Spring Review Program Effectiveness Ratings
Guidance for Selecting Programs

This attachment replaces attachment B in the March 26 BPM on Spring Review. This guidance is intended to help with the selection of the programs covering 20% of agency funding. These programs will be identified in Spring Review, then their performance will be rated in the fall. A small number of these programs will be rated for Spring Review to help test the assessment process.

What is a program?

The goal of rating programs is to develop information that will be useful to the budget process. The identification of programs should therefore directly relate to budget decisions. Ultimately, RMOs will need to identify and determine what constitutes a "program" in their areas. Below is some specific guidance aimed at developing a more uniform approach in OMB.

In general, a program should have the following characteristics:

- *Be an activity or set of activities that is recognized as a program by the public, OMB, and/or Congress*

- *Have a discrete funding level clearly associated with it.* For example, a program should tie to a line, combination of lines, or subtotal in an appropriations act or bill report, unless there is a compelling reason. Since the goal is to integrate budget and performance, there should be a funding level clearly associated with each program. In addition, funding associated with a particular program should not also be attributable to another program; there should not be any overlap in program funding.

- *Correspond to the level at which budget decisions are made.* One common dilemma in determining what is a program is deciding the level of detail. RMOs will need to decide whether to aggregate or disaggregate programs for this exercise. A general principle is that the level of detail (i.e., how small a piece of a larger activity is considered a program) should generally correspond to the level of detail considered by *OMB* during budget development. Agencies may consider a greater level of detail when developing their budget request.

- *Can be included in one of the following seven categories: competitive grants, block/formula grants, regulatory, research and development, direct Federal, capital assets and service acquisition, or credit.* The Program Evaluation Team (PET) has developed rating tools for each of the categories listed above (except for research and development). These categories were intended to cover all programs.

- *Exclude activities that are solely program management or policy direction.* While the eventual goal is for OMB to conduct program ratings covering all federal dollars,

we will be concentrating first on programs and activities that are geared to providing a service or benefit to the public as opposed to internal management or policy activities. For Spring Review, departmental management activities are being evaluated with the management scorecard.

Guidance for Selecting Programs

When selecting programs for assessment in the fall, RMOs are encouraged to focus on programs that meet the guidelines below. Each RMO should aim to make selections that in total represent approximately 20 percent of the funding overseen by the RMO. You will assess a small subset of the programs you select (at least two per major agency) during Spring Review:

- *Analytic Success* – RMOs should select programs for which there is data (e.g., performance information, GAO reports, program evaluations, IG reports, audits, etc.) on which to base a rating. It may be more productive to focus on older programs that should have more data available to document program achievements.

- *Variety of Programs* – We would like to begin testing the different assessment tools, so it would be helpful to RMOs to select different kinds of programs. RMOs are encouraged to select discretionary and mandatory programs, as well as to select programs of different sizes. RMOs may also use the tools to assess the performance of small agencies. For the programs that will be assessed in Spring Review, we encourage RMOs to choose programs that allow them to test at least two Program Assessment Rating Tools (PARTs) per major agency, if at all possible.

-   While it is not expected that RMOs will conduct comprehensive ratings of large entitlement programs, such as Social Security or Medicare, components of these programs (that can be considered programs) and other entitlement programs should be considered for Spring Review.

- *Programs in the FY 2003 Budget* – To the extent that programs rated in the FY 2003 Budget conform with the guidance above, RMOs should include them in their selections; however, programs that do not conform with the guidance should be excluded. RMOs should not avoid including a program in Spring Review that was rated in FY 2003 if it is anticipated that the FY 2004 rating would be different using the new methodology.

- *Programs that are likely to be important issues during the FY 2004 Budget process* -- RMOs are encouraged to select programs where the having rating may be helpful to the budget process. Examples could include continuing Presidential initiatives and programs that are up for reauthorization.

- *Programs included in Common Measures Exercise* – Since RMOs and agencies will be working to gather data for programs addressed by the common performance measures, these are likely candidates for Spring Review.