

Performance Budgeting in the United States

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Outline

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Context

- U.S. has a long history of trying to improve performance and assess what public monies buy
 - Planning-Programming-Budgeting System (1960's)
 - Zero-Based Budgeting (1970's)
 - Management by Objectives (1980's)
 - National Performance Review (1990's)
 - Government Performance and Results Act (1990's)
 - Program Assessment and Rating Tool (PART) (2000's)
- Attempts have varied between using the budget process and directly through management of programs



GPRA

- GPRA represents another step in the historical search to grasp whether agencies are fulfilling their mission, and whether programs are effective
 - a natural extension of legislative oversight
- Over-all objective: “Linking resources to results.”
- The GPRA statute defines two complementary performance activities, defined by the short and long term
 - Strategic plans, covering five year horizons
 - Performance plans, covering annual goals to reach the strategic targets



GPRA Strategic Plan Requirements

GPRA [5 USC 306] requires each agency to produce a strategic plan by 9/30/97 which includes:

- a comprehensive mission statement;
- general goals and objectives, including outcome-related goals and objectives, for major agency functions/operations;
- a description of how goals and objectives are to be achieved (operational processes, skills, technology, human, capital, information and other resources required);
- description of how performance goals of performance plan relate to strategic plan;
- identification of key factors external to the agency and beyond its control that could significantly affect goal achievement;
- a description of program evaluations used in establishing/revising general goals and objectives, and a schedule for future program evaluations; and,
- covers five years forward, to be revised at least every 3 years.

Additionally, agencies must consult with Congress and entities potentially affected by or interested in the plan, and the plan must be drafted by Federal employees.



GPRA Performance Plans Requirements

GPRA [31 USC 1115(a)-(e)] requires the Director of OMB to require agencies to prepare annual performance plans covering every budget activity for each agency. Plans must:

- establish performance goals and performance levels to be achieved for each activity;
- express goals in objective, quantifiable, measurable form (unless OMB authorizes otherwise);
- briefly describes operational processes, skills, technology, human, capital, information, and other resources necessary to attain goals;
- establish performance indicators to be used to measure and assess outputs, service levels, and outcomes for each program activity;
- describe the means to be used to verify and validate measured values.

Agencies are allowed to aggregate, disaggregate or consolidate program activities in the plan, so long as it does not minimize major agency programs.

Again, Federal employees must draft these plans.



Key Implementing Guidance

- Goals should be quantifiable
- Outcomes over outputs
- Outcomes over process
- Input goals not acceptable
- Measures should be ones program managers use regularly, find useful, and are part of normal management information systems
- GPRA should incorporate previous performance-based reforms



Lessons and Observations

- Clear model of program important
- Choosing the right goal and outcome measures
- Outcomes don't supplant other measures
- GPRA creates “demand-pull” for better data; will change data systems
- GPRA as culture change, rather than merely a paper exercise: effects will vary.
- If central budget institutions lead performance budgeting efforts, which is natural, then a prerequisite of success is redefining the role of the central budget institution from command-and control to collaboration.
- Shorter the time horizon, more process oriented the measure
- Performance budgeting is iterative



Future Directions

- Program evaluation must be integrated into GPRA performance planning: deep look at why programs are or are not working.
- Auditing of data systems
- Auditing of performance reports
- Inclusion of performance data in annual financial statements
- Integration of performance and financial systems



Program Assessment Rating Tool

- Key assumption of GPRA was that agencies would themselves use performance information to improve program management, decisions
 - Currently little evidence this has happened
- PART developed in 2002 with advice from President's Management Council
 - Intended to integrate performance and management
 - Bridge gap between performance data and what to do with data
 - Undertaken by the budget office, though with close collaboration with agencies



Coverage of the PART

Each PART has four sections with questions designed to elicit specific information

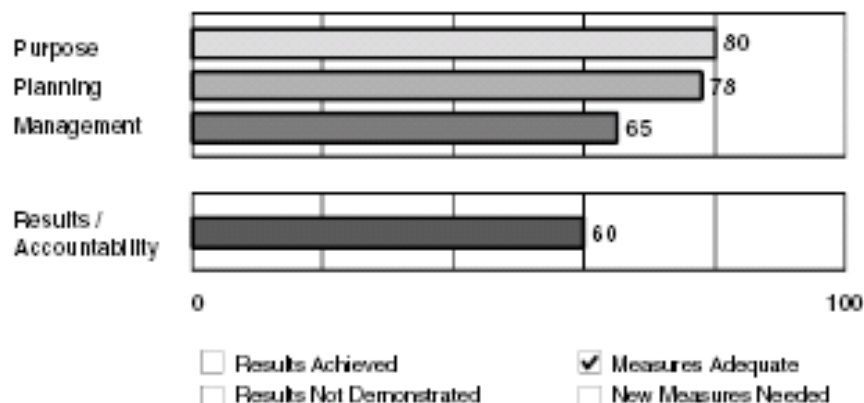
- Program Purpose & Design to assess whether the program's purpose and design are clear and sound.
- Strategic Planning to assess validity of long-term and annual measures and targets for the program
- Program Management to rate agency management of the program, including financial oversight and program improvement efforts
- Program Results/Accountability to rate program performance on measures and targets reviewed in the strategic planning section and through other evaluations



Program: Food Safety and Inspection Service

Agency: Department of Agriculture

Bureau: Food Safety and Inspection Service



Key Performance Measures

Year Target Actual

Long-term Measure: Reduction in the prevalence of foodborne illness from meat, poultry and egg products In 1997 there were 76 million illnesses related to foodborne hazards.	2000		21%
	2001		23%
	2005	25%	
Annual Measure: The prevalence of Salmonella on raw meat and poultry products as illustrated by: Prevalence of Salmonella on ground beef (%)	2001	3.5	2.6
	2002	3.5	
	2003	3.5	
Annual Measure: Percentage of ready-to-eat meat and poultry products testing positive for Listeria monocytogenes (Listeria is a common bacteria that when ingested can cause flu-like symptoms. The bacteria can result in miscarriages and stillbirths.)	2001	1.43	1.26
	2002	1.4	
	2003	1.34	

Rating: Adequate

Program Type: Regulatory

Program Summary:

The mission of the Food Safety and Inspection Service (FSIS) is to ensure that the Nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and accurately labeled and packaged.

The assessment found that FSIS' purpose and planning rated high because it has a clear and significant role in protecting the Nation's food supply. In addition, this program's outcome goals meaningfully reflect the purpose of this program. However, FSIS received lower scores in management and accountability. Even though, over the last few years, FSIS has undertaken several initiatives to improve resource management efficiencies and cost effectiveness, FSIS still does not have tangible incentives or procedures in place to measure cost effectiveness. FSIS has experienced financial management problems for which efforts are underway to resolve. In addition, the assessment found:

1. The program has been effective in reducing incidences of food borne illness. However, the program is not optimally designed to address food safety, resulting in lower program result scores.
2. Implementation of a new risk-based inspection system should be further evaluated to determine whether it would help FSIS meet their strategic and performance goals and should improve efficiencies and cost effectiveness.

To address these findings, FSIS will evaluate the impact of implementing a risk-based inspection system beyond the current pilot program.

(For more information on this program, please see the Department of Agriculture chapter in the Budget volume.)

Program Funding Level (in millions of dollars)

2002 Actual	2003 Estimate	2004 Estimate
716	755	797