

INTRODUCTION

The General Accounting Office has made a survey of the use by 23 selected Federal agencies of the technique of discounting in making evaluations of future programs. The nature of the discounting technique is described in the background section of this report.

Our survey was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). The survey was performed in Washington, D.C., and was completed in December 1967.

We undertook this survey because of our belief that the rapid growth in program expenditures by the Government and the increasing complexity of Federal programs point up the need for responsible officials in the Government to make effective use of objective aids to decisionmaking. This report discusses one such aid--the technique of discounting--and describes its use by the Federal agencies included in our survey.

Our survey was directed primarily toward determining the extent to which the discounting technique is presently employed by Federal agencies and the extent to which those agencies not employing this technique plan to do so and toward identifying the discount rates currently in use by the agencies. We did not evaluate the appropriateness of the agencies' stated policies and practices as they were revealed to us, neither did we examine into the actual discounting techniques and practices followed by the agencies or into other policies and practices used by them when evaluating Federal programs.

An illustrative copy of a request for information concerning discounting sent to each of the selected agencies is attached as appendix IV. Our request for information and our survey did not cover information concerning water and related land resources programs for which recognition of uniform agency practice is contained in Senate Document 97 (see discussion on p. 8) or programs that come within the purview of Bureau of the Budget Circular A-76 entitled "Policies for Acquiring Commercial or Industrial Products and Services for Government Use."