

Federal Performance Budgeting: Progress and Challenges

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Federal Efforts

Linking performance information to budgets dates to 1950s.
Most recent efforts begin in 1990s

Chief Financial Officers Act (1990) – created CFOs for 24 agencies

Government Performance and Results Act (1993) – agencies produce strategic plans, objective setting, performance measurement

President's Management Agenda (2001) – scorecard: human capital, competitive sourcing, financial performance, e-gov, PART

Where Does It Stand?

Agencies produce:

Strategic plans – outlines goals and mission for 5 yrs.

Performance plans – outlines performance measures for meeting goals.

Combined performance and accountability reports (PAR) in FY 2002. Reports performance info and financial statements

Mercatus Scorecard “Did Agency Link its Goals and Results to Cost?” No agency does this.

Scorecard findings

- The Quality of disclosure is improving: 15% of spending is covered by “good reporting”
- “Very Good Disclosure” = 3% of spending
- Best reports: DOL, State, DOT, VA.

Linking performance to results: not there yet.

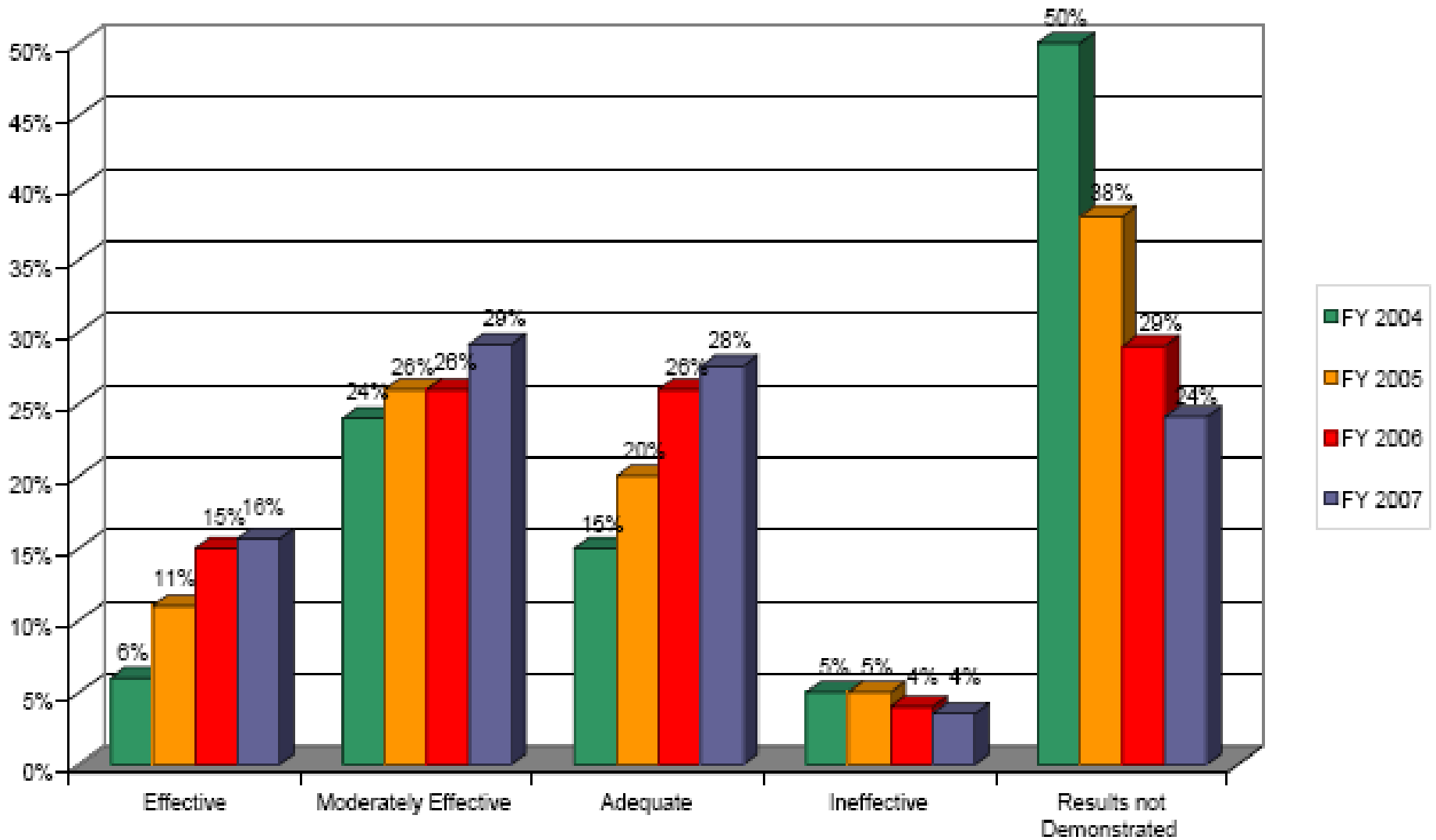
Performance Measures

- Jumpstarted with PART – integrating budget and performance
<http://www.expectmore.gov>
- Inputs, Outputs, Outcomes, and Effectiveness
- At the stage of defining outputs and outcomes; establishing benchmarks.
- Best practices: Education – literacy program. Each state provides data.

Adult Education and Literacy: Outcome measures

- #, % improving literacy level
- #, % go on to further training
- #, % completing GED
- #, % obtained employment
- #, % retained, or advanced a job.

Cumulative Program Results by Ratings Category FY04-FY07



What Does That Mean?

In 2003, 50 percent of programs were RND.
Good news: today, that has fallen to 24 percent.

Agencies with high RND programs:

Education (55%), DHS (38%), HUD (32%), USDA
(27%) and HHS (27%)

Six percent of the entire US budget (\$143 billion)
cannot show results.

Challenges

Legislative buy-in

What makes a good performance measure?

Data collection

Is the statute clear: does it match with what policymakers are trying to achieve?

Perspective

- A dynamic process
- Measures used in combination with other information to inform policymakers
- Take a step back: are we the best provider?
- Levels: general oversight, good internal management, effective delivery, overall benefit to society.

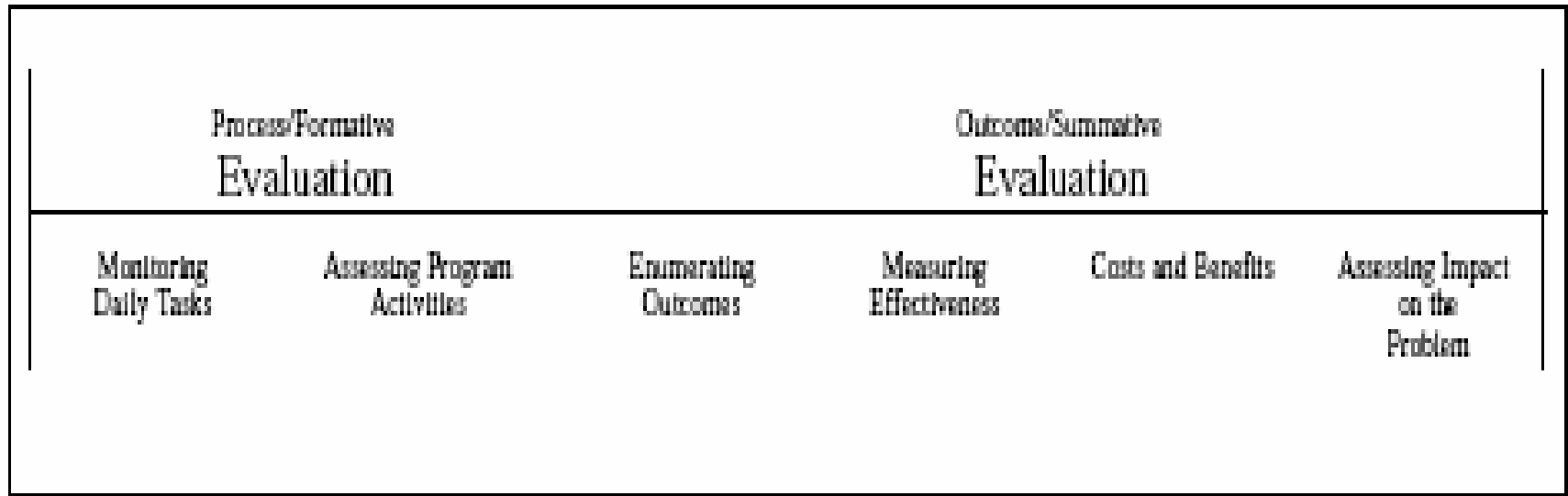
Hierarchy of Measures

Example: CDBG

Goal: Develop Economic Opportunities

- Input: Dollar amount of grant to a city
- Output: Number of loans to businesses
- Outcome: Jobs created and retained
- Impact: Community's economic health is improved. Establish causality.

Bartik and Bingham: evaluation spectrum



What kind of info do we need?

- “scientific impact assessments are appropriate for formal evaluations, not for a performance measurement system.” (NAPA on CDBG measures) i.e. leave impact assessments to oversight
- Program managers need intermediary measures: inputs, outputs and outcomes to make operational decisions.
- Policymakers need a range of information and to consider the big picture.

Studies of effectiveness

- Require long-term data, benchmarks, careful methodology.
- Must be considered before program is instituted. Before and after picture.
- May take several years
- Legislate good methodologies and data collection.
- Just asking questions of effectiveness, refines missions, goals, and outcome measures.

References

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