OFFICE OF MANAGEMENT AND BUDGET

PROGRAM ASSESSMENT RATING TOOL

INSTRUCTIONS FOR PART WORKSHEETS

FISCAL YEAR 2004

Instructions for the Program Assessment Rating Tool

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GENERAL GUIDANCE: The Program Assessment Rating Tool (PART) is a series of questions designed to provide a consistent approach to rating programs across the Federal government. The PART is a diagnostic tool that relies on objective data to inform evidence-based judgments to assess and evaluate programs across a wide range of issues related to performance. As an assessment of the program overall, the PART also examines factors that the program or agency may not directly control but which are within the influence of the program or agency. For example, if statutory provisions impede effectiveness, the agency can propose legislative changes. The questions are designed to reflect familiar concepts and incorporate existing practices managers and program examiners utilize 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 user to provide a brief narrative explanation of the answer including any relevant evidence to substantiate the answer. Responses should be evidence based and not rely on impressions or generalities. The completed PART will be made available for public scrutiny and review and must be based on evidence. Unless otherwise noted, a *Yes* answer should be definite and reflect a very high standard of performance. Hard evidence of performance may not be readily available for all programs. In these cases, assessments will rely more heavily on professional judgment. No one question in isolation will determine the performance of a program. In fact, some questions may not apply to every program.

This guidance document and the worksheets used to complete the assessments can be found on OMB's website at http://www.whitehouse.gov/omb/budintegration/index.html.

STANDARDS OF A YES: The PART holds programs to a high level of evidence and expectation. It is not sufficient for a program simply to comply with the letter of the law. Rather it must show it is achieving its purpose and that it is managed efficiently and effectively. In other words, the performance of Federal programs should reflect the spirit of good government, not merely compliance with statute. In general, the PART requires a high standard of evidence and it will likely be more difficult to justify a *Yes* than a *No*. Sections I through III are scored in a Yes/No format. In Section IV, answers are provided on a four-point scale to reflect partial achievement of goals and evidence of results. The evidence supporting an answer should be based on the most recent, credible evidence.

QUESTION WEIGHTING: As a default, individual questions within a section are assigned equal weighting; however, the user can alter the weight of the questions in order to most accurately emphasize the key factors of the program. To avoid manipulation of the total score, weights should be adjusted prior to responding to any of the questions. If a question is not relevant to the program, the user may rate the question as *Not Applicable*. In these cases, the user would not apply weighting to the question but must provide an explanation of this response.

RELATIONSHIP TO THE GOVERNMENT PERFORMANCE AND RESULTS ACT:
While the existing Government Performance and Results Act (GPRA) performance measures may be a starting point, they may need to be revised significantly to reflect the PART guidance, in particular its focus on outcomes. GPRA plans should be revised to include any new

performance measures used in the PART, and unnecessary measures should be deleted from GPRA plans.

SELECTING PERFORMANCE MEASURES: The key to assessing program effectiveness is measuring the right things. The PART requires OMB and agencies to choose performance measures that meaningfully reflect the mission of the program, not merely ones for which there are data. The measures should reflect a sense of program priorities and therefore will likely be few in number. As a general approach, we expect these measures to reflect desired outcomes; however, there may be instances where a more narrow approach is more appropriate and output measures are preferable. Because of the importance of performance measures in completing the PART, it is crucial for OMB and agencies to agree on the appropriate measures early in the assessment process.

Because of the strong focus on strategic planning and performance measurement, the first two questions in Sections II (Strategic Planning) and IV (Results) are linked. Building on the GPRA framework, establishing appropriate long-term goals (Question 1 of Section II) lays the groundwork both for annual goals and for assessing program results relative to those goals. Specifically, a program cannot get full credit for meeting performance targets in Section IV, if the relevant questions in Section II indicate that the long-term or annual goals and targets are not sound. However, in some cases, getting a *Yes* on question 2 in each of those sections may not be dependent upon getting a *Yes* on Question 1. An agency may have strong annual measures and targets that indicate progress toward the program's mission, but may still be in the process of establishing appropriate long-term goals. In addition, Section IV scoring is on a 4-point scale so that partial achievement of performance goals can be captured. Additional information on the linkage between goals and results is provided in question-specific guidance.

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

1. Program Purpose & Design	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. These categories are designed to apply to both mandatory and discretionary 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 Safe Schools/Healthy Students.
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 through rulemaking that implements, interprets or prescribes law or policy, or describes 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 vehicle for accomplishing program goals is the development and acquisition of capital assets (such as land, structures, equipment, and intellectual property) or the purchase of 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 Administration 7A loan program and Federal Housing Authority 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 a portion of 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.

There is a separate PART for each of the seven types of Federal programs. Questions for Program Purpose and Design, Strategic Planning, and Program Results (Sections I, II, and IV) apply, in most cases, to all programs and are virtually the same in each PART. Questions for Program Management (Section III) have been tailored for each type of program. The vast majority of Federal programs fit into one of the seven categories of programs for which there is a PART. However, some programs use more than one mechanism to achieve their goals (e.g., grants and credit). Even in these cases, using one PART is sufficient. There may be rare cases in which drawing questions from two different PARTs yields a more informative assessment. In those instances, we suggest that you choose the PART that most closely reflects the core functions of the program as a base, then if necessary, add selected questions from another PART. (This issue will generally only affect Section III since it is the section that varies by type of program.) *The OMB examiner should consult with a member of the OMB Performance Evaluation Team, if considering this approach.*

In the case of new programs, only Sections I through III should be completed and scored. The overall assessment of these programs will be based on the first three sections. Performance measures should still be provided in Section IV for these programs.

Question-specific instructions are attached to help explain the purpose of each question and lay out general standards for evaluation. The individual PART worksheets also contain this guidance as well as instructions on the technical aspects of using the worksheets. These instructions will not cover every case, and it is up to the user to bring relevant information to bear in answering each question that will contribute to the program's assessment.

I. PROGRAM PURPOSE & DESIGN

This section examines the clarity of program purpose and related program design and looks at all factors including those the program or agency may not directly control but which are within the influence of the program or agency such as legislation and market factors. A clear understanding of program purpose is essential to setting program goals, maintaining focus, and managing the program. Potential source documents and evidence for answering questions in this section include authorizing legislation, agency strategic plans, annual performance plans, and other agency reports. Options for answers are *Yes*, *No* or *Not Applicable*.

1. ***Is the program purpose clear?***

   <u>Purpose of the question</u>: to determine whether the program has a focused and well-defined mission.

   <u>Elements of a *Yes* answer</u>: a *Yes* answer would require a consensus of program purpose among interested parties (e.g., Congress, Administration, public) and a clear and unambiguous mission. Considerations can include whether the program purpose can be stated succinctly. A *No* answer would be appropriate if the program has multiple conflicting purposes.

   <u>Evidence/Data</u>: evidence can include program authorizing legislation, program documentation or mission statement.

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

   <u>Purpose of the question</u>: to determine whether the program addresses a specific interest, problem or need that can be clearly defined and presently exists.

   <u>Elements of a *Yes* answer</u>: A *Yes* answer would require the existence of a relevant and clearly defined interest, problem or need that the program is designed to address. A *Yes* answer would also require that the program purpose is still relevant to current conditions (i.e., that the problem the program was created to address still exists). Considerations could include, for example, whether the program addresses a specific market failure.

   For research and development programs, a *Yes* answer would require identification of relevance to specific national needs, agency missions, fields of science or technology, or other "customer" needs. A customer may be another program at the same or another agency, an interagency initiative or partnership, or a firm or other organization from another sector or country.

   <u>Evidence/Data</u>: evidence can include documentation of the problem, interest or need that the program is designed to address. An example could be the number and income levels of uninsured individuals for a program that provides care to those without health insurance.

For research and development programs, relevance to agency mission should be based on specific ways that the program addresses an important aspect of the agency mission. This question corresponds to Relevance criteria I.C and I.D of the R&D criteria.

3. ***Is the program designed to have a significant impact in addressing the interest, problem or need?***

   Purpose of the question: to determine whether the program is designed to have a significant impact that is reasonably known and can be measured.

   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.

   For credit programs, a consideration can include the extent to which a large number of borrowers would otherwise not have access to financial resources.

   For research and development programs, a *Yes* answer would require that the program has identified potential benefits in a meaningful, credible way. R&D benefits may include technologies and methods that could provide new options in the future, if the landscape of today's needs and capabilities changes dramatically. While all programs should try to articulate potential benefits, basic research programs may have difficulties predicting benefits of the research. For industry-related programs, a *Yes* answer would also require the assessment of potential program benefits and a favorable comparison to other programs with similar goals at the agency or other agencies.

   Evidence/Data: evidence can include the percentage of total resources and requirements directed at the problem that come from the program and the relative impact of those resources and requirements, or the resources and behavior that the Federal contribution leverages.

   For research and development programs, evidence should include a summary of any benefit analysis and documentation of any independent reviews of the analysis. This question corresponds to Relevance criterion I.B of the R&D criteria. Additionally, for industry-related programs, evidence should include a summary of any comparative benefit analysis and documentation of any independent reviews of the analysis. This question corresponds to Industry-Specific criterion IV.A of the R&D criteria.

4. ***Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., is not needlessly redundant of any other Federal, state, local or private effort)?***

Purpose of the question: to determine whether the program is designed to fill a defensible gap or whether it 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. A consideration can include whether the program serves a population not served by other programs.

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

For research and development programs, a *Yes* answer would require justification that the program provides value beyond that of any similar efforts at the agency, efforts at other agencies, or efforts funded by state and local government, private and non-profit sectors, or other counties. Justification first requires due diligence in identifying similar efforts in the past or ongoing.

Evidence/Data: evidence can include the number of separate programs and total expenditures or efforts supported by those programs that address a similar problem in a similar way as the program being evaluated.

For research and development programs, this question corresponds to one aspect of Relevance criterion I.B of the R&D criteria.

5. ***Is the program optimally designed to address the interest, problem or need?***

Purpose of the question: to determine whether the program design is logical given the current conditions and nature of the problem and whether the design is likely to yield the intended outcomes. This question addresses many elements.

Elements of a *Yes* answer: in this question, the burden of proof is generally on selecting a *No* answer since it would not be feasible to consider all possible program design alternatives. A *Yes* answer would require that there be no conclusive evidence that another approach would be more efficient/effective to achieve the intended purpose. A consideration could be whether the government would get the same or better outcome expending fewer total resources through a different mechanism. For example, there may be evidence that a regulatory program to ensure public safety would be more effective as a grant program. There may be evidence that a research program to improve energy efficiency would be more effective as a tax incentive. The assessment should take into account whether the program funding and activity are roughly proportionate to the scope of the problem. This element includes whether funds are divided among so many purposes or recipients that the program is unable to use or target them effectively. In the case of formula grants and loan programs, the assessment should also consider how well funds are targeted to meet the program purpose and whether funds are protected against supplantation. The examination should also consider

whether the program is optimally designed in its current form or whether the design no longer makes sense due to changes in the problem. For example, if a weapons system program was intended to combat a specific threat, the assessment should ask whether the design remains optimal when the nature or magnitude of the threat has changed. This question may also address legislative factors. For example, a mandatory program assessment could consider whether the program targets the intended beneficiaries to achieve the program goal.

Evidence/Data: evidence can include cost effectiveness studies comparing alternative mechanisms such as a regulation versus a grant or data on the current form of the problem.

Specific Program Purpose & Design Questions by Program Type

Research and Development Programs

RD 1. If an industry-related program, can the program explain how the market fails to motivate private investment?

Purpose of the question: to determine whether the Federal government is the most appropriate actor for the activity supported by the program. (Programs not relevant to an industry or market should set the weighting of this question to zero.)

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. Industry-relevant programs must identify market barriers, expectations of risk, and years to commercialization, as well as building on existing technology, complementing related research, and proposing technologically feasible projects.

Evidence/Data: 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. This question corresponds to Industry-Specific criterion IV.B of the R&D criteria.

II. STRATEGIC PLANNING

This section focuses on program planning, priority setting, and allocation of resources. Key elements in this section include an assessment of whether the program has a limited number of goals that are ambitious, yet achievable, to ensure planning is strategic and focused. Whether the program incorporates flexibility in the planning process to address problems identified through performance data and periodic monitoring is also an important element of this section. Potential source documents and evidence for answering questions include strategic planning documents, agency performance plans and reports, reports and submissions from program partners, evaluation plans, budget submissions and other documents. Options for answers are *Yes*, *No* or *Not Applicable*.

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?***

   <u>Purpose of the question</u>: to determine if focused, long-term performance planning is used to guide program management and performance. This question seeks to assess whether the program goals used are salient, meaningful, and capture the most important aspects of program purpose and mission.

   <u>Elements of a *Yes* answer</u>: 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. This question relates to Section 1, Question 1 in Program Purpose and Design. The goals should focus on outcomes and may or may not be those developed to comply with the Government Performance and Results Act (GPRA). While most programs have GPRA goals, many of these goals do not meet the standards of a *Yes*. A *Yes* answer can also be given, if OMB and the agency have reached agreement on a limited number of long-term outcome goals that will be added to the FY 2004 GPRA plan. Output goals would only meet the standards of a *Yes* answer, if the program can produce sound justification for not adopting outcome goals. Goals should be set relative to an established baseline, have clear time frames and targets, and challenge program managers to continuously improve program performance. Programs should have at least one efficiency goal. In evaluating the goals, considerations can also include whether the program is serving the right clients, such as with certain mandatory programs. A *No* answer would be given for long-term goals that do not directly and meaningfully relate to the program's mission, do not have clear time frames and targets, or are focused on outputs and lack adequate justification. In some instances, a program may have multiple or even competing goals. In these cases, there may be a problem in the program design or the articulation of the program, which may require more focused program goals or a realignment of a program through management or legislative changes. **Agency goals should be listed in the evidence/data section of the PART.**

   For credit programs, customer service benchmarks for timeliness and quality of service and utilization or participation rates may be appropriate long-term outcome goals.

Evidence/Data: evidence will include the long-term outcome goals established by the program either in the GPRA plan or other program document or as agreed to by OMB and to be included in FY 2004 GPRA documents.

For research and development programs, this question corresponds in part to Performance criterion III.B of the R&D criteria.

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 a limited number of annual performance goals have been identified that directly support the long-term goals evaluated in Question 1 of Section II above.

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 measure the program's progress towards reaching the long-term goals evaluated in Question 1 of Section II above. The annual performance goals may focus on outputs and may or may not be those developed by the agency to comply with GPRA. A *Yes* answer can also be given, if OMB and the agency have reached agreement on a limited number of annual goals that will be included in the FY 2004 GPRA plan. Programs are encouraged to have at least one efficiency goal. **If the program received a *No* in Question 1 of Section II above, an explanation of how annual performance goals contribute to desired long-term outcomes and purpose of the program must be provided to receive a *Yes* for this question. Agency goals should be listed in the evidence/data section of the PART.**

For credit programs, customer service benchmarks for timeliness and quality of service and utilization or participation rates may be appropriate annual goals. For research and development programs, a *Yes* answer would require that the program provides single- and multi-year R&D objectives, with annual performance outputs, to track how the program will improve scientific understanding and its application. Programs must provide schedules with annual milestones for future competitions, decisions, and termination points, highlighting changes from previous schedules. Program proposals must define what would be a minimally effective program and a successful program. Some long-term basic research programs may not be able to define meaningful annual outcome performance measures, aside from process measures. In such cases, these programs may use process-related measures, especially those that can be conceptually linked to long-term research goals.

Evidence/Data: evidence will include the annual goals established by the program either in a GPRA Annual Performance Plan or other program document or as agreed to by OMB and to be included in FY 2004 GPRA documents.

For research and development programs, this question corresponds in part to Performance criterion III.B of the R&D criteria.

3. ***Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?***

   Purpose of the question: to determine whether program efforts carried out by program partners also support the annual and long-term goals of the program.

   Elements of a *Yes* answer: a *Yes* answer would require that program managers strive to ensure that partners support the overall goals of the program and measure and report on their performance as it relates to accomplishing those goals. For example, a program that requires all grant applications to include performance measures that will help the program achieve its goals and monitor those measures would receive a *Yes*. If, however, a program does not through a requirement or some other means get program grantees to link their activities to the program's goals, a *No* would be appropriate. The most obvious example of a partner is an entity receiving program funding. While a program cannot always control the activities of their partners, it can exert influence through a number of mechanisms. **If the program received a *No* for both Questions 1 and 2 of Section II above, the program must receive a *No* for this question.**

   In the case of regulatory programs, all regulated entities are not necessarily defined as program partners.

   Evidence/Data: evidence can include procedures the program uses to get partners to commit to, measure, and report on performance related to the program's goals.

4. ***Does the program collaborate and coordinate effectively with related Federal programs that share similar goals and objectives?***

   Purpose of the question: to determine whether a Federal program that shares a common purpose or goal with another Federal program(s) fills a unique niche in working toward the common goal and collaborates with the other program(s) in a meaningful way.

   Elements of a *Yes* answer: the question does not apply to every Federal program, but to programs that have interrelated, but separately budgeted for efforts. An example of interrelated Federal programs could include the shared efforts of Veterans Affairs and Medicare to provide care for aging veterans. A *Yes* answer would require that the program can show evidence of collaboration leading to meaningful actions in management and resource allocation. For example, the existence of a coordinating council would not by itself constitute meaningful collaboration.

   Evidence/Data: evidence of meaningful collaboration could include joint grant announcements, planning documents, or referral systems.

5. ***Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?***

Purpose of the question: to ensure program planning is informed by non-biased evaluations that are either conducted regularly or on an as needed basis to fill gaps in performance information. These evaluations should be of sufficient scope to inform program improvements and influence program planning.

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 cases where a comprehensive evaluation is unnecessary based on the known effectiveness of an intervention and performance data on the program, evaluations that fill gaps in performance information can meet the elements of a *Yes* answer. In addition to evaluating whether the program has achieved its goals on schedule, evaluations should include recommendations on how to improve the program's performance. To ensure the program continues to meet its goals, an evaluation may 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. To be independent, non-biased parties with no conflict of interest would conduct the evaluation. A *No* answer would be appropriate for a program that has no independent evaluation or (except perhaps for basic research programs) the evaluations address process and not performance.

Evidence/Data: evidence can include a plan or schedule of program evaluations and program documentation describing the type of evaluation and criteria for selecting an independent evaluator. For research and development programs, this question corresponds in part to Quality criterion II.B of the R&D criteria.

6. ***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 a determination of the level of financial resources needed to obtain annual and long-term goals. For mandatory programs, this question would assess whether the impact of specific legislative or policy changes on likely performance is readily known. If a program budget structure varies markedly from program goals, the impact of funding, policy, or legislative decisions on actual performance of a program is very difficult to estimate. A program fitting this description would receive a *No*. A program with budget planning that is not tied to performance or strategic planning would also receive a *No*. 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.

For capital assets and services acquisition programs, programs should be able to identify impacts of changes in quantities on performance.

Evidence/Data: evidence can include documentation 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.

7. ***Has the program taken meaningful steps to address its strategic planning deficiencies?***

Purpose of the question: to determine whether the program has developed a system of evaluating the effectiveness of its strategic planning efforts and to correct deficiencies when they are identified.

Elements of a *Yes* answer: a *Yes* answer would require that the program has a system for identifying and correcting deficiencies in its strategic planning process and whether the program has taken meaningful steps to eliminate the deficiencies. A program that does not review planning efforts or does not make corrections to eliminate identified deficiencies would receive a *No*. The question addresses any deficiencies identified in this section. However, particular emphasis should be placed on whether the program is working to adopt a limited number of specific, ambitious long-term performance goals and a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals, if they do not already have these goals.

Evidence/Data: evidence can include a description of how deficiencies in the strategic planning of a program are identified and corrected as well as examples of such changes.

Specific Strategic Planning Questions by Program Type

Regulatory Based 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 determine whether (1) the program is only issuing those rules absolutely necessary to achieve long-term program goals and is not over-regulating, (2) all of the rules necessary to meet the program goals have been issued, and (3) 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. A program would receive a *No* if it has obvious regulatory gaps or has outdated regulations still in effect.

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

Capital Assets and Service Acquisition Programs

Cap. 1. Are acquisition program plans adjusted in response to performance data and changing conditions?

Purpose of the question: to determine if acquisition planning routinely includes review of performance information and the consideration of mid-course adjustments in response to changing needs, the availability of more efficient or cost-effective alternatives, and other variables, and if program plans are adjusted accordingly.

Elements of a *Yes* answer: a *Yes* answer would require that the program routinely use a systematic process for revising program plans based on performance data or a change in circumstances. If no process exists or if the process is not used, the program should receive a *No*.

Evidence/Data: evidence can include program planning or other documentation that outlines the process to be used to make mid-course adjustments and examples of plans where such changes have been incorporated.

Cap 2. 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: evidence can include a summary of the AoA, and documentation of any independent reviews of the analysis. Capital Asset Plan and Business Case documentation may also be used as source of data or evidence.

Research and Development Programs

RD 1. Is evaluation of the program's continuing relevance to mission, fields of science, and other "customer" needs conducted on a regular basis?

Purpose of the question: to ensure that programs are relevant to agency-, field-, or customer-needs that motivate the program.

Elements of a *Yes* answer: a *Yes* answer would require that programs undergo and pass some review of relevance to their agencies, fields of science or technology, or customers. A customer may be another program at the same or another agency, an interagency initiative or partnership, or a firm or other organization from another sector or country. Industry-relevant programs may use industry cost-sharing as an indicator of market-relevance, and they should incorporate industry in planning & prioritization.

Evidence/Data: evidence can include results of external reviews or other documentation that addresses program relevance. This question corresponds in part to Relevance criterion I.E and Industry-Specific criterion IV.D of the R&D criteria.

RD 2. Has the program identified clear priorities?

Purpose of the question: to determine whether the program has clear priorities.

Elements of a *Yes* answer: a *Yes* answer would require an identified set of program priorities among goals and activities within the program and program objectives. Programs are encouraged to work with independent advisory bodies to help prioritize in ways that benefit the larger science and technology enterprise.

<u>Evidence/Data</u>: evidence can include clear statements of program priorities in program documentation or mission statements. In combination with Question 1 of Section I, this question corresponds to Relevance criterion I.A of the R&D criteria.

III. PROGRAM MANAGEMENT

This section is focused on a variety of elements related to whether the program is effectively managed to meet program goals and objectives. Key areas include financial oversight, evaluation of program improvements, performance data collection, and program manager accountability. Additionally, specific areas of importance for each program type are also explored. There are a wide range of potential source documents and evidence for answering questions in this section including financial statements, GAO reports, IG reports, performance plans, budget execution data, IT plans, and independent program evaluations. Options for answers are *Yes*, *No* or *Not Applicable*.

1. ***Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?***

   Purpose of the question: to determine whether the program collects and reports on performance and the performance of its partners and uses the data to inform program management, resource decisions, and program performance. 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. Timely performance information is information that provides an accurate picture of current performance and is current enough to be useful to manage the program. Credible performance information is information that is collected through a systematic and consistent process with periodic quality controls to confirm the validity of the data.

   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.

   For capital assets and service acquisition programs, a consideration is whether the program uses an earned value management system or similar system.

   Some long-term basic research programs may not be able to define meaningful annual outcome performance measures, aside from process measures. In such cases, these programs may use process-related measures, especially those that can be conceptually linked to long-term research goals.

   Evidence/Data: 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 Federal managers and program partners (grantees, sub-grantees, contractors, etc.) held accountable for cost, schedule and performance results?*

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.

In the case of block and formula grant programs, elements of a *Yes* are not confined to complying with the law. Elements of a *Yes* can include the presence of incentives for managers and program partners that would encourage corrections in deficient programs. For capital assets and service acquisition programs, a consideration is whether contracts include minimum performance thresholds, incentives for good performance, or other mechanisms to increase accountability.

Some long-term basic research programs may not be able to define meaningful annual outcome performance measures, aside from process measures. In such cases, these programs may use process-related measures, especially those that can be conceptually linked to long-term research goals.

Evidence/Data: 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 and spent for the intended purpose?*

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

Elements of a *Yes* answer: a *Yes* answer would require that the program funds be obligated consistently 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. In addition, a *Yes* answer requires that adequate procedures exist for reporting actual expenditures, comparing them against the intended use, and taking timely and appropriate action to correct single audit findings when funds are not spent as intended. An important consideration for this question is whether grantees take action to address any deficiencies raised in audit reports.

Evidence/Data: evidence can include periodic and year-end spending reports from the program and its partners. Evidence on expenditures 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 grantee audit reports under the Single Audit Act, including data captured in the Federal Audit Clearinghouse, and the existence of an established procedure for reviewing actual expenditures against budgets in grant awards or appropriate Federal guidelines.

4. ***Does the program have incentives and procedures (e.g. competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?***

   Purpose of the question: to determine whether the program has effective management procedures in place to ensure the most efficient use of each dollar spent on program execution.

   Elements of a *Yes* answer: a *Yes* would require that the program's performance plans include efficiency measures and targets, such as per unit cost of outputs, timing targets, and other efficiency and productivity indicators germane to the program. A de-layered management structure that empowers front line managers and that has undergone competitive sourcing (if necessary) would also contribute to a *Yes* answer. For mandatory programs, a *Yes* could require the program to seek policies that would reduce unit costs.

   Evidence/Data: evidence can include performance measurements for efficiency and IT improvement plans designed to produce tangible productivity and efficiency gains, or IT business cases that document how particular projects improve efficiency.

5. ***Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?***

   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. While having a financial management system that fully allocates program costs and associates those costs with specific performance measures is the optimal standard, a *Yes* can also be achieved by having a consistent, defensible way to display the full cost of achieving performance goals.

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

7. *Has the program taken meaningful steps to address its management deficiencies?*

Purpose of the question: to determine whether the program has developed a system of evaluating program management effectiveness and means to correct deficiencies when they are identified.

Elements of a *Yes* answer: a *Yes* answer would require that the program has a system for identifying and correcting deficiencies in the various aspects of program management and implements the system to make necessary corrections. A program that does not review program management activities or does not make corrections to eliminate identified deficiencies would receive a *No*.

Evidence/Data (if available): evidence can include a description of how deficiencies in the program management are identified and corrected as well as examples of such changes.

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, as well as a limit to the percentage of funds that are earmarked.

Evidence/Data: evidence can include a description of the awards process, percentage of funds earmarked, and 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 conducted in an open manner so that new applicants of merit will be able to compete fairly with previous grant recipients, and that 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: 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 program have oversight practices that provide sufficient knowledge of 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: 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 grantee performance data on an annual basis and make it available to the public in a transparent and 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: 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 program have oversight practices that provide sufficient knowledge of 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: 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 grantee performance data on an annual basis and make it available to the public in a transparent and 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: 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.

Regulatory Based Programs

Reg 1. Did the program seek and take into account the views of affected parties including state, local and tribal governments and small businesses in drafting significant regulations?

Purpose of the Question: to determine the level of coordination with parties affected by the regulations during the rulemaking process.

Elements of a *Yes* Answer: a *Yes* would require the program solicited the opinions of affected parties on significant regulations and thoroughly evaluated the concerns and suggestions raised by these entities. For example, a program that sought the opinions of affected parties 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*. While the element of seeking views is mandated by law, the assessment should consider the extent to which the program takes those views into account.

Evidence/Data: evidence can include notices seeking public comment and addressing comments in final rules, regulation preambles which discuss compliance with the Regulatory Flexibility Act, Unfunded Mandates Act of 1995, Small Business Regulatory Enforcement Fairness Act of 1996, E.O 13132, and National Environmental Policy Act.

Reg 2.Did the program prepare, where appropriate, a Regulatory Impact Analysis (RIA) that comports with OMB's economic analysis guidelines and have these RIA analyses and supporting science and economic data been subjected to external peer review, as appropriate, by qualified specialists?

Purpose of the Question: to determine whether the program, in justifying its rules, prepared sound analyses (i.e. cost benefit analysis, risk analysis) that are rigorous, thorough, and based upon the best available data and 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 incremental benefits and costs of the proposed action. A program may receive a *Yes* answer if, in addition, its analyses had been subjected to peer reviews by government entities outside of the program, academia, industry, or non-profit research organizations. In accordance with OMB's economic guidelines, programs' regulatory actions should maximize net benefits. For example, programs that fully documented the impacts on public health and safety and the regulated industry through a thorough benefit, cost and risk analysis based upon the best possible available data which is peer reviewed by several experts in relevant fields 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 regulatory impact analyses for the program's rules, any reports or feedback generated by outside reviewers, and coordination between reviewers and the sponsoring agency or program.

Reg 3. 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 consists of only those regulations that are: (1) necessary in achieving its goals, (2) relevant to the current societal and economic situation, and (3) complimentary and consistent with each other.

Elements of a *Yes* Answer: a *Yes* answer would require a program to review its regulations periodically (e.g., every two years) to ensure that they were consistent with program policies. A consideration would include whether the program made attempts to minimize regulatory burden through constant review of regulations, with an eye towards streamlining, if possible. An additional factor to consider is whether the program ensured that every regulation is consistent with the program's goals. An example of a *Yes* could be a program that conducted look-back 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 the review concluded that a regulation was no longer necessary, the program proposed or took action to remedy the situation. If a program, however, continues to enforce regulations that are no longer justified and/or necessary, the program would receive a *No*.

Evidence/Data (if available): evidence should 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 4. In developing new regulations, are incremental societal costs and benefits compared?

Purpose of the Question: to determine whether a program has conducted comparisons between the proposed regulation and other alternatives to determine the relative merits and drawbacks of the proposed regulation.

Elements of a *Yes* Answer: a *Yes* answer would require that an agency, in its cost/benefit analysis, has evaluated the incremental benefits and costs of various alternatives. An RIA that has been conducted in accordance with this aspect of OMB's economic analysis guidelines would receive a *Yes*.

Evidence/Data: evidence can include the RIA.

Reg 5. Did the regulatory changes to the program maximize net benefits?

Purpose of the Question: to determine whether the program's regulatory actions are likely to maximize net benefits based on evaluations or other data.

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

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

Reg 6. Does the program impose the least burden, to the extent practicable, on regulated entities, taking into account the costs of cumulative final 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, including the burden associated with information collection. 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*. An important consideration for this question is whether in promulgating its regulations, the agency allows alternative methods for compliance, record keeping, and reporting to minimize the cost burden on regulated entities.

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

Capital Assets and Service Acquisition Programs

Cap 1. Does the program define the required quality, capability, and performance objectives for deliverables?

Purpose of the question: to determine whether the agency has clearly identified and defined the required quality, capability, and performance characteristics or objectives expected of the end product/result of the asset or service acquisition. This element is critical because it assures that all parties (government, contractor, etc) are working toward the same end-product and result.

Elements of a *Yes* answer: if acquiring a capital asset, a *Yes* would require the program to document 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.

Evidence/Data: 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 differ from the program's estimates, the program should defend differences.

Evidence/Data: 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 defend the differences.

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

Cap 4. Does the program have a comprehensive strategy for risk management that appropriately shares 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: evidence can include use of a performance based system such as an earned value management system 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. Is the program managed 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 manage the financial performance of their credit programs.

Elements of a *Yes* answer: a *Yes* answer would require managing the program based on the results of an effective monitoring system that tracks the financial performance of each credit facility. Collection and analysis of borrower repayment streams should be part of the evaluation process and could be coupled with reports from or trips to the field.

Evidence/Data: evidence can include quarterly financial statements from the program, agency, Treasury, the guaranteed lender, loan servicing agent; internal evaluations, external independent 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 Circulars A-1, A-11, 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: 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 or guaranteed lenders.

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: 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.

Research and Development Programs

RD 1. Does the program allocate funds through a competitive, merit-based process, or, if not, does it justify funding methods and document how quality is maintained?

Purpose of the question: to determine whether the program uses a clearly stated, defensible method for allocating its R&D funding.

Elements of a *Yes* answer: a *Yes* answer would require that the program allocate funding using a broadly competitive process based on merit, or that it has compelling justifications for R&D funding allocated through other means. Interpretations of competition and merit review should be consistent with the definitions in Circular A-11: "…intramural and extramural research programs where funded activities are competitively awarded following review for scientific and technical merit." All program funds allocated through means other than unlimited competition must document the processes they will use to distribute funds to each type of R&D performer (e.g., federal laboratories, federally funded research and development centers, universities, etc.). Programs are encouraged to use external assessment of the methods they use to allocate R&D and maintain program quality.

Evidence/Data: evidence can include a description of the awards process, percentage of funds earmarked, percentage of funds subject to peer review. This question corresponds in part to Quality criterion II.A of the R&D criteria.

RD 2. *Does competition encourage the participation of new/first-time performers through a fair and open application process?*

Purpose of the question: to determine whether or not the awards process is conducted in an open manner so that new applicants of merit will be able to compete fairly with previous grant recipients, and that 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: evidence can include the relative number of new grantees per grant cycle and technical assistance and outreach efforts of the agency.

RD 3. *Does the program adequately define appropriate termination points and other decision points?*

Purpose of the question: to determine whether appropriate decision points are being defined in program planning.

Elements of a *Yes* answer: a *Yes* answer would require that the program identifies decision points relevant to major program decisions, including circumstances under which the program should end. A termination point may result from a program successfully meeting its goals or from failure to meet performance or other conditions for termination. Industry-relevant programs should identify any "off ramps" in their program plans – whether, when, and how aspects of the program may be shifted to the private sector.

Evidence/Data: evidence can include demonstration of meaningful decision points in program plans. This question corresponds in part to Performance criterion III.B and Industry-Specific criterion IV.E of the R&D criteria.

RD 4. *If the program includes technology development or construction or operation of a facility, does the program clearly define deliverables, capability/performance characteristics, and appropriate, credible cost and schedule goals?*

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, in addition to determining whether all program costs are well understood, and whether a realistic schedule has been established. (Programs not pursuing technology development or facilities construction or operation should set the weighting of this question to zero.)

Elements of a *Yes* answer: a *Yes* would require the program documented the capabilities or characteristics that are expected. A *Yes* answer would also 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 differ from the program's estimates, the program should defend differences. The agency should also 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: evidence can include documentation from the program describing key performance characteristics and/or deliverables, as well as unit cost, acquisition cost, and life cycle cost estimates; development and/or delivery schedules; and a summary its AoA, and documentation of any independent reviews of the analysis. This question corresponds in part to Performance criterion III.B of the R&D criteria.

IV. PROGRAM RESULTS

This section considers whether a program is meeting its long-term and annual goals. This section also assesses how well the program compares to similar programs and how effective the program is based on independent evaluations. Potential source documents and evidence for answering questions in this section include annual performance reports, evaluations, GAO reports, IG reports and other agency documents. Assessments of program results should be based on the most recent reporting cycle or other relevant data. Answers in this section are rated as *Yes*, *Large Extent*, *Small Extent*, and *No*. Like Sections I-III, the scoring system in this section remains on a 0 to 1 point scale. Scoring for this section differs by including the option of partial credit between 0 and 1 in increments of 0, .33, .67, and 1.

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 measurable 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 grantees, participating financial institutions, regulated bodies, or suppliers.

    Elements of a *Yes* answer: a *Yes* answer (i.e., full credit) would require that the program meet all the goals evaluated in Question 1 of Section II. A *Yes* answer would not be met by simply meeting any one of its goals. A *Yes* answer would also require that, where applicable, partners commit to long-term outcome goals and achieve them as well. Partial credit such as *Large Extent* or *Small Extent*, should be given in cases where there is partial, but notable, achievement of goals. A program could receive a *No* if it received a *Yes* for achieving its annual goals (next question), but is not making progress toward meeting its long-term goals. **Space is provided in the PART worksheet to list and document goals, targets and achieved results. If adequate goals are not available and a program received a *No* in Question 1 of Section II, the program must receive a *No* answer to this question.**

    For research and development programs, some long-term basic research programs may not be able to define meaningful annual outcome performance measures, aside from process measures. In such cases, these programs may use process-related measures, especially those that can be conceptually linked to long-term research goals. Where appropriate, these considerations should be factored into Question 5 of this Section, which should be assessed in such a way to address the relative importance of an effective process or relevance to a field of science.

    Evidence/Data: evidence can include data from the agency's GPRA performance report, a strategic plan, or other Administration goals and objectives. Reports detailing customer satisfaction with program performance, program reports detailing rates of utilization or participation, or independent evaluations of the program's performance may also be

considered as relevant evidence. 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 grantees, contractors, participating financial institutions, regulated bodies, or suppliers.

Elements of a *Yes* answer: a *Yes* answer (i.e., full credit) would require that the program meet all the goals evaluated in Question 2 of Section II. A Yes answer would also require the program received a *Yes* for Questions 1 and 2 of Section II and a *Yes* or *Not Applicable* for Question 3 of Section II. A *Yes* answer would not be met by simply meeting any one of its goals. A *Yes* answer would also require that, where applicable, partners commit to annual goals and achieve them as well. Partial credit such as *Large Extent* or *Small Extent*, should be given in cases where there is partial, but notable, achievement of goals. **Space is provided in the PART worksheet to list and document goals, targets and achieved results. If adequate goals are not available and a program received a *No* in Question 2 of Section II, the program must receive a *No* answer to this question.**

Some long-term basic research programs may not be able to define meaningful annual outcome performance measures, aside from process measures. In such cases, these programs may use process-related measures, especially those that can be conceptually linked to long-term research goals. Where appropriate, these considerations should be factored into Question 5 of this Section, which should be assessed in such a way to address the relative importance of an effective process or relevance to a field of science.

Evidence/Data: evidence can include data from the agency's annual GPRA performance report, 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.

For research and development programs, this question corresponds in part to Performance criterion III.C of the R&D criteria.

3. ***Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?***

Purpose of the question: to determine whether management practices have resulted in efficiency gains over the past year.

Elements of a *Yes* answer: A *Yes* would require that the program demonstrate improved efficiency over the prior year. Program's that have undergone a A-76 competitions would also be eligible for yes answer, independent of the outcome. **A program would normally**

not be eligible for a *Yes* answer to this question if the program received a *No* in Question 4 of Section III.

Evidence/Data: evidence can include meeting performance targets to reduce per unit costs, meeting production and schedule targets, or meeting other targets that result in tangible productivity and efficiency gains.

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 user should consider relevant evaluations that allow a comparison with other Federal programs with similar purpose and goals or comparable private sector activities. If no common measures relate to the program and there are no other similar Federal programs, a *Not Applicable* rating would be appropriate.

For capital assets and service acquisition programs, review of performance should include cost/schedule adherence, quality, and quantity of deliverables.

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

For research and development programs, this question corresponds in part to Performance criterion III.C of the R&D criteria.

5. ***Do independent and 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 independent and comprehensive evaluations.

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 user 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.

For research and development programs, some long-term basic research programs may not be able to define meaningful annual outcome performance measures, aside from process

measures. In such cases, these programs may use process-related measures, especially those that can be conceptually linked to long-term research goals. This question should be assessed in such a way to address the relative importance of an effective process or relevance to a field of science.

Evidence/Data: 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.

For research and development programs, this question corresponds in part to Relevance criterion I.E and Performance criterion III.C of the R&D criteria.

Specific Results Questions by Program Type

Regulatory Based Programs

Reg. 1 Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits?

Purpose of the question: to determine whether the program maximized net benefits through its regulatory actions. In calculating the incremental costs of a new regulation, these costs should be compared to a baseline or, in a small number of cases, a less stringent alternative.

Elements of a *Yes* answer: a *Yes* answer would require that the program's regulatory action maximizes net benefits. For example, a Department of Transportation maximum load regulation that demonstrated that the benefits to health and safety outweigh the incremental costs of compliance would receive a *Yes*. If a program's regulations resulted in greater incremental costs than benefits the program should get a *No*.

Evidence/Data: evidence can include RIA or other supporting programmatic analyses, look-back studies or independent evaluations. If a *No* answer is attributable to statutory requirements to regulate despite the fact that incremental costs exceed benefits, the examiner should include these statutory requirements in the evidence section.

Capital Assets and Service Acquisition Programs

Cap 1. 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 percent cost growth and is behind schedule. If a program's cost and schedule targets were changed in the last 12 months specifically due to failure to achieve previous goals, the program should get a *No*.

Evidence/Data: evidence can include a comparison of the contract schedule, deliverables, and costs with the final outcomes for that fiscal year.

Research and Development Programs

RD. 1 If the program includes construction of a facility, were program goals achieved within budgeted costs and established schedules?

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

<u>Elements of a *Yes* answer</u>: 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 percent cost growth and is behind schedule.

<u>Evidence/Data</u>: 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. This question corresponds in part to Performance criterion III.C of the R&D criteria.