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N E W S R E L E A S E

Bush's '04 Budget Puts Premium on Transparency and Performance

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ARLINGTON, Va. – President Bush's '04 budget proposal represents a major step towards performance-based budgeting for the federal government, according to analysis released by the Performance Institute, a private think tank that studies performance and accountability issues in government.

In his '04 budget proposal, the President evaluated the results of 20% of all federal programs using the Program Assessment Rating Tool (PART)—more than half of the 234 programs evaluated could not show results for the taxpayer's money. While no assessment tool can be perfect, the development and use of the PART in the President's budget to assess the relevancy, plans, management and results of 20% of federal programs represents the most sweeping and systematic review of government performance in thirty years.

Carl D. DeMaio, President of the Performance Institute, and a nationally-recognized expert in government reform and performance management, praised the use of performance in the President's Budget: "Taxpayers deserve to know what results they are receiving for their tax dollars. This is the first budget that responds to that fundamental need with an objective, standardized and evidence-based assessment tool applied to a significant portion of federal programs. This is truly historic and moves the federal government much closer to performance budgeting—a reform that would revolutionize the federal budget process."

Half of Federal Programs Studied "Failed" the Performance Test

Of the 234 programs examined, 50 were rated as "**Results Not Demonstrated**" and 5 deemed "**Ineffective**." On the other hand, 15 were rated "**Adequate**" and 24 rated "**Moderately Effective**." Only 6 of the 234 got the highest designation as "**Effective**." In responding the results of the assessment, DeMaio noted: "The PART assessments released by the President provide hard numbers and clear evidence to confirm what many taxpayers have long suspected about the lack of a results focus in the federal government. Half of the federal programs evaluated in this budget can not show results. Yet, there are some bright spots where programs did rise the occasion and demonstrate solid performance. Federal agencies should take this first round of assessments as a learning opportunity—and start building clear and compelling performance cases for their programs."

Evidence Demonstrates Bush Used Performance in '04 Budget

The Government Performance and Results Act (GPRA) of 1993 intended to make government agencies more accountable for tangible results by requiring the use of performance measures to justify and drive budgets. The Administration's use of the PART assessment and associated budget requests for the programs makes clear its commitment to make performance budgeting a reality, not just a dream.

On the Administration's use of performance in the budget, DeMaio noted: "Federal managers for years have said that performance budgeting and GPRA would go away eventually if they waited long enough. Anyone in government who doubted whether GPRA is real need only look at the President's '04 budget proposal. The performance evaluations of the programs are out there for the entire public to see—complete with supporting evidence. That's real transparency! More importantly, there is a direct correlation between good performance and budget increases as well as bad performance and budget decreases."

Analysis of the President's requested funding levels for the 234 programs demonstrates the extent of the use of performance evaluations. On average, the President's proposal rewards programs deemed effective with a 6 percent funding increase, while those not showing results were held to less than a 1 percent increase.

DeMaio also noted "It is important to point out that PART did not always cut the budget of poor performing programs. Instead, a low PART score might indicate a need for reform—and associated budget investments to make improvements." In several cases in the '04 budget proposal, the Administration opted for this approach by increasing funding while mandating certain program reforms.

Among the examples of use in specific program budget requests:

- **National Weather Service**: This program was one of 6 rated as "Effective" and received a $48 million increase in its budget from 2003, for among other accomplishments, raising the Winter Storm Watch advisory lead time by 4 hours since 2000.
- **Energy Conservation Improvement (DOD)**: This program, deemed "Effective," demonstrated a cost savings of $4 for every $1 invested. The budget increases doubles this program activity to $70 million.
- **Children's Mental Health Services**: Deemed "Moderately Effective," this program received $10 million more this year to expand services to more communities.
- **Department of Defense Communications Infrastructure Program**: The PART assessment found that the program is not being managed consistent with industry best practices and benchmarks and categorized it as "Results Not Demonstrated". The '04 budget provides additional funding for this program of $277 million provided that better performance standards are adopted this year.
- **National Fish Hatchery System**: Ranked as "Results Not Demonstrated," OMB provided an increase of $8 million after the program committed to revising its internal plans, management priorities and performance measures to focus on tangible results of recovering threatened and endangered species.
- **Food Safety Inspection Service**: Judged only as "Adequate," the budget requests Congress and the agency consider implementing a risk-based inspection system to improve program results. Funding was increased by $42 million to implement this performance reform.
- **Airport Improvement Program**: Deemed "Moderately Effective," the analysis demonstrated the need to restructure the program to focus more on small and medium sized airports, with its budget remaining the same in light of this new emphasis.

- **Heath Professions (HHS)**: This program designed to recruit and place nurses and doctors was deemed "Ineffective" resulting in a redirection of its budget by $13 million to other programs within HHS with better performance in placing health care professionals where they are needed.
- **Comprehensive School Reform**: This program that provides funds for failing schools to design and implement various reforms was categorized as "Adequate." However, because the program was found to be redundant to the Title 1 Program and limited data available indicates the program does not contribute to student performance, the '04 budget proposes to redirect all $235 million of this funding to the Title 1 program.

Root Cause of Failure: Poor Plans, Bad Measures and Weak Management

In reviewing assessments for each of the 234 programs, common themes emerge as to why most programs failed their evaluation:

- **Poor Performance Measures:** Despite the over 13,000 pages of performance planning documents generated by the Government Performance and Results Act, most programs still do not have meaningful and results-oriented performance measures in place. Indeed, for three-quarters of the programs examined, OMB requested improved performance measures be offered at some point during the process. For example, the Ryan White AIDS program (categorized as "Adequate") was counting the number of clients it served rather than the health outcomes of its clients. DeMaio observes: "The number one cause of getting a low score on the PART assessment is not having results-oriented performance measures to gauge the impact of a program. PART provides a much-needed *quality control* element to the entire GPRA process. Federal managers should take note and correct this if they are to fare well in the next round of evaluations."

- **Unaddressed Management Deficiencies:** Many programs failed to address long-standing management deficiencies, such as workforce planning, management of assets and technology, financial management, and weak internal controls. Most of these management challenges have been well-documented by agency Inspectors General, the General Accounting Office, and other watchdog groups over the years but continue to plague programs. For example, the DOD Facilities Sustainment, Restoration, Modernization and Demolition program (overall judged "Adequate") scored just a 14/100 on the Management section of the PART due to not providing a clear management capacity to implement the program plan—with managers using funds allocated to this program for maintenance of facilities to other non-maintenance priorities.

- **Lack of Agreement on Program Purpose and Relevance:** Several programs faired poorly on elements of the PART assessment dealing with the purpose or mission of the program. In many cases, the program's statute was not well defined, was duplicative of other federal programs, or did not enjoy the full support of Congress and interest groups. In other cases, the assessment found that the program might have a clear mission defined, but not be particularly relevant. For example, the Manufacturing Extension Partnership program was deemed "Moderately Effective" for its technical assistance to businesses, but the assessment questioned whether the federal government should be playing a "business consulting" role. As a result, funding will be phased out for this program and the centers made self-sufficient. So too was the case with the Advanced Technology Program, which was deemed "Adequate" for its good management and planning, but was found to not have a clear and compelling need for the program. The '04 budget proposes to eliminate funding for this program entirely. On this element of the PART, DeMaio notes: "The PART's examination of program purpose and relevance

might raise questions of philosophy on the proper role of government. It is entirely appropriate to include the question of relevancy when assessing performance, especially as many of these disputes eventually are the subject of intense debate during the budget process."

OMB Fails to Release Detailed PART Scorecard for NASA Shuttle Program

In a disappointing development, the Office of Management and Budget delayed the release of the PART scorecard for the NASA Shuttle Program—providing only the one-page summary rather than the complete assessment and supporting program documentation. "Of the 234 programs assessed, only the assessment detailed results for NASA's Shuttle Program were withheld. The withholding of the complete and detailed performance evaluation for the NASA Shuttle Program is a glaring omission that could undermine the emphasis on transparency of performance the Administration is trying to maintain in this budget." DeMaio stated. The NASA Shuttle Program was judged "Moderately Effective" and received a budget request increase of $766 million. The increase was determined weeks before this Saturday's tragic loss of the space shuttle *Columbia*. In related news, NASA's Mars Exploration program received the highest score of the 234 programs evaluated.

Budget Proposal Shifts Burden Back to Congress for Funding Failure

As with any budget proposal submitted by the President, the budget process now shifts into Congress' court. Now that the President has gone on record with his Administration's assessment of 234 programs, Congress must respond. Will Congress give larger increases to failing programs without a demand for reform? Will Congress add its views to the Administration's PART assessment tool? Some signs of hope are being seen already, with Senator Sam Brownback (R-KN) having tasked the General Accounting Office to evaluate the use and merits of the PART tool. "The real question will be: now that the President has proposed, will Congress dispose when it comes to using performance?" DeMaio cautioned.

Follow Budget-Performance Developments Online: www.transparentgovernment.org

In order to draw more attention on the use of the PART assessment, as well as other efforts to make government more transparent and performance-oriented, the Performance Institute unveiled a new website at www.transparentgovernment.org moments after the President's budget release. On this site, members of the public and government managers can access the PART assessment tool, aggregate scores for each of the 234 programs assessed, comparative rankings of programs from best to worst, and agency GPRA Accountability Reports. "By providing this website as a resource and one-stop portal into government performance, we hope to keep the debate focused on transparency and performance in government. Ideally, the public will review the PART assessments and let their voice be heard in Congress…and individual government managers will learn how to clarify their goals and performance case using the resources provided."

In addition, members of the media can contact the Performance Institute for commentary on individual program assessments using the PART for each of the 234 programs.

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