



Budget and Performance Integration Innovation at Fish and Wildlife Service (FWS)

FY 2007 Budget Planning Exercise
for FWS Senior Managers

Conducted in April 2005

Kathy Tynan,
Director, FWS Planning and Evaluation Office

Result of Cost & Performance Mapping

FWS Fact Sheet Example: Ops Goal 1A

– Restore/Enhance acres

| Performance Data | | | | | FY05 Cost by Program | |
|------------------------|-------------|-----------|----------------|-------------------|-------------------------------------|---------------------|
| Performance Measure | FY04 Actual | FY05 Plan | FY05 Unit Cost | FY06 Pres. Budget | Program | Cost |
| Total Acreage Restored | 1,014,245 | 931,574 | \$64 | 1,228,153 | Environmental Contaminants | \$35,738 |
| Wetlands | 486,408 | 477,987 | \$7 | 644,130 | Hatcheries - F | \$122,122 |
| Uplands | 527,453 | 453,150 | \$19 | 583,262 | Management Assistance - F | \$11,016 |
| Riparian | 384 | 437 | \$4115 | 761 | Coastal Programs - HC | \$604,131 |
| | | | | | Partners for Fish and Wildlife - HC | \$14,867,290 |
| | | | | | Project Planning - HC | \$669,116 |
| | | | | | Marine Mammals | \$9,246 |
| | | | | | Refuges | \$42,835,645 |
| | | | | | Total | \$59,154,305 |

Note: Does not include costs attributable to reimbursable funds, contributions, receipts, and other external sources (BLM, Federal Highways, etc.).

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This is an example of the Fact Sheets that were provided to the Senior Managers.

It shows key performance data for FY 2004, FY 2005 Plan, and FY 2006 Pres. Budget estimate.

It also shows FY 2005 cost data.

FY'07 Budget & Performance Integration Exercise

Budget & performance target changes for each operational goal based on cost and performance

- Step 1 – FWS Accountability (costs) to DOI Performance Components
- Step 2 – Display the FWS Operational Goals for each DOI component
 - Display FY '05 & '06 Performance Targets & FY'06 Baseline Costs
 - Decision: Identify % change in Performance & Costs for each FWS Operational Goal
- Step 3 – View Results – Ops Plan Performance & Costs
 - Tally of all Decisions made in Step 2 for Cost & Performance

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FWS used this model for the FY 2007 budget formulation exercise

With the mapping of costs and performance complete, we were able to look at the Service from a cross-functional, cross-program perspective. We are no longer limited to looking at our resources simply by program or subactivity.

Rather than looking at the budget as a set of program-by-program “budget buckets” – we looked at Operational Goal “budget buckets” -- using performance trend data (FY 2004-2006) and the cost data (projected FY 2006 costs based on FY 2005 ABC data).

This performance-based budget view was new for us this year.

Decisions are made initially at the Operational Goals level – e.g., How much do we want to fund wetland restoration vs. species of management concern vs. protection of cultural properties

Let's see how that looks, beginning with an overview of where our resources rack up in the big DOI buckets. – NEXT PAGE

Step 1 – Review FWS Accountability (costs) to DOI Performance Components

| DOI Main Component | FY06 Baseline |
|--|----------------------|
| Resource Protection: Improve Health of Watersheds, Landscapes, and Marine Resources (7 Ops goals) | \$289,359,822 |
| Resource Protection: Species (10 Ops goals) | \$338,639,994 |
| Resource Protection: Protect Cultural and Heritage Resources (4 Ops goals) | \$4,293,744 |
| Resource Use (6 Ops goals) | \$17,337,695 |
| Recreation: Provide for a Quality Recreation Experience and Access (4 Ops goals) | \$62,400,941 |
| Serving Communities: Protect Lives, Resources and Property (5 Ops goals) | \$90,430,333 |
| Management Excellence | \$183,100,471 |
| Total | \$985,563,000 |

Here are our “big buckets” – the DOI Mission Components – with the Resource Protection component split into three parts for “ease of handling”

Within each one, you can see at a glance how many FWS Ops Goals (27 FWS Operational Goals in total aligned to DOI End Outcome Goals & Measures) are in each one and the baseline costs for each component.

For example – Resource Protection: Improve Health of Watersheds and Landscapes – there are seven (7) FWS Operations Plan goals within that and the baseline is about \$289 million.

This view helps us see how our resources are currently spread – in the big picture, but since we want to look at more specific performance information – we need to look at each Operational Goal...NEXT PAGE

Step 2: Results tabulated into analytical tool

Running total of FY07 budget

| | | | |
|--------------------|---------------|------------------|------------|
| FY06 Request Total | \$985,563,000 | Amount Over Goal | -\$260,470 |
| FY07 Goal | \$935,563,000 | | |
| Running Total | \$935,282,530 | | |

| DOI Main Component | FY06 Baseline | Performance Targets | | | Cost/Unit | %Change |
|---|----------------------|---------------------|--------------|----------------------|-----------|---------|
| | | FY 2004 Actual | FY 2005 Plan | FY 2006 Pres. Budget | | |
| Resource Protection: Improve Health of Watersheds, Landscapes, and Marine Resources (7 Ops goals) | \$289,369,822 | | | | | |
| OP 1A Restore/enhance X number of acres of wetlands, Y number of acres of uplands, and Z number of riparian stream/shoreline miles. | \$60,508,053 | 1,028,407 | 931,574 | 1,228,766 | \$85 | -1.4% |
| OP 1B Manage and protect X number of acres of wetlands, Y number of acres of uplands, and Z number of riparian acres/stream/shoreline miles. | \$184,494,369 | 3,751,699 | 3,951,917 | 4,654,028 | \$47 | -1.0% |
| OP 4 Percent of known contaminated sites remediated on FWS managed lands | \$2,774,138 | 8% | 11% | 11% | N/A | -4.5% |
| OP 3 Meet identified habitat needs (non-VWU) by fuel reduction on X acres (PIM 1.01.008) | \$13,394,728 | 156,031 | 90,000 | 90,000 | \$149 | -6.6% |
| OP 2A Restore/enhance X# marine/coastal acres. | \$14,278,668 | 330,201 | 319,057 | 321,231 | \$45 | -7.2% |
| OP 2B Protect X# of marine/coastal acres. | \$8,998,342 | 312,681 | 13,146 | 15,821 | \$684 | -5.1% |
| OP 5 Protect, manage, and/or restore X number of FWS natural hydrological surface and ground water systems and rights to support, fish, wildlife, and plant populations | \$4,911,524 | 107,225 | 21,115 | 21,100 | \$233 | -1.2% |

Individual voting results tabulated & average % populates analytical tool

** Sample cost and performance data used in table

After some discussion, each member of the FWS Directorate made decisions, using an automated tool to help us keep track of our proposed budget changes, to spread their proposed changes across the FWS operational goals.

We considered the three-year (FY 2004-2005-2006) performance data, as well as an initial cost per unit, i.e., cost per acre restored) and decided how to spread the target (in this case a cut of \$50 million) against the range of 27 Operational Goals.

Each decision was based on a change (cut or increase) by percentage to the expected performance targets and, therefore, to the dollars.

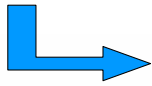
These individual changes were then tabulated, averaged, and displayed in the tool for further examination and discussion by the entire Directorate

You can see the consensus percentage change here displayed in the yellow column.

Let's look at that in terms of performance targets and budget on the NEXT PAGE...

Step 3: Results rolled up and displayed by FWS Operational Goal

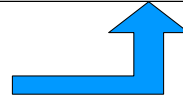
Running total of FY07 budget



| | |
|---------------------|---------------|
| FY06 Request Total | \$985,563,000 |
| FY07 Goal | \$935,563,000 |
| FY 07 Running Total | \$935,282,530 |

| | FY06 Baseline | FY07 Budget | Adj Perf Target |
|--|----------------------|----------------------|-----------------|
| Resource Protection: Improve Health of Watersheds, Landscapes, and Marine Resources (7 Ops goals) | \$289,359,822 | \$284,029,973 | |
| OP 1A Restore/enhance X number of acres of wetlands, Y number of acres of uplands, | \$60,508,053 | \$59,685,143 | 860,532 |
| OP 1B Manage and protect X number of acres of wetlands, Y number of acres of uplands, | \$184,494,369 | \$182,575,628 | 3,910,817 |
| OP 4 Percent of known contaminated sites remediated on FWS managed lands | \$2,774,138 | \$2,649,857 | 11% |
| OP 3 Meet identified habitat needs (non-WUJ) by fuel reduction on X acres (PIM) | \$13,394,728 | \$12,478,529 | 83,844 |
| OP 2A Restore/enhance X# of marine/coastal acres. | \$14,278,668 | \$13,250,604 | 296,085 |
| OP 2B Protect X# of marine/coastal acres. | \$8,998,342 | \$8,537,627 | 12,473 |
| OP 5 Protect, manage, and/or restore X number of FWS natural hydrological surface | \$4,911,524 | \$4,852,586 | 20,862 |

Voting results applied to FY06 baseline costs to project FY07 cost and performance targets by Operational Plan goal.



** Sample cost and performance data used in table

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Here the averaged results of our decisions are displayed (for each FWS operational goal) in terms of both the impact of the performance outcome and the budget dollars. The Yellow box at the top provides a running total the budget planning targets vs the decision totals.

Of course, each one of these goals is cross-function and cross-program, so there are real impact to real programs within each of these numbers.

For FY 2007 we stopped here – we used a mathematical formula to spread the impacts of these changes to performance and budgets back to the underlying programs

We also used this performance-based/cost-based tool for only part of our final decision. We had to factor in a number of other influences, including Secretarial priorities, Director's priorities, practicality (can a program execute at these levels etc.)

BUT, we want to use this type of data to drill down further into the detailed execution by each program, so although we did not use it for the FY 2007 process, let's look at where we may be going in the future...

If we look here at FWS Ops Goal 1A: *Restore/enhance wetlands acres, uplands acres, and riparian stream/shoreline miles*, we decided that the budget for this goal should be cut by 1.4% - which translated into a cut of \$823,360 – which reduced the number of acres/miles we can restore to 860,532 acres/miles.

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Step 4: Next steps include identification of specific program contributions and decisions on program allocation by Critical Success Factor (CSF)

| FY06 Request Total | | \$995,563,000 | | | Amount Over Goal | | | | | |
|--------------------|--------------|---------------|---|----------------------|----------------------|------------------|------------|----------------------|-----------------------|--------------------|
| FY07 Goal | | \$935,563,000 | | | | | | | | |
| Running Total | | \$935,282,530 | | | | | | | | |
| DOI Main Component | FWS Ops Goal | CSF | Program | FY06 Baseline | FY07 Budget | FY05 Perf Target | Cost/ Unit | FY07 Adj Perf Target | Allocation of Changes | Result of %Change |
| | | | Resource Protection: Improve Health of Watersheds, Landscapes, and Marine Resources | \$289,359,822 | \$284,029,073 | | | | | \$5,330,749 |
| | | | 1A: Restore/enhance X number of acres of wetlands, Y number of acres of uplands, and Z number of riparian stream/shoreline miles. | \$60,508,503 | \$59,685,143 | Acres/ miles | \$65 | Acres/ miles | 1.4% | \$ (823,360) |
| | | | 1.1: # of wetlands acres restored/enhanced | \$3,642,380 | \$3,436,540 | 477,987 | \$8 | 455,162 | 25% | \$ (205,840) |
| | | | Partners | \$1,655,214 | \$1,787,263 | 277,800 | \$7 | 287,725 | 33% | \$ (67,927) |
| | | | Refuges | \$1,625,012 | \$1,625,012 | 200,081 | \$8 | 187,437 | 50% | \$ (102,920) |
| | | | Other (NW, EC, NAWCF, Fisheries, Habitat Conservation, Hatcheries, Management Asst, Project Planning, Coastal Programs) | \$362,154 | \$124,265 | N/A | | N/A | 17% | \$ (34,993) |
| | | | 1.2: # of uplands acres restored/enhanced | \$9,420,257 | \$9,008,577 | 453,150 | \$21 | 404,971 | 50% | \$ (411,680) |
| | | | Refuges | \$775,077 | \$663,923 | 300,075 | \$3 | 267,041 | 27% | \$ (111,154) |
| | | | Other (EC, Fisheries, Habitat Conservation, Management Asst, Project Planning, Coastal Programs) | \$8,645,180 | \$8,344,654 | 153,075 | \$66 | 147,930 | 70% | \$ (288,176) |
| | | | 1.3: # of riparian stream/shoreline miles restored/enhanced | \$1,981,796 | \$1,775,956 | 437 | \$4,535 | 399 | 25% | \$ (205,840) |
| | | | Partners | \$829,409 | \$767,365 | 907 | \$2,089 | 863 | 35% | \$ (72,044) |
| | | | Refuges | \$877,156 | \$784,674 | 34 | \$25,803 | 30 | 45% | \$ (92,628) |
| | | | Other (EC, Fisheries, Habitat Conservation, Hatcheries, Management Asst, Project Planning, Coastal Programs) | \$275,231 | \$223,917 | N/A | | N/A | 0% | \$ - |
| | | | | | | | | | 20% | \$ (41,168) |

Initial decision
FWS Goal 1A

Initial allocation of Ops Goal
Change to CSF Level
Allocation of CSF Level
Change To Program Level

Here, we can see that goal with the initial decision on the top line.

Now it runs out there are three components to this goal: wetlands, uplands and riparian stream/shoreline miles.

So, we first would make some decisions about how to spread this change (the negative \$823,360)

Perhaps wetlands and streams are higher priorities, so even though they will get trimmed back, they only take 25% each of the proposed cut, and uplands takes the remaining 50% of the cut.

Since, in the end, it is specific programs that get funded to conduct this work, we need to drive this performance based decision making down to this level.

In this wetland example, we see that the Partners and Refuges programs are the two big contributors, with several smaller contributors. The goal of this step would be to use the performance and cost data for each program to spread the changes in budget.

This is the next big step we need to take to conduct better performance-based budgeting

Performance-based decisions shown with impacts to both budget and performance targets

| Ops Goal # | Ops Goal Name | FY06 Baseline (\$) | FY07 Budget (\$) | Percent Change (%) | Baseline Performance Target | Adjusted FY 2007 Target | Performance Percent Change |
|------------------------------|--|--------------------|------------------|--------------------|-----------------------------|-------------------------|----------------------------|
| Top Priority Goals | | | | | | | |
| OP 12 | Candidate species -- Percent of candidate species where listing is unnecessary as a result of conservation actions or agreements | \$9,217,827 | \$10,165,419 | 9% | 1.4% | 1.7% | 22% |
| | Fixed Cost | \$35,000,000 | \$35,000,000 | 0% | n/a | n/a | n/a |
| OP 1B | Habitat Conservation -- Manage and protect X number of acres of wetlands, Y number of acres of uplands, and Z number of riparian acres/stream/shoreline miles. | \$184,494,369 | \$182,575,628 | -1% | 3,951,917 | 3,910,817 | -1% |
| OP 5 | Water Rights -- Protect, manage, and/or restore X number of FWS natural hydrological surface and ground water systems and rights to support, fish, wildlife, and plant populations | \$4,911,524 | \$4,852,586 | -1% | 21,100 | 20,862 | -1% |
| OP 1A | Habitat Conservation -- Restore/enhance X number of acres of wetlands, Y number of acres of uplands, and Z number of riparian stream/shoreline miles. | \$60,508,053 | \$59,685,143 | -1% | 931,574 | 860,532 | -8% |
| OP 15 | Invasive Species -- Percent change from baseline in the number of invasive animal, aquatic, and terrestrial populations | \$6,675,665 | \$6,563,514 | -2% | tbd | tbd | tbd |
| OP 6 | Migratory Birds -- Achieve healthy and sustainable levels for X% of migratory bird species | \$42,711,020 | \$41,873,884 | -2% | 62% | 60% | -2% |
| Bottom Priority Goals | | | | | | | |
| OP 20 | Recreation -- Increase the number of opportunities for fish and wildlife related recreation, including: hunting, fishing, wildlife observation, photography, interpretation, and environmental education. | \$57,814,994 | \$50,830,943 | -14% | tbd | tbd | tbd |
| OP 24 | Fire -- Increase by X the number of acres treated in the WUI | \$3,308,088 | \$2,878,037 | -15% | 109,736 | 95,470 | -13% |
| OP 10 | International Species -- Support sustainable conservation of X species of international concern (90% of costs are LE) | \$68,620,477 | \$57,421,616 | -20% | 78 | 65 | -16% |
| OP 17 | Wilderness Management -- X% of special designation areas that are in good condition | \$847,662 | \$576,410 | -47% | 89% | 61% | -31% |
| OP 16A | Cultural -- % of cultural properties in FWS inventory that are in good condition | \$3,015,147 | \$2,032,209 | -48% | 3% | 2% | -28% |
| OP 16B | Cultural -- % of cultural collections in FWS inventory that are in good condition | \$430,936 | \$278,040 | -55% | tbd | tbd | tbd |

It is important – to get back to the beginning – by bringing the decision circle back to priorities set based on performance and the cost of performance. Here, finally is a look at how these decisions look against our FWS Operational Goals.

This view lets us see the results of our decisions against our suite of goals (This view shows only the highest and lowest –based on the decisions made by the leadership during this trial exercise.)

For example, we chose to increase the performance for the candidate Species goal – the performance and dollars both go up in this scenario. We also made only small cuts to some of the Habitat Conservation and Invasive Species goals.

However, the leadership may determine that Cultural Resources, Wilderness Management, International Species, etc., were lower priorities and therefore should get fewer resources in the upcoming budget.

The performance against these goals will be cut accordingly as fewer resources mean fewer accomplishments.

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Lessons learned and next steps

- Lessons learned
 - Senior management direction and support
 - More training for decision makers will give time to gain understanding and absorb to the new concept
 - Cross-programmatic vs. programmatic
- Next steps
 - Develop budgeting tool to handle decisions at the program or CSF.
 - Work with senior management to incorporate more performance budgeting in FY08 budget process
 - Increase opportunities to identify inefficient business operations – using cost/performance

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Lessons learned

Senior management direction and support

More training for decision makers will give time to gain understanding and absorb to the new concept

Cross-programmatic vs. programmatic

Next steps

Develop budgeting tool to handle decisions at the program or CSF.

Work with senior management to incorporate more performance budgeting in FY08 budget process

Increase opportunities to identify inefficient business operations – using cost/performance