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Report to the Chairman, Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations, Committee on Government Reform, House of Representatives

December 2002

MANAGING FOR RESULTS

Efforts to Strengthen the Link Between Resources and Results at the Administration for Children and Families

GAO-03-9

December 2002

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GAO Accountability • Integrity • Reliability

Highlights

Highlights of GAO-03-09, a report to the Chairman, Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform, House of Representatives

Why GAO Did This Study

Encouraging a clearer and closer link between budgeting, planning, and performance is essential to improving federal management and instilling a greater focus on results. Through work at various levels within the organization, this report on the Administration for Children and Families (ACF)--and its two companion studies on the Nuclear Regulatory Commission (GAO-03-258) and the Veterans Health Administration (GAO-03-10)--records (1) what managers considered successful efforts at creating linkages between planning and performance information to influence resource choices and (2) the challenges managers face in creating these linkages.

What GAO Found

The Administration for Children and Families' (ACF) budget and performance planning processes are clearly related but are not fully integrated. Budget and planning align more closely after ACF sends the budget request and performance plan to the Department of Health and Human Services for review. Finally, unlike budget formulation, budget execution largely occurs in the regional offices, where resource allocation is often driven by program performance.

Officials in ACF's Head Start, Child Support Enforcement, and Community Services Block Grant programs described three general ways in which decisions at the programmatic level are influenced by performance: (1) training and technical assistance money is often allocated based on needs and grantee performance, (2) partnerships and collaboration help ACF work with grantees towards common goals and further the administration's agenda, and (3) organizing and allocating regional staff around agency goals allow employees to link their day-to-day activities to longer-term results and outcomes.

While ACF must overcome some difficult barriers to further budget and performance integration, it has begun to identify and implement mitigation strategies for some of these issues. For example,

- ACF conducts much of its work through nonfederal service providers, which often limits the extent to which ACF can influence national performance goals and can seriously complicate data collection. To address this, ACF has successfully collaborated with providers to develop national performance goals and build data collection capacity. This has also raised awareness of the importance of collecting and reporting performance data uniformly.

- Since ACF programs are often only part of a network of long-term federal, state, and local efforts to address serious health and social concerns, attributing a particular outcome to a particular program can be difficult. ACF has addressed this issue by using program evaluations to help isolate the effects of a particular program, strengthening the link between outputs and outcomes, and identifying intermediate outputs and outcomes to help measure program performance.

- The organizational culture change necessary to support the linkages between resources and results takes time, but change is beginning to take root. Some managers and staff reported a noticeable difference in the use and understanding of outcomes versus outputs, and outcome-based performance agreements for managers and staff are becoming more common.

www.gao.gov/cgi-bin/getrpt?GAO-03-09.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Paul Posner at (202) 512-9573 or Denise Fantone at (202) 512-4997.

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Abbreviations

ACF	Administration for Children and Families
ATO	Office of Administration and Technology
CAA	Community Action Agency
CIRCLE	Center for Improving the Readiness of Children for Learning and Education
CSBG	Community Services Block Grant
CSE	Child Support Enforcement
CYDU	Children and Youth Development Unit
FRC	Federal Regional Council
GABI	Grant Application and Budget Review Instrument
GPRA	Government Performance and Results Act
HHS	Department of Health and Human Services
OCS	Office of Community Services
OCSE	Office of Child Support Enforcement
OLAB	Office of Legislative Affairs and Budget
OMB	Office of Management and Budget
OPRE	Office of Planning, Research and Evaluation
ORO	Office of Regional Operations
PART	Program Assessment Rating Tool
PSU	Program Support Unit
QAT	Quality Assurance Team
RBITS	Results-Based Information Tracking System
RHY	Runaway and Homeless Youth
ROMA	Results Oriented Management and Accountability
SBC	Secretary's Budget Council
SCHIP	State Children's Health Insurance Program
S&E	Salaries and Expense
SRR	Secretary's Regional Representative
SSU	Self-Sufficiency Unit
TANF	Temporary Assistance for Needy Families
T/TA	Training and Technical Assistance

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Accountability * Integrity * Reliability

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

December 10, 2002

The Honorable Stephen Horn
Chairman, Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations
Committee on Government Reform
House of Representatives

Dear Mr. Chairman:

During the past decade, Congress and the Executive Branch have sought to improve federal management and instill a greater focus on results. Through enactment of a number of major management reforms, Congress has created a statutory framework with the Government Performance and Results Act of 1993 (GPRA) as its centerpiece.[1] One of GPRA's major purposes is to encourage a closer and clearer linkage between planning, performance—i.e., results—and the budget process. Each administration takes a slightly different approach to implementing results management. Improving the integration of budget and performance is a high priority initiative included in the President's Management Agenda.[2] A central piece of that is the Office of Management and Budget's (OMB) new diagnostic tool, the Program Assessment Rating Tool (PART). PART is designed to provide a consistent approach to reviewing program design, planning, and goals development as well as program management and results. OMB expects to use PART assessments in considering department and agency budget submissions for the fiscal year 2004 President's Budget request to Congress.[3]

In a number of different reports to the Congress, GAO has examined different aspects of the resources-to-results linkage. A series of three

[1] Other significant legislation includes the Chief Financial Officers Act of 1990 (CFO Act) and related legislation, which created a structure for the management and reporting of the government's finances; and the Clinger-Cohen Act of 1996 and Paperwork Reduction Act of 1995, which required agencies to take an orderly, planned approach to their information technology needs.

[2] The President's Management Agenda, which by focusing on 14 targeted areas—5 governmentwide goals and 9 program initiatives—seeks to improve the management and performance of the federal government.

[3] Office of Management and Budget, *Program Performance Assessments for the FY 2004 Budget*, M-02-10, (Washington, D.C.: July 16, 2002).

reports described agencies' progress over a 4-year period in linking performance plans, budgets, and, in the most recent report, financial statements.[4] We found that between fiscal years 1999 and 2002, agencies progressed significantly in showing a direct link between expected performance and requested program activity funding levels through structural changes or cross-walks—the first step in defining the performance consequences of budgetary decisions. We concluded that additional effort was needed to more clearly describe the relationship between performance expectations, requested funding, and consumed resources. Furthermore, we said that the uneven extent and pace of developing these relationships were reflective of mission complexity and differences in operating environments across the government. Finally, we observed that describing the planned and actual use of resources in terms of measurable results was an essential long-term effort that would take time and adaptation on the part of all agencies.

In another approach to defining performance and resource integration, we developed a framework of budget practices that we believe can contribute to an agency's capacity to manage for results.[5] We viewed these practices as desirable dimensions of budgeting that could be implemented in many different ways to reflect the characteristics and circumstances of a particular agency. Both our assessments of performance and budget account alignments and the framework of budget practices have led to the next phase of work and the subject of this report. This report—one of a group of three—looks at the resources-to-results link from the perspective of agency managers charged with making the linkage happen.

The objectives of this report on Administration for Children and Families (ACF) within the Department of Health and Human Services (HHS) and its two companion studies on the Veterans Health Administration within the Department of Veterans Affairs and the Nuclear Regulatory Commission, are to document (1) what managers in these three agencies considered

[4] U.S. General Accounting Office, *Performance Budgeting: Initial Experiences Under the Results Act in Linking Plans with Budgets*, AIMD/GGD-99-67 (Washington, D.C.: Apr. 12, 1999); U.S. General Accounting Office, *Performance Budgeting: Fiscal Year 2000 Progress in Linking Plans with Budgets*, AIMD-99-239R (Washington, D.C.: July 30, 1999); U.S. General Accounting Office, *Managing for Results: Agency Progress in Linking Performance Plans with Budgets and Financial Statements*, GAO-02-236 (Washington, D.C.: Jan. 4, 2002).

[5] U.S. General Accounting Office, *Results-Oriented Budget Practices in Federal Agencies*, GAO-01-1084SP (Washington, D.C.: August 2001).

successful efforts at creating linkages between planning and performance information to influence resource choices and (2) the challenges they face in doing so. For the purposes of this report, we take a broad view of performance information—possible sources include GPRA, program evaluations, grant applications, and statistical information about program funding and grantees. We neither evaluated their choices nor critiqued their processes. Instead, we asked managers to describe when and how planning and performance information was included in the budget cycle, to explain what strategies were used and why, and to provide evidence that there was a related programmatic effect. A third purpose was to show that there are multiple ways to get at these linkages, and that there can be successful applications even if progress in budget and performance integration is uneven.

Budgeting is and will remain an exercise in political choice, in which performance can be one, but not necessarily the only, factor underlying decisions. However, efforts to infuse performance information into resource allocation decisions can more explicitly inform budget discussions and focus them—both in Congress and in agencies—on expected results, rather than on inputs. We believe that showcasing agencies' successes with and challenges in integrating budgeting and planning may prove useful to other agencies; Congressional authorizing, appropriation, and oversight committees; and OMB in the shared goal of strengthening the link between program performance and resources.

Results in Brief

ACF's fiscal year 2002 budget request is linked to its GPRA goals but, in general, formulation is not guided by past program performance. That is, the process does not begin with an evaluation of past program performance to inform the upcoming year's budget request. Thus, budget and performance planning are clearly related but are not fully integrated with each other. Budget and performance plans are based on departmental budget and planning guidance which is jointly reviewed by and, as needed, supplemented by ACF's Office of Legislative Affairs and Budget (OLAB) and Office of Planning, Research and Evaluation (OPRE). ACF budget and planning officials told us that they communicate frequently and work closely together to ensure consistency in the budget and performance plan. Budget and planning align more closely after ACF sends the budget request and performance plan to the department for review. At that point, HHS and ACF work together to ensure that the budget and plan are consistent and support each other. Unlike budget formulation, budget execution largely

occurs in the regional offices, where resource allocation is often driven by program performance.

Many strategies play critical roles in ACF's efforts to strengthen the link between resources and results across a number of the agency's main functions. Officials we interviewed in ACF's Head Start, Child Support Enforcement (CSE), and Community Services Block Grant (CSBG) programs noted that decisions at the programmatic level are influenced by performance. For instance, they said that training and technical assistance (T/TA) money is often allocated based on needs and grantee performance. Creative partnerships and collaborative strategies help ACF work with grantees towards common goals and further the administration's agenda. The knowledge regional offices possess about their states' and grantees' capacity to provide services can also play a critical role in resource allocation. Finally, ACF regional managers and staff in the San Francisco and Dallas offices report that organizing and allocating staff around agency goals and priorities allows them to link their day-to-day activities to longer-term results and outcomes and to be better able to respond to emerging issues and work more efficiently.

Budget and performance integration is a long-term process—ACF continues to build on its successes and learn from its challenges as it moves towards institutionalizing the practice of linking resources and results. Although ACF must still overcome some difficult barriers, it has begun to identify and implement mitigation strategies for some of these issues. For example:

- ACF conducts much of its work through "third parties"—states, localities, and other nonfederal service providers—which often limits the extent to which ACF can influence national performance goals and can seriously complicate data collection. To improve program management and accountability, ACF has had success in collaborating with its partners to develop national performance goals and building data collection capacity at the state and local levels. Collaboration and partnerships have also raised awareness as to the importance of collecting and reporting performance data in a uniform fashion.

- Isolating a particular program's effect on outcomes can be difficult when it is part of a multipronged effort. ACF programs are often only part of a network of federal, state, and local efforts to address serious health and social concerns, and attributing a particular outcome to a particular program can be difficult. Further, these issues require long-

term investments, the effects of which may not be known for many years. Measuring the annual effects of these collective investments much less any one part is often difficult and may not be particularly useful. ACF has addressed this issue by using program evaluations to help isolate the effects of a particular program, strengthening the link between outputs and outcomes, and identifying intermediate outputs and outcomes to help measure program performance.

- Finally, the organizational culture change necessary to support the linkages between resources and results takes time, and wide-scale implementation and institutionalization of performance-based management is clearly a work in progress. It appears, though, that change is beginning to take root. As a result of increased training and education, some managers and staff reported a noticeable difference in the use and understanding of outcomes versus outputs. In many cases, performance agreements for both managers and staff are tied to GPRA goals, and are increasingly associated with progress towards achieving outcomes.

We presented a draft of this report to HHS for comment. HHS officials generally agreed with our findings and provided technical clarifications, which were made as appropriate.

Background

ACF, a major program office within HHS, is responsible for programs that promote the economic and social well-being of low-income and disadvantaged children, families, and their communities. Headed by the Assistant Secretary for Children and Families, ACF's seven program offices[6] and various staff offices offer policy direction, information services, and funding through a variety of grants to third-party service providers such as state and local governments and nongovernmental organizations. Of the more than $45 billion provided for in fiscal year 2002, over 85 percent went to just five program areas administered by third parties: Temporary Assistance for Needy Families ($16.7 billion), Head Start ($6.5 billion), Foster Care and Adoption Assistance ($6.6 billion),

[6] The seven program offices are the Office of Family Assistance; the Administration on Children, Youth and Families; the Office of Child Support Enforcement; the Office of Refugee Resettlement; the Administration on Developmental Disabilities; the Administration for Native Americans; and the Office of Community Services.

Child Care ($4.8 billion), and Child Support Enforcement and Family Support ($4 billion).

ACF's work is driven by the four GPRA goals indicated in its annual performance plan: (1) increase economic independence and productivity for families, (2) improve healthy development, safety, and well being of children and youth, (3) increase the health and prosperity of communities and tribes, and (4) build a results-oriented organization.[7] As we have previously reported,[8] ACF linked these goals to its funding request by aggregating and consolidating program activities from multiple budget accounts and linking the associated funding requests to sets of performance goals, which it referred to as "objectives" of these four main goals. In fiscal year 2002, ACF's leadership also established nine key priorities to provide targeted opportunities for collaboration on mission-critical crosscutting activities.[9]

As figure 1 shows, ACF is headquartered in Washington, D.C., and has 10 regional offices within five broad geographic areas of the country known as hubs.[10] Regional offices contain about 50 percent of all ACF employees and are responsible for administering most of ACF's programs and ensuring that program and administrative funds are spent in accordance with ACF goals and initiatives. Headquarters is responsible for setting policy, budget formulation, strategic planning, and legislative affairs. Table 1 describes in further detail the responsibilities of key offices and positions as they pertain to strategic planning and budgeting as well as regional-headquarters operations and relations.

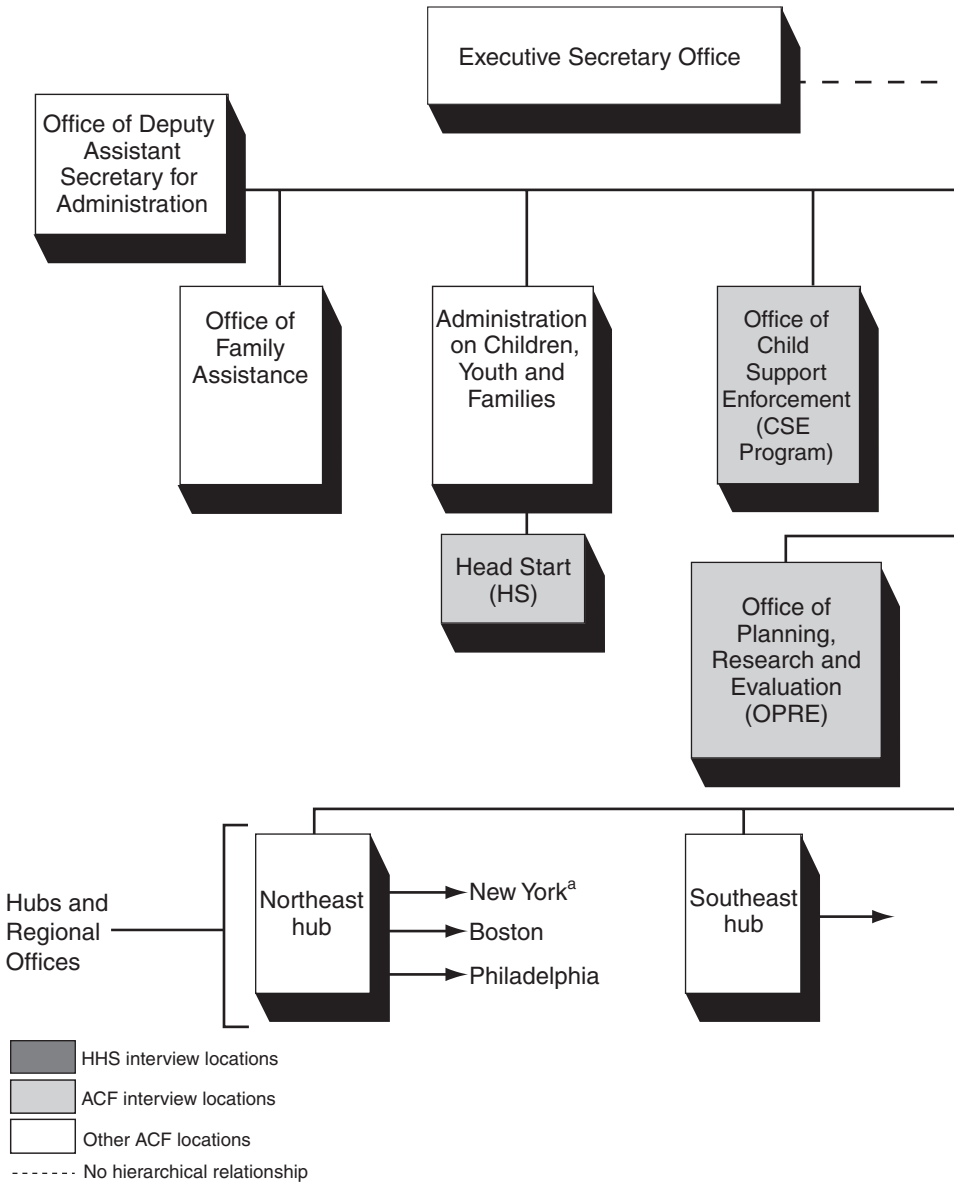
[7] In their technical comments on a draft of this report, HHS officials said that in May 2002, ACF's fourth goal was revised to: "Manage resources to improve performance."

[8] GAO-02-236.

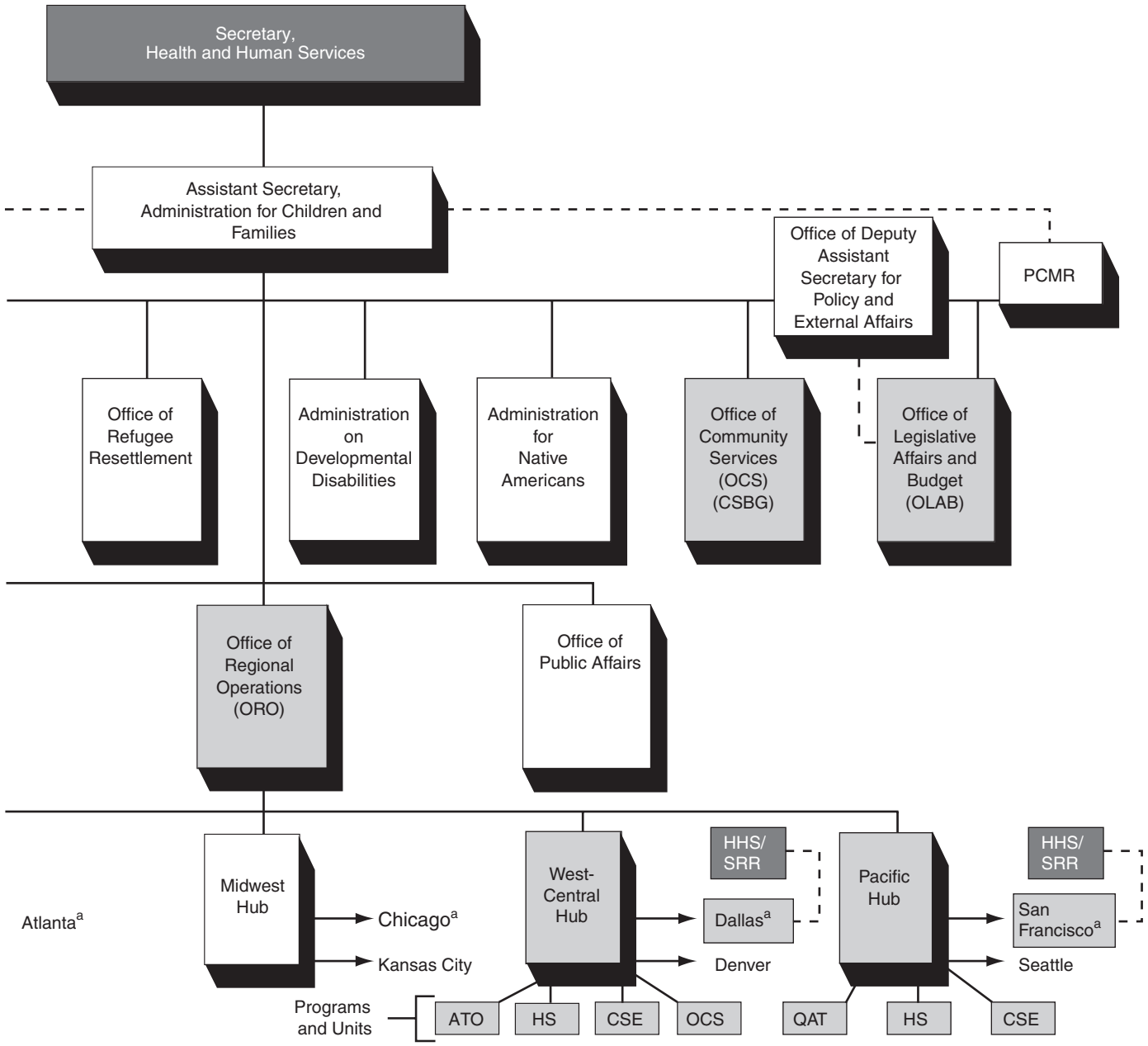
[9] These nine priorities are: (1) fatherhood, (2) healthy marriage, (3) faith-based/community initiatives, (4) positive youth development, (5) next phase of welfare reform, (6) enhancing early literacy of children, (7) rural initiative, (8) prevention, and (9) One Department.

[10] As of October 1, 2002, ACF eliminated its hub structure. ACF will operate in a 10 regional office structure in alignment with the HHS One Department initiative. While ACF plans to reassign functions currently performed at the hub level to the regional offices, it does not intend to eliminate efficiencies that have been realized from cross-regional partnerships. In fact, ACF plans to build on the benefits of these partnerships, including cost efficiencies, innovation, and knowledge expansion.

Figure 1: ACF Organizational Chart



Source: GAO and ACF.



Legend:
[a]Denotes location of Hub Director
ATO: Administration and Technology Office
HHS/SRR: HHS Secretary's Regional Representative
PCMR: President's Committee on Mental Retardation
QAT: Quality and Assurance

Table 1: Responsibilities of Key Offices and Positions for Strategic Planning, Budgeting, and Regional/Headquarters Operations

Office	Responsibilities
Headquarters	
Office of Legislative Affairs and Budget (OLAB)	• Designs and develops budget-estimating models and procedures to project future program costs for mandatory and entitlement programs in order to justify ACF program budgets and policy.
	• Provides guidance to ACF program and staff components in preparing material in support of budget development and negotiates budget issues with the department and OMB.
	• Manages the preparation of ACF's administrative (salaries and expense) budget.
	• Requests apportionments from OMB for appropriated funds, issues allotments to program and staff offices, and manages internal ACF funds control.
Office of Planning, Research, and Evaluation (OPRE)	• Supports ACF's strategic planning.
	• Collects, compiles, analyzes, and disseminates data.
	• Provides coordination and leadership in implementing GPRA.
	• Provides guidance, analysis, technical assistance, and oversight to ACF programs and across programs on planning, performance measurement, and research and evaluation methodologies.
Office of Regional Operations (ORO)	• Oversees the performance and operation of all regional offices.
	• Presents regional administrative (salaries and expense) budgets to OLAB.
	• Coordinates with program offices on regional strategies and implementing program initiatives.
	• Supports Hub directors and regional administrators in establishing and implementing crosscutting program initiatives.
Regions	
Hubs	• Functionally consolidate 10 regional offices to reduce duplication and improve service delivery.
	• Each hub leader is a Senior Executive Service Hub Director who is accountable for all ACF results within the hub.
Secretary's Regional Representatives (SRR)	• Liaisons between HHS agency regional offices and headquarters.
	• Represents the department in direct official dealings with state, local, and tribal governmental officials and offices as well as nongovernment organizations.

Source: GAO based on ACF documents.

As a subordinate unit in HHS, ACF is not an independent entity; its processes, activities, and goals must be seen in the context of the general strategic direction in which HHS is moving. For example, HHS' requirement that its agencies provide performance information with agency funding requests for fiscal year 2003 is an outgrowth of the GPRA planning process and recent attention to the need for timely and reliable performance information with which to evaluate programs. In keeping with its One Department initiative, HHS' desire to present a more standardized performance plan for fiscal year 2004 requires its constituent agencies to reduce their total number of performance measures by at least 5 percent

while simultaneously increasing their outcome measures by at least 5 percent. The need to respond effectively to these and other priorities and initiatives has led to changes in ACF's work planning processes and/or how performance is evaluated in the regional offices we visited.

Many factors affect the nature of ACF's budget and planning process. For example, much of ACF funding, including to some extent, how "discretionary" funds may be spent, is directed by statute. For example, because of the prescriptive nature of the funding requirements in the Head Start authorizing legislation, nearly 20 percent of the $338.5 million increase Head Start received in fiscal year 2002 was designated for teacher salary increases. This limits the extent to which ACF controls how Head Start funds are spent.

Further, over 70 percent of ACF's budget funds mandatory programs in which funding levels are determined by formula for disbursement or eligibility rules regardless of program performance. However, ACF officials told us that, as required by HHS, ACF has taken steps to connect resources and performance by linking the incremental request to key ACF priorities and goals.[11] While this does not explicitly lead to performance-based budget decisions, linking funding requests to expected performance is, as we have previously reported,[12] the first step in defining the performance consequences of budget decisions. As discussed later in this report, it is during budget execution, for mandatory and discretionary programs alike, that ACF's use of training and technical assistance (T/TA) and travel funds and use of staff resources currently show the strongest link between resources and results.

Scope and Methodology

To address the objectives in this report, we selected two regional offices (Region VI, Dallas, and Region IX, San Francisco) and three diverse programs (Head Start, Child Support Enforcement, and the Community Services Block Grant) that represent ACF's self-described best examples of

[11] Although budget officials told us that ACF's focus on the budget is primarily incremental, they pointed out that program officials regularly focused on a program's base budget. HHS officials said that reviewing the base budget is useful in thinking about strategic direction and that GPRA is a constant reminder of how a program's total budget is employed. ACF and HHS officials told us that program reauthorizations also provide an opportunity to focus on base budgets.

[12] GAO-02-236.

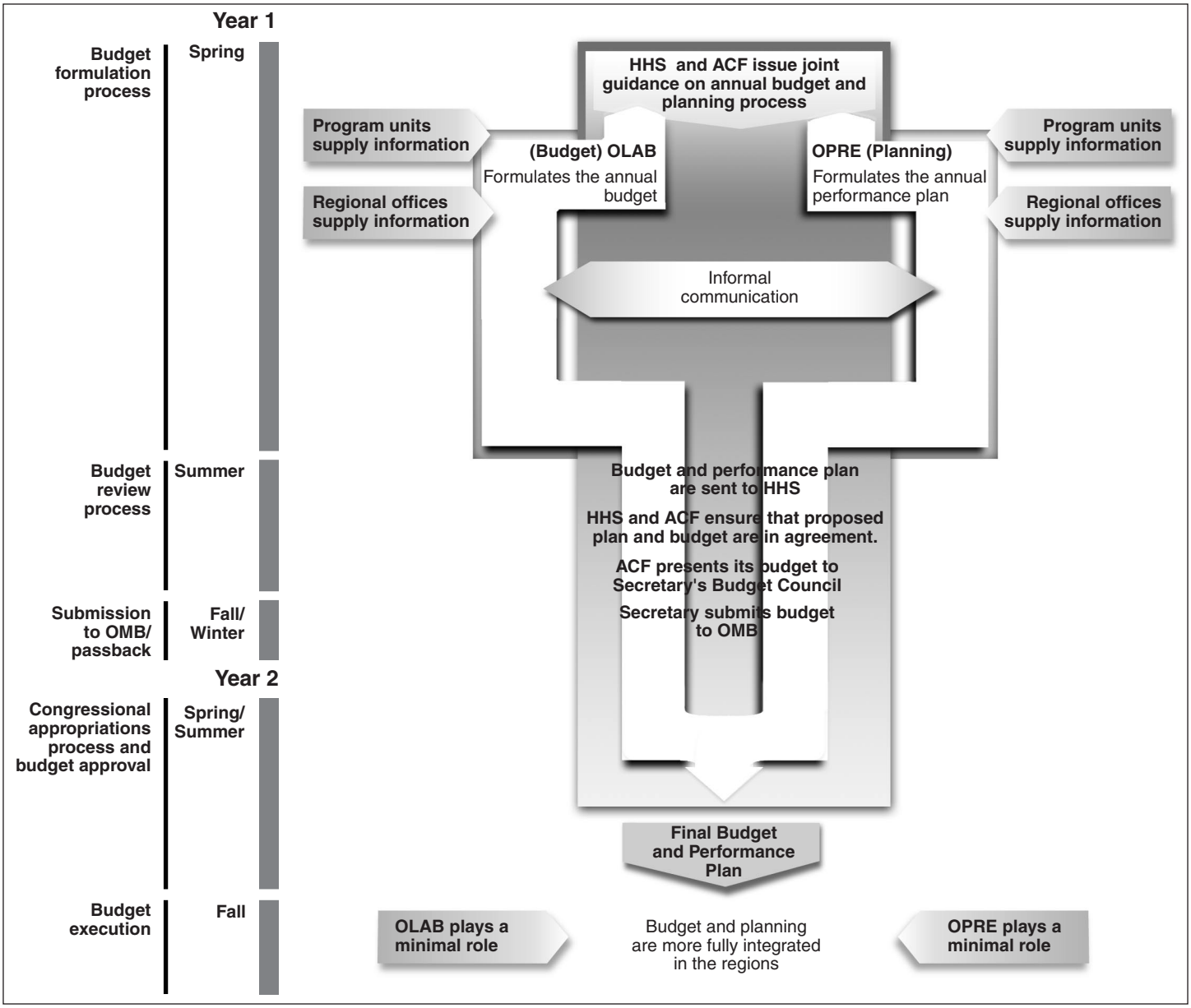
how managers used performance information to inform the resource allocation process. We also obtained staff and management views on the challenges to further budget and performance integration. More detailed information on our scope and methodology, including fuller descriptions of the programs we studied, is in appendix III. A glossary follows that appendix.

We conducted our work from January through May 2002 in accordance with generally accepted government auditing standards.

The Current Budget and Planning Process

Formulation of ACF's budget and its performance plan are closely related but they are not fully integrated. ACF's budget and performance plan are based on joint budget and planning guidance issued by HHS in the spring, and the funding request is linked to ACF's GPRA goals. However, formulation does not begin with evaluating past program performance to inform the upcoming year's budget request and performance plan. Budget and planning become more closely aligned when the budget request and annual performance plan are sent to the HHS budget and planning staff for review. Finally, allocating resources based on performance is most integrated into day-to-day management during budget execution, which is largely decentralized to the regional offices. (OLAB and OPRE, ACF's budget and planning offices, respectively, play small roles in this part of the process.) Figure 2 depicts a timeline for a typical ACF budget and planning cycle as well as the roles and responsibilities of the various key players at each stage of the process.

Figure 2: ACF's Budget and Planning Process



Source: GAO analysis.

Budget Formulation and Performance Planning Are Closely Related but Are Not Completely Integrated

ACF's GPRA planning process follows the budget process and must be completed according to the budget timeline, but formulation does not begin with a formal look-back at program performance to help shape the upcoming year's budget request and performance plan; thus, the processes are not yet completely integrated. However, ACF does link its funding requests for program activities to GPRA goals. OLAB and OPRE work together to review and clarify the HHS budget and planning guidance, and, as appropriate, distribute supplemental guidance throughout ACF. Also, officials describe frequent communication throughout the formulation process. This is in keeping with practices we have previously reported as those an agency can use to link performance information to the budget process.[13]

OLAB is responsible for developing headquarters' salaries and expense (S&E) budgets with input from program offices. Meanwhile, program offices and regions develop program budgets and regional S&E budgets, respectively, with OLAB ensuring that these budgets align with assumptions outlined in HHS guidance. OLAB also ensures that ACF's budget package as a whole supports ACF's priorities and the department's and OMB's external monitoring and reporting requirements.

OPRE oversees the preparation of ACF's annual performance plan and provides guidance, analysis, and T/TA to the program units as they develop the plan's substance. For example, in addition to HHS' guidance—which includes a standardized format for the performance plan and a description of the types of information to be included in each section—OPRE provides a template that combines an example of an ACF program performance plan with a section-by-section explanation of HHS guidance, as well as tips on content. Figure 3 shows an excerpt from OPRE's template, with shaded areas representing OPRE's explanations and guidance.

[13] GAO-01-1084SP.

Figure 3: OPRE GPRA Template

Performance targets for FY 2004 should be consistent with available resources and program implementation strategies. If trend data indicate that the FY 2003 targets were too ambitious or too limited, consider revising and project FY 2004 targets based on these revisions. FY 2002 targets are final and cannot be revised. Include any missing actual performance data from FY 2000 and 2001.

Performance Measures	Target	Actual Performance	Reference (page # in printed document)
PROGRAM GOAL: Ensure that low-income p	Provide 2004 target	*in thei*	
8.1a. Increase by 1% over the previous year the number of volunteer hours contributed by CSBG consumers in one or more community groups. (expressed in million of hours)	FY 04: FY 03: 28.3 FY 02: 28 FY 01: 27.7 FY 00: 28.9 FY 99: 28.6	FY 04: FY 03: FY 02: FY 01: 3/03 FY 00: 3/02 FY 99: 27.46 FY 98: 26.86 FY 97: 27 FY 96: 28.06	

Include mm/yy when data is available

Include new data

Source: ACF fiscal year 2004 planning guidance.

Budget Formulation and Performance Planning Are More Closely Related during Departmental Review

The alignment between budget and planning increases during the second phase of ACF budget formulation when HHS planning staff works with ACF to help ensure that the proposed plan and budget are consistent. As an example, senior HHS planning staff described an instance last year in which the ACF draft performance plan showed a particular discretionary program improving its performance by 5 percent a year, but HHS questioned the feasibility of the performance goal since ACF did not request additional funds for that program. ACF agreed to revisit this goal but, because it was set collaboratively with states, did not change it.[14]

HHS also requires its operating divisions to present their budgets to the Secretary's Budget Council (SBC). The Council is chaired by the Assistant Secretary for Budget, Technology, and Finance, and made up of HHS assistant secretaries and other members of HHS senior leadership. The presentations provide an opportunity for each HHS operating division to present its budget and discuss its proposals for addressing the Secretary's initiatives such as fatherhood and healthy marriages. Based on these presentations, the Council makes recommendations on HHS' budget package. HHS budget staff refines these recommendations and presents a final budget package to the Secretary for his decision.

HHS also uses the SBC presentations in the push to more closely relate budget formulation and program performance. Last year, for the first time, HHS required its agencies to present to the Council performance information on their programs. In this first effort, capturing the quality of program results without overwhelming the Secretary with information proved difficult. As a result, the presentation did not afford information robust enough to use at the program level—the level at which the Secretary makes decisions.

In hopes of better informing the fiscal year 2004 budget process, and in light of OMB's decision to publish PART ratings for selected federal programs in the 2004 budget, HHS officials told us that they required the operating divisions to score their 31 selected programs using PART. These scores, along with PART scores independently derived by HHS staff and,

[14] In their technical comments on a draft of this report, HHS officials said that because many programs in ACF generally do not receive funding increases from year to year (i.e., level-funded), programs and grantees are encouraged to improve both efficiencies and effectiveness as a way of improving performance. This year, HHS officials said, ACF revised the goal to less than 5 percent—a level still believed to encourage improved performance.

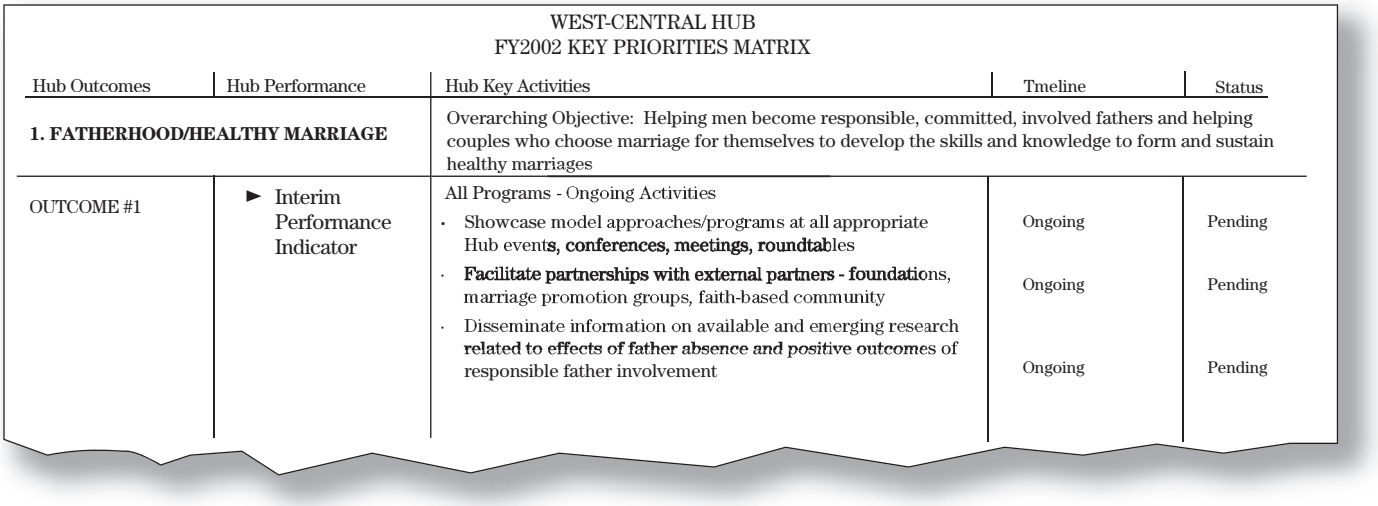
where available, OMB PART scores were included in the SBC budget presentations. When the Secretary received the SBC's budget recommendations, PART assessments for 31 of HHS's approximately 300 programs were also available. Officials hoped that structuring the information this way would make it easier for the Secretary to use.

Allocating Resources Based on Performance Is Most Integrated into Day-to-day Management of ACF Programs

Budget and planning are more fully integrated during budget execution; that is, at the operational level in the regions where ACF programs are generally administered on a day-to-day basis. While the budget execution process varies among hubs and regions, all regions are required to develop and operate according to work plans that link program and agency goals and objectives with expected performance. Regions are expected to spend their funds in accordance with these plans which are to articulate activities and projects to be completed that year and how projects connect to key ACF priorities and goals.[15] Figure 4 depicts an excerpt from a hub work plan.

[15] During budget execution, OLAB ensures compliance with the department's system of funds control by requesting apportionments, providing allotments and allowances, and responding to external monitoring and reporting requirements. Also, OLAB is responsible for centrally administered budget items such as salaries, benefits payments, and rents. In contrast, regional offices' role during budget execution is to make resource decisions that support planned performance consistent with program goals and objectives.

Figure 4: Excerpt from Hub Work Plan



WEST-CENTRAL HUB
FY2002 KEY PRIORITIES MATRIX

Hub Outcomes	Hub Performance	Hub Key Activities	Tmeline	Status
1. FATHERHOOD/HEALTHY MARRIAGE		Overarching Objective: Helping men become responsible, committed, involved fathers and helping couples who choose marriage for themselves to develop the skills and knowledge to form and sustain healthy marriages		
OUTCOME #1	► Interim Performance Indicator	All Programs - Ongoing Activities		
		• Showcase model approaches/programs at all appropriate Hub events, conferences, meetings, roundtables	Ongoing	Pending
		• Facilitate partnerships with external partners - foundations, marriage promotion groups, faith-based community	Ongoing	Pending
		• Disseminate information on available and emerging research related to effects of father absence and positive outcomes of responsible father involvement	Ongoing	Pending

Source: ACF West-Central Hub fiscal year 2002 key priorities matrix.

Performance Information Influences Program, Budget, and Staffing Decisions in Various Ways

In the offices we visited, ACF employs various strategies to help ensure that resource allocation is driven by program performance, thus strengthening the link between resources and goals. At the program level, ACF officials told us that training and technical assistance (T/TA) and salaries and expense funds are often allocated based on program performance and needs. Collaborative strategies are used at both the local and federal levels to more effectively address common goals and strengthen resource allocation decisions. Finally, managers and staff in both regions told us that organizing and allocating staff resources based on agency goals and program needs helps them feel connected to and responsible for the results their programs achieve as well as the national priorities towards which they are working.

Regions Allocate T/TA and S&E Funds Based on Program Performance and Needs

Dallas and San Francisco regional staff prioritize and allocate T/TA resources according to agency goals and program needs. For example, Dallas staff uses the Head Start Monitoring and Tracking System and the annual Child Support Enforcement (CSE) self-assessments and financial audits to identify grantees that have or are likely to have T/TA needs during the fiscal year. Based on these assessments, staff create and follow work plans that focus their efforts on those grantees throughout the year.

Identifying problems early and working collaboratively helps address and correct issues promptly and constructively.

These strategies pay off even when a grantee can not be saved. Dallas officials told us that in Head Start they believe relationships forged with grantees are largely responsible for the ability of program managers to convince a grantee voluntarily to relinquish its grant—a less costly and time-consuming process than if ACF were to forcibly terminate a grant. For example, last fiscal year ACF discovered that a Head Start grantee overspent its prior year federal Head Start funds. ACF explained to the grantee that it was unable to provide the grantee with additional funding for its Head Start program. Because the grantee could not run its program without receiving additional funds, ACF recommended that the grantee consider relinquishing the grant. As a result of ACF's recommendation, the grantee voluntarily relinquished its program due to financial mismanagement. Dallas officials estimate that the federal government can save as much as $50,000 in legal fees for each grant that is relinquished versus terminated. Further, ACF officials told us, Head Start children and families experience less disruption in service delivery when a grant is relinquished rather than terminated.

San Francisco officials told us that they are beginning to use the new Grant Application and Budget Review Instrument (GABI) in conjunction with other information to compare actual grantee performance to performance targets. GABI's national cost data help identify applicants with unusually high administrative costs, teacher/classroom ratios, etc.

Collaborative Strategies and Knowledge Help Achieve Program Goals and Strengthen Resource Allocation Decisions

ACF was better able to achieve CSE program goals by partnering with states to create a CSE national strategic plan based on common goals. ACF reports that states and ACF developed and agreed upon the plan's four goals, related objectives, and indicators. These goals, objectives, and indicators are aligned with the CSE-related portion of the ACF GPRA performance plan. Because ACF and states define and measure the CSE program's achievements with the same yardstick, they now work together towards a common purpose.

Furthermore, the GPRA performance measures are the same as those used to determine each state's CSE incentive payment. In theory, these payments are intended to reward states that meet the performance measures. As a result, states have an incentive to work towards the GPRA measures and ACF can report on state and program performance and explicitly show

what level of program performance was achieved nationally for the level of funding in a particular year.

Even though a large percentage of funds is driven by formula or eligibility, strategies that leverage resources from a variety of sources and knowledge about grantees' capacity to deliver services can lead to more informed resource allocation decisions during budget formulation and execution. For example, the administration planned to request funds in fiscal year 2002 for a new program for maternity group home services. ACF had internal discussions as to the legislative authority under which the funds should be requested. Both the Runaway and Homeless Youth Act (RHY) and Temporary Assistance for Needy Families (TANF) programs were mentioned as possible candidates. Although at first TANF seemed the more natural choice, ACF ultimately requested the program funding under RHY based on information from regional officials about the state agencies and community providers in their regions as well as their ability to successfully administer these programs—information that headquarters staff may have been too far removed from program implementation to observe.[16] Theoretically, this money will be better spent and program goals are more likely to be achieved than if the funds were appropriated through TANF.

The Dallas and San Francisco regional offices also described several performance-informed resource allocation decisions that occurred during budget execution. For example, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 gave tribes the opportunity to run their own CSE programs. These programs are directly related to ACF's first and third GPRA goals: to increase economic independence and productivity for families (goal 1) and to increase the health and prosperity of communities and tribes (goal 3). ACF has begun to direct resources to activities that will prepare tribes to fully support these programs. For example, Dallas officials told us that Dallas' record for achieving results and its experience with CSE tribal demonstration projects and special improvement projects were part of the reason it received additional funds from headquarters in fiscal year 2001 to develop and pilot a training curriculum for new federal tribal child support specialists; the program was subsequently approved by the CSE program office for use nationwide.

[16] Although no funds were appropriated for a new program providing maternity group home services, Congress, in fiscal year 2002, appropriated $88 million for RHY activities and encouraged ACF to deliver services similar to those for which it requested funds through RHY's existing program activities.

In fiscal year 2002, the West-Central Hub again received additional funds to assess tribal/state court relationships within the Hub and identify best practices to be shared nationwide.

Regional staff works towards achieving ACF goals and moving the administration's agenda forward by expending T/TA resources on assisting state and local programs that are already providing compatible services. For example, in Texas, Dallas staff helped the state incorporate the administration's "Good Start, Grow Smart" early literacy initiative into the training curriculum for the CIRCLE[17] initiative, an existing early literacy training program for Texas Head Start teachers. Similarly, San Francisco staff worked with Arizona state officials to tap into existing programs in Arizona aimed at increasing young fathers' financial responsibility for their children and use these programs as a vehicle to support the administration's initiatives to promote responsible fatherhood and healthy marriages. Arizona has implemented a program that helps couples learn relationship, communication, and listening skills to promote healthy marriages.

Through participation in and representation on interagency councils, ACF seeks to use its resources more efficiently to achieve its goals that cut across HHS and other federal departments. For example, the San Francisco region participates in the Region IX Federal Regional Council (FRC), an interagency body that seeks to foster efficiency and effectiveness through intergovernmental and public/private partnerships to achieve administration goals and priorities. After determining that several of its federal agency members were planning community events to address the administration's faith-based initiative, FRC established a working group to share information and coordinate activities, and ACF engaged with other FRC members to organize a youth seminar on the topic.

ACF also participated in FRC task forces to address economic development, social, health, and environmental issues in North Richmond and East Palo Alto, two low-income communities in the San Francisco region. These efforts have resulted in community improvements such as expanded Head Start services, employment of TANF recipients, and holiday toy and book drives for needy children. Region 9 officials also

[17] Launched in 1999, the Center for Improving the Readiness of Children for Learning and Education (CIRCLE) is a partnership program between the University of Texas and the Texas Education Agency to emphasize early literacy and get kids ready for kindergarten.

participated in community meetings in both areas and provided information on ACF funding opportunities, programs, and services in North Richmond. In addition, San Francisco is involved in an FRC initiative focused on employment and economic development strategies in the San Joaquin Valley in support of the administration's effort to move the welfare reform agenda forward. Similarly, the HHS Regional Managers' Council helps HHS agencies and components in Region IX work together to achieve crosscutting goals. For example, the Centers for Medicare and Medicaid Services, ACF, and the Health Resources and Services Administration joined forces to address State Children's Health Insurance Program (SCHIP) and Medicaid issues to increase enrollment among underserved minority children.

ACF's Office of Community Services (OCS) and its Regional Liaison initiative further illustrate the value of collaboration in achieving outcomes and goals. To promote the Community Services network—agencies that create, coordinate, and deliver programs and services to low-income Americans—as an asset to other regional activities and to address crosscutting needs at the local level, ACF's OCS and Dallas piloted an OCS Regional Liaison in 1997. Based on the success of the pilot, OCS liaisons were designated in each region in 1998. As an example of the central role played by the liaisons, the lead liaison in Dallas was instrumental in developing a Head Start Early Alert System that was eventually implemented nationwide.[18]

OCS also seeks to broker support for community concerns and goals and to leverage network resources to help fulfill the administration's initiative on community partnerships. For example, OCS has partnered with the Health Resources and Services Administration to improve services to low-income people by bringing together community health centers and CAAs to address health concerns at the community level. To address awareness and access concerning public benefits for the aging and disabled community, OCS has partnered with the National Council on Aging and the faith-based community on education and outreach efforts.

[18] Because 40 percent of Head Start programs nationwide are administered by Community Action Agencies (CAA), Dallas focused its early alert system on CAA/Head Start programs as a way both to help Head Start grantees avoid losing their grants and to assist individual CAAs when usual T/TA channels have not worked. Strengthening CAAs reportedly has had spillover benefits to other programs and services because of the number and breadth of federal programs CAAs often administer.

OCS, in partnership with the Community Services network, created "Results Oriented Management and Accountability" (ROMA). OCS describes ROMA as a goal-oriented framework that binds and holds accountable a local network of community action agencies in a standardized way while allowing them the flexibility to develop their own processes and outcomes consistent with local preferences and state objectives. ROMA is based on the six national performance goals related to the Community Services Block Grant (CSBG) program and balances family-, community-, and agency-level program outcomes. Although participation in ROMA itself is voluntary, the CSBG statute requires all states to participate in a performance measurement system by fiscal year 2001—either ROMA or another one. OCS is trying to achieve full ROMA implementation in time for the fiscal year 2003 CSBG program reauthorization.

Organizing and Allocating Staff Resources Based on Program Goals and Needs Help Connect Staff to Desired Outcomes

Creating a flexible workforce that can work across program boundaries allows staff to work together to achieve outcomes and focus on total performance throughout a state rather that on individual program outcomes. Most of the ACF/San Francisco office is organized into "state teams" in which staff are responsible for multiple programs within a subset of states in the region rather than being responsible for a single program across the region. Officials told us that this organization allows them to shift duties as necessary when agency priorities shift. For example, an employee on the Arizona/Nevada team was able to shift from working with Nevada on child support issues to working with Arizona on the Child and Family Services Review, a labor-intensive effort, where more staff were needed. In other instances, staff were able to focus on ACF's crosscutting priorities (e.g., strengthening marriage), which support the purposes of various programs, rather than on each individual program to meet the administration's vision for ACF. On the California team, staff primarily responsible for the TANF and Child Care programs actively work together and support each other as needed.

Dallas created "21st Century Specialists," employees with multidisciplinary, broadly defined position descriptions that allow them to carry out a variety of functions within and across programs because their position descriptions set general performance standards not tied to specific functions or programs. Dallas officials reported that, given the opportunity to explore and implement new ways to achieve goals, staff have begun to identify crosscutting opportunities and form natural partnerships among programs in order to achieve desired outcomes.

Linking Resources to Results Is an Evolving Process

While ACF has progressed in better aligning its resources with program goals and desired results, almost all managers and staff we spoke with recognized that strengthening the link between resources and results is a work in progress, and that many challenges still need to be addressed before ACF can more fully integrate budget and planning. ACF has identified several significant barriers to further linking resources and results, including the effects third-party providers have on its ability to either influence program outcomes or to collect and report program performance information; difficulties in determining a particular program's effectiveness; and the organizational culture change required to support more results-oriented operations. ACF has begun to identify and implement mitigation strategies to address these issues.

Third-Party Issues Limit ACF's Ability to Work towards National Performance Goals and to Collect, Verify, and Report Performance Information

ACF conducts much of its work through "third parties"—states, localities, and other non-federal service providers—which often limits the extent to which ACF directly influences program outcomes. This is especially true since many ACF programs by law provide grantees flexibility in how federal funds may be spent. Although program activities must meet the general federal purposes of the program, ACF's grantees are able to make funding choices that may not support the achievement of specific national performance goals or performance targets.

Third-party issues can also affect ACF's ability to report on program results promptly and consistently. For a number of major programs, ACF relies on state administrative data systems for performance information. In many cases, final reports are due 90 to 120 days or more after the federal fiscal year ends, creating a delay in available data. Moreover, many programs contain voluntary requirements that give grantees great flexibility in reporting. As previously discussed, ACF has successfully used collaborative strategies to get providers to buy into and work towards national priorities.

ACF has worked to help its service providers develop an understanding of ACF's GPRA responsibilities and the importance of consistent, prompt, and accurate performance data collection and reporting. ACF used ROMA to respond to the administration's emphasis on results-based, client-focused accountability and enjoyed a 75 percent implementation rate by fiscal year 1999 even though participation in a performance measurement system was not required until fiscal year 2001. When data collection issues arose as one of the most significant barriers to full ROMA implementation, OCS pledged

to use a significant portion of its technical assistance resources and administrative support activities to implement ROMA across the network, including helping grantees increase their capacity for data collection and reporting.

ACF is also working with the HHS Data Council to assess unmet data needs for major programs, and, using the collaborative methods described in this report, is progressing in getting grantees to agree to consistent data definitions and reporting requirements for some programs.

Difficulty Isolating a Particular Program's Effect on Outcomes Affects ACF's Ability to Determine Program Effectiveness

Since ACF is part of a network of federal, state, local, and nongovernmental efforts aimed at improving long-term social health and social outcomes, attributing a particular outcome to any particular effort can be a great challenge. Further, because outcomes may not be known for many years, annually measuring the results of these collective investments much less any one part is often difficult and may not be particularly useful.

To help mitigate these problems, ACF uses information from program evaluations and has also begun to identify intermediate outcomes and monitor progress towards them. For example, Head Start is currently undergoing a 6-year study intended to establish evidence of a link between outputs and outcomes for the Head Start program. The study will compare outcomes for Head Start children to non-Head Start children while controlling for socioeconomic factors, parenting practices, and demographics. It will then determine conditions that positively or negatively affected the outcomes. ACF and regional staff have also offered training to their employees to help them better understand and articulate the link between program outputs and outcomes, and to develop intermediate performance outcomes and targets necessary to show progress towards longer-term goals.

Organizational Culture Change Seen as Needed to Strengthen Performance and Budget Integration Is a Slow Process

ACF and HHS officials repeatedly told us that the culture change necessary to support and strengthen the linkages between resources and results takes time but is beginning to take root. Some managers and staff reported a noticeable difference over time in employees' understanding of and ability to define measurable outcomes linked to agency goals and initiatives as well as a desire to hold employees accountable for achieving results. For example, goal-oriented, project-based work plans have become the standard in the regions we visited. Also, performance contracts for both

managers and staff are now or soon will be tied to agency goals and initiatives, and are viewed as increasingly focused on outcomes.

Managers and staff also report a clearer understanding of the difference between outputs and outcomes, and the use of outcome measures is becoming more common. For example, after providing the training described above on program outputs and outcomes, San Francisco managers reported noticeable improvement in the use and nature of outcomes described in unit workplans. In Dallas, employees are beginning to create their own performance goals—stepping stones to longer-term goals—for which they are held accountable each year. Regional managers told us that they have also begun to help program staff break down 5-year program outcomes into 1-year targets geared towards elements states and grantees can accomplish within the reporting time frame.

Agency Comments

We requested comments on a draft of this report from The Policy Exchange/Institute for Educational Leadership and the Department of Health and Human Services. The Policy Exchange agreed with the substance of the report and we incorporated its technical comments as appropriate. It also made suggestions for future GAO work in this area. HHS generally agreed with the substance of the report and submitted technical comments that were incorporated as appropriate. HHS disagreed with our use of the term "budget execution" to describe their regional offices' role in resource allocation decisions, which they characterize as "program implementation." We view budget execution as a management function that is broader than those activities traditionally performed by a central budget office. A glossary of terms can be found at the end of this report.

In addition, we provided drafts of the Dallas and San Francisco regional office appendixes to the appropriate regional officials for technical review and have incorporated their comments where appropriate.

As agreed with your office, we are sending copies of this report to the Secretary of Health and Human Services, appropriate Congressional committees, and other interested parties. We will make copies available to others upon request. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

Please contact me on (202) 512-9573 or Denise Fantone, Assistant Director, on (202) 512-4997 if you or your staff have any questions about this report. Major contributors to this report were Amy Friedlander, Jackie Nowicki, Keith Slade, and James T. Whitcomb.

Sincerely yours,

Paul L. Posner
Managing Director, Strategic Issues
Federal Budget Analysis

Efforts to Strengthen the Link between Resources and Results in the ACF West-Central Hub, Dallas Regional Office

Background

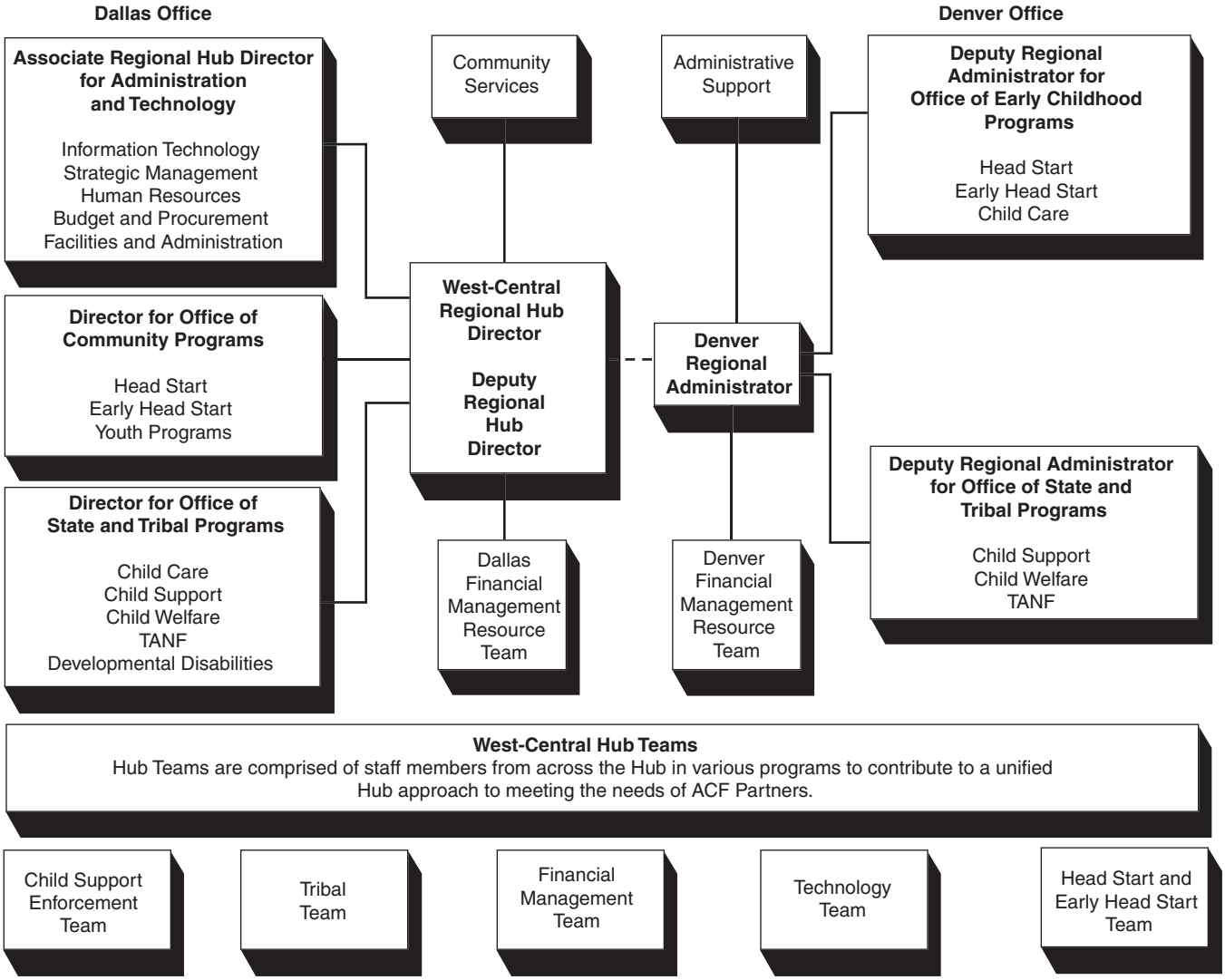
The Administration for Children and Families' (ACF) West-Central Hub is responsible for carrying out ACF programs and initiatives in the 11-state Hub area.[19] When the Hub was created in 1996, the Hub Director created program teams in its two regional offices—Dallas and Denver—and assigned lead program responsibilities to each region based on its strengths. Thus, Dallas has the lead for the Developmental Disabilities, Runaway and Homeless Youth, Technology, and Early Head Start programs. Denver has the lead for Child Welfare, Child Care, and Head Start programs. Also, cross-Hub teams, using staff from both regions, coordinate crosscutting issues and provide a unified approach to meeting the needs of states and other grantees in the Hub.

Figure 5 shows how the West-Central Hub is organized. The Regional Hub Director is located in Dallas and is responsible for providing leadership and guidance to all partners (for example, grantees, state, and local governments) in the Hub. Dallas (Region VI) serves Arkansas, Louisiana, New Mexico, Oklahoma, and Texas. Denver (Region VIII) serves Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming.

Dallas' Office of Administration and Technology (ATO) "owns" the strategic planning process. ATO provides guidance to program staff with regard to approaching key activities and projects, measuring and monitoring performance, and achieving outcomes highlighted in the work plan. ATO also holds training and workshops throughout the year to help program units and staff understand regional goals and strategies. Two program offices in each region support and administer ACF grantees and programs in the Hub.

[19] The 11 states in the ACF West-Central Hub include: Arkansas, Colorado, Louisiana, Montana, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, and Wyoming.

Figure 5: West-Central Hub Organization Chart



Source: ACF West-Central Hub.

Budgeting and Planning in Dallas Is an Integrated, Interactive Process Focused on Results

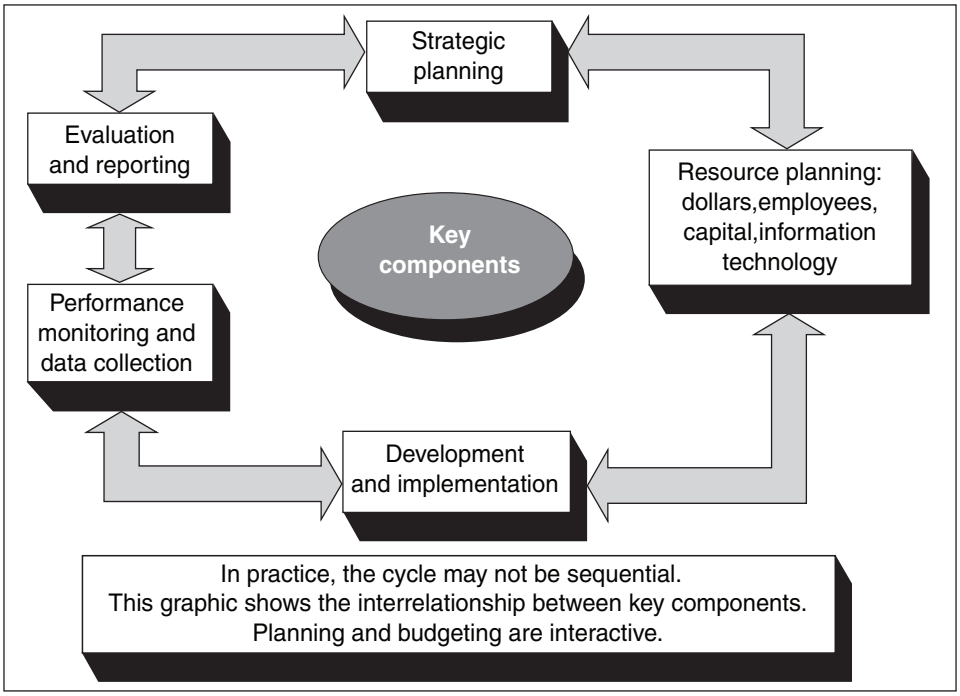
Strategic planning in Dallas is a dynamic process that is sensitive to changing circumstances in the region and headquarters. The Hub work plan is developed via a strategic planning process dependent on top-down guidance from senior leadership and bottom-up input from staff. Aligning regional staffing responsibilities with the goals in the work plan has encouraged innovation among staff and clearer linkages between resources and results. The regional work plan and Dallas' project management systems reinforce these linkages.

Strategic Planning Incorporates Top-Down Guidance and Bottom-Up Input

Strategic planning in Dallas is an integrated and evolving process. When planning and implementing projects that support the work plan, Dallas leadership and staff continually reevaluate evolving priorities and circumstances affecting their work. As new needs, priorities, or project ideas surface during the year, key activities and associated resources are adjusted as necessary. ATO ensures that it is an inclusive process resulting in a work plan tied to ACF goals and priorities, built from the bottom up, and reflective of senior leadership's guidance. The strategic planning process reflects program staff perspectives on the needs of grantees and the communities they serve as well as benefits from their first-hand knowledge of strategies that have been successful. ATO encourages collaboration in developing the work plan by sponsoring work sessions and staff meetings throughout the year. Managers told us that working on activities and projects that contribute to national goals has become important to staff over time. An inclusive strategic planning process appears to help maintain a focus on outcomes by making the resulting day-to-day activities meaningful for staff.

To assist staff with strategic planning, ATO developed *Managing for Results: A Guide for Strategic Management Within the West-Central Hub*. The guide focuses on the critical elements of successful strategic planning, successful implementation of the strategic plan, and monitoring, evaluation, and review of the strategic plan. Figure 6 shows the key elements of Dallas' strategic planning process.

Figure 6: Key Components of Dallas' Strategic Planning Process



Source: ACF West-Central Hub.

Dallas Has Encouraged Staffing Innovation and Accountability

Rethinking staffing in two key ways has encouraged employee innovation and strengthened the Hub's focus on results, according to managers. New "21st Century Employee" positions have multidisciplinary, broadly defined position descriptions that allow staff to carry out a variety of functions within and across programs. These new positions have provided staff with the opportunity to take a crosscutting view among programs and identify opportunities to form natural partnerships in order to achieve outcomes. Also, linking employees' day-to-day activities to goals and priorities through such instruments as outcome-based employee performance contracts has brought encouraging results to the region. For example, managers report that employees have a stronger sense of contribution and responsibility towards achieving program goals. Focusing on outcomes rather than process and outputs creates an opportunity for individuals to exercise their creativity and run with new project ideas, and helps to hold staff accountable for results in the region.

To help staff develop performance contracts clearly aligned with organizational goals, Dallas' Employee Communication and Performance Management Team created a resource guide that provides results-based tools and techniques for developing performance contracts that align with organizational goals.[20] Employee performance plans tie into the Regional Hub Administrator's performance contract, which in turn is tied to the work plan. The guide helps employees distinguish between activities—the actions used to produce results—and accomplishments, which are the value-added results produced by the activities. The guide also illustrates how to measure and monitor performance and accomplishments included in performance contracts.

Regional Work Plans and Project Management Systems Reinforce the Link between Inputs, Activities, and Outcomes

Work plans and project management systems reinforce the link between resources (inputs) needed to complete projects (activities) aimed at achieving goals (outcomes). Annually, program offices create program plans on which the regional work plan is based. Built in a matrix format, the work plan reinforces the linkage between regional goals and objectives, including GPRA goals, with outcome measures, performance indicators, and the key activities necessary to achieve regional goals and objectives. Also, the key activities are linked to timelines and status indicators noting, for example, when an activity has been completed. Key activities in the program plans crosswalk to the work plan, which tends to contain more broadly defined regional-level activities. Program units request funding for projects that contribute to the activities in the regional work plan and program plans, thus completing resources-results linkage. Projects and their associated funding are tracked in Dallas' project management system, the Results-Based Information Tracking System (RBITS). RBITS tracks how project funds are spent and also shows the connection between the project, regional goals, ACF goals, and HHS goals.

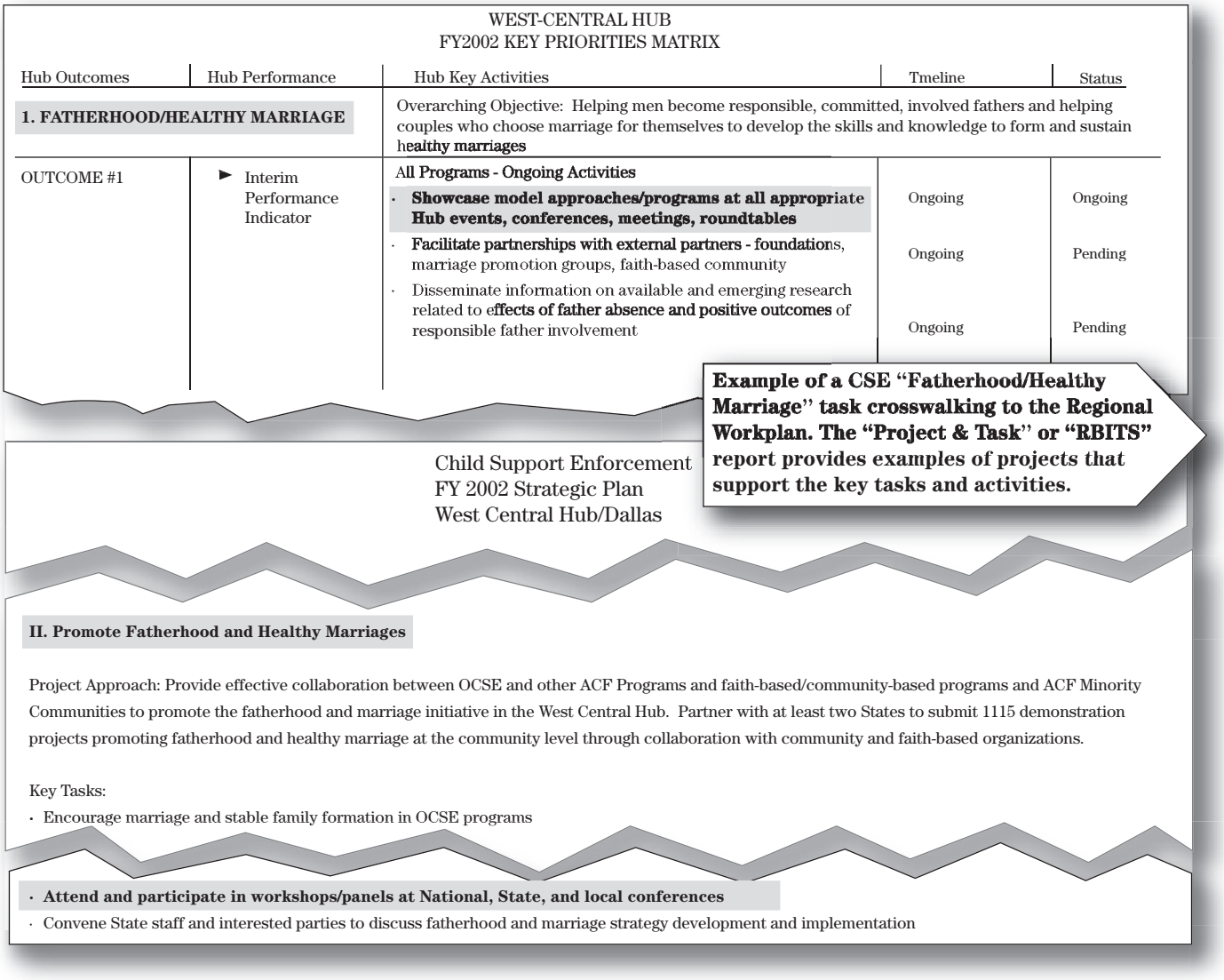
RBITS is a real-time project management system to help staff better link resources with results throughout the year. RBITS tracks budgeted vs. actual spending, including remaining funds on a project basis. These data are used to "find" leftover funds that can be shifted from completed projects to new projects or priorities. Also, RBITS historical spending data can provide baseline information for projecting future project cost estimates. For example, the cost of a 6-month technical assistance project

[20] Results-based tools and techniques include, for example, tree diagrams, which can be used to break broad goals into the detailed actions needed to achieve them.

in Austin can be reasonably estimated with RBITS historical data. RBITS projects are coded in various ways (for example, by HHS goal, ACF goal, key priorities, staff person, date) allowing ATO to generate various reports from the database; RBITS reports are accessible to everyone working in the region.

Figure 7 shows portions of the fiscal year 2002 West-Central Hub regional work plan (also called the key priorities matrix) and Dallas Office of Child Support Enforcement (OCSE) fiscal year 2002 program plan for the fatherhood and healthy marriage initiatives. The shaded "key task" in the program plan crosswalks to the shaded "key activity" in the regional work plan. The shaded area of the RBITS report in figure 8 on the adjacent page illustrates examples of projects that support the key tasks and activities described above, and shows how the Dallas Regional Office tracks spending associated with these activities.

Figure 7: Excerpts from the West-Central Hub Regional Work Plan and Dallas OCSE Program Plan



WEST-CENTRAL HUB
FY2002 KEY PRIORITIES MATRIX

Hub Outcomes	Hub Performance	Hub Key Activities	Tmeline	Status
1. FATHERHOOD/HEALTHY MARRIAGE		Overarching Objective: Helping men become responsible, committed, involved fathers and helping couples who choose marriage for themselves to develop the skills and knowledge to form and sustain healthy marriages		
OUTCOME #1	► Interim Performance Indicator	All Programs - Ongoing Activities		
		· **Showcase model approaches/programs at all appropriate Hub events, conferences, meetings, roundtables**	Ongoing	Ongoing
		· **Facilitate partnerships with external partners - foundations**, marriage promotion groups, faith-based community	Ongoing	Pending
		· Disseminate information on available and emerging research related to **effects of father absence and positive outcomes** of responsible father involvement	Ongoing	Pending

Example of a CSE "Fatherhood/Healthy Marriage" task crosswalking to the Regional Workplan. The "Project & Task" or "RBITS" report provides examples of projects that support the key tasks and activities.

Child Support Enforcement
FY 2002 Strategic Plan
West Central Hub/Dallas

II. Promote Fatherhood and Healthy Marriages

Project Approach: Provide effective collaboration between OCSE and other ACF Programs and faith-based/community-based programs and ACF Minority Communities to promote the fatherhood and marriage initiative in the West Central Hub. Partner with at least two States to submit 1115 demonstration projects promoting fatherhood and healthy marriage at the community level through collaboration with community and faith-based organizations.

Key Tasks:

· Encourage marriage and stable family formation in OCSE programs

· **Attend and participate in workshops/panels at National, State, and local conferences**

· Convene State staff and interested parties to discuss fatherhood and marriage strategy development and implementation

Source: ACF West-Central Hub.

Legend:

CSE: Child Support Enforcement

RBITS: Results-Based Information Tracking System

Figure 8: Results-Based Information Tracking System Report

WEST-CENTRAL HUB - Project Code: CS-2

FY2002 Location:Hub Project Name: **Promote Fatherhood and Healthy Marriages** Project Duration: 10/ 1/01 to 9/30/02

Linkage: **Priority:** Fatherhood **HHS Goal**: 2 **HHS Objective:** 2.2 **ACF Objective:** 3

Project Lead: Lead Location: Dallas Leadership Sponsor:

Project Scope: Provide effective collaboration between OCSE and other ACF Programs and faith-based/community-based programs and ACF Minority Communities to promote the fatherhood and marriage initiative in the West Central Hub. Partner with at least two States to submit 1115 demonstration projects promoting fatherhood and healthy marriage at the community level through collaboration with community and faith-based organizations.

Project Deliverable:

Project Outcome:
(1) Increase participation of faith-based organizations in marriage and fatherhood initiatives in West-Central Hub States
(2) Implement at least two large urban community projects to promote/implement healthy marriage and strengthened fatherhood strategies through the 1115 demonstration process
(3) Increase incidences of marriage between parents following paternity establishment in the child support enforcement program in at least two states
(4) Increase unemployed/underemployed fathers paying child support through child support enforcement programs in at least two states

TASK / ACTIVITY	ASSIGNED TO	RESOURCE	EST. COST	START	END	REMARKS	STATUS
Third Annual Southwestern Fatherhood Conference 2002	**T**	**TRAINING**	**$350.00**	**1/30/02**	**2/1/02**		**PENDING**
Travel Agency Transaction Fee	**t**	**FEES**	**$4.49**	**1/30/02**	**2/1/02**		**PENDING**
To attend the Third Annual Southwestern Fatherhood Conference 2002	**t**	**TRAVEL**	**$761.90**	**1/30/02**	**2/1/02**		**PENDING**

PROJECT'S ESTIMATED COST TOTAL = $5,481.31

Thursday, August 01, 2002 **"Projects and Tasks Report"** **Page 2 of 2**

Source: ACF West-Central Hub.

Efforts to Strengthen the Link Between Resources and Results in the ACF Pacific Hub, San Francisco Regional Office

Background

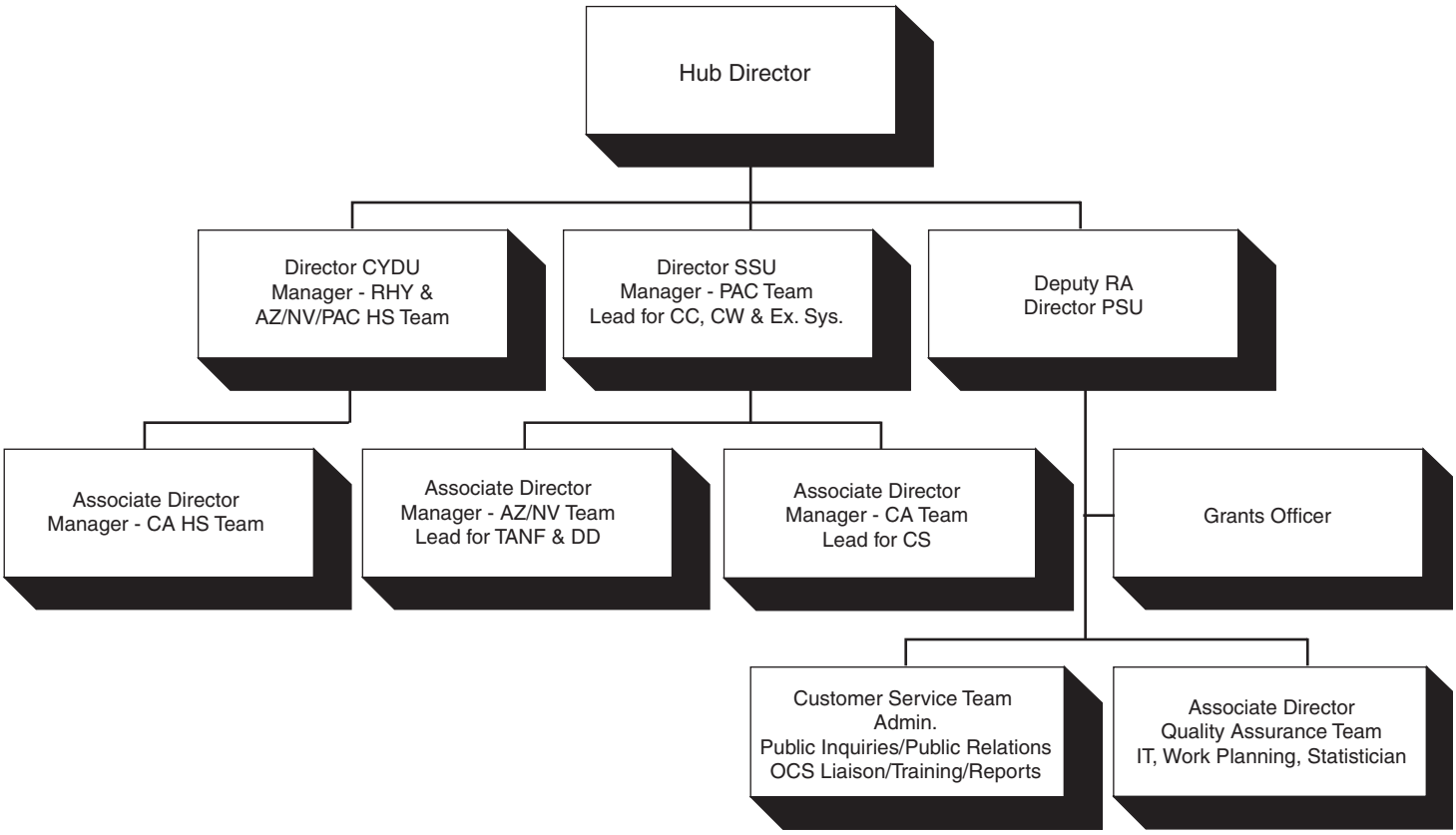
The Pacific Hub office, located in San Francisco, comprises the Administration for Children and Families' (ACF) Region 9 (San Francisco) and Region 10 (Seattle). The Hub Director oversees overall Hub operations and is directly responsible for overseeing the Region 9 office. The Hub Director has no line authority over the Regional Administrator who runs the Seattle office.[21] Thus, the Hub Director relies on cooperation with the other regional offices to effect change in Region 10.

Region 9 is organized into three units: a Program Support Unit (PSU), a Self-Sufficiency Unit (SSU), and a Children and Youth Development Unit (CYDU). The Quality Assurance Team (QAT) in PSU coordinates the development of work plans, provides program technical support, and gives technical assistance to states on sampling plans and data validation. SSU and CYDU provide program and financial management services, technical administration, and technical assistance to states and grantees in the administration of the ACF grant programs for which states and grantees are responsible.[22] Figure 9 shows the Region 9 organizational structure.

[21] Region 9 serves the states and federally recognized tribes of Arizona, California, Hawaii, and Nevada; the territories of Guam and American Samoa; and the Federated States of Micronesia, the Marshall Islands, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau. Region 10 serves the states and federally recognized tribes of Alaska, Idaho, Oregon, and Washington.

[22] SSU is responsible for TANF, CSE, the Child Care and Development Fund, Foster Care and Adoption Assistance, Child Welfare, Child Abuse and Neglect, and Developmental Disabilities. CYDU is responsible for programs such as Head Start and Runaway and Homeless Youth.

Figure 9: San Francisco Regional Office Structure



Source:ACF Region 9.

Legend:

AZ: Arizona
CA: California
CC: Child Care
CS: Child Support
CW: Child Welfare
CYDU: Children and Youth Development Unit
DD: Developmental Disabilities
Ex. Sys: External Systems
HS: Head Start
NV: Nevada
OCS: Office of Community Services
PAC: Pacific Team
PSU: Program Support Unit
RA: Regional Administrator
RHY: Runaway and Homeless Youth
TANF: Temporary Assistance for Needy Families

Strategic Planning at Region 9 Seeks to Engage, Inform, and Educate Staff

Officials told us that the goal of strategic planning in the region is to create processes that link resources to results while engaging, informing, and educating staff as to the value of focusing on program outcomes. To this end, they have embarked on several efforts: (1) organizing staff into state teams to allow a more integrated approach to service delivery, (2) developing regional work plans that link activities to priorities and goals and focus on outcomes, and (3) issuing accomplishment reports linked to the regional work plan. They said that, as a result, Region 9 is poised to use strategic planning as a management tool to improve results and allocate resources.

State Teams Provide a Flexible, Crosscutting Approach to Service Delivery

Region 9 officials told us that they have reorganized to create state teams—rather than program-focused teams—to allow better integration, more efficient use of resources, and better customer service. They said that these teams allow them to be more flexible and to more easily recognize and take advantage of the natural program linkages. In turn, staff can help grantees take advantage of these linkages in their own programs. For example, Region 9 staff helped Arizona use Head Start programs as vehicles to strengthen the role of young fathers in their children's lives—something that would be traditionally viewed as a Child Support Enforcement (CSE) program goal. State-based teams allow Region 9 to shift its focus when agency priorities shift and focus on ACF priorities (e.g., strengthening marriage) rather than specific programs to meet the administration's vision for ACF. The reorganization also helped the office to continue providing service despite increases in workload and reductions in staffing levels at the regional office—from more than 100 in the early 1990s to approximately 65. Lastly, managers report that their staff are now able to provide a single point of contact for grantees in a state, which is particularly important for Indian tribes.

The Work Planning Process Strives to Link Activities to Goals and Strengthen the Focus on Outcomes

Over time, Region 9 officials told us that they have tried to guide the work planning process and the work plans themselves to link more closely to the Government Performance and Results Act (GPRA), involve staff at all levels, and focus more directly on outcomes. Officials said that the early work plans (pre-fiscal year 1998) were simply a list of strategies to be achieved, organized by major ACF priorities. Recently, these work plans have become a way of showing how the region plans to allocate resources to specific activities to achieve GPRA goals and the Secretary's crosscutting initiatives. The Hub more recently has also adopted this

approach. The plans have also begun to include expected outcomes by which the Hub and region can measure the extent to which they have achieved their stated goals. Table 2 describes some key elements of the work planning process and work plans in fiscal years 1998 to 2002.

Table 2: Key Elements in Work Planning, Fiscal Years 1998-2002

FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Plans linked to ACF priorities		**Plans linked to GPRA goals/crosscutting priorities**		
Regional plan compiled by QAT – no program staff involvement.	Teams developed regional work plans based on QAT template.	ACF priorities explicitly linked to ACF GPRA goals in regional work plan.	Plans reflect regional office and headquarters key activities.	Crosscutting priorities strengthen efforts to utilize Hub resources, not just regional resources.
	Focus on outcomes begins to emerge.	Staff gains increased awareness of GPRA.	Plans and reports are streamlined.	Cost/funding sources
		Hub plan created to address crosscutting priorities.	Focus on outcomes is further strengthened.	

Source: GAO analysis.

A senior planning official described the following progression of San Francisco's work plans and work planning process. Prior to fiscal year 1998, work planning in Region 9 consisted of individual, activity-based unit work plans. In fiscal year 1998, in an attempt to reduce the workload of program staff, they were not required to participate in creating work plans. Instead, QAT compiled a regional work plan and linked the activities to the seven key priorities ACF had at the time. The region found that, in addition to less accurately reflecting the region's work, the centralized process weakened the staff's connection between their work and program goals.

Beginning in fiscal year 1999, work planning was turned back to the program units, but QAT provided a work plan template to help the units create more uniform plans focused more on outcomes rather than outputs. Managers said this cultural shift was one of the most important changes in the region. To help people understand and articulate the difference between program outputs and outcomes, QAT provided voluntary training sessions. Senior leadership views the staff's ability to understand and articulate the difference between the two as a major breakthrough—one that was key to helping staff understand how their performance affects program performance and results, and an important step in holding people accountable for results.

In fiscal year 2000, in keeping with the way headquarters program units and senior leadership plan and report, ACF required the regions to crosswalk their activities to ACF's four GPRA goals. San Francisco was able to accomplish this because the seven key priorities—to which Region 9's work plan was connected—clearly linked to the goals. Regional managers told us that this helped staff make the connection between their work and ACF's larger GPRA goals in a way they had not been able to before. Also, on its own initiative, the Pacific Hub created a work plan (in addition to the regional work plan) to address crosscutting initiatives and to better leverage Hub resources.

The region continued to strengthen its work plan in fiscal year 2001 by further developing an emphasis on outcomes, and by streamlining its work plans and reports. We observed that the fiscal year 2001 work plan also indicated, for each outcome, key activities to be completed by the region and by headquarters. Managers told us that they began to see staff change the way they thought about their work—the planning process was becoming more than just a process.

Fiscal year 2002 was a transition year: ACF's new leadership created nine crosscutting priorities to which the work plans were to be linked. Region 9 included activities related to these priorities in its work planning. Managers view the crosscutting nature of the new priorities as another step forward in their previous efforts to design activities that use Hub resources rather than regional resources. For each activity, the 2002 Hub plan also began to flesh out costs, funding sources, and timelines for completion.

Accomplishment Reports Link to Work Plans and Help Reinforce Outcomes

Region 9 officials told us that accomplishment reports link to work plans and further involve staff in the strategic planning process, reminding staff of how their work relates to program outcomes and achieving agency goals. They said that initially the process included mostly upper management with varying involvement or participation from staff, but that staff has increasingly participated in reporting. For example, in past years, the Hub Director sent "accomplishment reports" to headquarters that summarized information on the achievements of the regional office. In fiscal year 2000, the regional work plan was amended to include a section for accomplishments specifically linked to strategic resources in the work plan, and staff responsible for the achievement kept the plan up-to-date.

Similar to the work plans, Region 9's accomplishment reports are organized by initiatives and goals, and have become less process-oriented and more

outcome-oriented over time. For example, the fiscal year 1998 accomplishment report to headquarters, the region's first, reports on the activities performed, not the outcomes achieved by staff. The fiscal year 1999 accomplishment report began to focus on outcomes by using measures to quantify objectives. In fiscal year 2000, headquarters required that senior staff tie accomplishment reports to their own performance. Region 9 officials said that although accomplishment reports were not required for fiscal years 2001 and 2002, Region 9 provided them anyway and the Hub Director used that information to support her own fiscal year 2001 performance report; she is expected to do the same for fiscal year 2002.

Region 9 Is Poised to Use Its Work Plan to Manage More Effectively

After 5 years of strategic planning efforts, Region 9 has progressed in institutionalizing the link between day-to-day activities and program outcomes. Under strong senior leadership, the region has begun to take the next step—using its work plan to manage more effectively. The Pacific Hub participated in OPRE training in April 2002 to learn how to use the annual GPRA plan as a performance management tool. Specifically, the training was meant to help staff use the performance plan to more effectively target training and technical assistance resources, provide a framework for aligning the administration's key priorities with its mission and goals, and provide opportunities for cross-program collaboration. To this end, OPRE focused on models for linking inputs, activities, outputs, and outcomes as a tool for the regions to develop their work plans. The planned agenda for an upcoming video conference includes developing models on how to achieve the results in their work plans.

Objectives, Scope, and Methodology

To address the objectives in this report, we asked the Administration for Children and Families (ACF) to identify several regional offices and programs that they felt best represented how managers used performance information to inform the resource allocation process. Using their suggestions as a guide, we then selected for inclusion in our study two regional offices (Region VI, Dallas, and Region IX, San Francisco) and three diverse programs (Head Start, Child Support Enforcement, and the Community Services Block Grant).

Head Start,[23] begun in 1965, is a $6.5 billion discretionary, federally administered categorical grant program the primary goal of which is to promote the school-readiness of children in low-income families. ACF administers the Head Start program through the Head Start Bureau and ACF's regional offices nationwide. ACF awards grants directly to local agencies, which provide a wide range of program services—educational, medical, dental, nutrition, mental health, and social services—to low-income preschool children and their families. The approximately 1,400 service providers include public and private school systems, community action agencies and other private nonprofit organizations, local government agencies, and Indian tribes. The program supports ACF Goal 2: to improve healthy development, safety, and well-being of children and youth.

The Child Support Enforcement (CSE) program was established in 1975 under Title IV-D of the Social Security Act. It is a mandatory federal program administered or managed by states, whose mission is to ensure that children are financially supported by both their parents. State and local governments work towards establishing paternity and support orders, locating parents, and enforcing support orders. The Office of Child Support Enforcement (OCSE) is responsible for overseeing the program, which includes providing support to states. The CSE program received almost $4 billion in funding for fiscal year 2002. Collections reached $18.9 billion in fiscal year 2001, but OCSE reported that about $89 billion in child support was legally owed but unpaid at the end of fiscal year 2000. The federal government and the states share both the administrative costs of operating the program and any recovered costs and fees at the rate of 66 percent federal and 34 percent state. The $4 billion in CSE funding includes a $450 million incentives program. The Child Support Performance and Incentive

[23] Head Start is authorized by Title VI, Subtitle A, Chapter 8, Subchapter B of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35).

Act of 1998 changed the basis for awarding incentives from cost-efficiency to rewarding achievement of five performance-based outcome measures. In fiscal year 2000, one-third of the incentive payments awarded to those states that met the performance standards were based on the new formula and the remaining two-thirds were based on the old formula. The phase-in will be completed by fiscal year 2002. CSE supports ACF Goal 1: to increase economic independence and productivity for families.

The Office of Community Services (OCS) provides support and assistance to states and grantees that provide a range of human and economic development services and activities at the state and local levels. Working through community action agencies (CAAs) and community development corporations, OCS programs seek to reduce poverty, revitalize low-income communities, and empower low-income individuals and families to become self-sufficient. The $650 million Community Services Block Grant is the primary community service program through which grantees receive OCS funds.[24] To help focus on results, OCS relies on Results Oriented Management and Accountability (ROMA), a goal-oriented framework that binds and holds accountable CAAs in a standardized way while allowing them the flexibility to develop their own processes and outcomes consistent with local preferences and state objectives.

We reviewed budget and planning documents for the programs and regions in our study, including strategic plans, annual performance plans, performance reports, budgets, and work plans. We also reviewed a variety of reports for general background information on (1) recent administration initiatives, (2) GPRA implemention, (3) recent public administration literature, and (4) GAO reports on prior case studies and general management reviews.

We also obtained staff and management views on the challenges to further budget and performance integration. We conducted structured interviews with agency budget, program, and planning officials in each region and program we studied. We also interviewed departmental budget and planning staff with ACF oversight responsibilities. Among other things, we asked about (1) roles and responsibilities, (2) how performance

[24] The Community Services Block Grant was established by Title VI, Subtitle B of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), and was most recently amended and reauthorized through the Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (P.L.105-285).

information was used in program, resource, and staffing decisions, (3) how planning and budgeting were related, and (4) challenges they faced to further budget and performance integration. The following bureau, offices, regions, and programs were included in our review.

- The Department of Health and Human Services' (HHS) Office of the Assistant Secretary for Budget, Technology and Finance, and the Office of the Assistant Secretary for Planning and Evaluation.

- ACF's Office of Legislative Affairs and Budget, Office of Planning, Research, and Evaluation, and Office of Regional Operations.

- ACF's Head Start Bureau (Head Start program); the Office of Community Services (Community Services Programs); and the Office of Child Support Enforcement (Child Support Enforcement program).

- ACF's West-Central Hub, Dallas Regional Office in Texas, and the Pacific Hub, San Francisco Regional Office in California.

Although we broadly summarize the views of these officials for reporting purposes, their observations may not necessarily be generalized across ACF. Regarding ACF's responses about its specific budgeting and planning strategies and practices, where possible, we reviewed supporting documentation. However, we did not observe the actual implementation of these processes and therefore cannot independently verify that they function as indicated in the supporting documentation.

We requested comments on a draft of this report from HHS and The Policy Exchange/ Institute for Educational Leadership. These comments are discussed in the letter. In addition, we provided drafts of the Dallas and San Francisco Regional Office appendixes to regional officials for technical review and have incorporated their comments where appropriate.

We conducted our work from January through May 2002 in accordance with generally accepted government auditing standards. A glossary can be found at the end of this report.

Glossary

Annual Performance Plan	Yearly plans that set annual goals with measurable target levels of performance.
Base Budgeting	A technique that requires public officials to periodically justify and reaffirm the particular program (and its entire budget) under consideration. Usually used in contrast to incremental budgeting, which takes previous year's amounts as given.
Block Grants	Grants that provide funds for a wide range of activities within a broadly defined functional area.
Budget Execution	The process of developing operating plans for the upcoming fiscal year; implementing the plans by allocating, obligating, monitoring, and reallocating budgetary resources; and reporting on the resulting obligations and outlays.
Budget Formulation	The process of developing an agency's budget request for inclusion in the President's budget request and its supporting justifications for Congress.
Categorical Grants	Grants designed to stimulate and support programs in specific areas of national interest.
Discretionary Appropriations/Spending	Discretionary appropriations refer to budgetary resources provided in appropriation acts. Discretionary spending refers to outlays controlled through the congressional appropriation process.
Incremental Budgeting	Viewing the budget request with reference to the amount provided for the previous fiscal year. An assumption that most activities in the current budget will be continued and new initiatives will be financed from additional resources, not from cutbacks in existing programs. (See Base Budgeting above.)
Mandatory Spending/Amount	Mandatory spending refers to outlays for entitlement programs such as food stamps, Medicare, and veterans' pensions. By defining eligibility and setting the benefit or payment rules, Congress controls spending for these programs indirectly rather than directly through the appropriations process. Also referred to as "direct spending." Mandatory amount generally means budget authority or budget outlays. Congress and the President cannot increase or decrease this type of spending without changing existing substantive law.

Outcome	A description of the intended result, effect, or consequence that will occur from carrying out a program or activity.
Output	A description of the level of activity or effort that will be produced or provided over a period of time or by a specified date.
Performance Budgeting	The general concept of linking performance information with budget requests (or, with resources).
Program, Project, or Activity	An element within a budget account.

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