PERFORMANCE AND MANAGEMENT ASSESSMENTS

2. PERFORMANCE IMPROVEMENT INITIATIVE

I. INTRODUCTION

The American people expect the Federal government to implement programs that will ensure the Nation's security, provide critical national level services and produce meaningful results. To hold government accountable for its performance, taxpayers must have clear and candid information about the successes and failures of all Federal programs. For the third straight year, the Administration is providing this type of information to the public on *ExpectMore.gov*, a user-friendly government website that allows public access to government programs. ExpectMore.gov describes which government programs are performing, which ones are not, and in both situations, what is being done to improve them.

The objective of the President's Performance Improvement Initiative (PII) (formerly the Budget and Performance Integration Initiative) is to ensure that Federal dollars produce the greatest results possible. The Initiative provides information on program performance to help the President and Congress make better, more informed decisions about the programs.

The PII focuses on performance in two principal ways:

- *Improved Program Performance:* The initiative requires each agency to identify opportunities to improve program management and design, and then develop and implement clear, aggressive plans to get more from tax dollars every year. Agencies have ready access to program performance information from a variety of sources such as the Program Assessment Rating Tool (PART) and other independent program evaluations, investigations, audits, and analyses.
- *Greater Investment in Successful Programs:* Although performance is not the only factor used to decide the size of a program's budget, Congress and the President can utilize information about a program's effectiveness and efficiency in decision-making so that taxpayer dollars are invested in programs that provide the greatest return to the Nation. If poorly performing programs are unable to demonstrate improved results, then their resources may be reallocated to programs that can demonstrate greater success and returns to the taxpayer.

Currently, the PII is showing great progress toward helping programs become more efficient and more effective through implementation of meaningful improvement plans.

Many programs are demonstrating improved results. For example:

- **Social Security Administration (SSA):** SSA increased agency productivity by 15.5 percent since 2001 through increased use of information technology and improved business processes. SSA would have required $980 million more in 2007 to process the same work if productivity improvements had not been realized.
- **High Intensity Drug Trafficking Areas (HIDTA):** The HIDTA program improved the way it measures success by implementing a system for tracking and analyzing performance data. Using this information, more drug trafficking organizations were dismantled for less money. In 2005, 2,183 Drug Trafficking Organizations were dismantled for $80,000 each. By 2006, 2,332 were dismantled for $76,000 each.
- **Administration on Aging (AoA):** AoA improved its outreach and services to elderly Americans who suffer from disease and disability. In 2006, there were 18 States that improved targeting to those living below the poverty level, serving an additional 80,000 elderly individuals who lived in poverty. Over 345,000 elderly and disabled individuals, who due to their physical conditions would otherwise be living in nursing homes, can continue to live in their own homes and stay connected to their communities. This is an increase of more than 52,200 nursing home-eligible individuals since 2003.
- **Federal Bureau of Prisons (BOP):** In 2006 as a part of its "Greening Prisons" initiative, the BOP piloted renewable energy technologies in several prisons and generated savings of $1.1 million. As a result, in 2006 and 2007, BOP entered into 18 new national Energy Savings Performance Contracts with energy services companies to generate additional savings.

Agencies are identifying additional actions to improve the performance of each of their programs. For example:

Progress toward the second PII goal of improving resource allocation has been limited, but this year, the Administration had more success in terminating some low-performing programs and targeting those resources to well-performing programs. In 2008 seven programs were terminated, saving $156 million and six programs were reduced, saving $1.120 billion. Though no decision is based purely on performance, overall, high performing programs received larger funding increases than those that did not perform as well.

II. HOW THE PERFORMANCE IMPROVEMENT INITIATIVE WORKS

Several aspects of the Performance Improvement Initiative are designed to maximize program performance. They include:

- Comprehensively assessing performance using the PART;
- Publishing quarterly Scorecards to hold agencies accountable for managing for results, addressing PART findings, and implementing improvement plans;
- Broadcasting results to the public on *ExpectMore.gov;* and
- Facilitating program improvement through inter-agency collaboration and cooperation.

Comprehensive Assessment with the Program Assessment Rating Tool (PART)

How do we ensure that Federal programs are improving every year? First, we assess their current performance. In order to improve a program's outcomes, it is critical to have a good understanding of how the program is currently performing. To date, we have assessed the performance of more than 1,000 programs, comprising 96 percent of all Federal programs, using the PART.
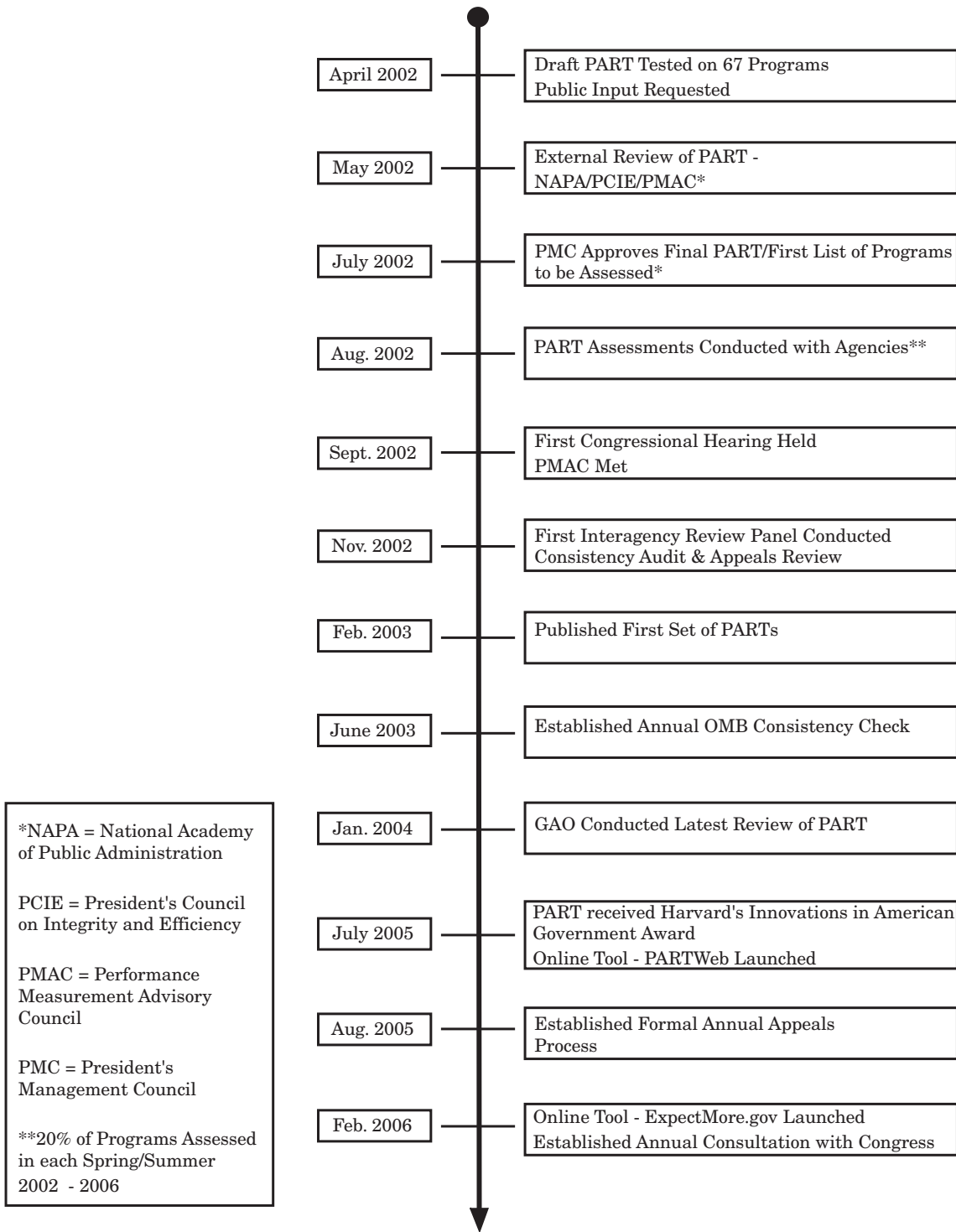
History of the PART

The Federal Government spends trillions of dollars on programs annually, but until the advent of the PART, there was not a uniform basis for assessing how well these programs actually work. For example, are the billions of taxpayer dollars the Federal Government spends on foster care actually preventing the maltreatment and abuse of children? Are Federal efforts to reduce air pollution successful? Previous administrations from President Johnson to President Clinton and Congress have grappled with this problem. Each prior administration has tried to come up with means by which government programs can be measured for results. The most significant advance in bringing accountability to government programs was the Government Perform-

ance and Results Act of 1993 (GPRA). This law requires Federal agencies to identify both annual and long-term goals and to collect and report performance data. For the first time, agencies were required to explicitly identify measures and goals for judging the performance of each of their programs and to collect information on an annual basis in order to determine whether they were meeting those goals.

This Administration built upon GPRA requirements by creating the PART (Program Assessment Rating Tool), an objective, evidence-based and easy-to-understand questionnaire about program design, planning, management, and performance. Objectivity is paramount to a PART rating. For example, when the development of the PART began in 2002, the first draft included a question relating to whether a particular program served an appropriate federal role. Because many people believed that the answer to that question would vary depending on the reviewer's philosophical outlook, the question was removed.

Public and private sector entities have reviewed the PART. Private sector reviewers have praised the PART assessment process for its transparency and objectivity and also have raised concerns that OMB has striven to address. For instance, some reviewers found that assessments of different programs lacked consistency in the answers to the same questions. OMB now audits all draft assessments to correct any obvious inconsistencies. Reviewers also found that agencies did not always agree with the final assessment of their programs. Agencies can now appeal to a high level subcommittee of the President's Management Council to dispute answers with which they disagree. To address concerns that OMB and agencies were not doing enough to involve Congress in the assessment process, agencies are now required to brief and consult their Congressional appropriators, authorizers, and overseers before the annual assessments begin.

The accompanying timeline provides a history of the development of the PART.

Date	Event
April 2002	Draft PART Tested on 67 Programs Public Input Requested
May 2002	External Review of PART - NAPA/PCIE/PMAC*
July 2002	PMC Approves Final PART/First List of Programs to be Assessed*
Aug. 2002	PART Assessments Conducted with Agencies**
Sept. 2002	First Congressional Hearing Held PMAC Met
Nov. 2002	First Interagency Review Panel Conducted Consistency Audit & Appeals Review
Feb. 2003	Published First Set of PARTs
June 2003	Established Annual OMB Consistency Check
Jan. 2004	GAO Conducted Latest Review of PART
July 2005	PART received Harvard's Innovations in American Government Award Online Tool - PARTWeb Launched
Aug. 2005	Established Formal Annual Appeals Process
Feb. 2006	Online Tool - ExpectMore.gov Launched Established Annual Consultation with Congress

*NAPA = National Academy of Public Administration

PCIE = President's Council on Integrity and Efficiency

PMAC = Performance Measurement Advisory Council

PMC = President's Management Council

**20% of Programs Assessed in each Spring/Summer 2002 - 2006

What is the PART and How is it Used?

The PART helps assess the management and performance of individual programs. With the PART, agencies and OMB evaluate a program's purpose, design, planning, management, results, and accountability to determine its overall effectiveness. Agencies then identify and complete follow-up actions to improve program results.

To reflect the fact that Federal programs deliver goods and services using different mechanisms, the PART is customized by program type. The seven PART types are: Direct Federal, Competitive Grant, Block/Formula Grant, Research and Development, Capital Assets and Service Acquisition, Credit, and Regulatory. The PART types apply to both discretionary and mandatory programs. ExpectMore.gov also classifies each program by its specific program area (such as environment, transportation, education, etc.) to facilitate comparison and accelerate the improved performance of programs with similar missions.

Each PART includes 25 basic questions and additional questions tailored to the different program types. The questions are divided into four sections. The first section of questions gauges whether a program has a clear purpose and is well designed to achieve its objectives. The second section evaluates strategic planning, and weighs whether the agency establishes outcome-oriented annual and long-term goals for its programs. The third section rates the management of an agency's program, including the quality of efforts to improve efficiency. The fourth section assesses the results programs can report with accuracy and consistency.

The answers to questions in each of the four sections result in a numerical score for each section from 0 to 100 (100 being the best score). Because reporting a single weighted numerical rating could suggest false precision, or draw attention away from the very areas most in need of improvement, numerical scores are combined and translated into qualitative ratings. The bands and associated ratings are as follows:

Rating	Range
Effective	85–100
Moderately Effective	70–84
Adequate	50–69
Ineffective	0–49

Regardless of overall score, programs that do not have acceptable performance measures or have not yet collected performance data generally receive a rating of "Results Not Demonstrated." This rating suggests that not enough information and data are available to make an informed determination about whether a program is achieving results.

PART ratings do not result in automatic decisions about funding. Clearly, over time, funding should be targeted to programs that can prove they achieve measurable results. In some cases, a PART rating of "Ineffective" or "Results Not Demonstrated" may suggest that greater funding is necessary to overcome identified shortcomings, while a funding decrease may be proposed for a program rated "Effective" if it is not a priority or has completed its mission. However, most of the time, an "Effective" rating is an indication that the program is using its funding well and that major changes are not needed.

Publish a Scorecard to Hold Agencies Accountable

Agencies are achieving greater results with the help of the habits and disciplines established through the Performance Improvement Initiative (PII). These agencies recognize that the PART can be a useful tool to drive improvement in the performance of their programs.

Agency success is judged by clear, Government-wide goals or standards consistent with the Program Improvement Initiative. Agencies have developed and are implementing detailed, aggressive improvement plans to achieve these goals. Most importantly, agencies are

held publicly accountable for adopting these disciplines. To meet the Standards for Success for the PII, an agency must:

- Demonstrate that senior agency managers meet at least quarterly to examine reports that integrate financial and performance information that covers all major responsibilities of the Department;
- Have strategic plans that contain a limited number of outcome-oriented goals and objectives. Annual budget and performance documents incorporate measures identified in the PART and focus

on the information used in the senior management report described in the first criterion;

- Report the full cost of achieving performance goals accurately in budget and performance documents and accurately estimate the marginal cost of changing performance goals;
- Have at least one efficiency measure for all PART-ed programs;
- Use PART evaluations to direct program improvements and hold managers accountable for those improvements, and PART findings and performance information are used consistently to justify funding requests, management actions, and legislative proposals; and
- Have less than 10 percent of agency programs receive a Results Not Demonstrated rating for two years in a row.

Each quarter, agencies receive two ratings—status and progress. First, they are rated on their status in achieving the overall goals for each initiative. They are given a green, yellow or red rating to clearly announce their performance. Green status is for success in achieving each of the criteria listed above; yellow is for an intermediate level of performance; and red is for unsatisfactory performance.

Second, agency progress on the Program Improvement Initiative standards is assessed separately. Agency progress is reviewed on a case-by-case basis against the work plan and related time lines established for each agency. Progress is also given a color rating. Green is given when implementation is proceeding according to plans agreed upon with the agencies; yellow for when some slippage or other issues require adjustment by the agency in order to achieve the initiative objectives on a timely basis; and red when the Initiative is in serious jeopardy of not realizing its objectives without significant management intervention.

As of September 30, 2007, fourteen agencies achieved green status on the Program Improvement Initiative Scorecard. The agencies at green are:

1. Department of Agriculture
2. Department of Commerce
3. Department of Education
4. Department of Energy
5. Environmental Protection Agency
6. Department of Justice
7. Department of Labor
8. Department of Transportation
9. General Services Administration
10. National Aeronautics and Space Administration
11. National Science Foundation
12. Small Business Administration
13. Smithsonian Institution
14. Social Security Administration

The Scorecard is an effective accountability tool to ensure agencies manage the performance of their programs. Although a scorecard rating is not directly linked to any specific consequences, it is quickly understood at the highest levels of the Administration as an indicator of an agency's strength or weakness.

The Government-wide scorecard reporting on individual agency progress is published quarterly at *www.results.gov/agenda/scorecard.html.*

Broadcast Results on ExpectMore.gov

ExpectMore.gov provides Americans with candid information about which programs work, which do not, and what all programs are doing to get better every year.

Up until the launch of *ExpectMore.gov* last year, Americans had limited access to information on how well the Federal Government performed. Now, Americans can see for themselves how their government programs are performing. In many cases, the Federal Government performs well. In some cases, it performs better than the private sector.

ExpectMore.gov contains summaries of PART results for all programs that have been assessed to date. The site provides program information that a concerned citizen could use to assess a program's performance. Each assessment includes a brief description of the program's purpose, its overall rating, some highlights about its performance and the steps it will take to improve in the future. For individuals interested in more information, the site also provides links to the detailed program assessment, as well as that program's website and the assessment summaries of other similar programs. The detailed PART assessment includes the answer to each PART question with an explanation and supporting evidence. It also includes the performance measures for the program along with current performance information. In addition, there is an update on the status of follow-up actions to improve program performance.

A visitor to the site may find, at least initially, that programs are not performing as well as they should or program improvement plans are not sufficiently ambitious. We expect this site to help change that. The website has a variety of benefits, including:

- Increased public attention to performance;
- Greater scrutiny of agency action (or inaction) to improve program results:
  —Improvement plans are transparent
  —Statements about goals and achievements are clearer; and
- Demand for better quality and more timely performance data.

Implement Inter-Agency Program Improvement

The Administration continues to look for new ways to improve the performance of programs with similar purposes or designs by using the PART to analyze performance across agencies (i.e., cross-cutting analysis) and State and local levels. Cross-cutting analysis can improve coordination and communication by encouraging managers from multiple agencies to agree to a common set of goals and by placing the focus on quantifiable results. Cross-cutting analysis breaks down barriers across the Federal, State, and local levels so that all entities work toward the same goal. Only topics that are expected to yield meaningful results are se-

lected for cross-cutting analyses. To date, the Administration completed cross-cutting analyses of the government's math and science programs, community and economic development programs, import and food safety programs, and others.

III. RESULTS

As mentioned above, the PII measures its progress according to two key principles:

- Improved Program Performance; and
- Greater Investment in Successful Programs

There has been greater success in leading agencies to think more systematically about how they measure and improve program performance. Though there are many factors that impact program performance, it is clear that the PII has framed the discussion around results. Agencies have developed ways to measure their efficiency so they can figure out how to achieve more with Americans' tax dollars.

2009 marks the sixth year that the PART was used to (1) assess program performance, (2) take steps to improve program performance, and (3) help link performance to budget decisions. To date, the Administration has assessed more than 1,000 programs, representing approximately 96 percent of the Federal budget. The Administration will use the PART to assess the performance and management of the remaining Federal programs.

With the help of the PART, we have improved program performance and transparency. There has been a substantial increase in the total number of programs rated either "Effective", "Moderately Effective", or "Adequate". This increase came from both re-assessments and newly PARTed programs. The chart below shows the percentage of programs by ratings category.

Chart 2-1. Program Ratings are Improving
Cumulative Program Results by Ratings Category
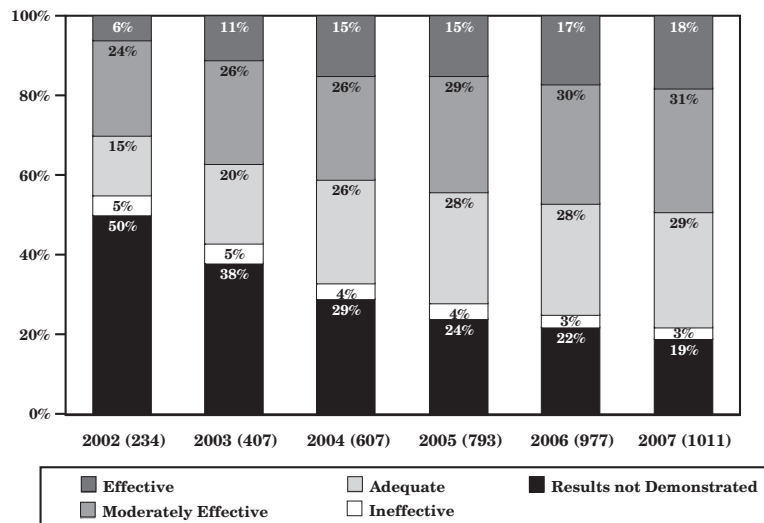
These results demonstrate that the PII has been very successful in focusing Agencies' attention on program performance. For example, approximately:

- 89 percent of programs established or clarified their long-term and annual performance goals to focus on the outcomes that are important to the American people.
- 82 percent of programs are achieving their performance goals.
- 73 percent of programs are measuring their efficiency, a relatively new activity for Government programs.

- 70 percent of programs are improving efficiency annually, producing more value per dollar spent.
- 55 percent of programs that were initially unable to demonstrate results have improved their overall performance rating.

Unfortunately, there has not been a similar level of accomplishment in the second measure: Greater Investment in Successful Programs. Though Congressional use of performance information has been limited, most in the Congress are aware of the PART. This topic was discussed extensively in recent debates in the Senate.

Senator Wayne Allard introduced an amendment to cut funding for programs funded in the Labor, HHS, and Education 2008 Appropriations Bill rated as "Ineffective" by 10 percent across the board. In advocating his amendment, Senator Allard said:

These assessments represent the combined wisdom of career officials. This is not a political process. These are objective evaluations done by career officials at agencies and OMB, and are based on evidence of that program's performance. While a program's overall rating should not be the sole determinant of funding, Congress should prioritize funding programs that perform well. Ineffective programs in particular should be scrutinized to determine whether the resources they use could be better spent elsewhere and whether their goals could be achieved through other means.

Senator Allard brought warranted focus on programs that aren't performing as they should. In arguing against the amendment, Senator Tom Harkin said:

The Program Assessment Rating Tool . . . is intended to help assess the management and performance of individual programs. So it is not just a question of whether the program works, it also evaluates whether Congress has designed the program in a clear manner and whether

Federal agencies do a good job managing the program.

Both Senators went on to have a substantive debate about how programs were performing and how to get them to perform better. And soon thereafter, in arguing for his own amendment, Senator John Cornyn said:

The Office of Management and Budget has recently reviewed over a thousand programs. As this chart indicates, upon a review of 1,016 Federal Government programs, they have concluded that 22 percent of those programs rated either as ineffective or they are unable to determine whether they are effective. In other words, they are unable to find evidence that they are effective. They have not conclusively determined them as ineffective, but they have concluded that 22 percent of the Federal Government programs are either ineffective or the results are not demonstrated. Anybody who is interested anywhere in the world—certainly in the United States—can look at the information on this ExpectMore.gov Web site and inform themselves, as I am sure they would want to, about what the Federal Government is doing and not doing on their behalf.

This debate on Senator Allard's amendment was an important one. It shows increasing attention to the objective rating of program performance.

IV. NEXT STEPS

The PII has identified several activities to improve program effectiveness over the coming year:

Ensure Program Goals are Adequate and Improvement Plans are Aggressive and Result in Improved Performance.—Review of all completed PARTs and program goals, as well as rigorous follow-up on recommendations from the PART will accelerate improvements in the performance of Federal programs. This will ensure that the hard work done through the PART produces performance and management improvements. Additionally, implementation of improvement must be tracked and reported.

Appoint Agency Performance Improvement Officers.— To ensure successful implementation of the new policy of the Federal Government embodied in Executive Order 13450 to spend taxpayer dollars effectively, and more effectively each year, each agency will appoint Performance Improvement Officers. Performance Improvement Officers are responsible for coordinating the performance improvement activities of their agencies, including:

- Developing and improving the agency's strategic plans, annual performance plans, and annual performance reports, as well as ensuring the use of such information in agency budget justifications;
- Ensuring program goals are aggressive, realistic, and accurately measured;

- Regularly convening agency program management personnel to assess and improve program performance and efficiency; and
- Assisting the head of the agency in the development and use within the agency of performance measures in personnel performance appraisals, particularly those of program managers, to ensure real accountability for greater effectiveness.

Expand Cross-Cutting Analyses.—Use the PART to facilitate cross-cutting analysis where there is a higher return than approaching programs individually. The goal of these efforts is to increase efficiency and save dollars, building on the success of previous cross-cutting analyses. Congressional guidance will be a factor in choosing topics for the next group of cross-cutting analyses.

Maximize ExpectMore.gov Impact.—The Federal Government should be accountable to the public for its performance. This web-based tool provides candid information on how programs are performing and what they are doing to improve. The PII Initiative will work to increase the reach and impact of this valuable information to improve program performance and accountability for results.

Note.—A table with summary information for all programs that have been reviewed using the Program Assessment Rating Tool (PART) is available at: *www.whitehouse.gov/omb/expectmore/part.pdf*. This table provides program ratings, section scores, funding levels, and other information. Additionally, a complete data file and data model of all assessments on ExpectMore.gov is available at: *www.whitehouse.gov/omb/expectmore/whatsnew.htm*. This is a comma-separated values file that academics and researchers can use to analyze performance data.