

## SECTION 210—PREPARING A STRATEGIC PLAN: THE MAIN ELEMENTS

**Highlights for 2002–2003 and Section Index****Highlights**

- The general goals (outcomes) will be used to develop a program-based budget presentation for the FY 2005 and future year budgets. In the near term, changes to the current budget account structure will be limited.
- As agreement on the general goals will be critical to developing this budget presentation, a completed draft of the updated and revised strategic plan should be sent to OMB by March 1, 2003. Most agencies should submit an updated and revised strategic plan to Congress and OMB by September 30, 2003.
- The program-based budget presentation will allow the cost of achieving a general goal to be calculated.
- As defined, the general goals should help support assessments of program effectiveness. As needed, agencies should simplify the set of general goals, and orient these toward program outcomes.
- General goals for administrative functions or management initiatives should be included only on an extraordinary basis.
- An increased emphasis is placed on program evaluations.

**Main Section Index**

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Sections 210 and 211 provide instructions for preparing your agency's strategic plan, and outline the relationship between strategic plans and annual performance plans. Section 212 covers the submission and timing of your updated and revised strategic plan (the updated plan) and consulting with Congress during its preparation. Interim adjustments to a strategic plan are addressed in Section 213.

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**210.1 Introduction.**

The basic requirements for strategic plans are set forth in Section 3 of GPRA (see [Exhibit 210](#)). A strategic plan contains the following elements:

- A comprehensive mission statement; (see [section 210.2](#))
- A description of general goals and objectives; (see [section 210.3](#))
- A description of the means and strategies that will be used to achieve the goals and objectives; (see [section 210.4](#))
- A description of the relationship between performance goals in the annual performance plan and general goals and objectives in the strategic plan; (see [section 210.5](#))
- Identification of key factors that could affect achievement of the general goals and objectives; (see [section 210.6](#)) and
- A description of program evaluations used, and a schedule for future evaluations. (see [section 210.7](#))

Your agency's strategic plan keys on those programs and activities which carry out your agency's mission. You may supplement this programmatic focus by selectively including a goal(s) for an administrative function or management initiative of exceptionally critical importance to achieving your program goals.

Your agency should use the strategic plan to help align its current budget structure with its missions and goals. Major changes to the budget presentation to bring about much greater integration of budget and performance are proposed for FY 2005. The framework for this integration will be based on the general goals in your strategic plan. (See [section 221.2](#) on budget-performance integration in future budgets.) To support a major ongoing initiative assessing the effectiveness of Federal programs, the strategic plan should include, where known, the outcome goals being used in this assessment, and selectively identify related output goals as well.

In matching programs and activities to your mission and goals, the strategic plan can also help in re-aligning and re-engineering functions and operations. Preparation of a plan also provides an opportunity to consider programs and activities that can be terminated, reduced in scope, or transferred elsewhere.

Strategic plans should guide the formulation and execution of the budget. Your strategic plan is a tool to be used in setting priorities and allocating resources consistent with these priorities. A strategic plan is not a budget request, and the projected levels of goal achievement must be commensurate with anticipated resource levels.

### **210.2 Comprehensive mission statement.**

***Summary of requirement:*** An agency strategic plan must include a mission statement.

A mission statement is brief, defining the basic purpose of your agency, and corresponds directly with your core programs and activities. Your agency's program goals should flow from the mission statement.

### **210.3 General goals and objectives.**

***Summary of requirements:*** An agency strategic plan must include one or more general goals. The goal(s) must be defined in a manner that allows a future assessment to be made on whether the goal was or is being achieved.

*(a) The nomenclature of general goals and objectives, and the relationship between various types of goals.*

GPRA specifies that a strategic plan "contain general goals and objectives". The terms 'general goal' and 'general objective' are, from a practical standpoint, synonymous. Agencies may use either term, the decision largely being a stylistic choice. In this Circular, the term 'general goal' means 'general goal and objective.'

General goals are defined in an agency strategic plan. Performance goals are defined in an agency performance plan. Performance goals are annual, and must be quantitative or directly measurable. General goals are multi-year and long-term. Some general goals are quantitative or directly measurable; those that are not must be defined in a manner that allows a future assessment to be made of whether the goal was achieved. A program evaluation is often used to make such an assessment. A general goal due to be achieved in a particular fiscal year is also a performance goal in that year.

**Illustrative Examples of General Goal Definitions**

|                             |  |
|-----------------------------|--|
| <i>Quantitative:</i>        | Seventy percent of American households will own their own home in 2010.  |
| <i>Directly measurable:</i> | Complete the sequencing of the horse genome by June 2005.  |
| <i>Assessment-based:</i>    | Educational attainment at grade nine of children who participated in the Sure Learn program will be at least equal to the attainment level of all similarly aged children. |

Some agencies include 'strategic objectives' or 'strategic goals' in their strategic plan. Typically, such objectives represent overarching statements of aim or purpose whose achievement cannot be determined. An example of a strategic objective is to 'promote the intellectual and social development of young children.' Strategic objectives may be used to group outcome or output goals. (See also [subsection 211.1\(c\)](#)).

Section 200.2 defines outcome and output goals. These two types of goals are found in agency strategic and performance plans. (Performance goals in an annual plan may be either outcomes or outputs.) Some agencies include a third type, an intermediate outcome goal. Intermediate outcomes represent progress in achieving an 'end' outcome; e.g., an 'end' outcome goal of complete sequencing of the horse genome by 2005, and an intermediate outcome of complete sequencing of 55 percent of the horse genome by 2003.

Additionally, some entities measure inputs and impacts; however, these measures are not commonly included in strategic or annual plans.

- An impact goal describes the effects and consequences generated, in part, through the achievement of an outcome. These effects are often indirect and difficult to calculate or attribute. An impact goal is a higher-order goal than an outcome goal.
- An input measure defines the resources and capabilities an agency or manager has available or will receive to achieve an outcome or output. These can include funding, personnel, equipment, facilities, supplies-on-hand, goods or services received, work processes, or rules. Many of the means and strategies described in strategic and annual plans can be characterized as inputs. One agency's output can be another agency's input.

### Illustrative Examples of Outcome, Output, Input, and Impact Measures

#### A Job Training Program

|          |   |
|----------|---|
| Input:   | \$900 million in appropriated funds.  |
| Output:  | Annually provide job training and job search assistance to one million welfare recipients within two months of their initial receipt of welfare assistance.   |
| Outcome: | 40 percent of welfare recipients receiving job training are employed three months after completing job training.  |
| Impact:  | Job training increases the employment rate of welfare recipients from 30 percent (the employment level of comparable welfare recipients who did not receive job training) to 40 percent (the employment rate of those welfare recipients who did receive job training). |

#### A Disease Eradication Program

|          |   |
|----------|---|
| Inputs:  | <ol style="list-style-type: none"> <li>1.) 17 million doses of vaccine</li> <li>2.) 150 health professionals</li> <li>3.) \$30 million in FY 2003 appropriations</li> </ol>   |
| Outputs: | <ol style="list-style-type: none"> <li>1.) Confine disease incidence in 2003 to only three countries in South America, and no more than 5,000 reported cases. (Some would characterize this step toward eradication as an intermediate outcome.)</li> <li>2.) Complete vaccination against this retrovirus disease in 84 percent of the Western Hemispheric population by December 2005.</li> </ol> |
| Outcome: | Completely eradicate this retrovirus disease by 2015  |
| Impact:  | Reduce health treatment and care costs in Latin and Central America by two percent annually by eliminating a disease that affects 1 in every 200 people living in infested areas, which is progressively and completely disabling, and with annual treatment costs of \$3,500 per case.   |

*(b) Significance of the general goals.*

Strategic plans set out the long-term goals of your agency, outlining planned accomplishments and the schedule for their implementation. These goals are drawn from the agency's mission, and can be grouped in support of a particular strategic objective.

The general goals should be sufficiently precise to direct and guide agency staff in actions that carry out the agency's mission. Having a well-defined set of general goals will aid an agency in developing the annual performance goals, which should be based on the general goals. (See [section 210.5](#) on the relationship between general goals and annual performance goals.) An agency may rely on the actions of others in achieving a general goal (see [section 210.6](#)).

To the extent practicable, the goals should assist in helping assess program effectiveness. (See [subsection 220.3\(c\)](#) for information on including program effectiveness measures in an annual performance plan.)

*(c) Defining the general goals.*

General goals may be expressed in quantitative or directly measurable terms. Achievement of goals defined in this way is relatively straightforward. General goals may also be defined as a text statement of future accomplishment. Such statements are not quantitative or directly measurable, but rely on a future evaluation or assessment being done of whether the goal was achieved. Care must be taken that the goal definition facilitates the conduct of the future evaluation. In some instances, the performance goals in the annual plan may serve as a proxies for an assessment.

In defining general goals, agencies should avoid platitudes or rhetoric that is inherently unmeasurable, either directly or through the use of evaluations or performance goal proxies.

General goals should predominately be outcomes. This does not preclude having an impact goal as a general goal, but potential difficulties in determining the basis for any actual impact need to be considered. For example, the achievement of an outcome goal of eradicating a certain disease may also affect longevity, with increased longevity being an impact. A determination of whether the disease was eradicated is easily done; however, an extrapolation that eradication led to an achievement of an impact goal of increasing the average national lifespan by two months could be complicated by numerous other factors affecting longevity. An output may also be a general goal, but these should be few in number.

*(d) Using the general goals to create a framework for the budget.*

Beginning with the FY 2005 Budget, the general goals in your strategic plan will be used to help present the linkage between resources and performance in the budget. In selected instances, budget accounts may receive new titles, corresponding to general goals (outcomes), and the current list of program activities within an account being converted to a list of outputs, or possibly outcomes. More commonly, informational tables will be created in the budget documents. These tables will array resources with outputs, and sum such resources for outcomes. Informational tables will not require a restructuring of budget accounts.

For most agencies, these displays will represent a major transformation in budget presentation, and this underscores the importance of having a well-defined set of general goals in your updated strategic plan. With outcomes constituting the main framework for the linkage of resources and performance, agencies must be particularly attentive to developing a set of goals that will facilitate the performance resources alignment that will appear in future budget documents.

Exhibit 221 contains several illustrative examples of what Program and Financing Schedules and informational tables might look like in the FY 2005 Budget. You should use these examples to gauge the extent of the changes your agency will need to make to the current budget account structure. Further instructions on changes to the account structure will be provided early in 2003.

**210.4 Describing how the general goals will be achieved.**

***Summary of requirements:*** The agency strategic plan must describe the processes, skills, technologies, and various resources that will be used to achieve the general goals. (These are often called 'means and strategies'.)

This element describes how your agency is going to achieve its general goals. Achievement may rely on your agency retaining, developing, or extending certain capabilities or capacities. Descriptions of the ‘means and strategies’ can encompass:

- Operational processes, such as changes in work methods or sequencing, workforce adjustments, and shifts in responsibility for particular tasks;
- Staff skills, and the development, introduction, and use of technologies; and
- Human, capital, information, and other resources.

Descriptions should be brief. More detailed data should be provided if a significant change in a particular means or strategy will be essential for goal achievement.

Management initiatives and restructuring or other changes to administrative functions should not be covered in this section. (See [subsection 211.1\(d\)](#) for coverage of management initiatives and reforms.) As noted in section 210.1, you may include a general goal for an exceptionally important initiative or reform. Before doing so, you should consider how awkward it would be to create an account or program activity within a budget account for such a goal in the future budget structure.

Your agency should use reasonable projections of the funding and staff that will be available over the time period covered by the plan. You include schedules for initiating or completing significant actions, and any underlying assumptions or projections.

The strategic plan should summarize your agency's efforts to provide high quality and efficient training and skill improvement opportunities for employees.

As appropriate, achievement of goals may rely on tax expenditures, user charges, other types of collections, regulation, or activities and products of other Federal agencies, States, local governments, or non-governmental entities. Reliance on other governments or parties should be addressed in key external factors (see [section 210.6](#)).

#### **210.5 Relationship between goals in the annual performance plan and goals in a strategic plan.**

*Summary of requirement:* A strategic plan must describe the relationship between the general goals in the strategic plan and the performance goals (and indicators) in the annual performance plan.

The performance goals in your agency's annual performance plan should be based on the general goals in your strategic plan.

An updated and revised strategic plan should briefly outline:

- The type, nature, and scope of the performance goals being included in annual plans, and
- How these annual performance goals relate to the long-term, general goals, and their use in helping determine the achievement of the general goals.

To a great extent, the performance goals indicate the progress in a fiscal year toward achieving the strategic plan's general goals. As such, performance goals that represent milestones in achieving the general goals of a strategic plan may be appropriate. General goals in strategic plans and performance goals in annual plans may be identical in some cases, especially when outcome goals are to be achieved in a particular year.

**210.6 Key factors affecting achievement of general goals.**

**Summary of requirement:** A strategic plan should identify those key factors, external to the agency, that could significantly affect the achievement of general goals. If key factors cannot be identified, a statement of such should be included in the plan.

*(a) In general.*

Achievement of general goals can be affected by certain previously prospective conditions or circumstances actually occurring during the time period covered by the plan. These conditions or circumstances are identified in the plan as key factors, and provide insight on the presumptions an agency used when defining its goals. Key factors may enhance or nullify these assumptions and the likelihood of goal achievement.

These factors are often called external factors, as they are introduced by external forces or parties, and are not of the agency's own making. The factors may be economic, demographic, social, or environmental, and they may remain stable, change within predicted rates, or vary to an unexpected degree. Goal achievement may also be predicated on certain conditions (events) not happening. Achievement of goals can also depend on the action of Congress, other Federal agencies, States, local governments, or other non-Federal entities.

*(b) Identifying key factors in the strategic plan.*

Each key external factor should be described in a strategic plan, indicating its link with a particular goal(s) and describing how achievement of the goal could be directly and significantly affected by the factor.

Factors that are unlikely to occur, or have only tangential influence on the general goals, should be omitted from a strategic plan. Factors that simply restate basic presumptions, e.g., 'goal achievement depends on future agency budgets being at requested levels,' usually have little informational value and should also be omitted. If key factors cannot be identified, the agency should include a statement to this effect in the strategic plan.

**210.7 Program evaluations and strategic plans.**

**Summary of requirements:** A strategic plan should contain a schedule for future program evaluations, including the methodology to be used. The plan should also describe the use of completed evaluations in preparing the plan. If program evaluations are not scheduled during the timeperiod covered by the plan, a statement of such should be included.



*(a) Types of program evaluations.*

Program evaluations cover assessments, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended objectives.

Under GPRA, program evaluations also encompass assessments of program implementation processes and operating policies and practices when the primary concern is about implementation rather than program outcomes. This form of program evaluation is often called a 'process' evaluation.

*(b) Future program evaluations.*

A schedule for future program evaluations is included in the strategic plan. The schedule should outline the general methodology to be used (e.g., a longitudinal study), the timetable, and the general scope of the evaluation, as well as particular issues to be addressed. At a minimum, schedules for future evaluations should cover the fiscal years prior to the next update of the strategic plan.

Generally, the need for, and appropriateness of, doing a program evaluation may depend on the nature of an agency's programs and how the general goals in the strategic plan are defined.

The emphasis on assessing program effectiveness as a key part of annual reviews of agency budget requests highlights the importance of having a robust schedule of program evaluations. These evaluations may be essential for future effectiveness assessments. Your agency should coordinate with the appropriate OMB office to identify the need for evaluations and develop a schedule for doing them.

If an agency will not be conducting program evaluations during the time period covered by the plan, a statement to this effect should be included in the plan. (See also [subsection 222.2\(d\)](#) on including information on analyses and studies, other than program evaluations, in the annual performance plan.)

*(c) Completed program evaluations.*

The program evaluations that were used in preparing the updated strategic plan should be briefly described. The effect of program evaluations on the definition of goals in the plan should be highlighted. (See also [subsection 231.9\(a\)](#) on including the findings and recommendations of completed program evaluations in your annual performance report.)

**Section 3 of the Government Performance and Results Act****SEC.3. STRATEGIC PLANNING**

Chapter 3 of title 5, United States Code, is amended by adding after section 305 of the following new section;

**"§ 306. Strategic Plans**

"(a) No later than September 30, 1997, the head of each agency shall submit to the Director of the Office of Management and Budget and to the Congress a strategic plan for program activities. Such plan shall contain—

"(1) a comprehensive mission statement covering the major functions and operations of the agency;

"(2) general goals and objectives, including outcomes-related goals and objectives, for the major functions and operations of the agency;

"(3) a description of how the goals and objectives are to be achieved, including a description of the operational processes, skills and technology, and the human, capital, information, and other resources required to meet those goals and objectives;

"(4) a description of how the performance goals included in the plan required by section 1115(a) of title 31 shall be related to the general goals and objectives in the strategic plan;

"(5) an identification of those key factors external to the agency and beyond its control that could significantly affect the achievement of the general goals and objectives; and

"(6) a description of the program evaluation used in establishing or revising general goals and objectives, with a schedule for future program evaluations.

"(b) The strategic plan shall cover a period of not less than five years forward from the fiscal year in which it is submitted, and shall be updated and revised at least every three years.

"(c) The performance plan required by section 115 of title 31 shall be consistent with the agency's strategic plan. A performance plan may not be submitted for a fiscal year not covered by a current strategic plan under this section.

"(d) When developing a strategic plan, the agency shall consult with the Congress, and shall solicit and consider the views and suggestions of those entities potentially affected by or interested in such a plan.

"(e) The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of strategic plans under this section shall be performed only by Federal employees.

"(f) For purposes of this section, the term "agency" means an Executive agency defined under section 105, but does not include the Central Intelligence Agency, the General Accounting Office, the Panama Canal Commission, the United States Postal Service, and the Postal Rate Commission."