective	Moderately Effective	x	57	67	66	46	67	70	Research and Development
Energy	Generation IV Nuclear Energy Systems Initiative	Moderately Effective	Moderately Effective	x	17	24	27	31	40	45	Research and Development
Energy	Solar Energy	Moderately Effective	Moderately Effective	x	84	83	83	80	85	84	Research and Development
Energy	Weatherization Assistance	Moderately Effective	Moderately Effective	x	224	227	227	291	228	230	Block/Formula Grant

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
Energy	Wind Energy	Moderately Effective	Moderately Effective	x	42	41	41	42	41	44	Research and Development
HUD	HOME Investment Partnerships Program	Moderately Effective	Moderately Effective	x	1,987	2,006	2,006	2,084	1,900	1,941	Block/Formula Grant
Justice	Bureau of Prisons	Moderately Effective	Moderately Effective	x	4,045	4,414	4,755	4,517	4,776	5,066	Direct Federal
Labor	Federal Employees Compensation Act (FECA)	Moderately Effective	Moderately Effective	x	2,475	2,558	2,571	2,631	2,634	2,702	Direct Federal
Transportation	FHWA Highway Infrastructure	Moderately Effective	Moderately Effective	x	29,847	32,462	32,728	32,138	32,926	33,167	Block/Formula Grant
Social Security Administration	Disability Insurance	Moderately Effective	Moderately Effective	x	71,523	78,645	78,162	84,119	83,951	90,041	Direct Federal
Corps of Engineers-Civil Works	Emergency Management	Moderately Effective	x	Moderately Effective	75	0	3	50	148	70	Direct Federal
Commerce	Economic Development Administration	Moderately Effective	Moderately Effective	Moderately Effective	319	315	308	320	284	27	Competitive Grant
Defense-Military	Missile Defense	Moderately Effective	Results Not Demonstrated	Moderately Effective	7,490	9,095	8,618	10,298	10,044	8,567	Capital Assets and Service Acquisition
Commerce	Bureau of Economic Analysis	Effective	Effective	x	65	67	67	82	73	81	Direct Federal
Defense-Military	Energy Conservation Improvement	Effective	Effective	x	35	50	50	60	50	60	Capital Assets and Service Acquisition
NASA	Mars Exploration	Effective	Effective	x	500	595	596	691	681	723	Research and Development

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
State	Humanitarian Demining (Formerly, Demining)	x	Effective	Effective	45	50		59			Direct Federal
Labor	Community Service Employment for Older Americans	Results Not Demonstrated	Ineffective	x	442	439	439	440	437	437	Direct Federal
Labor	Trade Adjustment Assistance	Results Not Demonstrated	Ineffective	x	972	1,338	1,341	1,057	1,060	969	Direct Federal
Labor	Youth Activities	Results Not Demonstrated	Ineffective	x	994	995	1,005	1,001	1,012	960	Block/Formula Grant
Justice	Drug Enforcement Administration	Results Not Demonstrated	Adequate	x	1,802	1,677	2,070	1,797	2,208	2,269	Direct Federal
Agriculture	Animal Welfare	Results Not Demonstrated	Adequate	x	16	16	17	17	17	18	Regulatory Based
Agriculture	Direct Crop Payments	Results Not Demonstrated	Adequate	x	4,151	5,375	5,289	5,284	5,303	5,303	Direct Federal
Agriculture	National Forest Improvement and Maintenance	Results Not Demonstrated	Adequate	x	548	559	635	505	704	391	Capital Assets and Service Acquisition
Energy	Clean Coal Research Initiative	Results Not Demonstrated	Adequate	x	345	378	378	447	273	286	Research and Development
HHS	Chronic Disease - Breast and Cervical Cancer	Results Not Demonstrated	Adequate	x	199	210	197	220	204	204	Competitive Grant
HHS	Chronic Disease - Diabetes	Results Not Demonstrated	Adequate	x	63	67	60	67	63	63	Competitive Grant

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
HHS	Foster Care	Results Not Demonstrated	Adequate	x	4,451	4,706	4,974	4,871	4,855	4,855	Block/Formula Grant
Interior	National Park Service Facility Management	Results Not Demonstrated	Adequate	x			700		690	717	Capital Assets and Service Acquisition
Justice	Cybercrime	Results Not Demonstrated	Adequate	x	157	206	183	265	234	251	Direct Federal
Justice	White Collar Crime	Results Not Demonstrated	Adequate	x	474	512	429	509	508	529	Direct Federal
Labor	Dislocated Worker Assistance	Results Not Demonstrated	Adequate	x	1,150	1,173	1,236	1,106	1,203	1,094	Block/Formula Grant
Treasury	Treasury Technical Assistance	Results Not Demonstrated	Adequate	x	33	19	19	18	19	20	Direct Federal
Veterans Affairs	Medical Care	Results Not Demonstrated	Adequate	x	25,348	28,297	28,207	29,471	29,925	30,705	Direct Federal
EPA	Existing Chemicals	Results Not Demonstrated	Adequate	x	16	17	16	17	16	17	Direct Federal
EPA	Pesticide Registration	Results Not Demonstrated	Adequate	x	45	66	43	66	45	44	Direct Federal
EPA	Tribal General Assistance	Results Not Demonstrated	Adequate	x	57	62	62	62	63	58	Block/Formula Grant
International Assistance Programs	Overseas Private Investment Corporation - Finance	Results Not Demonstrated	Adequate	x	24	24	24	24	24	20	Credit
Small Business Administration	Section 504 Certified Development Company Guaranteed Loan Program	Results Not Demonstrated	Adequate	x	13	17	-	14	-	-	Credit

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
Corps of Engineers-Civil Works	Corps Hydropower	Results Not Demonstrated	x	Adequate	252	245	245	220	285	240	Capital Assets and Service Acquisition
Agriculture	Rural Electric Utility Loans and Guarantees	Results Not Demonstrated	x	Adequate	4,069	3,989	3,989	2,640	3,317	2,520	Credit
Justice	Weed and Seed	Results Not Demonstrated	x	Adequate	59	58	58	58	61	60	Competitive Grant
EPA	Air Toxics	Results Not Demonstrated	x	Adequate	100	113	96	113	99	100	Direct Federal
EPA	Pesticide Reregistration	Results Not Demonstrated	x	Adequate	72	77	54	83	61	61	Direct Federal
GSA	Supply Depots and Special Order	Results Not Demonstrated	x	Adequate	993	847	1,075	856	1,166	1,226	Capital Assets and Service Acquisition
GSA	Vehicle Acquisition	Results Not Demonstrated	x	Adequate	1,227	1,216	1,292	1,199	1,321	1,376	Capital Assets and Service Acquisition
Personnel Management	Federal Employees Group Life Insurance (FEGLI)	Results Not Demonstrated	x	Adequate	2,022	2,069	3,499	2,164	3,607	3,844	Direct Federal
Personnel Management	Federal Employees Retirement Program	Results Not Demonstrated	x	Adequate	50,512	53,092	29,220	55,210	32,126	34,625	Direct Federal
Agriculture	Rural Telecommunications Loan Programs	x	Results Not Demonstrated	Adequate	495	514	514	495	518	670	Credit
EPA	Clean Water State Revolving Fund	x	Results Not Demonstrated	Adequate	1,341	1,342	1,342	850	1,091	730	Block/Formula Grant

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
EPA	Criminal Enforcement	x	Results Not Demonstrated	Adequate	40	42	43	43	46	51	Direct Federal
Labor	Office of Federal Contract Compliance Programs (OFCCP)	Results Not Demonstrated	Results Not Demonstrated	Adequate	78	79	80	82	80	82	Regulatory Based
EPA	Civil Enforcement	Results Not Demonstrated	Results Not Demonstrated	Adequate	431	448	446	456	446	467	Direct Federal
EPA	Drinking Water State Revolving Fund	Results Not Demonstrated	Results Not Demonstrated	Adequate	850	845	845	850	850	850	Block/Formula Grant
EPA	Leaking Underground Storage Tanks	Results Not Demonstrated	Results Not Demonstrated	Adequate	72	76	72	73	69	69	Block/Formula Grant
EPA	Nonpoint Source Grants	Results Not Demonstrated	Results Not Demonstrated	Adequate	237	195	237	209	209	209	Block/Formula Grant
Energy	Advanced Scientific Computing Research	Results Not Demonstrated	Moderately Effective	x	167	202	202	204	232	207	Research and Development
Energy	Fusion Energy Sciences	Results Not Demonstrated	Moderately Effective	x	247	263	263	264	274	291	Research and Development
Energy	High Energy Physics	Results Not Demonstrated	Moderately Effective	x	718	734	734	737	736	714	Research and Development
HHS	Administration on Aging	Results Not Demonstrated	Moderately Effective	x	1,367	1,374	1,243	1,377	1,253	1,272	Block/Formula Grant
State	PKO - OSCE Programs	Results Not Demonstrated	Moderately Effective	x	18	32	28	3	2	2	Direct Federal
State	Security Assistance to Sub-Saharan Africa	Results Not Demonstrated	Moderately Effective	x	102	60	57	96	86	147	Direct Federal

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
Agriculture	Food Aid Programs	Results Not Demonstrated	x	Moderately Effective	154	152	515	148	524	539	Mixed
Interior	National Fish Hatchery System	Results Not Demonstrated	x	Moderately Effective			58		57	58	Direct Federal
Labor	Employee Benefits Security Administration (EBSA)	Results Not Demonstrated	x	Moderately Effective	116	124	134	132	148	154	Regulatory Based
GSA	Vehicle Leasing	Results Not Demonstrated	x	Moderately Effective	1,230	1,447	1,117	1,569	1,138	1,161	Capital Assets and Service Acquisition
Agriculture	Forest Legacy Program (FLP)	x	Results Not Demonstrated	Moderately Effective	68	91	64	100	57	80	Competitive Grant
Agriculture	Snow Survey and Water Supply Forecasting	x	Results Not Demonstrated	Moderately Effective	9	9	10	9	11	10	Direct Federal
International Development	Child Survival and Health (LAC)	x	Results Not Demonstrated	Moderately Effective	158	154	150	137	130	132	Competitive Grant
International Development	Development Assistance	x	Results Not Demonstrated	Moderately Effective	261	268	265	242	255	224	Competitive Grant
Broadcasting Board of Governors	Broadcasting to Near East Asia and South Asia	Results Not Demonstrated	Moderately Effective	Moderately Effective	88	128	136	95	145	170	Direct Federal
Small Business Administration	SCORE	Results Not Demonstrated	Moderately Effective	Moderately Effective			5		5	5	Block/Formula Grant
Small Business Administration	Small Business Development Centers	Results Not Demonstrated	Moderately Effective	Moderately Effective	95	98	88	103	88	88	Block/Formula Grant

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
NASA	Space Station	Results Not Demonstrated	x	Moderately Effective	1,462	1,498	1,364	1,863	1,676	1,857	Capital Assets and Service Acquisition
Education	National Assessment	Results Not Demonstrated	Effective	x	95	95	90	95	89	111	Research and Development
Education	National Center for Education Statistics	Results Not Demonstrated	Effective	x	89	92	92	92	91	91	Research and Development
Energy	Basic Energy Sciences	Results Not Demonstrated	Effective	x	1,020	1,011	1,011	1,064	1,105	1,146	Research and Development
Energy	Biological and Environmental Research	Results Not Demonstrated	Effective	x	507	641	641	502	582	456	Research and Development
Energy	Nuclear Physics	Results Not Demonstrated	Effective	x	380	390	390	401	405	371	Research and Development
Interior	National Mapping	Results Not Demonstrated	x	Effective			130		119	139	Research and Development
GSA	Asset Management of Federally-Owned Real Property	Results Not Demonstrated	x	Effective	1,754	1,805	2,384	1,819	2,393	2,725	Capital Assets and Service Acquisition
State	Assistance Coordination of SEED/FSA	x	Results Not Demonstrated	Effective			1,026		949	864	Competitive Grant
State	Contribution to the United Nations Development Programme (UNDP)	x	Results Not Demonstrated	Effective	100	100	101	90	108	95	Block/Formula Grant
State	Nonproliferation and Disarmament Fund	x	Results Not Demonstrated	Effective	15	30	29	30	32	38	Direct Federal

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
State	Terrorist Interdiction Program (TIP)	x	Results Not Demonstrated	Effective	5	5	4	5	4	8	Direct Federal
State	Educational and Cultural Exchange Programs in Near East Asia and South Asia	Results Not Demonstrated	Effective	Effective	49	49	80	60	89	125	Competitive Grant
Energy	Geothermal Technology	Adequate	Moderately Effective	x	29	26	26	26	25	23	Research and Development
Energy	Hydrogen Technology	Adequate	Moderately Effective	x	39	82	82	95	94	99	Research and Development
Transportation	Federal Motor Carrier Safety Administration Grant Program	Adequate	Moderately Effective	x	164	165	193	168	193	225	Block/Formula Grant
EPA	New Chemicals	Adequate	Moderately Effective	x	15	15	15	15	14	15	Direct Federal
Energy	Safeguards and Security	Adequate	x	Moderately Effective	529	553	626	667	707	708	Capital Assets and Service Acquisition
State	Humanitarian Migrants to Israel	Adequate	Moderately Effective	Effective	60	50	49	50	50	40	Block/Formula Grant
State	Refugee Admissions to the U.S.	Adequate	Moderately Effective	Effective	113	136	142	136	138	223	Competitive Grant
Interior	National Park Service Natural Resources Stewardship	Moderately Effective	Effective	x			168		206	210	Direct Federal
Interior	Reclamation Hydropower	Moderately Effective	Effective	x			59		69	71	Capital Assets and Service Acquisition
Labor	Bureau of Labor Statistics	Moderately Effective	Effective	x	492	519	524	532	534	543	Direct Federal

Agency	Program	2004 rating	2005 rating	2006 rating	2003 Actual	2004 Estimate	2004 Actual	2005 Estimate	2005 Enacted	2006 Request	Type 1
State	Anti-Terrorism Assistance	Moderately Effective	Effective	x	64	96	141	128	128	150	Direct Federal
Commerce	Current Demographic Statistics	x	Moderately Effective	Effective	54	58	58	61	59	62	Direct Federal
State	UN High Commissioner for Refugees (UNHCR)	x	Moderately Effective	Effective	303	310	297	229	270	285	Block/Formula Grant
State	Worldwide Security Upgrades	x	Moderately Effective	Effective	553	647	640	659	650	690	Direct Federal
Small Business Administration	Disaster Loan Program	x	Moderately Effective	Effective	190	169	169	197	112	138	Credit
State	Capital Security Construction Program	Moderately Effective	Effective	Effective	608	761	753	888	775	810	Capital Assets and Service Acquisition
State	Visa and Consular Services	Moderately Effective	Moderately Effective	Effective	664	807	649	865	755	791	Direct Federal
NASA	Space Shuttle	Moderately Effective	Results Not Demonstrated	x	3,301	3,945	4,061	4,319	4,669	4,531	Capital Assets and Service Acquisition and Service Acquisition
Education	Federal Pell Grants	Moderately Effective	Adequate	x	11,365	12,007	12,365	12,830	12,365	17,953	Block/Formula Grant
Energy	Nuclear Power 2010	Moderately Effective	Adequate	x	32	20	19	10	50	56	Research and Development
HHS	State Children's Health Insurance Program	Moderately Effective	Adequate	x	4,355	5,232	4,607	5,299	5,343	6,233	Block/Formula Grant
Energy	Natural Gas Technologies	Ineffective	Ineffective	x							

Appendix II: Terminations and Reductions from Major Savings and Reforms in the President's 2006 Budget

Terminations

Agency	Program	PARTed	Rating	2005 Enacted	Reason for termination	Name in PART
Agriculture	AMS Biotechnology Program	no		4	Lack of demand for services	
	Forest Service Economic Action	no		19	duplicative	
	High Cost Energy Grants	no		28	duplicative	Emergency Watershed Protection Program
	Emergency Steel Guarantee Loan Program	no			rescind funds to unwarrented corporate subsidy	
	Public Telecommunications Facilities, Planning and Construction Program	no		21	funds for conversion to digitial avaialble elsewhere	
	Smaller Learning Communities	no		94.5	No evidence of improving student outcomes	
	Literacy Program for Prisoners	no		5	No performance data exists	
	State Grants to Incarcerated Youth Offenders	no		21.8	No performance data exists	
	Thurgood Marshall Legal Educational Opportunity	no		3	duplicative	

Agency	Program	PARTed	Rating	2005 Enacted	Reason for termination	Name in PART
	Educational Technology State Grants	no		496	not clear if it has succeeded	
	Regional Educational Laboratories	no		66	not provided quality research	
	School Leadership	no		14 9	supported by other grant program	
	Dropout Prevention	no		4.9	supported by other grant program	
	Close-Up Fellowships	no		1.5	successful private funding	
	Ready to Teach	no		14.3	supported by other grant program	
	Alcohol Abuse Reduction	no		32.7	supported by other grant program	
	Foundations for Learning	no		1	supported by other grant program	
	Mental Health Integration in Schools	no		5	supported by other grant program	
	Community Technology Centers	no		5	supported by other grant program	
	Exchanges with Historic Whaling and Trading Partners	no		8.6	doesn't address a national need	
	Foreign Language Assistance	no		18	supported by other grant program	

Agency	Program	PARTed	Rating	2005 Enacted	Reason for termination	Name in PART
	Excellence in Economics Education	no		1.5		
	Arts in Education	no		35.6		
	Women's Education Equity Grants	no		3	supported by other grant program	
	Elementary and Secondary School Counseling	no		34.7	supported by other grant program	
	Civic Education	no		29.4		
	Star Schools	no		20.8	evaluation found no results	
	Demonstration Projects to Ensure Quality Higher Education for Students with Disabilities	no		6.9	Achieved primary goal; supported by other grant programs	
	Underground Railroad Program	no		2.2	not a permanent program	
	Interest Subsidy Grants	no		1.5	prior year balances are sufficient	
	VR Migrant and Seasonal Farmworkers	no		2.3	supported by other grant program	
	VR Recreational Programs	no		2.5	limited impact; pvt sector can provide svcs	
	Supported Employment	no		37.4	supported by other grant program	

Agency	Program	PARTed	Rating	2005 Enacted	Reason for termination	Name in PART
Energy	Hydropower Program	no		5	has sufficient pvt sector funding	
	Nuclear Energy Plant Optimization	no		2	limited public benefits; pvt sector funding is sufficient	
HHS	National Youth Sports	no		18	noncompetitive program; same grantee for 30 years	no performance standard
	Community Food and Nutrition	no		7	supported by other grant program	
	Job Opportunities for Low-Income Individuals	no		5	supported by other grant program	
	ACF Early Learning Opportunities Program	no		35	duplicative of Education Dept activities	
	CDC Congressional Earmarks	no		60	noncompetitive award system	
	CDC Preventive Health and Health Services Block Grant	no		131	no evidence of impact or accountability	
	CDC Youth Media Campaign	no		59	no longer a need	
	Direct Service Worker Grants	no		3	limited 3 year project	
	HRSA Health Facilities Construction Congressional Earmarks	no		476	ineffective use of federal dollars	

Agency	Program	PARTed	Rating	2005 Enacted	Reason for termination	Name in PART
	HRSA Health Community Access Program	no		82	lacks goals; no impact on expanding health care access	
	HRSA State Planning Grant Program	no		11	lacks goals; no impact on expanding health insurance access	
	HRSA Trauma Care	no		3	duplicative	
	HRSA Universal Newborn Hearing Screening	no		10	duplicative	
	Real Choice Systems Change Grants	no		40	served its purpose	
Interior	BLM Jobs-in-the-Woods Programs	no		6	completed its goals	
	NPS Statutory Aid	no		11	earmarks	
	Rural Fire Assistance Program	no		10	duplicative	
Justice	Byrne Discretionary Grants	no		168	unable to show impact	
	Byrne Justice Assistance Grants	no		626	unable to show impact	
	National Drug Intelligence Center	no		39	duplicative	
	Reintegration of Youthful Offenders	no		50	no accountability for employment outcomes	
Transportation	Maritime Administration National Defense Tank Vessel Contruction	no		74	corporate subsidy	
	Federal Railroad Administration Railroad Rehabilitation Improvement Financing Loan	no		NA	utility of program is unclear	

Agency	Program	PARTed	Rating	2005 Enacted	Reason for termination	Name in PART
EPA	Unrequested Projects	no		489	noncompetitive; earmarks	
	Water Quality Cooperative Agreements	no		17	utility to applicants is limited	
NASA	Hubble Space Telescope Robotic Servicing mission	no		291	independent evaluations conclude it is costly and likely to fail	
	National Veterans Business Development Corporation	no		2	self-sufficient, consistent with authorization intent	
	Revenue Forgone Appropriation	no		29	provides reimbursement to USPS; but no longer needs this funding	
	SBA Microloan Program	no		15	not cost-effective	
	SBA SBIC participating securities program	no				
	Research and Extention Grant Earmarks and Low Priority Programs	no		180	ineffective use of federal dollars	
	COPS Law Enforcement Technology Grants	no		137	no longer a need	
	Other State/Local Law Enforcement Assistance Program Terminiations	some of these programs were PARted		94	some can be addressed in other programs; some cannot show results	

Agency	Program	PARTed	Rating	2005 Enacted	Reason for termination	Name in PART
	NRCS Watershed and Flood Prevention Operations (one of three programs)	yes	Adequate	75	least cost effective flood damage reduction program	**In 2004, OMB compared the cost-effectiveness of three similar programs. NRCS provided the fewest benefits per dollar.**
Commerce	Advanced Technology Program	yes	Adequate	136	PART notes large shares of this funding go to private corporations; may not be an appropriate use of federal funds.	
Education	Comprehensive School Reform	yes	Adequate	205	PART found it to be duplicative of Title I; verified by independent studies	
	Even Start	yes	Ineffective	225	poor nat'l evaluations(3), low PART score	
	Vocational Education State Grants	yes	Ineffective	1206	Nat'l assessments found no evidence it works; PART showed the program had no results or outcomes	
	Tech-Prep Education State Grants	yes	RND	2170	PART scores, based on nat'l evaluations	

Agency	Program	PARTed	Rating	2005 Enacted	Reason for termination	Name in PART
	TRIO Upward Bound	yes	Ineffective	312	PART concluded didn't serve high risk students(based on a Mathematicia evaluation)	
	TRIO Talent Search	yes	RND	145	PART found no evidence of an impact	
	GEAR UP	yes	Adequate	307	No data exists for long-term performance goals	
	Perkins Loans: Capital Contributions and Loan Cancellations	yes	Ineffective	66	PART found it is duplicative and not well targed to neediest students	Federal Perkins Loan Program
	Safe and Drug Free Schools State Grants	yes	Ineffective	437	2001 RAND study found structured fundamentally flawed; PART rated Ineffective	
	Occupational and Employment Information	yes	RND	9.3	PART found no evidence of its impact	
	Tech-Prep Education State Grants	yes	RND	4.9	No data exists on performance	
	Leveraging Educational Assistance Program (LEAP)	yes	RND	66	PART score; accomplished its objective	
	Byrd Scholarships	yes	RND	41	PART score; no need-based component	
	BJ Stupak Olympic Scholarship	yes	RND	1	PART score	
	Javits Gifted and Talented	yes	Adequate	11	can be consolidated	

Agency	Program	PARTed	Rating	2005 Enacted	Reason for termination	Name in PART
	National Writing Project	yes	RND	20.3	PART rated RND	
	Parental Information and Resource Center	yes	RND	41.9	supported by other grant program	
	Projects with Industry	yes	Adequate	21.6	duplicative;supported by other grant programs	
	Teacher Quality Enhancement Program	yes	RND	68	PART score conclusions: redundant, lacked information; no record of results	
	Nuclear Energy Research Inititiave	yes	RND	2	integrate funding into main R&D programs	
	Oil and Gas Programs	yes	Ineffective	79	Don't meet R&D investment criteria;duplicate pvt sector efforts; PART couldn't demonstrate results	
	HRSA Emergency Medical Services for Children	yes	RND	20	PART score; can be achieved through other programs	
	HRSA Traumatic Brain Injury	yes	RND	9	based largely on PART RND; no long term measures	
	HOPE VI	yes	Ineffective	143	Has exceeded its orginal objectives; PART shows it is slow at achieving its purpose, more costly than other similar programs	

Agency	Program	PARTed	Rating	2005 Enacted	Reason for termination	Name in PART
	LWCF State Recreation Grants	yes	RND	90	State funding sufficient; PART scores RND	
	Community Oriented Policing Services (COPS) Hiring Grants	yes	RND	10	PART assessment RND; Heritage study: ineffective at reducing crime	
	Juvenile Accountability Block Grants	yes	Ineffective	54	no longer a need; ineffective PART score	
	State Criminal Alien Assistance Program	yes	RND	301	PART scores; duplicative	
Labor	Migrant and Seasonal Farmworkers Traning Program	yes	Ineffective	76	duplicative; PART scores	
	COPS Interoperable Communications Technology Grants	yes (see above)		99	duplicative	

Reductions

Agency	Program	PARTed	Rating	2005 Enacted	2006 Proposed	change from 2005	Reason for reduction
Agriculture	Federal (in-House) Research	no		1102	996	-106	reduce earmarks
	Forest Service Capital Improvement and Maintenance	no		515	381	-134	savings
	Initiative for Future Agricultural Food Systems	no		-260	-300	-40	lower-priority program and duplicative authorized by 2002 Farm Bill
	Watershed Rehabilitation	no		-150	-210	-60	lower-priority program and duplicative authorized by 2002 Farm Bill
	Value-Added Grants	no		-80	-120	-40	lower-priority program and duplicative authorized by 2002 Farm Bill
	Rural Strategic Investment Program	no		-100	-100	0	lower-priority program and duplicative authorized by 2002 Farm Bill
	Rural Business Investment Program	no		-86	-89	-3	lower-priority program and duplicative authorized by 2002 Farm Bill
	Market Access Program	no		0	-75	-75	lower-priority program and duplicative authorized by 2002 Farm Bill
	Broadband	no		-40	-50	-10	lower-priority program and duplicative authorized by 2002 Farm Bill

Agency	Program	PARTed	Rating	2005 Enacted	2006 Proposed	change from 2005	Reason for reduction
	Conservative Security Program	no		-47	-40	7	lower-priority program and duplicative authorized by 2002 Farm Bill
	Rural Firefighter Grants	no		-30	-40	-10	lower-priority program and duplicative authorized by 2002 Farm Bill
	Renewable Energy	no		-23	-23	0	lower-priority program and duplicative authorized by 2002 Farm Bill
	Farm and Ranch Land Protection Program	no		-13	-16	-3	lower-priority program and duplicative authorized by 2002 Farm Bill
	Agricultural Management Assistance	no		0	-14	-14	lower-priority program and duplicative authorized by 2002 Farm Bill
	Biomass	no		0	-2	-2	lower-priority program and duplicative authorized by 2002 Farm Bill
	NRCS Conservative Operations	no		831	768	-63	unrequested earmark
	State Grants for Innovative Programs	no		198	100	-98	not well-targeted; no strong accountability mechanisms; no record of results
	State Local, and Hospital Bioterrorism Preparedness Grants	no		1418	1280	-138	not intended to be permanent

Agency	Program	PARTed	Rating	2005 Enacted	2006 Proposed	change from 2005	Reason for reduction
	Public Housing Capital Fund	no		2579	2327	-252	redirect funds to higher priority programs
	National Heritage Area Grants	no		15	5	-10	GAO recommends greater accountability
	Payments in Lieu of Taxes	no		227	200	-27	can be provided by the states
Justice	Federal Bureau of Prisons Construction Program	no		189	-144	-333	pending review of best way to meet capacity requirements
	Juvenile Justice Law Enforcement Assistance Programs	no		321	198	-123	programs are no longer cost-effective
Labor	International Labor Affairs Bureaus	no		93	12	-81	mission better carried out by Int'l agencies
	Office of Disability Employment Policy	no		47	28	-19	return program to core mission
	Workforce Investment Act Pilots and Demonstrations	no		85	30	-55	earmarks for noncompetitive grants
State	Assistance for the Independent States of the former USSR	no		556	482	-74	countries have made progress
	Federal Railroad Administration - Next Generation High Speed Rail	no		19	0	-19	consolidation
NASA	Aeronatics: Vehicle Systems Program	no		569	459	-110	activities can be commercialized
	Jupiter Icy Moons Orbiter	no		402	280	-122	concerns over technical complexity and costs

Agency	Program	PARTed	Rating	2005 Enacted	2006 Proposed	change from 2005	Reason for reduction
	National Historical Publications and Records Commission	no		5	0	-5	funds go to higher priority areas
	US Institute of Peace: Construction of New Building	no		99	0	-99	one-time appropriation
	Forest Service Wildland Fire Management	yes	RND	2097	1444	-653	PART noted weaknesses in incentives for controlling costs and allocating resources; need to improve accoutability for costs and measurement
	Environmental Quality Incentives Program	yes	Moderately Effective	-183	-200	-17	lower-priority program and duplicative authorized by 2002 Farm Bill
	Bioenergy Program	yes	Adequate	-50	-90	-40	provides support through other programs
	Wildlife Habitat Incentives Program	yes	RND	-38	-25	13	lower-priority program and duplicative authorized by 2002 Farm Bill
	NRCS Resource Conservation and Development Program	yes	RND	51	26	-25	new policy to phase out federal support for local planning after 20 yrs of funding; PART found it was duplicative
	Water and Wastewater Grants and Loans	yes	RND	548	450	-98	low interest rates on loans mean more communities can afford to repay loans the program can operate at a higher loan to grant ratio.

Agency	Program	PARTed	Rating	2005 Enacted	2006 Proposed	change from 2005	Reason for reduction
Commerce	Manufacturing Extension Partnership	yes	Moderately Effective	108	47	-61	Original legislation called for phase-out after 6 yrs.; less reliance on direct appropriations is needed
Education	Adult Education State Grants	yes	RND	570	200	-370	PART found RND; work to improve program
Energy	Environmental Management	yes	Adequate	7054	6505	-549	program is finishing its work
HHS	HRSA Children's Hospitals Graduate Medical Education Payment Program	yes	Adequate	298	200	-98	PART found there is not a demonstrated need
	HRSA Health Professions	yes	Ineffective	447	161	-286	not a good use of federal funds: PART Score
	HRSA Rural Health	yes	Adequate	147	33	-114	duplicative
HUD	Housing for Persons with Disabilities	yes	RND	238	120	-118	PART found it costly and slow
	Native American Housing Block Grant	yes	RND	622	522	-100	PART found it was RND; no outcome measures in place
Interior	Bureau of Indian Affairs School Construction	yes	RND	263	174	-89	both PART and the IG found monies were being misused
	US Geological Survey, Mineral Resources Program	yes	Moderately Effective	54	25	-29	PART found it was well-managed but recommends focusing on other activities

Agency	Program	PARTed	Rating	2005 Enacted	2006 Proposed	change from 2005	Reason for reduction
	High Intensity Drug Trafficking Areas Program	yes	RND	227	100	-127	GAO notes difficulties in oversight and impact measurement; lack of performance data in PART; reallocate funds to other similar programs
Transportation	FAA Facilities and Equipment	yes	Adequate	2525	2448	-77	DOT report "lack of basic contract administation", PART indicates program experience cost-overruns; IG report states performance shortfalls
	FAA Airport Improvement Program	yes	Moderately Effective	3497	3000	-497	dependence on funding varies based on airport size; large airports are less dependent on federal funds
Treasury	IRS- Taxpayer Service	yes	Adequate	3606	3597	-9	less funding needed due to productivity improvements
EPA	Alaska Native Villages	yes	Ineffective	45	15	-30	PART score- improve accountability; program lacks oversight
	Clean Water State Revolving Fund	yes	Adequate	1091	730	-361	previously Congress provided more than enough funding
	SAMHSA Programs of National and Regional Significance	yes (one subprogram)	Adequate	891	838	-53	PART recommended a shifting of funds of one of the programs

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