

CHAPTER FOUR

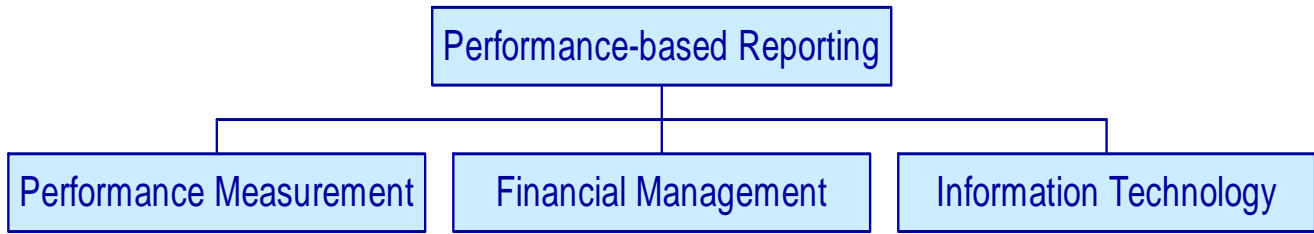
LAWS CREATING REPORTING REQUIREMENTS: EXAMPLES OF PERFORMANCE-BASED REPORTING

This chapter summarizes federal performance-based reporting laws that establish government wide reporting requirements. In order for federal agencies to better manage and budget for their operations, Congress has enacted laws that require agencies to report on their progress in improving performance management, financial management, and information technology. Taken together, the laws require numerous reports, some of which are not as useful as they could be. In response to this problem, Congress allows agencies to consolidate their reports. As discussed later in this chapter, an agency can now use the Reports Consolidation Act to offer an integrated picture of performance in one report. Consolidated reporting can lead to better information for decision-makers in Congress, the executive branch, and the public. If consolidated performance reports for each department reduce information overload in congressional committees, it is possible to improve the frequency of use and effectiveness of oversight techniques on Aberbach's list discussed by in Chapter 1.

4.1 PURPOSE AND CATEGORIES OF PERFORMANCE-BASED REPORTING REQUIREMENTS

Performance-based reporting requirements are intended to promote a results-oriented management and decision-making process within Congress and the executive branch, as well as accountability to the American public. These laws provide a framework for reports by federal agencies and programs. The reports help Members of Congress, who face a broad range of decisions as members of committees, including budget, authorization, oversight, and appropriations. They also help departmental and agency leadership, budget and planning analysts, OMB, GAO, and inspectors general (IGs) to carry out their management and oversight responsibilities. Because of the importance of these laws to reporting, it is essential that Congress and agency management understand both the difficulty in meeting requirements for reporting and the usefulness of moving toward consolidated reports. Figure 4.1 shows the general categories of performance-based reporting requirements.

Figure 4.1: Statutory Framework For Performance-Reporting



As shown in Figure 4.1, laws with performance-based reporting requirements can be grouped into the three categories of performance management, financial management, and information technology. Each of these three categories are highlighted in the next section and then discussed in detail in the rest of this chapter.

4.2 DESCRIPTIONS OF PERFORMANCE-BASED REPORTING LAWS BY MAJOR CATEGORIES

As shown in Figure 4.1, these laws can be grouped into the three broad categories—performance management, financial management, and IT. Each of the laws contain different reporting requirements, due at a specified time during the fiscal year. All of the laws require reports to provide information to Congress, and some require additional reports to or from agency heads, OMB, GAO, or IGs. The performance-based congressional reporting laws that require reports to be submitted to Congress are summarized, by major category, in Table 4.1.

Table 4.1: Performance Laws with Congressional Reporting Requirements

Law by category	Purpose
<i>Performance management</i>	
Government Performance and Results Act of 1993 (GPRA)	<ul style="list-style-type: none"> • Hold federal agencies accountable for program results • Require federal agencies to clarify their missions • Set program goals and measure performance toward achieving those goals
<i>Financial management</i>	
The Inspector General Act of 1978 (IG Act)	<ul style="list-style-type: none"> • Combat waste, fraud and abuse by establishing IG offices in federal departments and agencies
Prompt Payment Act of 1982 (PPA)	<ul style="list-style-type: none"> • Encourage government managers to improve their bill- paying procedures
Federal Managers' Financial Integrity Act of 1982 (FMFIA)	<ul style="list-style-type: none"> • Establish a framework for ongoing evaluations of agency systems for internal accounting and administrative control

Debt Collection Act of 1982 (DCA) and Debt Collection Improvement Act of 1996 (DCIA)	<ul style="list-style-type: none"> • Require the heads of agencies to collect debts owed the federal government • Authorize the compromise of some debts and suspension of collection actions in particular circumstances • Authorize federal agencies to use certain collection tools
Chief Financial Officers Act of 1993 (CFO Act)	<ul style="list-style-type: none"> • Improve and strengthen federal financial management and accountability
Government Management Reform Act of 1994 (GMRA)	<ul style="list-style-type: none"> • Preparation and audit of 24 agencywide financial statements • Preparation and audit of consolidated financial statements for the federal government
Federal Financial Management Improvement Act of 1996 (FFMIA)	<ul style="list-style-type: none"> • Ensure that agency financial management systems comply with requirements of federal financial management system • Provide uniform, reliable, and useful financial information
<i>Information technology (IT)</i>	
Computer Security Act of 1987 (CSA)	<ul style="list-style-type: none"> • Improve the security and privacy of sensitive information in federal computer systems
Paperwork Reduction Act of 1995 (PRA)	<ul style="list-style-type: none"> • Minimize the public's paperwork burdens • Coordinate federal information resources management • Improve dissemination of public information • Ensure the integrity of the federal statistical system
Clinger-Cohen Act of 1996 (CCA)	<ul style="list-style-type: none"> • Improve federal programs through improved acquisition, use, and disposal of information technology resources
Government Paperwork Elimination Act of 1998 (GPEA)	<ul style="list-style-type: none"> • Require federal agencies to provide the public, when practicable, the option of submitting, maintaining, and disclosing required information electronically
Government Information Security Reform Act of 2001 (GISRA)	<ul style="list-style-type: none"> • Directs federal agencies to conduct annual IT security reviews • Inspectors general (IGs) to perform annual independent evaluations of agency programs and systems and report results to OMB • OMB to (1) report annually to Congress on governmentwide progress and (2) issue guidance to agencies on reporting instructions and quantitative performance measures
E-Government Act of 2002 (E-Gov)	<ul style="list-style-type: none"> • Promote the use of the Internet and other IT to provide government services electronically • Strengthen agency information security • Define how to manage the federal government's growing IT human capital needs • Establish an Office of Electronic Government, within OMB, to provide strong central leadership and full-time commitment to promoting and implementing e-government

As shown in Table 4.1, GPRA is the only performance-based reporting requirement that deals broadly with measuring results and reporting agency program performance to Congress. The other two types of performance-based reporting requirements deal with specific aspects of financial management, with seven specific but related laws; and information technology operations, with six specific but related laws. The major reporting requirements for each of these three categories are discussed below.

4.3 PERFORMANCE MANAGEMENT

Performance measurement is the ongoing monitoring and reporting of program accomplishments, particularly progress towards pre-established goals. Program or agency management typically conducts performance measurement activities. Performance measures may address the type or level of program activities conducted (process), the direct products and services delivered by a program (outputs), and/or the results of those products and services (outcomes). A program may be any activity, project, function, or policy that has an identifiable purpose or set of objectives.

4.3.1 The Government Performance and Results Act of 1993 (GPRA)

Perhaps the best-known performance management law is GPRA, or the “Results Act,” as many in Congress refer to it. The findings and purposes section of GPRA capture the general themes of why Congress passed all performance-reporting laws:

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS- The Congress finds that--

- (1) waste and inefficiency in Federal programs undermine the confidence of the American people in the Government and reduces the Federal Government's ability to address adequately vital public needs;
- (2) Federal managers are seriously disadvantaged in their efforts to improve program efficiency and effectiveness, because of insufficient articulation of program goals and inadequate information on program performance; and
- (3) congressional policymaking, spending decisions and program oversight are seriously handicapped by insufficient attention to program performance and results.

(b) PURPOSES- The purposes of this Act are to--

- (1) improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results;
- (2) initiate program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting publicly on their progress;
- (3) improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction;
- (4) help Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality;

- (5) improve congressional decisionmaking by providing more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of Federal programs and spending; and
- (6) improve internal management of the Federal Government.

As required by the act, all major agencies must submit strategic plans to Congress by September 30th each year, starting in 1997. Each agency's strategic plan, as well as the congressional consultation process, provides an important opportunity to establish the foundation for making improvements in federal management. These strategic plans are useful to Congress in undertaking the full range of its responsibilities--appropriation, budget, authorization, and oversight--and to agencies in setting a general direction for their efforts. The plans provide a workable foundation for the next phase of GPRA--submission of annual performance planning reports, including goals and measures, to Congress. Nonetheless, the agencies' strategic planning efforts and, more generally, overall implementation of GPRA itself, most observers agree, are still very much a work in progress. The strategic plans that agencies provided to Congress and OMB are only the starting point for the broad transformation that is needed to successfully implement performance management, and difficult implementation issues still remain.

In addition to strategic planning reports, GPRA requires agencies to submit annual performance reports to the President and Congress (beginning March 31, 2000), covering performance for the previous fiscal year. Reports beginning in fiscal year 2002 must include actual results for the three preceding fiscal years. The performance reports must cover the following:

- Review how successfully performance goals were achieved.
- Evaluate the performance plan for the current year, relative to the performance goals achieved during the fiscal year(s) covered.
- Explain and describe, where goals are not met, (1) why the goals were not met, (2) plans and schedules for achieving the goals, and (3) if the goals are impractical or infeasible, why that is the case and what action is recommended.
- Describe the use and assess the effectiveness in achieving performance goals of any waiver under 31 U.S.C. 9703.
- Include the summary findings of program evaluations completed during the fiscal year.

Several challenges to effective implementation of GPRA include overlapping and fragmented crosscutting program efforts, the often limited or indirect influence that the federal government has in determining whether a desired result is achieved, and the lack of results-oriented performance information. Instilling an organizational culture that focuses on results also remains a challenge: linking agencies' performance plans directly to the budget process has not yet taken place and has faced difficulties within both the agencies and Congress. Addressing some of these challenges will raise significant policy issues for Congress and the administration to consider and will most likely be difficult to resolve.

4.4 FINANCIAL MANAGEMENT

Financial management requires program managers to develop the financial data needed to efficiently and effectively manage day-to-day operations and to provide an acceptable level of accountability to taxpayers. Effective financial management requires the modernization of financial management systems by agencies in order to attain the systematic measurement of performance; the development of cost information; and the integration of program, budget, and financial information for management reporting. The goals of financial management laws passed by Congress are to improve accounting and financial management practices by providing management with the full range of information needed for day-to-day management.

4.4.1 The Chief Financial Officers Act of 1993 (CFO)

The CFO Act is the legislative basis for the federal government's providing reliable financial information, through audited financial statements, to taxpayers, the nation's leaders, and agency program managers. The act is also the basis for improving the federal government's financial systems and reporting results to Congress, in particular the Senate Governmental Affairs and House Government Reform Committees. The establishment and oversight of federal financial management policies and practices are centralized within OMB, primarily through the deputy director for management and the OMB Office of Federal Financial Management.

The act requires 24 agencies to have chief financial officers and deputy chief financial officers and specifies their authority and functions. The act also sets up a series of pilot audits, requiring certain agencies to prepare agencywide financial statements and subject them to audit by the

agencies' IGs. For each of these agencies, the first of these statements was due in March 1997. Beginning in 1997, the Treasury Department also started to report to Congress on a consolidated financial statement for the federal government. The Government Management Reform Act (GMRA), discussed below, requires GAO to audit this financial statement annually, with the first audit required in early 1998. In addition, the CFO Act requires OMB to prepare a congressional report on a five-year governmentwide financial management plan. This report is to describe what OMB and agency CFOs plan to do over the next five years to improve the financial management of the federal government. OMB must submit to Congress, by January 31 each year, an updated five-year financial management plan, to cover the succeeding five fiscal years, and an annual financial management status report. The annual report is to provide the following information:

- A description and analysis of the status of financial management in the executive branch.
- A summary of the most recently completed agency financial statements, financial statement audits, and reports.
- A summary of reports on agency internal accounting and administrative control systems, submitted to the President and Congress under the Federal Managers' Financial Integrity Act (FMFIA).
- Any other information OMB considers appropriate to fully inform Congress about financial management of the federal government.

In addition, the CFO act requires agencies to prepare and annually revise their plans to implement OMB's 5-year financial management plan. Other requirements address the need for the systematic process of reform; the development of cost information; and the integration of program, financial, and budget systems.

4.4.2 The Government Management Reform Act of 1994 (GMRA)

GMRA expands the requirements relating to fully auditing financial statements under the CFO Act. GMRA requirements affect the 24 agencies already covered by the CFO Act, and allow for

federal entities other than agencies, to be designated by OMB, to be covered.¹ Beginning with fiscal year 1997, auditors for each of the 24 major departments and agencies must report, as part of their annual audits of the financial statements, whether the financial management systems comply substantially with

- federal financial management systems requirements,
- applicable federal accounting standards, and
- the standard general ledger (SGL).

GMRA also requires GAO to report on implementation of the act, starting in 1997, and by the beginning of each fiscal year thereafter.

Of particular note in relation to congressional reporting requirements is GMRA's enhancement of OMB's authority to manage agency submissions of reports to Congress, the President, and OMB. This enhancement of authority resulted in OMB's pilot accountability report, which consolidated reporting requirements under GPRA and CFO acts, as well as FMFIA, the Prompt Payment Act (PPA), and the Debt Collection Act (DCA).

4.4.3 The Inspector General Act of 1978 (IG)

The IG Act identifies 26 federal agencies that are required to have an IG who is appointed by the President and confirmed by the Senate. The act also designates 30 federal entities other than agencies, each of which is to have an IG appointed by the appropriate head official. Each IG must prepare semiannual reports, no later than April 30 and October 31 of each year, that summarize the IG's activities. The head of each agency transmits these reports, unaltered, to Congress and subsequently makes them available to the public.

Since passage of the IG Act, IGs have been combating fraud, waste, and abuse and promoting economy, efficiency, and effectiveness by (1) strengthening federal internal audit and investigative activities and (2) improving operations within the federal government. However,

¹ OMB has designated the military services, the Health Care Financing Administration (and its successor--the Centers for Medicare and Medical Services), and the Internal Revenue Service as entities that must prepare audited financial statements.

during the 1990s, legislation--such as GPRA, the CFO Act, and GMRA--has dramatically changed the management and accountability of the federal government and, in turn, has demanded shifts in the IGs' focus and contributions. In addition, the IGs' increased politicization in recent years -- as evidenced through the establishment of the President's Council for Integrity and Efficiency and development of the President's Management Agenda -- both of which rely heavily on IG participation with OMB, has been reflected in their reports to Congress. It is critical for IGs to keep pace with such changes, various chairmen of House and Senate oversight committees have observed, and ensure that IG work continues to provide meaningful insight for evaluating and measuring the government's effectiveness.

4.5 INFORMATION TECHNOLOGY (IT)

Computers are crucial to the operations of the federal government. Computers and networks essentially run the critical infrastructures that are vital to our national defense, economic security, and public health and safety. The federal government spends billions of dollars annually on information technology investments that are critical to the effective implementation of major government programs. To help agencies effectively manage their substantial IT investments, Congress has established a statutory framework of requirements and roles and responsibilities relating to information and technology management. Agencies are required to address, for example, (1) IT strategic planning and performance measurement, which define what an organization seeks to accomplish, identify the strategies it will use to achieve desired results, and then determine how well it is succeeding in reaching results-oriented goals and achieving objectives; and (2) IT investment management, which involves selecting, controlling, and evaluating investments.

4.5.1 Clinger-Cohen Act of 1996 (CCA)

The CCA, like the acts discussed above, imposes rather detailed reporting requirements on federal agencies (Mullen, 2005). The CCA requires OMB to do the following:

- Issue directives to executive agencies concerning capital planning and investment control, revisions to mission-related and administrative processes, and information security.

- Promote and improve the acquisition and use of IT through performance management.
- Use the budget process to (1) analyze, track, and evaluate the risks and results of major agency capital investments in IT and information systems and (2) enforce accountability of agency heads.
- Report to Congress on the agencies' progress and accomplishments.

CCA also requires additional reports to Congress from OMB, agency heads, and GAO. The CCA's reporting requirements are summarized in more detail in Appendix D.

4.5.2 The Government Paperwork Elimination Act of 1998 (GPEA)

The GPEA authorizes OMB to provide for acquisition and use of alternative IT by federal agencies. Alternative IT includes (1) electronic submission, maintenance, or disclosure of information as a substitute for paper and (2) electronic signatures in conducting government business through e-government transactions. The law calls for the Director of OMB, in conjunction with the National Telecommunications and Information Administration, to study the use of electronic signatures in e-government transactions and periodically report to Congress on the results of the study.

4.5.3 Government Information Security Reform Act of 2001 (GISRA)

GISRA is intended to do the following:

- To provide a comprehensive framework for establishing and ensuring the effectiveness of controls over information resources that support federal operations and assets.
- To recognize the highly networked nature of the federal-computing environment, including the need for federal government interoperability and, in the implementation of improved security management measures, ensure that opportunities for interoperability are not adversely affected.
- To provide effective governmentwide management and oversight of related security risks, including coordination of information security efforts throughout the civilian, national security, and law enforcement communities.
- To provide for development and maintenance of the minimum controls required to protect federal information and information systems.

- To provide a mechanism for improved oversight of information security programs in federal agencies.

GISRA's reporting requirements are summarized in more detail in Appendix D.

4.5.4 The E-Government Act of 2002 (E-Gov)²

The E-Government Act was passed to enhance the management and promotion of e-government services and processes. To increase citizen access to government information and services, the law established a broad framework of measures that require the use of Internet-based IT and established a federal Chief Information Officer (CIO) in an Office of E-Government within OMB. This office oversees information resources management (IRM), including development and application in the federal government. The act also authorized \$45 million for an e-government fund in the U.S. Treasury to pay for IT projects aimed at linking agencies and facilitating information sharing.

The E-Gov Act is designed to streamline the government's information resources, close security gaps, and create more public-centered Web sites. In addition, E-Gov does the following:

- Directs OMB to establish an interagency committee on government information and to issue guidelines for agency Web sites.
- Requires federal courts to establish Web sites with information about the court and cases being presented.
- Requires federal agencies to adhere to uniform security standards for information.
- Creates an IT interchange program between the private and public sectors.
- Authorizes government-wide use of share-in-savings contracts, which permit agencies to pay contractors using savings realized through technological improvements.
- Requires federal agencies and OMB to submit reports to Congress.

The E-Gov Act's reporting requirements are summarized in more detail in Appendix D.

² U.S. Congress. E-Government Act of 2002, P.L. 107-347. Title III of the E-Government Act is also referred to as the Federal Information Security Management Act (FISMA). FISMA lays out a framework for annual IT security reviews, reporting, and remediation planning.

4.6 AGENCIES HAVE DIFFICULTY MEETING REPORTING REQUIREMENTS

The goals of requirements for agency reporting are (1) to provide Congress, as well as departmental and agency leadership, with useful information in carrying out effective oversight of programs and in making budgetary decisions and (2) to promote government accountability to the American public. But these reports have not been as successful at informing their intended audience as they could be. This is because lengthy and numerous reports--without clear, concise, and focused messages--are not likely to be read by busy congressional decision-makers or the American public. In addition, effectively implementing agency reporting requirements is difficult because of four issues:

- The complexities of the federal government's decision-making process,
- Skepticism about lasting management reform,
- Problems in developing realistic performance management goals and measures, and
- Too many requirements create a "crowded management space."

The first three issues are discussed in this chapter, because they are primarily associated with problems with performance-reporting laws. The last issue--"crowded management space"--is developed more extensively in Chapter 6 to illustrate the need for a systematic approach for Congress and the agencies to better manage congressional reporting requirements.

4.6.1 Complexities of the Decision-Making Process

The federal government's decision-making process is complex, and congressional reporting requirements add another layer of complexity with which federal managers have to cope. These requirements primarily relate to the laws for periodic reports from agencies to Congress to explain what programs are accomplishing. For example, the GPRA law draws on and even transplants concepts from private sector management models. In particular, GPRA establishes a system in which market-like disciplines can be used to improve management of the federal government, including setting performance goals and holding agencies accountable for program results. The focus on program results is made more complex, however, by the lack of good performance measures to use in reports. As Donald F. Kettl (1997) commented: "Successful

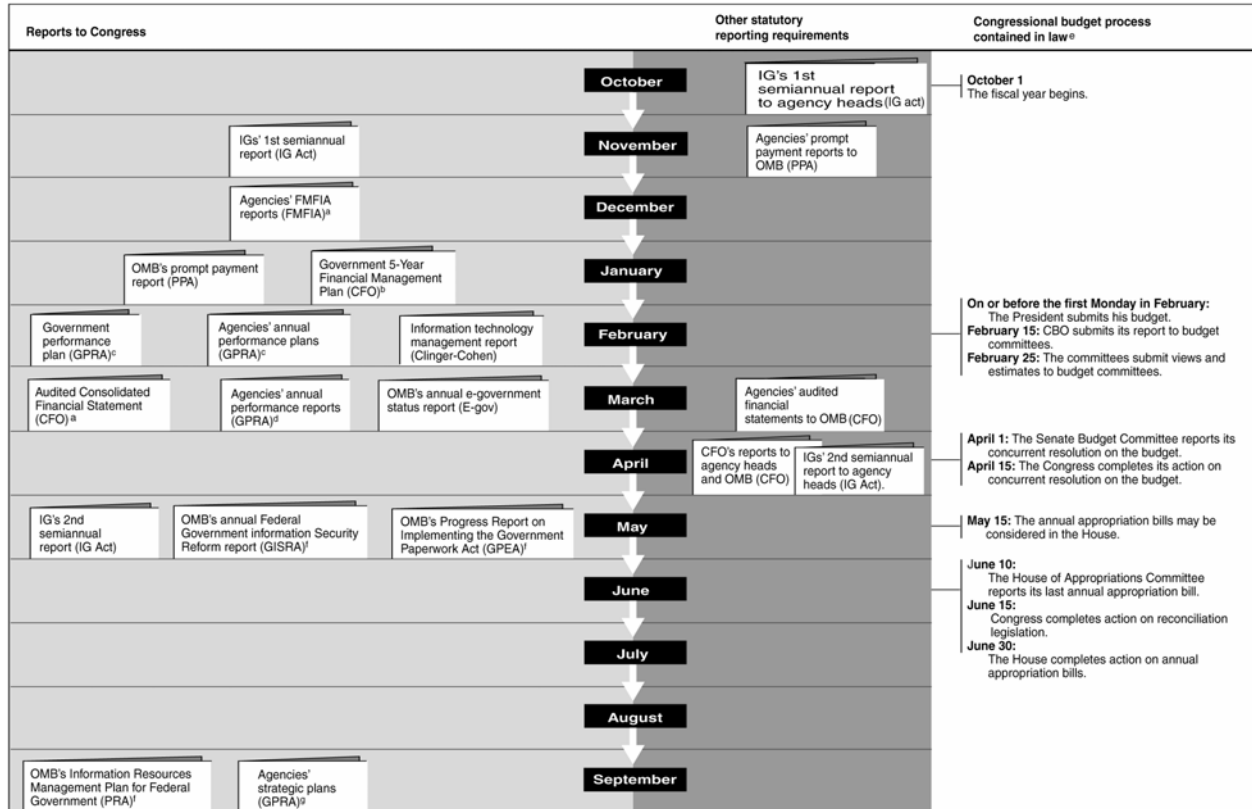
performance management systems hinge on careful integration of politics and management. Elected officials are the ultimate audience for agency performance measures. The measures offer great potential for improving legislative oversight; it is easier to ask good questions about results if results-based information is readily available.”

This observation meshes with a principle of public administration propounded by Ronald C. Moe and Robert S. Gilmore (1995): “Policy and program objectives specifically agreed to and incorporated into enabling legislation, subject to reasonable standards of measurement and compliance, facilitate effective implementation.” For example, passing and implementing GPRA necessitated extensive discussions between OMB, GAO, executive agencies, and congressional committees to determine answers to these two questions: What should the laws require? What constitutes good performance-based reports? The answers, however, are complicated by the structure of government. As Beryl A. Radin (1998) notes in a section aptly named “The Context of Fragmentation, Decentralization, and Devolution,” although the aims of management reporting suggest that the information produced will support more rational decision-making, the structure of the government makes this extremely difficult. Factors such as the need for increased management capacity at OMB, political hostilities, divided government, and fragmented congressional power compound the problems.

Fragmentation exists in Congress, Radin (1999) also notes, in its role as receiver--through the various reports that go to different committees (e.g., authorizing, appropriations, and budget committees in the House and Senate)--of management information for review. Therefore, agencies are asked for different responses from these different committees. Anticipating congressional responses to reporting is a challenge for agency managers, according to Kathryn E. Newcomer and Aaron A. Otto (1999-2000); this challenge is made even more so, given the polemical and politically charged rhetoric that sometimes comes from the Congress in press releases on GPRA reports from agencies.

The relationship of various reporting requirements to the congressional budget schedule, set by the Congressional Budget Act of 1974 (2 U.S.C. 601-661), can be seen in Figure 4.2. While this act created a timetable for the budget process, in reality the schedule is often modified.

Figure 4.2: Time Line for Reporting Requirements of Selected Laws



Source: Review of laws.

Legend

- CFO Act Chief Financial Officers Act, 1993
- CCA Clinger-Cohen Act, 1996
- E-Gov Electronic Government Act, 2002
- FMFIA Federal Managers' Financial Integrity Act, 1982
- GISRA Government Information Security Reform Act, 2001
- GPEA Government Paperwork Elimination Act, 1998
- GPRR Government Performance and Results Act, 1993
- IG Act Inspector General Act, 1978
- PPA Prompt Payment Act, 1982
- PRA Paperwork Reduction Act, 1995

^a The law requires the submission of these reports to the President at the same time that they are submitted to Congress.

^b In practice, these reports are generally issued in June and include OMB's prompt payment report, as well as the status report on credit management and debt collection required by the Debt Collection Act of 1982 (DCA), as amended.

^c GPRR requires these performance plans, beginning with fiscal year 1999.

^dThe first of an agency's reports, on program performance for fiscal year 1999, was due to Congress and the President by March 31, 1999.

^eCongressional Budget Act of 1974, 2 U.S.C. 631; this schedule is often modified.

^fPRA, GISRA, and GPEA each require an annual report from OMB, but do not specify when they are due. OMB submitted the last PRA report in September and the GISRA and GPEA reports in May.

^gGPRA required agencies' first strategic plans by September 30, 1997. They are to be updated at least every three years and submitted to OMB and Congress.

Source: Analysis of laws cited above, examination of required reports to Congress, and the congressional budget schedule as established in the Congressional Budget and Impoundment Control Act of 1974.

While Figure 4.2 shows quite a bit of reporting activity, bear in mind that the GPRA performance measures and program results are also supposed to be reflected in the OMB Performance Assessment Rating Tool (PART) that are included with the President's budget documents sent to Congress in February. PART was developed by OMB as a way of breathing new life into the GPRA process and including more performance information in the budget process. It is a labor intensive process of OMB program examiners working closely with agency program and budget offices to evaluate twenty percent of all federal programs each fiscal year. This process occurs each year from March through July.

As discussed in greater detail below, the agencies are simultaneously responsible for implementing numerous management requirements established by law, executive orders, and OMB directives. In addition, several reports may be required for each law and different agencies may be required to submit the reports. Table 4.2 shows the key dates and legal sources for selected performance-reporting requirements that each agency needs to be aware of to meet its reporting requirements to Congress.

Table 4.2: Key Dates and Legal Sources for Selected Performance-Reporting Requirements

Date	Source
October 1	Beginning of fiscal year, Congressional Budget Act, 31 U.S.C. § 1102
October 30	Agency heads submit GISRA reports, to the Director of OMB, with the results of each evaluation required under the act; each year, the Director of OMB submits to Congress a report summarizing the data received from agencies in that year
October 31	Inspectors' General first semiannual reports to agency heads, ¹ Inspector General Act, 5 U.S.C. App. 3, § 5
November 30	Agencies submit Inspectors' General first semiannual reports, including agency heads' comments, to Congress, ¹ Inspector General Act, 5 U.S.C. App. 3, § 5
December 31	Agencies submit Federal Managers' Financial Integrity Act reports to the President and Congress, 31 U.S.C. § 3512(d)
January 31	OMB's government-wide 5-year Financial Management Plan sent to Congress for each succeeding 5-year period, as well as a report on accomplishments for the preceding fiscal year, Chief Financial Officers Act, 31 U.S.C. § 3512(a)
February	OMB must include in the President's annual budget submission to Congress, due no later than the first Monday of February, a report on the net performance benefits achieved due to major capital investments, as well as reports from agencies on their progress in using IT, ² Information Technology Management Reform Act, (Clinger-Cohen Act), 40 U.S.C. § 1412
February	Beginning with the budget submission for fiscal year 1999 and annually thereafter, the President must include agencies' annual performance plans, 31 U.S.C. § 1115(a), and a governmentwide performance plan for the succeeding fiscal year, 31 U.S.C. § 1105(a)(28), Government Performance and Results Act
March 1	OMB's e-government status report to the Committee on Governmental Affairs, the Senate, and the Committee on Government Reform, the House of Representatives
March 1	Agencies' audited financial statements to OMB, Chief Financial Officers Act and Government Management Reform Act, 31 U.S.C. § 3515(a)
March 31	Audited consolidated financial statements to the President and Congress, Government Management Reform Act, 31 U.S.C. § 331(e)
March 31	Beginning March 31, 2000, agencies' annual performance reports to OMB, Government Performance and Results Act, 31 U.S.C. § 1116
April 30	Chief Financial Officers' (CFOs) reports to agency heads and OMB, Chief Financial Officers Act and Government Management Reform Act, 31 U.S.C. § 902(a)(6)
April 30	Inspectors' General second semiannual reports to agency heads, ¹ Inspector General Act, 5 U.S.C. App. 3, § 5
May ³	The Director of OMB annually submits to Congress a report summarizing the GISRA data received from agencies in that year

May 30	Agencies submit Inspectors' General second semiannual reports, including agency heads' comments, to Congress, ¹ Inspector General Act, 5 U.S.C. App. 3, § 5
September ⁴	OMB's annual Information Resources Management Plan for the Federal Government to Congress, Paperwork Reduction Act, 44 U.S.C. § 3514
September 30	Beginning September 30, 1997, and every 3 years thereafter, agencies' strategic plans to Congress and OMB, covering the succeeding 5 fiscal years, Government Performance and Results Act, 5 U.S.C. § 306
September 30	End of fiscal year, Congressional Budget Act, 31 U.S.C. § 1102

Source: Analysis of laws.

1. The IGs' first semiannual report covers the last 6 months of the preceding fiscal year. The second semiannual report covers the first 6 months of the current fiscal year.
2. Under the Clinger-Cohen Act, agency chief information officers (CIOs) must report annually to the head of the agency, as part of the strategic planning and performance evaluation process, on the progress made in improving resource management capabilities of the agency's personnel.
3. The act requires an annual report, but does not specify a reporting date; OMB usually submits the report in May.
4. The act requires an annual report but does not specify a reporting date; OMB usually submits the report in September.

As shown in Table 4.2, there are many important dates, as well as various sources of reporting requirements, in the performance-based reporting process throughout the fiscal year. Given that these statutory requirements provide information that can be used in the budget process, it is important to view the requirements in relation to the executive budget formulation and congressional budget processes. It should be mentioned that neither Congress nor the agencies consistently meet the deadlines noted in the above tables. A more systematic management process should help committees monitor which reports are delinquent and follow-up as necessary with the agencies responsible for preparing the reports.

4.6.2 Skepticism about Lasting Management Reform

Some observers of management laws (Radin, 1998) initially raised questions as to whether laws like GPRA may become another flavor-of-the-month reform, which could go the way of so many others. Examples of past management initiatives--which have attempted reform, but did not last--include applying planning-programming-budgeting systems (PPBS) in non-Defense agencies, management by objectives (MBO) and zero-base budgeting (ZBB). However, most experts in the field currently view GPRA and similar management laws as reflecting a trend to increase (1)

public confidence in government and (2) government effectiveness and accountability. To realize this trend, increased responsibility is delegated to managers. They are required to report to Congress and the public on the results of program accomplishments in relation to goals. Success in carrying out these requirements is difficult, with many problems, as discussed below. Lack of success--in developing or meeting management goals, whether for GPRA or other management laws—can potentially generate skepticism about whether these reform laws are accomplishing their intended effects.

4.6.3 Problems Developing Realistic Performance Management Goals and Measures

The problems in developing realistic performance goals and measures are illustrated in critiques of agency performance by congressional leaders. For example, for fiscal year 1999 GPRA performance reports, Senator Fred Thompson, Chairman of the Senate Committee on Governmental Affairs, on October 31, 2000, released “grades” for 24 of the largest federal agencies. Senator Thompson based the grades he gave on analyses--by GAO, the Congressional Research Service, and George Mason University’s Mercatus Center--of the agencies’ performance reports, including initial plans, as well as related IG reports. While the performance reports were required to inform Congress and the public about what agencies are doing and how well they are doing it, the Senator stated, the reports were not meeting that requirement. In particular, agencies failed to identify the goals they had established to accomplish their primary missions. Seven different agencies, he noted, identified “reducing the availability of illegal drugs” as part of their missions, yet “none of them had a specific performance target for actually doing that.” Senator Thompson praised three agencies--Transportation, the Social Security Administration, and the Veterans Administration--for demonstrating “a commitment to results-oriented performance and accountability.” These three agencies also followed the 12 criteria the Mercatus Center uses to evaluate reports (grouped into three categories of questions on transparency, benefits to the community, and forward-looking leadership) in crafting their performance reports.³ The performance management in these three agencies therefore can serve as models for other agencies, so they can improve the usefulness of their performance reports to

³ Examples of the 12 questions the Mercatus Center uses include “Is the report easy for a layperson to read and understand?” (Transparency); “Are the goals and objectives stated as outcomes?” (Benefits to the community); and “Does the agency explain failures to meet its goals?” (Forward-looking leadership).

Congress by following the Mercatus Center principles of transparency, benefits to the community, and forward-looking leadership.

In addition, performance goals and measures should include consideration of financial management and IT. But creating yet another set of reporting requirements without an understanding of the complexity involved “runs the risk of poisoning an otherwise promising effort,” as Philip G. Joyce (1993) cautions. For example, he points out, each of the performance measurement systems the Congressional Budget Office analyzed required a great deal of data and much of the data produced was never used by the agencies or Congress. This suggests that before setting out reporting requirements for goals and measures, it is necessary to think through how information will be used and how performance management reporting will be put into effect. Ultimately, Joyce concludes, the budget process is not likely to change substantially until, and unless, decision-makers use information from required reports when making budget-allocation decisions for programs.

Factors that influence the quality of performance goals and measures, as well as the subsequent utilization of agency reports, include the credibility of the office preparing the report, political circumstances, relevance to stakeholder information needs, continued stakeholder involvement in the performance management process, the report timeliness, and clarity of the message (Wholey and Hatry, 1992; Newcomer and Otto, 1999-2000). As discussed later, Congress has made it possible for agencies to improve their performance-reporting by (1) providing positive feedback to agencies and (2) taking legislative actions.

4.7 AGENCIES MOVING TOWARD CONSOLIDATED REPORTS

On November 22, 2000, President Bill Clinton signed the Reports Consolidation Act of 2000 (RCA) (P.L. 106-531), which authorizes each federal agency to consolidate, into one annual report, several different performance management, financial management, and IT reports required by law. The consolidated report would present, in one document, a comprehensive and integrated picture of each agency's performance. Such an integrated picture would be more useful to Congress, the executive branch, and the public. OMB previously had authority to consolidate reports on a pilot basis, but that authority expired in April 2000. The RCA restores that consolidation authority to OMB, making it permanent, while also extending to federal

agencies the ability to consolidate reports. The act also contains several enhancements designed to make the reports more useful. The reasons Congress passed this law mirror some of the concerns about numerous reporting requirements discussed earlier. The reasons are summarized in the legislation:

(a) FINDINGS.--Congress finds that--

- (1) existing law imposes numerous financial and performance management reporting requirements on agencies;
- (2) these separate requirements can cause duplication of effort on the part of agencies and result in uncoordinated reports containing information in a form that is not completely useful to Congress; and
- (3) pilot projects conducted by agencies under the direction of the Office of Management and Budget demonstrate that single consolidated reports providing an analysis of verifiable financial and performance management information produce more useful reports with greater efficiency.⁴

In remarks introducing the legislation on the House floor, Congressmen Steve Horn (R-Ca.) and Jim Turner (D-Tx.) discussed the benefits of consolidating reporting requirements into one document that would be more useful to recipients:

[Mr. Horn:] The consolidated reports would present in one document an integrated picture of an agency's performance. As such, they will be more useful to Congress, to the executive branch, and to the public. . . . Congress has attempted to instill the principles of performance-based management throughout the Federal Government. The report authorized by this bill would give Congress and the American people a single source of information about the management of each Federal agency. This information is critically important if Congress is to hold agencies accountable for the resources it spends to do the people's business.

[Mr. Turner:] This is a good government piece of legislation that would allow all of our Federal agencies to consolidate into a single annual report a whole variety of different financial and performance reports that they are required by law to submit. This will go a long way toward reducing administrative burdens within the agencies and avoid unnecessary duplication. It is a provision that will allow the public and the Congress and the agencies themselves to see in one document a variety of various reports that need to be in one place in order to adequately review them and to make them more useful to this Congress in pursuing our goal of trying to improve the efficiency and the effectiveness of the Federal agencies.⁵

⁴ Reports Consolidation Act of 2000, sec. 2(a).

⁵ See Congressional Record, 106th Cong., 2d sess., Oct. 26, 2000: H11349-51.

Each agency can submit a consolidated report within 180 days from the end of fiscal year 2000 and fiscal year 2001 and within 150 days from the end of every fiscal year thereafter. The act requires that each consolidated report have two assessments: (1) by the agency head, which describes the reliability of the agency's performance data, and (2) by the agency IG, which addresses the agency's most serious management challenges.

Report consolidation has been a long-standing discussion topic among agencies producing the many reports called for by the various congressional reporting requirements of the 1990s. The Federal Financial Management Improvement Act of 1996 (FFMIA) was passed to address the need for consolidated financial management reports, which would be useful in efficiently and effectively managing the day-to-day financial operations of the federal government and provide accountability to taxpayers. The central challenge in producing such reports has been seen as one of (1) overhauling inadequate and outdated systems relating to financial management and (2) upgrading IT capability. For example, GAO reported in 2000 that 21 of 24 agencies covered by the CFO Act did not comply substantially with FFMIA's requirements.⁶ Five years later the situation has not changed.⁷ However, under the current President's Management Agenda, with its emphasis on improved financial management and IT capabilities, compliance with FFMIA is receiving more attention.

Now that agencies will be allowed to consolidate reports into one annual report, the challenge will be how to do so successfully. There are a number of sources of guidance on how reports can be successfully consolidated. For example, GAO has issued much guidance on how to improve agency reporting.⁸ In addition, in 2000, OMB issued instructions (Circular A-11) and letters to agencies on requirements for report content and OMB's review procedures. Nongovernmental

⁶ This includes requirements for federal financial management systems; applicable federal accounting standards; and the U.S. Government standard general ledger, which provides a chart of standard accounts and transactions that agencies are to use in all financial systems. See U.S. General Accounting Office, Financial Management: Federal Financial Management Improvement Act Results for Fiscal Year 1999 GAO/AIMD-00-307 (Washington, D.C.: GAO, Sept. 2000).

⁷ For an update, see U.S. General Accounting Office, Financial Management: Achieving FFMIA Compliance Continues to Challenge Agencies, [GAO-05-881](#), September 20, 2005.

⁸ See, for example, U.S. General Accounting Office, Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans GAO/GGD-97-180 (Washington, D.C.: GAO, Sept. 1997) and Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking GAO/GGD/AIMD-10.1.18 (Washington, D.C.: GAO, Feb. 1998). This and other related guidance are available on GAO's Web site at www.gao.gov.

sources of guidance about producing useful agency reports are also available, for example, from George Mason University's Mercatus Center (McTigue, Ellig, and Richardson, 2001) and the PricewaterhouseCoopers Endowment for the Business of Government (Newcomer and Sheirer, 2001).

To help Congress assess each year's reports and help agencies improve the quality of their next year's reports, a Mercatus Center research team evaluates the reports produced by the 24 agencies covered under the CFO Act. The Mercatus team uses 12 criteria to answer three questions:

- Does the agency report its accomplishments in a transparent fashion?
- Does the report focus on documenting tangible public benefits the agency produced?
- Does the report show evidence of forward-looking leadership that uses performance information to devise strategies for improvement?

The Mercatus Center said the three criteria that many agencies met best were (1) improving the readability of the reports, (2) clearly articulating results-based goals, and (3) discussing major management challenges. The three requirements that many agencies had the greatest difficulty meeting were (1) making reports accessible to the public (for example, posting reports on agency Web sites), (2) demonstrating a cause-and-effect relationship between the agency's actions and observed outcomes, and (3) linking performance data to costs. However, a few agencies were effective in consolidating their reports. However, the Small Business Administration has used the Reports Consolidation Act to great advantage, as shown in Box 5.1.

Box 5.1: Example of the Small Business Administration's Performance and Accountability Report (PAR)

The Small Business Administration's (SBA) Performance and Accountability Report: Fiscal Year 2004 (PAR), its fourth report, is authorized by the Reports Consolidation Act of 2000. SBA's PAR includes the reporting requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, the Reports Consolidation Act of 2000, the Government Performance and Results Act of 1993, the Debt Collection Improvement Act of 1996, the Federal Managers' Financial Integrity Act of 1982 and the Management Report of Final Action on the Office of Inspector General audit recommendations. It presents SBA's Consolidated Financial Statements and Independent Public Accountant's Opinion of the statements, internal controls and compliance with laws and regulations.

As an indication of the SBA's success, the 2004 Mercatus Center report on Federal Agency Performance and Accountability (See **The 5th Annual Performance Report Scorecard: Which Federal Agencies Best Inform the Public?** At

<http://www.mercatus.org/governmentaccountability/subcategory.php/131.html>

For a PDF version) rated SBA as the top Federal agency in linking goals and results to costs and cited SBA for best practices. The SBA FY 2004 report is available at

<http://www.sba.gov/PAR.pdf>

Source: Small Business Administration's Fiscal Year 2004 Performance and Accountability Report. See also Appendix E: OMB Circular A-11: Guidance on the Principal Contents of Consolidated Annual Accountability Reports.

Congress and the Bush administration have taken additional steps to reinforce the need for improving reports and incorporating performance information into congressional decision-making. The Rules Committee, U.S. House of Representatives, adopted the following rule change on January 3, 2001, for the 107th and subsequent Congresses:

Performance Goals and Objectives. The requirement that committee reports include a summary of oversight findings and recommendations by the Committee on Government Reform, if timely submitted, is repealed and replaced with a new requirement that committee reports include a statement of general performance goals and objectives, including outcome-related goals and objectives, for which the measure authorizes funding.⁹

This means that every piece of authorizing legislation coming out of the House will be required to have a performance goal associated with it and will increase congressional scrutiny of agency reports.¹⁰ In addition, President George W. Bush spelled out his core proposals for government reform in his President's Management Agenda. One proposal is to enforce GPRA by recommending higher levels of funding for programs that work, as demonstrated by meeting performance goals. Agency IGs are also being called upon to enforce the accuracy of GPRA reports. For example, OMB is to factor the results—the information on performance—into its budget decisions. As Joseph Wholey (1999) noted, “GPRA is beginning to change the dialogue with Congress and in the OMB, that is, the way in which people talk about policy choice.” The recent emphasis on carrying out GPRA and other related laws should continue to provide useful

⁹Rule XIII, clause 3[c]; rule X, clause 4[c][2].

¹⁰ It is too early to assess the impact of this requirement.

information to congressional decision-makers and improve the quality of the policy dialogue. As will be discussed below, “useful information” for congressional decision-makers includes the key elements to consider when assessing the utility of GPRA and other performance reports, such as the cognitive constraints of users, the legislative credibility of the information, and possible links with budgetary and financial information. The view of what constitutes “useful information” is, of course, also influenced by the political positions of those receiving the information (e.g., partisan, ideological, constituency-focused).

4.8 IMPLICATIONS FOR DEVELOPING USEFUL PERFORMANCE REPORTS

In their efforts to develop useful performance reports for congressional users (or other types of users), those preparing the reports need to keep in mind that there are clear limits to the amount of information decision-makers can handle cognitively. This harkens back to the days of Herbert Simon, but also addresses one of the frequent failures of budget reform—failing to take into account legislative branch input and sensitivities. Just as importantly, when proposing performance measures, the would-be implementers need to factor end-use into the equation. As noted by Berman and Wang (2000),

Stakeholder (or political) capacity concerns the nature of support for performance measurement . . . There is widespread agreement that management reforms require support from top management. Support from elected officials is critical because it forecloses back channels, legitimates reforms and new performance expectations, and helps ensure funding for new efforts. In this regard, some states, such as Minnesota, mandate the use of performance measures by counties, often as part of county budgeting and strategic planning.¹¹

Another frequent problem in developing useful performance reports is the failure to link performance measures and cost data. This reflects, among other things, an unwillingness to reveal cost and the belief that “cost-effectiveness” may not be as important as perceived or actual service quality. Again citing Berman and Wang (2000), “The lack of support, especially from legislatures, is a commonly cited reason for budget-reform failure . . . Elected officials are reluctant to give support when they view it as a ploy by bureaucrats to ‘technicalize’ their

¹¹ Berman and Wang (2000), p. 410.

operations and thereby avoid legislative scrutiny.”¹² Ammons (1999) also noted this pitfall of performance-reporting when he said,

The problem is this: unless a government ties its performance measures *meaningfully* into management systems—unless those measures are something more than decorations for the budget document, as superficial reporting practices have been called derisively—any enthusiasm for measurement will quickly lose its luster, and probably deserves to. Officials moving toward a results orientation are well advised to think about application of performance measures right from the start. Think about application at every stage. Measurement flourishes—and deserves to flourish—only if it is used and is useful.¹³

It is worth noting here the fact that while cost data were a cornerstone of the Hoover Commissions of 1949 and 1955, nearly six decades later we still can’t “merge” GPRA with the CFO Act by successfully linking performance information with budget/financial information. Although linking costs to performance goals is not a requirement of GPRA, both GPRA and the CFO Act emphasized the importance of linking program performance information with financial information as a key feature of sound management and an important element in presenting to the public a useful and informative perspective on federal spending. The committee report for GPRA suggested that developing the capacity to relate the level of program activity to program costs, such as cost per unit of result, cost per unit of service, or cost per unit of output, should be a high priority. GAO’s 2003 survey of federal managers asked, for the first time, the extent to which federal managers had measures of cost-effectiveness for the programs with which they were involved. Only 31 percent of federal managers surveyed reported having such measures to a great or very great extent. This was lower by at least 12 percent than the results for any of the other types of measures associated with GPRA asked about in the survey.¹⁴

The President’s Management Agenda has set an ambitious goal for performance budgeting, calling for agencies to better align budgets with performance goals and focus on capturing full budgetary costs and matching those costs with output and outcome goals. All this suggests that agencies will need to develop integrated financial and performance management systems that will enable the reporting of the actual costs associated with performance goals and objectives

¹² Ibid.

¹³ Ammons (1999), pp. 106-107.

¹⁴ See Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results GAO-04-38 (Washington, D.C.: GAO, Mar. 10, 2004).

along with presentations designed to meet other budgetary or financial purposes, such as the accounts and program activities found in the President's Budget and responsibility segments found in financial statements. However, of the six agencies GAO reviewed for a 2004 comprehensive study of GPRA's implementation over the last decade, only the Department of Education's report clearly linked its budgetary information to the achievement of its performance goals or objectives. Education's report laid out, using both graphics and text, the estimated appropriations associated with achieving each of its 24 objectives. In addition the report provided the staffing in full-time equivalent employment (FTEs) and an estimate of the funds from salaries and expenses contributing to the support of each of these objectives.¹⁵ OMB's development of the Program Assessment Rating Tool (PART) has been placing increased pressure on agencies whose programs have been assessed through the PART process to better align their budgets with specific performance goals and track the results of their progress. Linking budgets with performance goals is still a challenging task for many agencies.

4.9 CONCLUSIONS

The purpose of reporting requirements is to strengthen management controls and processes to increase agency accountability. The information required in reports to Congress is intended to be a valuable resource for Congress. It can use this information in carrying out program authorization, oversight, and appropriations responsibilities, as well as to ensure the public a more accountable and responsive government. An excessive number of reports on different issues within an agency are not likely to get the attention of busy congressional decision-makers or the public. One consolidated report--containing useful and understandable information dealing with an agency's performance management, financial management, and IT issues--is more likely to fulfill the intent of laws with reporting requirements: to produce useful information that had not previously been available. The information in a user-friendly, one-volume report is much more likely to be read and acted upon. To be most useful, each report should be readable (include an executive summary and be as brief as possible) and easily available on agency web sites (Mullen, 2003).

¹⁵ Ibid, p. 65.

The performance-based reporting requirements covered in this chapter are in and of themselves a public management process as discussed in Chapter 3 for the larger congressional reporting process. Of course the performance-based reporting requirements are a subset of the larger congressional reporting process; they also exhibit the characteristics of regularity, cycles of activities, interaction, and are outcome oriented. In fact, the performance-based laws were specifically written to encourage interaction between program managers and congressional committees and be more outcome oriented than other reporting requirements. As we saw with passage of the Reports Consolidation Act, it was possible for Congress to make improvements to the subset of performance-based reporting requirements without affecting the larger congressional reporting process. Chapter 5 will discuss how Congress has dealt with the larger congressional reporting process by attempting to eliminate requirements that were no longer needed. In Chapter 6 we will discuss why a more systematic process for managing reporting requirements is needed.