April 18, 2002

Attachment B
BPM852, Addendum 1

Instructions for the Program Assessment Ratings Tools

General Guidance: The Program Assessment Rating Tools (PARTs) are a series of questions designed to provide a consistent approach to rating programs across the Federal government. The PARTs are diagnostic tools that rely on the user's professional judgment to assess and evaluate programs across a wide range of issues related to performance. The questions should reflect familiar concepts and incorporate existing practices OMB examiners rely on to assess program performance. The formalization of performance evaluation through this process is intended to develop defensible and consistent ratings of programs for the FY 2004 Budget and beyond.

The questions are written in a Yes/No format and require the RMO to provide a brief narrative explanation of the answer and include any relevant evidence to substantiate the answer. Hard evidence of performance may not be readily available for all programs. In these cases, RMO assessments will rely more heavily on professional judgment. Unless otherwise noted, a *Yes* answer should be definite and reflect a high standard of performance. No one question in isolation will determine the performance of a program. In fact, some questions may not apply to every program.

Sections: Each PART is divided into four sections. Each section includes a series of questions designed to elicit specific information for the evaluation.

1. Purpose/Relevance/ Federal Role	to assess whether the program design and purpose are clear and defensible
2. Strategic Planning	to assess whether the agency sets valid annual and long-term goals for the program
3. Program Management	to rate agency management of the program, including financial oversight and program improvement efforts
4. Program Results	to rate program performance on goals reviewed in the strategic planning section and through other evaluations

Types of Programs: The Federal government conducts affairs through numerous mechanisms and approaches. To make the questions as consistent and relevant as possible, we have outlined seven categories of Federal programs.

1. Competitive Grant Programs	programs that distribute funds to state, local and tribal governments, organizations, individuals and other entities through a competitive process. Examples include

Empowerment Zones and the Safe Schools/Healthy Students program.

2. Block/Formula Grant Programs	programs that distribute funds to state, local and tribal governments and other entities by formula or block grant. Examples include the Preventive Health and Health Services Block Grant, Medicaid and Housing for People with AIDS.
3. Regulatory Based Programs	programs that employ regulatory action to achieve program and agency goals. These programs issue significant regulations, as defined by section 3 of Executive Order 12866, which are subject to OMB review. More specifically, a regulatory program accomplishes its mission and goals based through rulemaking that implements, interprets or prescribes law or policy or describes a procedure or practice requirements. An example is the EPA's Office of Air and Radiation (Clean Air Program).
4. Capital Assets and Service Acquisition Programs	programs where the primary objective is to develop and acquire capital assets (such as land, structures, equipment, and intellectual property) or to purchase services (such as maintenance, and information technology) from a commercial source.
5. Credit Programs	programs that provide support through loans, loan guarantees and direct credit. Examples include Small Business Association 7A loan program and FHA Multifamily Development.
6. Direct Federal Programs	programs where support and services are provided primarily by employees of the Federal government. Examples include the Federal Mint, Diplomatic and Consular programs, the National Wildlife Refuge System, FEMA, and the Indian Health Service.
7. Research and Development Programs	programs that focus on the creation of knowledge or on the application of that knowledge toward the creation of systems, devices, methods, materials, or technologies. R&D programs that primarily develop specific systems or other capital assets would most likely fall under Capital Asset and Service Acquisition. Separate guidance will be provided shortly for R&D programs.

There is a separate PART for each of the first six types of Federal programs (R&D will not be included in this process in Spring Review. Guidance on R&D will be coming in the next few days under separate cover.). Questions for Program Purpose/Relevance/Federal Role, Strategic Planning and Program Results (Sections 1, 2, and 4) apply, in most cases, to all programs and are virtually the same in each PART. Questions for Program Management (Section 3) have been tailored for each type of program.

Question-specific instructions are attached to help explain the purpose of each question and lay out general standards for evaluation by the RMO. These instructions will not cover every case, and it is up to the RMO to bring relevant information to bear in answering each question that will contribute to the program's assessment.

I. PROGRAM PURPOSE, RELEVANCE, FEDERAL ROLE

1. *Is the program purpose clear?*

Purpose of the question: to determine whether the program has a well-defined mission.

Elements of a *Yes* answer: a *Yes* answer would require a consensus of program purpose among interested parties and a clear and unambiguous mission. Considerations can include whether the program purpose can be stated succinctly.

Evidence/Data (if available): evidence can include a clearly stated purpose in the program's authorizing legislation, program documentation or mission statement.

2. *Does the program address a specific problem, interest or need?*

Purpose of the question: to determine whether the program addresses a specific national problem, interest or need.

Elements of a *Yes* answer: A *Yes* answer would require that the program purpose is still relevant to current conditions. Considerations could include, for example, whether the program addresses a specific market failure.

Evidence/Data (if available): evidence can include documentation of the national problem, interest or need that the program is designed to address. An example could be the number of uninsured individuals for a program that provides care to those without health insurance.

3. *Is the Federal role critical?*

Purpose of the question: to determine whether the Federal government is the most appropriate actor for the activity supported by the program.

Elements of a *Yes* answer: a *Yes* answer would require that the Federal contribution and impact of the program are known and that increasing or reducing the Federal funding or intervention would have a significant impact in the context of all other factors. Important considerations include the role of state and local governments and the private and non-profit sectors, and whether the program extends its impact or reach by leveraging funds and contributions from other parties.

Evidence/Data (if available): evidence can include the percentage of total resources and requirements directed at the problem/issue that come from the program and the relative impact of those resources and requirements.

4. ***Does the program make a significant, unique contribution to solving the problem?***

   Purpose of the question: to determine whether the program fills a defensible gap or instead duplicates or even competes with other Federal or non-federal programs.

   Elements of a *Yes* answer: a *Yes* answer would require that the program is not redundant or duplicative of other Federal or non-federal efforts, including the efforts of state and local governments or the private and non-profit sectors. Considerations could include whether the program makes a significant contribution to addressing the problem rather than an incremental contribution over other efforts.

   Evidence/Data (if available): evidence can include the number of separate programs and total expenditures or other efforts supported by those programs that address an issue in a similar way as the program being evaluated.

5. ***Does the program use the most efficient/effective mechanism to accomplish its goals?***

   Purpose of the question: to determine whether the mechanism that the Federal program uses is the most appropriate. Examples of mechanisms include grants, contracts, loans, tax policy, and regulations. In this question, the burden of proof is on coming up with a *No* answer.

   Elements of a *Yes* answer: a *Yes* answer would require that there be no conclusive evidence that another approach would be a more efficient/effective mechanism. A consideration could be whether the government would get the same or better outcome expending fewer total resources through a different mechanism. For example, a consideration could include whether an effort to ensure public safety would be more effective as a grant program rather than a regulatory program.

   Evidence/Data (if available): evidence can include such evidence as the cost effectiveness of a regulation as compared to a grant, or the compliance rate of an industry that is examined by a direct Federal program.

II. STRATEGIC PLANNING

1. ***Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?***

   Purpose of the question: to determine if focused, long-term performance planning has taken place to guide overall program performance.

   Elements of a *Yes* answer: a *Yes* answer would require identifying a limited number (e.g. two or three) of specific, easily understood program outcome goals that directly and meaningfully support the program's mission and purpose (relates to Section 1, Question 1 in Program Purpose). The goals must be outcome goals and may or may not be those developed by the agency to comply with the Government Performance and Results Act (GPRA). The goals should have clear time frames and challenge program managers to continuously improve program performance. It is important to note that while most programs have GPRA goals, many of these GPRA goals do not meet the standards required to get a *yes*. However, a *Yes* answer could be given where OMB and the agency have come to agreement of long-term program outcome goals that will be added to the FY 2004 GPRA plans. A *No* answer would be long-term goals that do not directly and meaningfully support the program's mission, do not have clear time frames, or are focused on outputs.

   Evidence/Data (if available): evidence can include the long-term outcome goals established by the program either in a GPRA Annual Performance Plan or other program document or as agreed to be included in such documents in FY 2004.

2. ***Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?***

   Purpose of the question: to determine whether annual program performance planning is taking place and whether a limited number of annual performance goals have been identified to directly support the long-term goals.

   Elements of a *Yes* answer: a *Yes* answer would require annual performance goals that are discrete, quantifiable, and measurable. Most importantly, these annual goals should directly support the program's efforts towards achieving the long-term goals and program mission. The annual performance goals could be output oriented and may or may not be those developed by the agency to comply with GPRA. A *Yes* answer indicates the agency has identified specific, quantifiable, and meaningful performance measures that help achieve the long-term outcome goals and success of the program. Another example of a *Yes* answer would be where OMB and the agency have come to agreement on annual performance measures that will be added to the FY 2004 GPRA plans.

   Evidence/Data (if available): evidence can include annual performance goals established by the program and identified in a GPRA Annual Performance Plan or other program document or as agreed to be included in such documents in FY 2004.

3. ***Do all program partners (grantees, sub-grantees, contractors, etc.) commit to and report on performance that relates to and supports the output and outcome goals of the program?***

   Purpose of the question: to determine whether program efforts carried out by program partners also support the long-term goals of the program. While the program may not necessarily control these activities, they are within the influence of the program.

   Elements of a *Yes* answer: a *Yes* answer would require that program managers strive to ensure that partner efforts not only support the overall goals of the program, but that partners also measure and report their performance as it relates to accomplishing the goals of the program. A *Yes* answer indicates that all partners recognize the importance of achieving the program goals and have agreed to measure and report on their efforts to accomplish these goals. For example, a program that requires all grant applications to include performance measures that will assist the program achieve its long term goals and monitor these measures would receive a *yes* on this question. If, however, a program has no requirements for grantees to directly link their activities to the program's goals, a *No* would be appropriate.

   Evidence/Data (if available): evidence can include how the program requires grant applicants to demonstrate, commit, measure, and report performance related to overall program goals.

4. ***Is a comprehensive, independent, quality evaluation of the program conducted on a regular basis?***

   Purpose of the question: to ensure that program performance is validated by a regularly conducted non-biased evaluation that provides recommendations for improvement of the program.

   Elements of a *Yes* answer: a *Yes* answer would require regularly scheduled objective, independent evaluations that examine how well the program is accomplishing its mission and meeting its long-term goals. In addition to evaluating whether the program has achieved its goals on schedule, the evaluation should include recommendations on how to improve the program's performance. To ensure the program continues to meet its goals, an evaluation would be scheduled on a periodic basis such as every two to five years or whatever time schedule is reasonable based on the specific program, its mission, and goals. A *No* answer would be appropriate for a program that has no regularly scheduled independent evaluation planned or the time between independent evaluations exceeds five years, or the evaluations only address process and not outcomes.

   Evidence/Data (if available): evidence can include a program evaluation schedule and program documentation describing the type of evaluation and criteria for selecting an independent evaluator.

5. ***Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?***

Purpose of the question: to establish whether or not the budget planning and performance planning processes are integrated.

Elements of a *Yes* answer: a *Yes* answer would require effective program budgeting based on what financial resources are needed to obtain annual and long-term goals. It is difficult to determine the true impact of funding, policy, or legislative decisions may have on actual performance of a program if the budget structure varies remarkably from program goals. A *Yes* response indicates the budget reflects program goals and that annual budget requests are clearly derived by estimating what is needed to accomplish the annual performance measures and long-term goals. It is imperative that the full costs of operating a program are understood. In cases where a program budget does not directly reflect program goals but agencies have in place an accurate way of accounting for the full cost of a program, for example through the use of a formal cost accounting system, a *Yes* response may also be appropriate. Where a program's budget structure does not reflect program goals, there is no formal cost account system in place or budget planning is not tied to performance or strategic planning the program would receive a *No*.

Evidence/Data (if available): evidence can include a description of how the budget structure reflects program goals or how the cost accounting system aligns the budget with program goals. Evidence could also include how budget requests clearly and directly support achieving performance measures and long-term goals.

Specific Strategic Planning Questions by Program Type

Block/Formula Grant Programs

B 1. Do Federal fund recipients (e.g., States, localities, or other Federal partners) conduct comprehensive, independent, rigorous evaluations of their use of funds under this program?

Purpose of the question: to assess whether grantees/Federal partners have a reliable mechanism for knowing whether they are using funds effectively.

Elements of a *Yes* answer: A *Yes* would require that all or a significant number of grantees plan and fund program evaluations that meet high standards of research (either experimental or quasi-experimental design). Relevant evaluations would not be descriptive case studies.

Evidence/Data (if available): evidence can include the number of State or local grantees that plan and fund such evaluations.

Regulatory Programs

R 1. Are all regulations issued by the program/agency necessary to meet the stated goals of the program, and do all regulations clearly indicate how the rules contribute to achievement of the goals?

Purpose of the question: to ensure (1) that the program is not over-regulating and only issuing those rules absolutely necessary to achieve long-term program goals, (2) that all of the rules necessary to meet the program goals have been issued, and (3) that the regulations clearly indicate how they help to meet the program goals.

Elements of a *Yes* answer: a *Yes* answer would require that only those regulations that are absolutely necessary to accomplish the program mission and goals are promulgated or are in the process of being promulgated. Additionally, the public should be able to understand how the regulations fit into the overall achievement of the program goals. A *Yes* response indicates that there are no superfluous regulations, that regulations are planned or in the process of being promulgated to cover regulatory gaps where new regulations are required to accomplish program goals, and that the Preamble of all program regulations indicate how the rule contributes to the achievement of specific program goals. An example of a program receiving a *No* rating would be those that have obvious regulatory gaps or have outdated regulations still in effect.

Evidence/Data (if available): evidence can include legislation that indicates specifically or generically what regulations need to be promulgated as well as the rules themselves, especially the preambles.

III. PROGRAM MANAGEMENT

1. ***Does the agency regularly collect timely and credible performance information and use it to manage the program?***

   Purpose of the question: to determine whether the program agency collects and reports on its performance and that of partners and then uses the data to inform program management and resource decision. Program partners are other agencies or intermediaries responsible for carrying out different aspects of the program and might include partner agencies, grant recipients, participating financial institutions, regulated bodies, and contractors. Credible performance information is collected through a systematic and consistent process with periodic quality controls.

   Elements of a *Yes* answer: a *Yes* answer would require that the program agency regularly collect high quality performance data relating to key program goals and use that information to adjust program priorities, make resource reallocations, or take other appropriate management actions. When key program activities are carried out by other entities, such as grantees, agencies should also consider their performance as well. A *Yes* also requires that the agency has collected the baseline performance data necessary to set meaningful, ambitious performance targets.

   Evidence/Data (if available): evidence can include a description of how the agency uses performance information in managing the program, as well as illustrative examples of recent management actions based on performance information. Evidence can also include steps taken by a program to enact necessary improvements cited by a specific evaluation.

2. ***Are performance measurements used to increase accountability?***

   Purpose of the question: to determine whether the program managers and partners are accountable for achieving program results.

   Elements of a *Yes* answer: a *Yes* answer would require that the program agency identify the managers who are responsible for achieving key program results and establish performance standards for those managers. When program partners contribute to the achievement of program goals, a *Yes* would also require those partners to achieve specific performance standards.

   Evidence/Data (if available): evidence can include the use of performance management contracts with program managers, or some other mechanism for incorporating program performance into personnel performance evaluation criteria. Evidence of partners' accountability can include requiring grant and contract awards and renewals to consider past performance.

3. ***Are all funds (Federal and partners') obligated in a timely manner?***

   Purpose of the question: to determine whether funds are administered efficiently and obligated in accordance with planned schedules.

Elements of a *Yes* answer: a *Yes* answer would require that the program funds be obligated consistent with the overall program plan and that a limited amount of unobligated funds remain at the end of the year. A *Yes* answer would also require that programs and partners establish schedules for obligations that align with the overall program plan.

Evidence/Data (if available): evidence can include periodic and year-end spending reports from the program and its partners.

4. ***Are all funds (Federal and partners') spent for the intended purpose?***

Purpose of the question: to determine whether Federal and other program funds are spent for the intended purposes.

Elements of a *Yes* answer: a *Yes* answer would require that adequate procedures exist for reporting actual expenditures, comparing them against the intended use, and taking corrective action when funds are not spent as intended.

Evidence/Data (if available): evidence can include spending reports that draw intended purpose from the Congressional Justifications, Appropriations, and program operating plans and match them against actual spending. For grantees, evidence can include the existence of an established procedure for reviewing actual expenditures against budgets in grant awards or appropriate Federal guidelines.
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5. ***Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead)?***

Purpose of the question: to determine whether the full costs of the program are known and are budgeted.

Elements of a *Yes* answer: a *Yes* answer would require the budget estimate for the program includes all direct and indirect costs borne by the program agency, including applicable agency overhead, retirement, and other costs that might be budgeted elsewhere.

Evidence/Data (if available): evidence can include an agency program budget estimate that identified all spending categories in sufficient detail to demonstrate that all relevant costs had been included or a report that shows the allocation of overhead and other program costs to the program.

6. ***Are the administrative costs reasonable?***

Purpose of the question: to determine whether the program's administrative costs and those of its partners are reasonable relative to the program cost and complexity.

Elements of a *Yes* answer: a *Yes* answer would require that program administrative costs be a relative small percentage of overall program costs and compare favorably with similar programs.

Considerations include whether FTE per grants/contracts ratio and average cost per FTE are reasonable. For grantees and contractors, administrative costs should reflect an appropriate Federal share commensurate with the Federal level of effort.

Evidence/Data (if available): evidence can include data on pertinent ratios mentioned above, such as the ratio of administrative costs to total program resources.

7. ***Does agency use cost comparisons and competitive sourcing for this program to achieve cost-effectiveness and when special expertise is needed?***

Purpose of the question: to determine whether the program provides services in a cost-effective manner.

Elements of a *Yes* answer: a *Yes* answer would require that program activities have been reviewed in the development of the agency's competitive sourcing plan. Considerations include whether the program competitively sources or has conducted cost comparisons for FTEs in functions that not deemed inherently governmental.

Evidence/Data (if available): evidence can include data from the agency's competitive sourcing plan and an explanation of why certain FTE may have been excluded from the plan.

8. ***Does the program use strong financial management practices?***

Purpose of the question: to determine whether the program uses effective financial management practices in administering program funds.

Elements of a *Yes* answer: a *Yes* answer would require that the program be free of material internal control weaknesses reported by auditors. Additional criteria could include whether the program has procedures in place to ensure that payments are made properly for the intended purpose to minimize erroneous payments.

Evidence/Data (if available): evidence can include recent audit reports and existence of procedures to identify and measure improper payments.

Specific Program Management Questions by Program Type

Competitive Grant Programs

Co 1. Are grant applications independently reviewed based on clear criteria (rather than earmarked) and are awards made based on results of the peer review process?

Purpose of the question: to determine whether or not grant funds are distributed according to a competitive process so that the most meritorious applications are awarded.

Elements of a *Yes* answer: a *Yes* answer would require that the overwhelming majority of awards are distributed according to a competitive process. Elements of the process can include peer review and ranking of applications and a limit to the percentage of funds that are earmarked.

Evidence/Data (if available): evidence can include a description of the awards process, percentage of funds earmarked, percentage of funds subject to peer review.

Co 2. Does the grant competition encourage the participation of new/first-time grantees through a fair and open application process?

Purpose of the question: to determine whether or not the awards process is run in an open manner so that new applicants of merit will be able to compete fairly with previous grant recipients and long-term awardees do not monopolize the available dollars.

Elements of a *Yes* answer: a *Yes* answer would require that the program operate a fair and open grant competition and provide a reasonable amount of outreach to encourage the participation of new grantees. Considerations can include whether the program tends to provide grants to the same list of grantees year after year.

Evidence/Data (if available): evidence can include the relative number of new grantees per grant cycle and technical assistance and outreach efforts of the agency.

Co 3. Does the agency have sufficient knowledge about grantee activities?

Purpose of the question: to determine whether or not the program has an understanding of how its funds are utilized by grantees.

Elements of a *Yes* answer: a *Yes* answer would require that a program have sufficient oversight capacity. This capacity may be demonstrated by a program that has a reporting system in place to document grantees use of funds in eligible activity categories, conducts site visits to a substantial number of grantees on a regular basis, audits grantee performance, and tracks actual expenditures to verify that funds are used for their designated purpose. A program with a strong relationship to its grantees and a high level of understanding of what grantees do with the resources allocated to them would receive a *Yes*. A program with no reporting system to track expenditures by grantees would receive a *No* rating.

Evidence/Data (if available): evidence can include the reporting structure, oversight techniques, audit or site visit schedule, and/or an assessment of program data quality.

Co 4. Does the program collect performance data from grantees on an annual basis and is it public and transparent in a meaningful manner?

Purpose of the question: to determine whether or not the program has a system in place to collect and present publicly information that captures the most important impacts of program performance.

Elements of a *Yes* answer: a *Yes* rating would require the program collects, compiles and disseminates grantee performance information in an accessible manner, such as a web site or widely available program reports. Data would be aggregated on a program-wide level and disaggregated at the grantee level. A program would receive a *No* if grantee performance data are not available to the public, or if it is only aggregated at a high level. Similarly, a program could receive a *No* response if the data it presents are not related to the impact of the program.

Evidence/Data (if available): evidence can include citations of the types of data that are collected and disseminated as well as a description of how these data are made available.

Block/Formula Grant Programs

B 1. Does the agency have sufficient knowledge about grantee activities?

Purpose of the question: to determine whether or not the program has an understanding of how its funds are utilized by grantees.

Elements of a *Yes* answer: a *Yes* answer would require that a program have sufficient oversight capacity. This capacity may be demonstrated by a program that has a reporting system in place to document grantees use of funds in eligible activity categories, conducts site visits to a substantial number of grantees on a regular basis, audits grantee performance, and tracks actual expenditures to verify that funds are used for their designated purpose. A program with a strong relationship to its grantees and a high level of understanding of what grantees do with the resources allocated to them would receive a *Yes*. A program with no reporting system to track expenditures by grantees would receive a *No*.

Evidence/Data (if available): evidence can include the reporting structure, oversight techniques, audit or site visit schedule, and/or assess general data quality of the program.

B 2. Does the program collect performance data on an annual basis and is it public and transparent in a meaningful manner?

Purpose of the question: to determine whether or not the program has a system in place to collect and present publicly information that captures the most important impacts of program performance.

Elements of a *Yes* answer: a *Yes* answer would require the program collects, compiles and disseminates grantee performance information in an accessible manner, such as a web site or widely available program reports. Data would be aggregated on a program-wide level and disaggregated at the grantee level. A program would receive a *No* if grantee performance data are not available to the public, or if it is only aggregated at a high level. Similarly, a program could receive a *No* response if the data it presents are not related to the impact of the program.

Evidence/Data (if available): evidence can include citations of the types of data that are collected and disseminated as well as a description of how these data are made available.

B 3. Does the agency respond in a timely fashion to issues raised in the audit reports and other evaluations?

Purpose of the question: to determine whether or not a program is responsive to evidence that program performance is not effective or optimal.

Elements of a *Yes* answer: a *Yes* would require the program has demonstrated that it takes corrective action to address identified shortcoming in program administration.

Evidence/Data (if available): evidence can include examples of reforms implemented in response to audits or evaluations.

B 4. Does the agency reduce allotments for incomplete implementation of grantee plans?

Purpose of the question: to determine whether or not grantee plans are fully implemented.

Elements of a *Yes* answer: a *Yes* would require that a program is able to promote effective performance on the part of grantees by linking performance to funding. For example, a consideration can be whether the agency ties funding to grantees meeting performance goals. A program could receive a *Yes* if there are repercussions for poor performance by grantees.

Evidence/Data (if available): evidence can include program policies that link funding to performance or examples of funding reductions for poor performance.

Regulatory Based Programs

Reg 1. Did the program seek and take into account the views of interested partners including, but not limited to, state, local and tribal governments and small businesses, in drafting significant regulations?

Purpose of the Question: to determine the level of coordination with non-government entities during the rulemaking process.

Elements of a *Yes* Answer: a *Yes* would require the program solicited the opinions of stakeholders on significant regulations and thoroughly evaluated the concerns and suggestions raised by these entities. For example, a program that sought the opinions of stakeholders and incorporated their suggestions or explained why other suggestions were not incorporated during the rule making process could receive a *Yes*. If the program drafted its rules in a vacuum without consulting any of the potentially affected parties they would not likely receive a *Yes*.

Evidence/Data (if available): evidence can include notices seeking public comment and addressing comments in final rules.

Reg 2. Where applicable, did the program issue compliance assistance guidance to regulated entities?

Purpose of the Question: to determine whether the program has issued sufficient guidance to regulated entities to assist them in complying with existing and new requirements.

Elements of a *Yes* Answer: a *Yes* would require the issuance of guidance whenever significant rules were promulgated, and where regulated entities needed assistance understanding how to comply with new requirements. The guidance must provide clear direction on how affected entities can follow the program regulations. A program that issued guidance to regulated parties about implementing the regulations, especially specific actions needed for compliance would receive a *Yes*. An agency that failed to issue compliance assistance guidance and several regulated parties did not heed to the rule's requirements because the rule was too difficult to understand would likely receive a *No*.

Evidence/Data (if available): evidence can include the percentage of compliance assistance guidance developed for significant rules, where appropriate, and the extent of use by regulated entities.

Reg 3. Did the program prepare, where appropriate, a Regulatory Impact Analyses that comports with OMB's economic analysis guidelines?

Purpose of the Question: to determine whether the program, in justifying its rules, prepared sound analyses (i.e. cost benefit analysis, risk analysis) consistent with OMB's economic analysis guidelines.

Elements of a *Yes* Answer: a *Yes* answer could include, but is not limited to, a statement of need of the proposed action, an examination of alternative approaches, and an analysis of the benefits and costs of the proposed action. Programs that fully documented the impacts on public health and safety and the regulated industry through a thorough benefit cost and risk analyses based upon the best possible available data would receive a *Yes*. If a program's impact analyses failed to include a discussion of the costs of restrictions on the regulated industry, a *no* response to this question would be appropriate.

Evidence/Data (if available): evidence can include the regulatory impact analyses for the program's rules.

Reg 4. Have these RIA analyses and supporting science and economic data been subjected to external peer review by qualified specialists?

Purpose of the Question: to determine whether regulatory impact analyses are rigorous, thorough, and based upon the best available data.

Elements of a *Yes* Answer: a *Yes* answer would require peer reviews by academia, industry, or non-profit research organizations. The cost-benefit and risk analysis and scientific and economic data underlying those analyses should be peer reviewed. The data upon which the analyses were based should be fully disclosed. For example, if a program had its regulatory impact analyses reviewed and approved by several experts in relevant fields to assess the quality of its benefit cost analyses and the underlying assumptions were transparent, the program would receive a *Yes*. If the program rarely, if ever, subjected its analyses for peer review by outside groups, but instead was content with reliance upon its in-house analysts, the program could receive a *No*.

Evidence/Data (if available): evidence can include any reports or feedback generated by outside reviewers, and knowledge of coordination between reviewers and sponsoring agency/program.

Reg 5. Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?

Purpose of the Question: to determine whether the program's regulatory scheme is part of the larger coherent, consistent program strategy to achieve program goals.

Elements of a *Yes* Answer: a *Yes* answer would require a program reviewed its regulations periodically (e.g., every two years) to ensure that they were consistent with the policies they outline. Further, the program should make attempts to minimize regulatory burden through constant review of regulations, with an eye towards streamlining, if possible. In addition, the program ensured that every regulation is consistent with the program's goals. An example of a Yes could be a program that conducted lookback studies every third year on all of its significant regulations to ensure that they were all current, consistent, and relevant to the program goals. If a program, however, did not systematically review regulations such that some remain on the books after the regulating community abandons the subject of the regulation making the rules irrelevant could receive a *No*.

Evidence/Data (if available): evidence can include a program plan to conduct this exercise on a regular basis, an organizational infrastructure that allocates resources to conducting such a review, and any reports generated or changes made to the program or its regulations as a result of this type of review.

Reg 6. Did the regulatory changes to the program last year maximize net benefits?

Purpose of the Question: to determine whether the program's regulatory actions in the past year maximized net benefits.

Elements of a *Yes* Answer: a *Yes* answer would require a program's regulatory changes have potential benefits to society that justify the potential costs. It is important to recognize that not all benefits and costs may be described in monetary or even in quantitative terms. Where a statute required a specific regulatory approach, the proposed actions were the most cost-effective, including reliance on performance objectives to the extent feasible.

Evidence/Data (if available): evidence can include any evaluations or look-back studies that point to the net benefits of a program's regulatory action.

Reg 7. Does the program impose the least burden on society, taking into account, among other things, to the extent practicable, the costs of cumulative regulations?

Purpose of the Question: to determine whether the program, as it promulgates regulations, ensures that its regulatory requirements in total impose the least burden on regulated entities.

Elements of a *Yes* Answer: a *Yes* answer would require the program has made the best effort to assess how each additional regulation adds to the current level of regulatory requirements and keeps regulatory compliance burden at a minimum. For example, a program that allowed businesses to submit all of their compliance information electronically would likely receive a *Yes* while a program that insists that businesses submit a variety of compliance data by paper would receive a *No*.

Evidence/Data (if available): evidence can include statistics on compliance reporting burden, the costs of the program's requirements on regulated industries in total.

Capital Assets and Service Acquisition Programs

Cap 1. Does the program clearly define deliverables and required capabilities/performance characteristics?

Purpose of the question: to determine if the agency has defined the required capabilities and/or performance characteristics of the end product/result of the acquisition. This element is critical because it assures that all parties (government, contractor, etc) are working toward the same end-product/result.

Elements of a *Yes* answer: if acquiring a capital asset, a *Yes* would require the program documented the capabilities or characteristics that are expected. For example, a weapon system that has defined key performance parameters and operational requirements would get a *Yes,* one that is proceeding without such definition should receive a *No.* For services, a *Yes* would require the program made adequate use of performance-based contracting methods. A program that acquires services through other than performance based contracts should receive a *No*, unless there is a legitimate reason for not using such contracts. For example, a grounds maintenance program that requires that the lawn must be maintained between 2-3" that instead of requiring that the lawn be mowed weekly would receive a *Yes*.

Evidence/Data (if available): evidence can include documentation from the program describing key performance characteristics and/or deliverables.

Cap 2. Has the program established appropriate, credible, cost and schedule goals?

Purpose of the question: to determine whether all program costs are well understood, and whether a realistic schedule has been established.

Elements of a *Yes* answer: a *Yes* answer would require that the program is able to estimate unit costs, annual costs, and life-cycle costs. Programs should also be able to lay out detailed schedules for development and delivery of assets and services. Program should be able to demonstrate that the cost and schedule estimates are credible (e.g. by having them reviewed and validated by an independent entity outside the program.). If an independent entity's cost or schedule estimates that differ from the program's estimates, the program should defend differences.

Evidence/Data (if available): evidence can include unit cost, acquisition cost, and life cycle cost estimates, as well as development and/or delivery schedules.

Cap 3. Has the program conducted a recent, credible, cost-benefit analysis that shows a net benefit?

Purpose of the question: to determine if the program has a net benefit.

Elements of a *Yes* answer: a *Yes* would require the program conducted an analysis of the projects total life-cycle costs and benefits consistent with OMB Circular A-94. The program should be able to demonstrate that the assessment is credible (e.g. by having it reviewed and validated by an independent entity.) If an independent entity's analysis differs from the program's analysis, the program should articulate its position.

Evidence/Data (if available): evidence should include a summary of any cost/benefit analysis and documentation of any independent reviews of the analysis.

Cap 4. Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule and performance goals?

Purpose of the question: to determine whether the agency is investing in an asset or service that provides the best value to the government.

Elements of a *Yes* answer: to receive a *Yes* rating, the agency should have conducted an analysis of alternatives (AoA). The analysis should include the status quo, non-material solutions (e.g. data compression in lieu of a new data cable), and trade-offs between cost, schedule, and performance goals. Program should be able to demonstrate that the analysis is credible (e.g. by having it reviewed and validated by an independent entity outside the program.) If an independent entity's analysis differs from the program's analysis, the program should defend differences

Evidence/Data (if available): evidence can include a summary its AoA, and documentation of any independent reviews of the analysis.

Cap 5. Does the program have a comprehensive strategy for risk management that appropriately share risk between the government and contractor?

Purpose of the question: to help ensure that the risk associated with acquisition of the asset or service is analyzed and managed carefully. Failure to analyze risk in acquisition may contribute to cost overruns, schedule delays, and programs that do not perform as expected.

Elements of a *Yes* answer: a *Yes* would require the program to have an comprehensive risk management plan that identifies technical, cost, and schedule risks and describes how these risks will be isolated, minimized, monitored, and controlled. A *Yes* would also require the program to select contracts and pricing mechanisms that provide appropriate incentives for contractors to meet cost, schedule and performance goals. A program that did only one of these would receive a *No*.

Evidence/Data (if available): evidence can include use of a performance based system such as earned value to monitor and control risk, and use of contract award fees to provide incentives to a contractor to initiate innovations, cost management, and cost reduction measures.

Credit Programs

Cr 1. Are active projects monitored on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely and reporting requirements are fulfilled?

Purpose of the question: to determine whether the program agency and its partners consistently monitor the financial performance of their credit programs.

Elements of a *Yes* answer: a *Yes* answer would require an effective monitoring system that tracks the financial performance of each credit facility, coupled with reports from or trips to the field.

Evidence/Data (if available): evidence can include quarterly statements from the Program Agency, Treasury, the Guaranteed Lender, Loan Servicing agent; internal and external performance evaluations; reports from field representatives or trips to the field on the borrowers performance.

Cr 2. Does the program consistently meet the requirements of the Federal Credit Reform Act of 1990, the Debt Collection Improvement Act and applicable guidance under OMB Circular A-1, A-34, and A-129?

Purpose of the question: to determine whether the program agency and its partners design and manage their credit programs within the confines of established law and OMB guidance.

Elements of a *Yes* answer: a *Yes* answer would require the program administrators understand and manage the program within the guidelines set forth.

Evidence/Data (if available): evidence can include actual reports detailing the performance of the Agency's portfolio management, subsidy calculations, reestimates, modifications, etc. Other evidence can include independent evaluations of the program's performance.

Cr 3. Is the risk of the program to the U.S. Government measured effectively?

Purpose of the question: to determine whether the program agency and its partners have an effective method to accurately assess the creditworthiness of the borrowers.

Elements of a *Yes* answer: a *Yes* answer would require the use of standard credit risk analysis methods, including standard models and personnel with credit expertise.

Evidence/Data (if available): evidence can include the program agency's credit risk analysis manuals, qualifications of credit analysts, credit training offered. Other evidence can include independent evaluations of the program's risk assessment systems.

Cr 4. Does the program have and meet customer service benchmarks?

Purpose of the question: to determine whether the program agency and its partners set customer service benchmarks, like timeliness and quality of service, and monitor whether these benchmarks are attained.

Elements of a *Yes* answer: a *Yes* answer would require establishment of benchmarks and measurement and collection of information to verify that these benchmarks are met.

Evidence/Data (if available): evidence can include report detailing customer and agent satisfaction with program performance, and independent evaluations of the program's performance.

Cr 5. Does the rate of program participation meet target program rates?

Purpose of the question: to determine whether the program agency and its partners have established goals of utilization and if the program achieves these goals.

Elements of a *Yes* answer: a *Yes* answer would require establishment of goals and the ability to measure and collect information to verify that these goals are achieved.

Evidence/Data (if available): evidence can include a copy of a report detailing rates of utilization of the financial facility, and independent evaluations of the program's utilization.

Cr 6. Are the borrowers meeting their commitments in a timely manner?

Purpose of the question: to determine whether the program's current loan default ratio is within the Program agency and its partner's expectations.

Elements of a *Yes* answer: a *Yes* answer would require collection and analysis of borrower repayment streams.

Evidence/Data (if available): evidence can include a copy of a quarterly financial report detailing rates of repayment by financial facility. Also acceptable would be independent evaluations of the program's performance.

Cr 7. Do the majority of loans supplement rather than substitute private lending?

Purpose of the question: to determine whether the majority of credit goes to borrowers who would otherwise not have access to financial resources.

Elements of a *Yes* answer: a *Yes* answer would require evidence of the market failure/absence or unwillingness of private sector participation and of an overview of the market, including all international, Federal, local, and private sector participants.

Evidence/Data (if available): evidence can include a copy of a report detailing the programs loan portfolio as a percentage of the overall market, and independent reports on the market overview.

IV. PROGRAM RESULTS

1. Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?

Purpose of the question: to determine whether the program is meeting or making progress toward meeting the goals evaluated in Question 1 of Section II. The question also seeks to determine whether the program's partners are meeting long-term outcome goals evaluated in Question 3 of Section II, if partner performance is critical to the program achieving its overall goals. Examples of partners can include grant recipients, participating financial institutions, regulated bodies, or suppliers.

Elements of a *Yes* answer: a *Yes* answer would require that the program is meeting the goals evaluated in Question 1 of Section II. A *Yes* answer would not be met by simply meeting any goals. A program would not be eligible for a *Yes* answer to this question, if the program received a *No* in Question 1 of Section II. A *Yes* answer may also consider whether the partners commit to long-term outcome goals and are making progress toward meeting those goals. A program could receive a *No* if it received a *Yes* for achieving its annual goals (next question), but is not making sufficient progress toward meeting its long-term goals.

Evidence/Data (if available): evidence can include data from the agency's GPRA performance plan, a strategic plan, or other Administration goals and objectives. In cases where goals are not met, additional evidence can include an explanation of the main reasons.

2. Does the program (including program partners) achieve its annual performance goals?

Purpose of the question: to determine whether the program is meeting the goals evaluated in Question 2 of Section II. The question also seeks to determine whether the program's partners are meeting annual goals evaluated in Question 3 of Section II, if partner performance is critical to the program achieving its overall goals. Examples of partners can include grant recipients, participating financial institutions, regulated bodies, or suppliers.

Elements of a *Yes* answer: a *Yes* answer would require that the program is meeting the goals evaluated in Question 2 of Section II. A *Yes* answer would not require simply meeting any performance goals. A program would not be eligible for a *Yes* answer to this question, if the program received a *No* in Question 2 of Section II. A *Yes* answer may also consider whether the partners commit to performance goals and are meeting those goals.

Evidence/Data (if available): evidence can include data from the agency's GPRA performance plan, a strategic plan, or other Administration goals and objectives. In cases where goals are not met, additional evidence can include an explanation of the main reasons.

3. ***Were program goals achieved within budgeted costs and established schedules?***

Purpose of the question: to determine whether valid program goals were achieved within budgeted costs and established schedules and whether the program spends funds as planned and budgeted.

Elements of a *Yes* answer: a *Yes* answer would require that the program achieved the goals evaluated in Section II on budget and on schedule. An example of a program that could receive a *No* rating could be an acquisition program that has experienced 60% cost growth and is behind schedule. Consideration may be given to factors outside the control of the program.

Evidence/Data (if available): evidence can include a comparison of the program's previous budget proposals for a fiscal year with its expenditures and final outcomes for that fiscal year.

4. Does the performance of this program compare favorably to other programs with similar purpose and goals?

Purpose of the question: to determine how well the program performs relative to other Federal programs engaged in a similar activity.

Elements of a *Yes* answer: a *Yes* answer would require the program compare favorably to other Federal programs in the common measures exercise. If none of the common measures relate to the program, the RMO should consider relevant evaluations that allow a comparison with other Federal programs with similar purpose and goals.

Evidence/Data (if available): evidence can include evaluations and documentation comparing similar programs, including, if applicable, the six common measures.

5. Do comprehensive, independent, quality evaluations of this program indicate that the program is effective and achieving results?

Purpose of the question: to determine whether the program is effective based on comprehensive evaluations at the national program level.

Elements of a *Yes* answer: a *Yes* answer would require that quality program evaluations such as those measured in Question 4 of Section II indicate that the program is effective. If a program is taking necessary steps to correct deficiencies uncovered by the evaluation, the RMO should address this effort in Question 1 of Section III, Program Management. Relevant evaluations would be at the national program level, rather than evaluations of one or more program partners, and would not focus only on process indicators such as the number of grants provided, or hits on a web site. Relevant evaluations would consider a program's impact, effectiveness, financial management, or other measurement of performance.

Evidence/Data (if available): evidence can include findings of an evaluation conducted by the General Accounting Office, Inspectors General, academic and research institutions, agency contracts or staffs, or other entities.

Specific Results Questions by Program Type

Block/Formula Grant Programs

B 1. Are there a significant number of comprehensive, independent, quality evaluations conducted by Federal partners (e.g., States, localities, or others) that indicate those partners use funds effectively to achieve results?

Purpose of the question: to determine whether evaluations that meet high standards of research (either experimental or quasi-experimental design) indicate that funds are being used for their intended purpose and are accomplishing program goals at the state or local levels. The intent of having a separate question is that there may be such data available from grantees before there are data from a national evaluation of the program.

Elements of a *Yes* answer: a *Yes* would require that a significant number of high quality evaluations show effective use of funds by grantees. Relevant evaluations would not be descriptive case studies.

Evidence/Data (if available): evidence can include the findings from such evaluations.