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# PERFORMANCE AND MANAGEMENT ASSESSMENTS

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## 2. BUDGET AND PERFORMANCE INTEGRATION

### I. INTRODUCTION

Good Government—a government fiscally responsible to the people—must have as one of its core purposes the achievement of results for the taxpayers. Taxpayers expect the Federal Government to implement programs that will ensure the Nation’s security and provide critical services. Taxpayers want their money spent wisely and used to gain maximum benefit. Taxpayers have the right to hold the Federal Government accountable for its actions. To exercise this right, the taxpayers must have clear, candid, and up-to-date information about each program’s successes and failures. For the second straight year, the Administration is providing this type of information to all Americans on *ExpectMore.gov*, a user-friendly government website that describes which programs are performing, which ones are not, and in both situations, what is being done to improve them. (Greater detail about *ExpectMore.gov* will be provided in a subsequent section.)

The Administration is making the Federal Government increasingly effective by making program budget decisions based on program performance. The objective of the President’s Budget and Performance Integration (BPI) Initiative is to ensure that Federal dollars produce the greatest results. Under the BPI Initiative, agencies and OMB identify which programs work well, which are deficient, and what can be done to improve performance of each program. In some cases, the Administration may find it necessary to reallocate funding from less effective programs to more effective ones. The final decisions about the scope of programs and the size of program budgets are ultimately made jointly by the Congress and the President. The BPI Initiative provides information on program performance to help the Executive and Legislative branches make better, more informed decisions. Information about program performance is now readily available and accessible to the public on *ExpectMore.gov*.

The BPI Initiative measures a program’s success 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 for tax dollars every year. Agencies have ready access to program performance information by using the results of the Program Assessment Rating Tool (PART) assessments of each program, program evaluations, investigations, audits, and analyses from a variety of sources.
- *Greater Investment in Successful Programs*: Overall, there are now more program-funding needs

and thus fewer resources to be allocated to each funded program. These scarce resources need to be allocated to programs that benefit the Nation most effectively and efficiently. Though 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 poor performing programs are unable to demonstrate improved results, then their resources may be re-allocated to programs that can demonstrate greater success and returns to the taxpayer.

Currently, the BPI Initiative is showing great progress toward the first goal. Programs are becoming more efficient and more effective through implementation of meaningful improvement plans.

Many programs are demonstrating improved results. For example:

- The Social Security Administration increased agency productivity by 13.1 percent since 2001 through increased use of information technology and improved business processes. SSA would have required \$800 million more in 2006 to process the same work if productivity improvements had not been realized.
- In 2005, the Bureau of Prisons reduced the construction cost per bed in high security facilities, saving an estimated \$54 million.
- The Federal Transit Administration implemented its plan to process Formula Grants faster. In the past, the highest reported processing time for processing grants was 90 days. FTA now expects to process such grants within only 36 days.

Agencies are identifying additional actions to improve the performance of each of their programs. All agencies, regardless of whether their programs perform poorly or well, strive for increased program performance each year.

Progress toward the second goal of improving resource allocation has been slow, but this year, the administration had greater success. We have been successful in terminating some low-performing programs and better at targeting resources to well-performing programs. In 2006, seven programs were terminated, saving \$230 million. Four programs were reduced, saving \$300 million. 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 BUDGET AND PERFORMANCE INTEGRATION INITIATIVE WORKS

Several aspects of the Budget Performance Integration (BPI) Initiative are designed to maximize program performance. They include:

- Assessment of performance with the PART (Program Assessment Rating Tool);
- Publishing a Scorecard to hold agencies accountable for managing for results, addressing PART findings, and implementing follow-up actions;
- 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 nearly 1,000 programs, comprising 96 percent of all Federal programs, using the PART.

### **History of the PART**

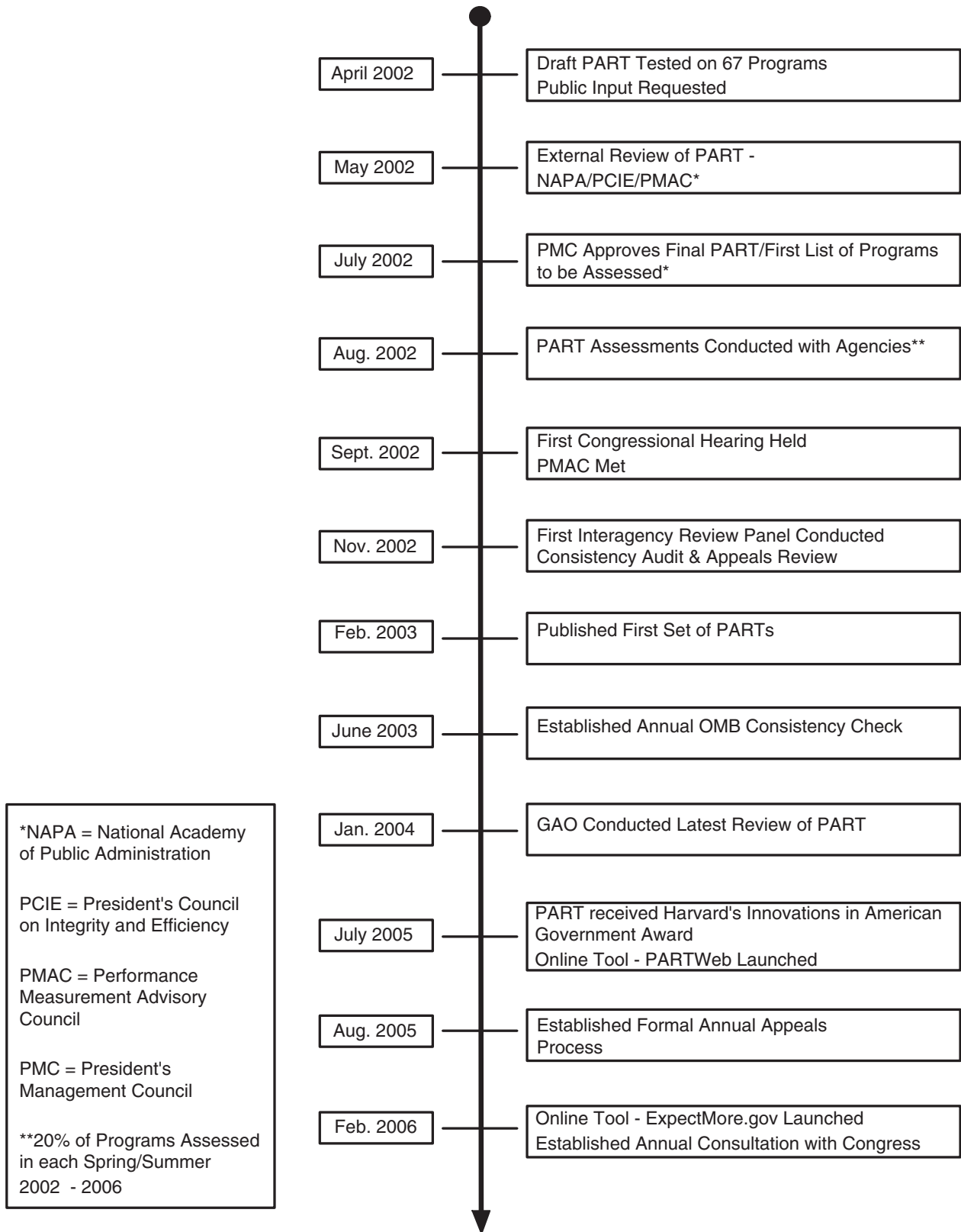
The Federal Government spends trillions of dollars on programs annually, but until the advent of the PART, there was not a uniform basis for assessing how well these programs actually work. For example, were the billions of taxpayer dollars the Federal Government spent on foster care actually preventing 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 are measured for results. The most significant advance in bringing accountability to government programs was the Government Performance and Results Act of 1993 (GPRA). This law requires

Federal agencies to identify both annual and long-term goals and 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 if they were meeting those goals.

This Administration built upon GPRA requirements by creating the PART (Program Assessment Rating Tools), 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 have also raised concerns that OMB has striven to address. For instance, some reviewers found assessments of different programs lack 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.



### 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 so we can accelerate the improved performance of programs with similar missions.

Each PART includes 25 basic questions and there are 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 BPI Initiative. 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 for Budget and Performance Integration. Agencies have developed and are implementing detailed, aggressive action plans to achieve these goals. Most importantly, agencies are held publicly accountable for adopting these disciplines. To meet the Standards for Success for the BPI Initiative, 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. First, they are rated on their status in achieving the overall goals for each initiative. They are then given a green, yellow or red rating to clearly announce their performance. Green status is for success in achieving each of the criteria listed earlier; yellow is for an intermediate level of performance; and red is for unsatisfactory performance.

Second, agency progress toward reaching the Budget and Performance Integration standards is assessed separately. This 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. In this case, it is unlikely to realize objectives absent significant management intervention.

As of December 31, 2006, fifteen agencies achieved green status on the Budget and Performance Integration Initiative Scorecard. The agencies at green are:

1. Department of Agriculture
2. Department of Commerce
3. Department of Education
4. Department of Energy
5. Department of Justice
6. Department of Labor
7. Department of Transportation
8. Department of State
9. General Services Administration
10. National Aeronautics and Space Administration
11. National Science Foundation
12. Small Business Administration
13. Smithsonian
14. Social Security Administration
15. U.S. Agency for International Development

The Scorecard is an effective accountability tool to ensure agencies manage the performance of their pro-

grams. 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](http://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, every American can see for themselves how their government is performing. In many cases, the Federal Government performs well. In some cases, it performs better than the private sector.

*ExpectMore.gov* contains PART summaries for all programs that have been assessed to date. The site provides the program information that a concerned citizen would need 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, 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 will be transparent
  - Statements about goals and achievements will be clearer; and
- Demand for better quality and more timely performance data.

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# ExpectMore.gov

EXPECT FEDERAL PROGRAMS TO PERFORM WELL, AND BETTER EVERY YEAR.

The Federal Government is working to ensure its programs perform well. Here we provide you information about where we're successful and where we fall short, and in both situations, what we're doing to improve our performance next year.

Learn More ▶

- ▶ Show me programs that are **PERFORMING** GO
- ▶ Show me programs that are **NOT PERFORMING** GO
- ▶ Show me programs by **NAME** or **KEYWORD** GO
- ▶ Show me programs by **TOPIC** GO
- ▶ Show me programs by **AGENCY** GO

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### 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 getting managers from multiple agencies to agree to a common set of goals and placing the focus on quantifiable results. This type of 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 selected for cross-cutting analyses. This past year the Administration completed cross-cutting analysis of the government's math and science programs as part of the ACC (Academic Competitiveness Council).

*Academic Competitiveness Council.* The ACC set out to identify all Federal education programs with a science, technology, engineering, and math focus; clarify the goals of these programs; identify the extent to

which the programs have undergone independent, external evaluation based on sound, scientific principles and have quantitative evidence of achieving their goals; and identify better ways to measure and evaluate these programs and efficiently integrate and coordinate Federal spending on Science, Technology, Engineering, and Mathematics (STEM) education programs.

The ACC first identified 109 STEM education programs funded in 2006 for a total of \$3.13 billion. Within that total, elementary and secondary programs received approximately \$640 million (20 percent of the total), postsecondary programs, including graduate and postdoctoral programs, nearly \$2.4 billion (76 percent) and informal education and outreach programs close to \$103 million (4 percent). The group agreed on common goals for the programs, but found that few had been rigorously evaluated and determined to be effective. These programs, like many managed by the Federal Government, must do more to gather and report evidence of what activities are most effective at achieving common goals.

### III. RESULTS

As mentioned above, the BPI Initiative measures its success according to two measures:

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

There has been greater success in achieving the goals of the first measure. The BPI Initiative has caused 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 BPI Initiative 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.

This marks the fifth 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 nearly 1000 programs, representing approximately 96 percent of the Federal budget. Over the next year, the Administration will use the PART to assess the performance and management of most of the remaining Federal programs.

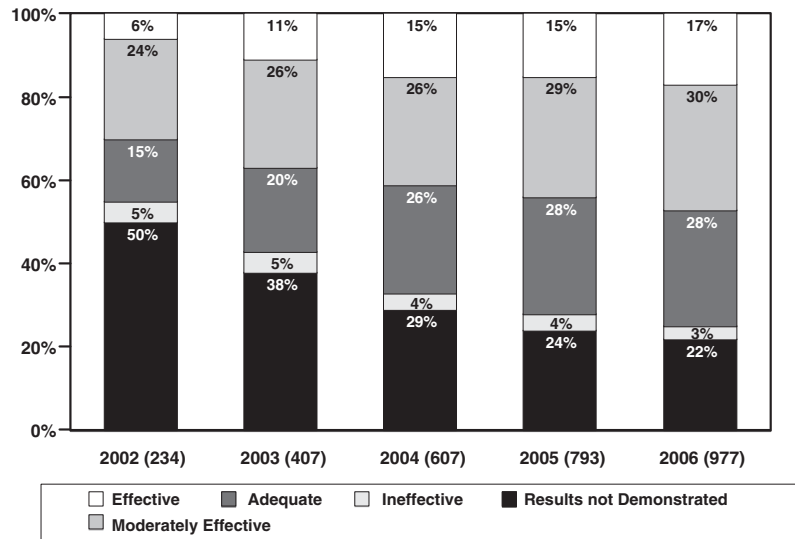


With the help of the PART, we have improved program performance and transparency. There has been a substantial increase in the total number of programs rated either “Effective”, “Moderately Effective”, or “Ade-

quate”. 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 BPI Initiative has been very successful in focusing Agencies’ attention on program performance. For example, approximately:

- 14 percent of programs improved their performance rating overall;
- 80 percent of programs have acceptable performance measures;
- 74 percent have achieved their long-term goals and 80 percent have achieved their annual goals; and
- 90 percent of programs have efficiency measures and about half of them have achieved their efficiency targets.

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 a Government Accountability Office (GAO) report issued last year.

GAO recommends that OMB select PART reassessments and crosscutting reviews based on factors that include the relative priorities, costs, and risks associated with clusters of related programs, and reflect congressional input. Additionally, GAO recommended OMB solicit congressional views on the performance issues and program areas most in need of review; the most useful performance data and the presentation of those data. As mentioned above, OMB is using the PART to improve the performance of similar programs in areas that are expected to yield meaningful results. OMB and agencies are also actively soliciting the views of the Congress in PART assessments, on improvement plans, and oversight efforts.

**IV. NEXT STEPS**

The BPI Initiative has identified several activities to improve its effectiveness over the coming year:

*Ensure Plans are Aggressive and Result in Improved Performance.*—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 these plans must be tracked and reported.

*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 BPI 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/budget/fy2008/sheets/part.pdf](http://www.whitehouse.gov/omb/budget/fy2008/sheets/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](http://www.whitehouse.gov/omb/expectmore/whatsnew.htm). This is a comma-separated values file that academics and researchers can use to analyze performance data.