

Budgeting for Performance in the U.S.

Using the

Program Assessment Rating Tool



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U.S. Office of Management and Budget

December 2005

Agenda



- Budget Players and Process in the U.S.
- Why PART Was Created
- PART Basics
- Performance Measurement
- How OMB Uses PART Results
- PART Implementation
- Consistency Check / Quality Control
- Supplemental Information

The Administration



- **15 Cabinet-level Departments**
- **> 100 agencies, boards, & commissions**
- **Executive Office of the President**

The Executive Office of the President

- Office of the Vice President*
- Chief of Staff*
- Council of Economic Advisers
- Council on Environmental Quality
- Domestic Policy Council
- National Economic Council
- National Security Council
- Office of Homeland Security
- Office of Management and Budget*
- Office of National Drug Control Policy*
- Office of Science & Technology Policy
- Office of the United States Trade Representative*
- Etc...

* Cabinet rank members

What does OMB do?

- Leads or participates in the development and resolution of all **budget**, policy, legislative, regulatory, procurement, e-gov't, and **management** issues on behalf of the President.
- Oversees the implementation, coordination, and **management** of agency programs.

EXECUTIVE OFFICE OF THE PRESIDENT
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* All media inquiries should be directed to the Communications Office at (202) 395-7254 *

Two Perspectives

Political – make decisions

- **Director** (Josh Bolten)
 - **Deputy Directors** (Joel Kaplan)
 - **Deputy Director for Mgmt** (Clay Johnson)
 - **Program Associate Directors or PADs** (Four)
-

Career – make recommendations

- **Deputy Associate Directors or DADs**
- **Branch Chiefs**
- **Program Examiners**

Federal Budget Calendar



- **March – August**
- **May / June**
- **September / October**
- **October / November**
- **December / January**
- **February**
- **Agency internal reviews**
- **OMB sends guidance to agencies**
- **Agencies submit request to OMB. Hearings held.**
- **OMB internal reviews**
- **Budget numbers and text finalized**
- **Budget sent to Congress**

Congress

**~250 Committees and
Subcommittees**



Courtesy Architect of the Capitol



**About a dozen appropriations
subcommittees in both the
House and the Senate**

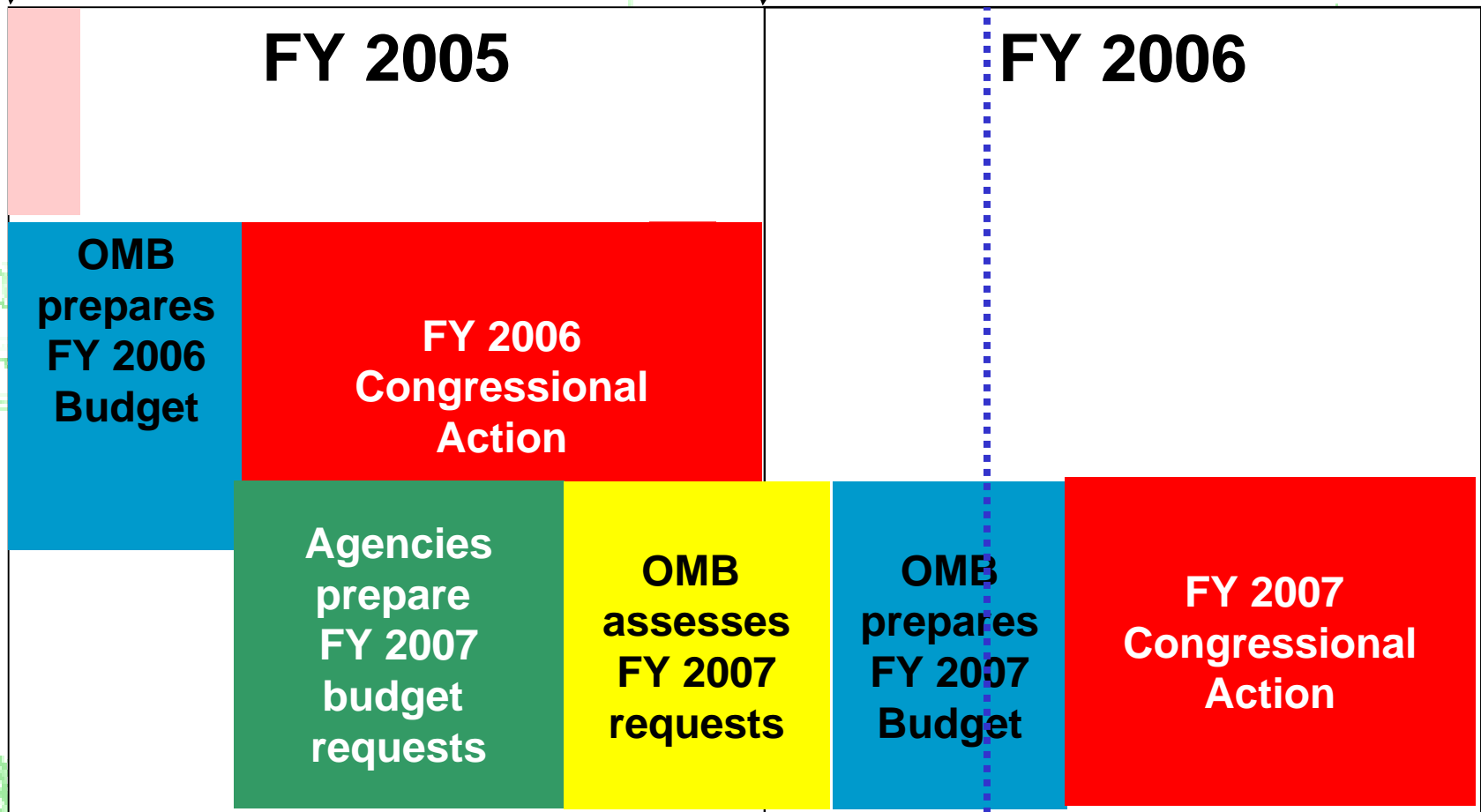
"No money shall be drawn from the treasury, but in consequence of appropriations made by law; and a regular statement and account of receipts and expenditures of all public money shall be published from time to time."

– U.S. Constitution, Article 1, Section 9

Overlapping Budget Processes

Oct 1, 2004

Oct 1, 2005




We are here – (not to scale)

Agenda



- Budget Players and Process in the U.S.
- Why PART Was Created
- PART Basics
- Performance Measurement
- How OMB Uses PART Results
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“Government should be
results-oriented—guided not
by process but by performance.”

— *George W. Bush, 2000*

The Challenge



- How to incorporate program results into funding and management decisions?
 - Performance information was inadequate or not available
 - Performance measures were not outcome-oriented and not clearly tied to agency mission
 - Results were not integrated into agency decisions and budget requests.

President's Management Agenda

- In 2001, the Bush Administration released its President's Management Agenda (PMA) to provide standards and goals for improving management across U.S. Government agencies.
- The President's Management Agenda features five broad management initiatives, plus several more specific initiatives.

For more information on the PMA:

<http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>

Budget – Performance Integration

- One of five government-wide initiatives of the President's Management Agenda
- PART is a tool for assessing agency performance in this initiative
 - The “stoplight” scoring system used to assess agency progress in the BPI initiative includes milestones related to PART

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PART Basics (1)

- OMB developed the PART as a tool for assessing programs consistently across the government.
- The PART has four sections:
 - I. Program Purpose and Design (20 points)
 - II. Strategic Planning (10 points)
 - III. Program Management (20 points)
 - IV. Program Results/Accountability (50 points)
- Each section has 5 to 10 questions.
- Sections I, II, and III allow only Yes or No responses.
- Section IV allows partial credit.

PART Basics (2)

- Written explanation and evidence required for each response
- PART Guidance document describes required elements of a “Yes” response and acceptable documentation of evidence
- Products: program score (0 to 100), effectiveness rating, summary of findings, recommendations / follow-up actions.

PARTs Tailored to Program Type

- The PART has seven versions, one for each program “type”:
 - credit
 - competitive grant
 - regulatory
 - capital assets & service acquisitions
 - block/formula grant
 - direct federal
 - research and development
- Questions in the “Direct Federal” version are common to all PARTs
- Other versions include extra questions tailored for program type
- Question weighting can be adjusted

Section I: Purpose & Design

- Is the program purpose clear?
- Does the program address a specific and existing problem?
- Is the program designed so that it is not redundant or duplicative of any other Federal, State, local or private effort?
- Is the program design free of major flaws that limit the program's effectiveness or efficiency?
- Is the program effectively targeted, so that resources will reach intended beneficiaries?

Section II: Strategic Planning

Does the program have:

- Long-term performance measures that focus on outcomes and reflect the program's purpose?
- Ambitious targets for long-term measures?
- Specific annual performance measures that can demonstrate progress toward long-term goals?
- Baselines and targets for annual measures?
- Are budget requests tied to accomplishment of the annual and long-term performance goals?

Section III: Program Management

Questions focus on:

- Effective management of the program
- Financial oversight
- Evaluation of program improvements
- Data collection
- Accountability of Federal managers and program partners (including contractors, etc.)

Section IV: Program Results/Accountability

Highlights:

- Focus on results – program meeting goals?
- Assessment linked to goals from Section II
- Scoring: partial credit allowed
 - Yes
 - Large Extent
 - Small Extent
 - No

Section IV: Program Results/Accountability

Has the program:

- Demonstrated adequate progress achieving long-term performance goals?
- Achieved its annual performance goals?
- Demonstrated improved efficiencies in achieving program goals?
- Demonstrated performance that compares favorably with similar programs?

Do independent evaluations indicate program is effective and achieving results?

Agenda

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Performance Measures

- The PART makes the assessment approach consistent across programs; performance measures make assessment appropriate for each program.
- The PART includes a strong focus on performance measures because the key to assessing program effectiveness is measuring the right things.
- Performance measures should be salient, meaningful, and capture the most important aspects of a program's purpose and priorities.
- Key distinctions to consider:
 - 1) performance goals, measures, and targets
 - 2) measures of outcome and output
 - 3) annual and long-term timeframes

Goals, Measures, and Targets

- To be complete, performance goals should incorporate targets and timeframes into a performance measure.

Goal = performance measure + target

- Cannot measure progress without baselines.

Outcomes and Outputs



Performance goals may focus on outcomes or outputs.

- **Outcomes:** Intended result, effect, or consequence of program. Public benefit should be clear. External factors influence.
- **Outputs:** What the program produced or provided.
- Most aspects of program **process** are also measurable.
- The PART strives for measures of outcomes.
 - Output or process measures should clearly tie to outcomes.

Performance Measure Example

- Solar Energy Research and Development
 - Program Purpose
 - Outcome
 - Output
 - Process
- Your example?

Agenda

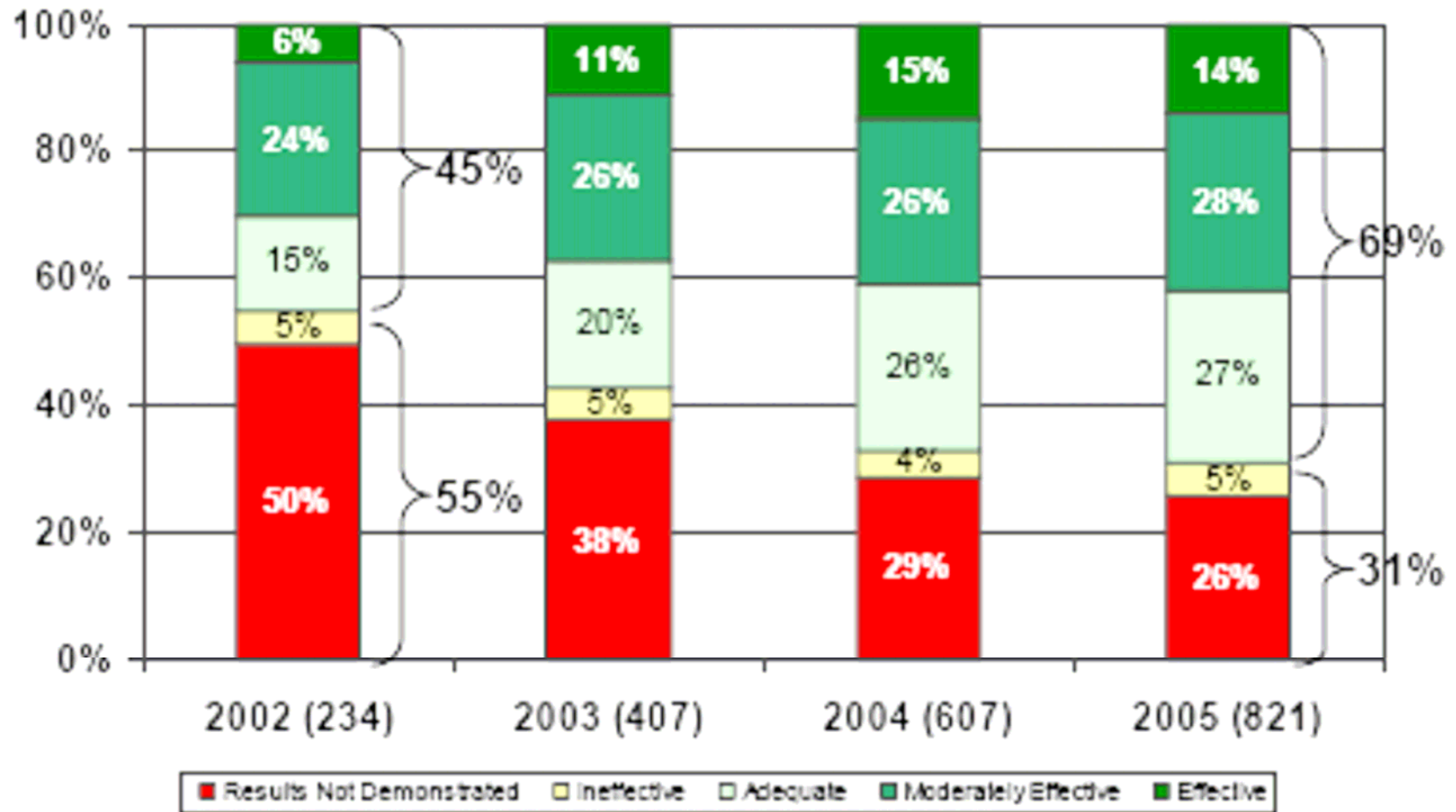
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What Do We Get Out of PART?

1. Overall program “effectiveness” ratings, based on banding of scores that can range from 0 to 100:
 - Effective
 - Moderately Effective
 - Adequate
 - Ineffective
 - Results Not Demonstrated
2. Specific follow-up actions aimed at improving performance
3. Data to inform decision making processes, including both budget and management decisions

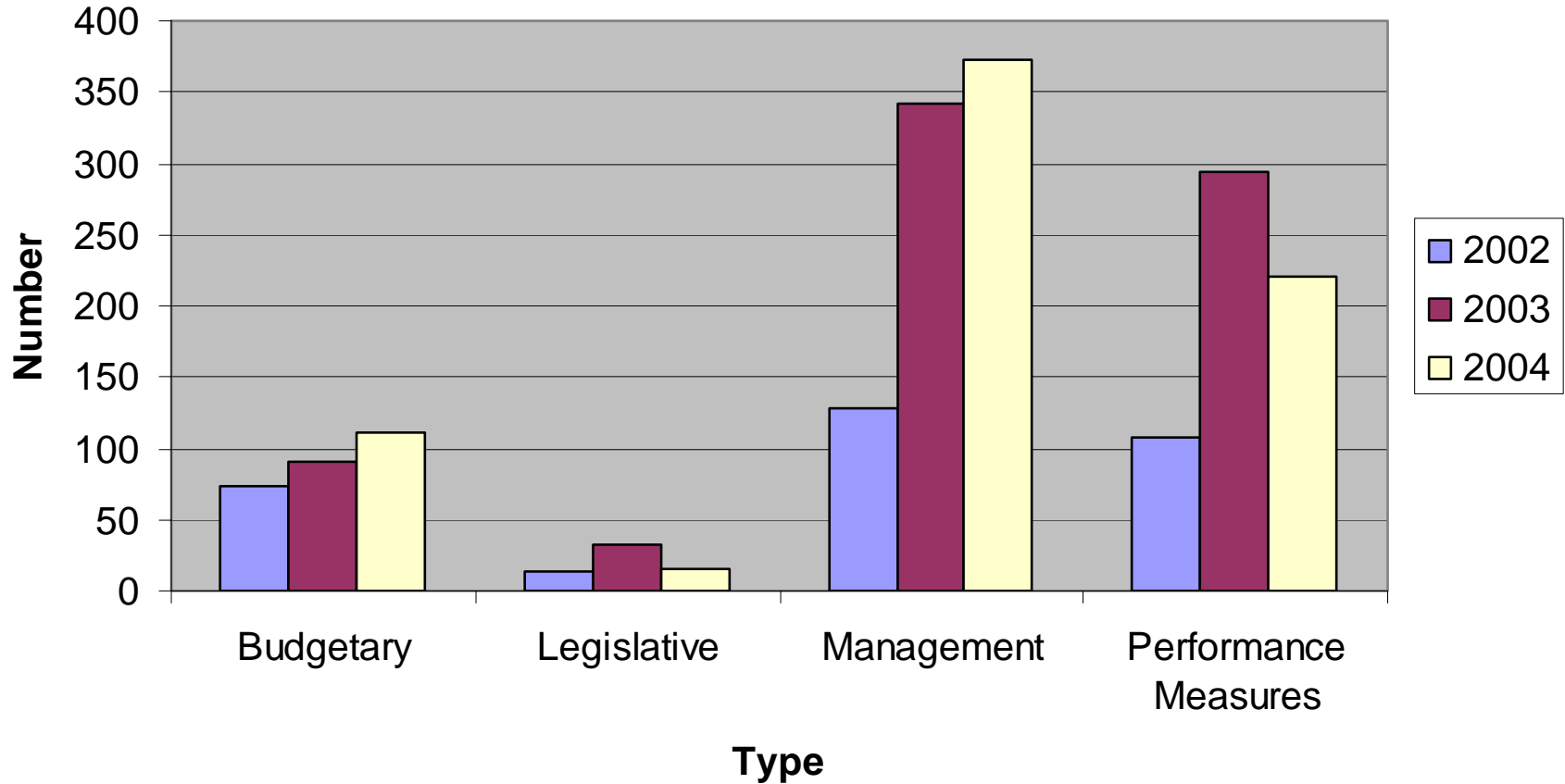
1. “Effectiveness Ratings”

(cumulative number of programs assessed)

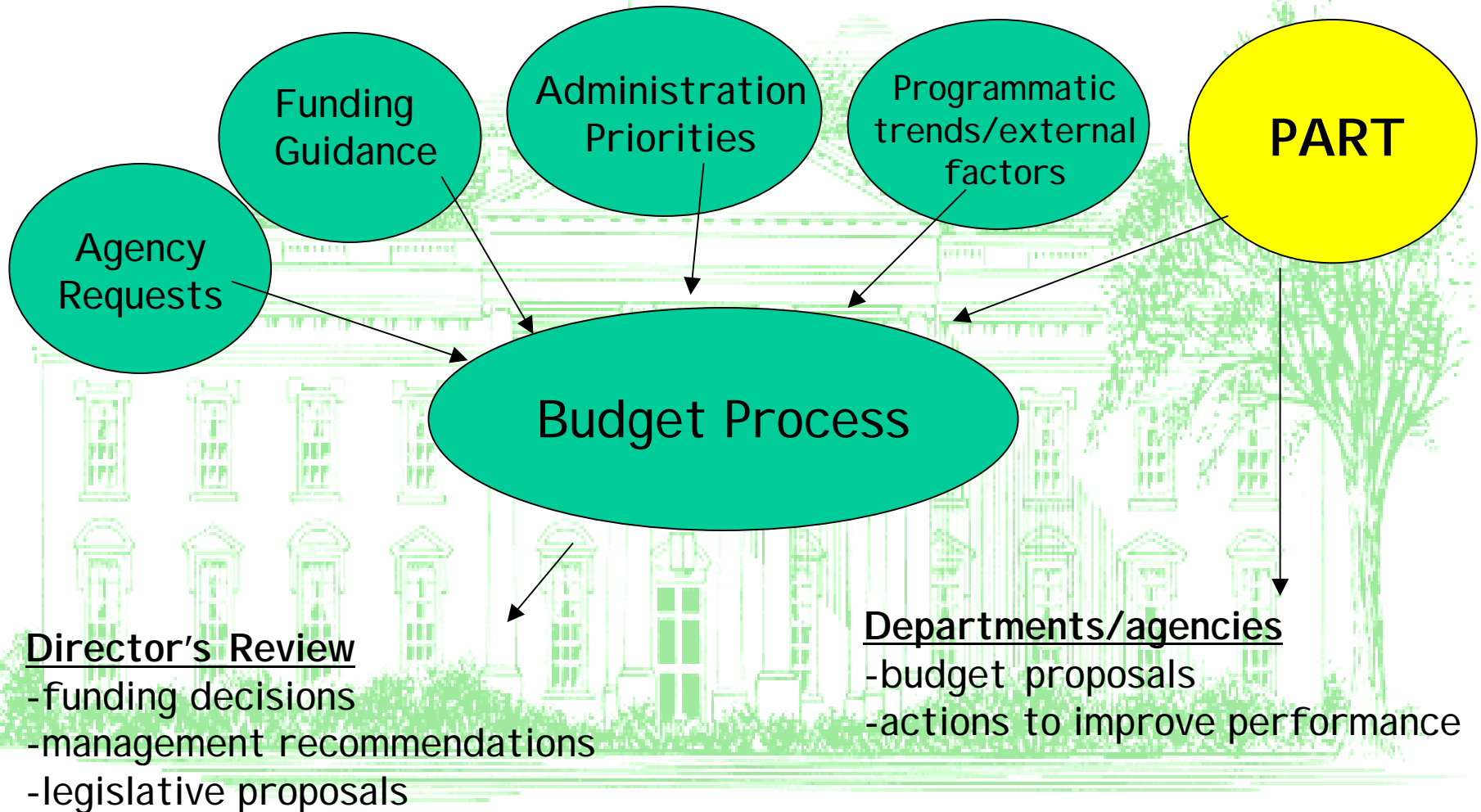


2. Follow-Up Actions

By Type and Year



3(a) Data for Budget Decision Making



3(b) Data for Budget Decision Making

- PART *informs* budget decisions; not sole basis for decisions.
 - A good PART score does not necessarily mean more funding.
 - A bad PART score does not necessarily mean less funding.
- PART helps identify needed planning and management improvements.

Taxpayer dollars spent more wisely.

3(c) Data for Management Decisions

- PART results are factors in an agency's score on the President's Management Agenda "stoplight" scorecard:
 - In order to achieve "green" status on the Budget and Performance Integration initiative, agencies must limit the number of programs rated "Results Not Demonstrated"
 - Agencies must also have efficiency measures for all programs
 - Progress milestones linked to effective implementation of program follow-up actions identified in PARTs.

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PART Timeline

- February Agencies/OMB agree on programs.
- March PART Training
Agencies and OMB start PARTs
- Mid May Agencies complete PART drafts
- June OMB completes PARTs
- July Consistency check (Quality Control)
- August Agency appeals on PARTs due
- August OMB resolves appeals on PARTs
- *September Agency budget submissions to OMB*
- *December Budget settlement with agencies*
- December PART summaries finalized by OMB
- *February President's Budget released. Includes PART results.*

Implementation Mechanics

- Initially, PART used spreadsheet (Excel) format
 - Passed back and forth electronically between agencies and OMB examiners
 - Uploaded into database when finalized
- 2005 – Migration to PARTWeb
 - On-line data entry directly into database
 - Allows “versioning”, multiple access levels, and lock-out of agency and OMB users at various stages of PART completion

Performance Evaluation Team

- PET is a subgroup of about a dozen OMB examiners with diverse experience
- At least one rep from each OMB Division
- Responsibilities:
 - Update PART guidance
 - Coordinate PART consistency check
 - Coordinate PART appeals process
 - Liaison from OMB staff to OMB management on PART issues

Implementation Issues



- Definition of a “program”
- Reassessment schedule
- Tracking PART follow-up actions
- Quality control
- Data collection, analysis, and presentation
- Congressional and Public Interest

“Selling” PART to Congress

- 2002-2004. PART discussed in President’s Budget and agency justification materials. OMB management provided briefings to appropriation and authorizing Committees, but little interest.
- 2005. Government Accountability Office confirmed that Congress has considered PART results and recommendations little to date.
- October 2005. Letter from OMB Deputy Director for Management to Congressional Committee chairmen
 - OMB staff will brief Congressional staff on PART results
 - Please consider performance information in decision making

“Selling” PART to the Public

- PART Summaries released on CD with the President’s Budget each year (and printed 2004)
- PART summaries and complete details available on OMB website
- “ExpectMore.gov website under development
 - Simple, jargon-free description of programs, PART findings, and follow-up actions
 - Hotlinks to program websites

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Consistency Check Purpose

- Ensure OMB examiners are applying PART guidance consistently
 - PART response vs. PART guidance
 - NOT PART response vs. other PART response
- Evaluate by assessing quality of Explanation and Evidence
- Generally no review of evidentiary documents

Consistency Check Process

- 12 teams of 2 (all PET members plus additional OMB examiners)
- Each team reviews 3 PART question responses plus all performance measures
- Performance measures receive multiple reviews; some questions receive no review
- Reviewers remain anonymous

Consistency Check Results

- Most PART question responses and performance measures found to be consistent with PART guidance, but some not
- OMB Management issues office memo providing general feedback to all OMB examiners and highlighting common needs for improvement
- PET provides specific feedback to each OMB branch without identifying specific reviewers and spot checks for implementation

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Available at www.omb.gov/part

- PART guidance and instrument (MS Excel format)
- Completed PART worksheets and summaries
- Supporting materials on performance measurement and evaluation
- Frequently asked questions

Available at www.gao.gov

- Recent Government Accountability Office reports:
 - “Program Evaluation: OMB’s PART Reviews Increased Agencies’ Attention to Improving Evidence of Program Results” (October 2005)
<http://www.gao.gov/new.items/d0667.pdf>
 - “Performance Budgeting: PART Focuses Attention on Program Performance, but More Can Be Done to Engage Congress” (October 2005)
<http://www.gao.gov/new.items/d0628.pdf>
- Other GAO assessments of PART development, implementation, and results also available