

SECTION 220—PREPARING AND SUBMITTING PERFORMANCE BUDGETS

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Summary of Changes

Clarifies the purpose of the performance budget/annual performance plan (section [220 \(a\)](#)).

Describes guidance for high priority performance goals for FY 2012 (section [220 \(c\)](#)).

Clarifies new information on the PART process ([section 220 \(d\)](#)).

(a) *What is the purpose of a performance budget/annual performance plan?*

Agencies will prepare a performance budget/annual performance plan, that fully integrates the annual performance plan with other elements of the agency budget request, showing the relationship between funding levels and results, as required by the Government Performance and Results Act of 1993 (GPRA), [Pub. L. No. 103-62](#).

Agencies submit this performance budget/annual performance plan to OMB in September. OMB's review of each agency's FY 2012 budget submission will begin by examining how the budget request will advance the goals in the agency's strategic and annual performance plans, including its near-term high priority goals. The FY 2012 budget submission should reflect the amount needed to meet FY 2012 performance targets, and be informed by the analyses and discussions that have occurred during the constructive performance reviews. As stated in the OMB FY 2012 budget guidance memo, agencies should seek to achieve better performance with available resources. The memorandum provides specific guidance on several aspects of agency budget submission and specific actions required for a number of government-wide initiatives, highlighting that agencies should not simply reduce spending across the board, but instead aim to restructure their operations strategically to improve outcomes. The annual performance plan should be specific in describing the strategies the agency will follow and explaining why those strategies have been chosen, identifying specific performance targets and key milestones that will be accomplished in FY 2012.

Integrating performance information in the budget process remains a priority. The performance goals in these plans should be consistent with those set through agency strategic and performance planning processes, and updated to reflect final congressional action on FY 2011 appropriations, if complete. Program goals may need to be updated to reflect new Administration policies, and will be published as part of the agency's FY 2012 congressional budget justification (CBJ). The GPRA requirements for the annual performance plan ([31 U.S.C. § 1115](#)) should all be addressed in the performance budget, so a separate plan is not needed. (See section [200](#) for further definitions of performance terms.)

In February, agencies will send their performance budget/annual performance plan to the Congress as part of the CBJ. Agencies should consult with relevant congressional appropriations committees to ensure their support for modifications to the format of the CBJ. Budget submissions to OMB and CBJ should highlight effectiveness and efficiency gains and how the agency has used or plans to use them.

(b) *What should be included in a performance budget/annual performance plan?*

A performance budget is a presentation that clearly explains the relationship between performance goals and the costs for achieving targeted levels of performance. In general, a performance budget links strategic goals with related outcome-oriented long-term and annual performance goals and with the costs of specific activities that contribute to the achievement of those goals.

A performance budget starts with an overview of what the agency intends to accomplish in the budget year. For each strategic goal, the overview provides background on what has been accomplished, analyses of the strategies the agency uses to influence outcomes and how they could be improved, and analyses of the programs that contribute to that goal. The overview should include expected outcomes for each strategic goal, and performance targets for the supporting programs. It should also summarize how the agency expects to coordinate programs that contribute to each strategic goal together to maximize the larger strategic outcome.

The resources requested for each program should be the amount needed to achieve the program's target levels of performance. At a minimum, resources are aligned at the program level within this framework, and agencies are encouraged to align resources at the performance goal level. Resources should be fully costed with centrally funded administrative services and support costs allocated to each program.

The performance budget also includes other information needed to justify the agency budget request. Section [51](#) specifies the basic justification requirements for the performance budget sent to OMB. These include a description of means and strategies, including resources and technologies used to achieve performance goals. In many instances, these means and strategies may be inputs. A thorough description of the means and strategies to be used will promote understanding of what is needed to achieve a certain performance level and likelihood that the goal will be achieved. Means can include human resources, information technology and operational processes. Strategies may include program, policy, management, regulatory, and legislative initiatives and approaches and should be consistent with the agency's improvement plans. Large agencies may want to present more detailed plans and include information on their bureaus or other components. An agency's congressional committees may require additional information for the performance budget submitted to Congress.

(c) *What performance data should be included in the performance budget?*

The performance budget includes long-term and annual performance goals (performance measures with targets and time frames). Performance goals should be outcome-oriented and all targets should promote significant achievements or continuous improvements including a limited number of high priority goals with ambitious targets that senior leaders commit to achieving.

The performance budget displays up to six years of data for every performance goal, including for the budget year, current year, past year, and three additional past years of data. Only three years of resource data are required. Agencies need not include historical performance data for newly established goals.

As noted in section [51](#), the means and strategies the agency intends to use to help achieve the performance goals should also be included.

The performance information (measures with targets and actual data) included in the congressional budget justification will need to be updated to reflect 1) the most recent performance information available (most likely FY 2010 actuals), 2) any necessary adjustments to FY 2011 performance targets to

make them consistent with the most recent appropriations levels, and 3) the budgetary resources and associated performance targets corresponding to the President's Budget, clearly identifying which are the highest priorities for which ambitious targets should be set. When current performance data are not available, the date when the data will be available should be listed. All “actuals” fields are required to be filled in.

It is also helpful for the performance budget to include an addendum that lists and explains changes in performance measures as compared to the prior year's performance budget.

Given that High Performance Priority Goals (HPPGs) have only recently been established, the expectation is that most agency HPPGs will continue into FY 2012, funded within agency discretionary budget targets. FY 2012 budget submissions should include specific FY 2012 performance targets for HPPGs and the budget authority required, by program, for the achievement of each FY 2012 HPPG goal. In limited cases where agency priorities or circumstances have changed significantly (e.g. new legislation has been enacted or a high priority goal has been accomplished), agencies may propose adding or deleting HPPGs. In addition, agencies should provide information about the FY 2010 and FY 2011 budget needed to achieve its high priority performance goals, consulting with their OMB Resource Management Office as needed. If achievement of the high priority performance goal requires resources or support from programs in another agency, this should be indicated but budget estimates for actions by other agencies do not need to be provided.

(d) *How do GPRA and the PART measures relate to the performance budget?*

Agencies should integrate their former PART performance measures into their annual performance reports. If an agency wants to eliminate PART or GPRA measures it feels are not useful, it should propose the list of measures for deletion and discuss their deletion with key stakeholders, Congress, and their OMB Resource Management Office before dropping the measures. The list of dropped measures and reasons for their deletion should be included in the annual performance report.

(e) *How does the performance budget/annual performance plan relate to the strategic plan and the annual performance report?*

The performance budget is organized as a hierarchy goal structure like the agency's strategic plan. At the top of the pyramid are strategic goals, which are statements of aim or purpose that are set out in the agency strategic plan. Several agency programs may contribute to achievement of a strategic goal. If programs in different agency components contribute to the same strategic goal, the performance budget should describe how a portfolio of inter-agency programs will help attain the broadly stated aims of a strategic goal.

For each strategic goal, there are usually several underlying strategic objectives or outcome goals. For each of the underlying outcome goals, there typically are several output goals. The program performance measures and targets developed to track these underlying goals are included in the performance budget. The plan should discuss how HPPGs contribute to the strategic goals. The strategic plan should provide sufficient context to explain why specific goals and strategies were chosen.

(f) *Ensuring that the performance budget is publicly available.*

Release of the performance budget and agency justification and underlying materials concerning presidential decisions must be done in accordance with the requirements of section [220](#). After the performance budget is submitted to the Congress, it should be made available to the public on an agency's website.

Agencies should establish a communications strategy to engage with the public either through websites, social media, or other collaborative efforts. It is important that agencies communicate relevant, reliable,

and timely information within and outside their organizations. Agencies are required to provide more information at a quicker pace and to solicit feedback and engage in collaborative efforts with the public. To further enhance transparency of agency performance data, agencies are required to include a link on their main agency webpage to a single page with access to the following, but not limited to:

- Strategic Plan
- Performance and Accountability Report
- Performance Budget/Annual Performance Plan
- Annual Performance Report
- Annual Financial Statements
- GAO High-Risk Improvement Plans with status of implementation
- Inspector General Audits and Investigative Reports and a method for reporting evidences of waste, fraud, or abuse to the Inspector General
- The Summary of Performance and Financial Information
- Performance evaluations, studies, and reports
- Links to the government-wide performance web site

(g) *Ensuring the agency enterprise architecture addresses agency performance plans.*

Once an agency's performance plan is established, agencies should ensure the enterprise architecture (EA) planning documents are focused on how the agency will achieve its performance planning goals. This will require a direct coordination of the capital planning and EA planning efforts that together demonstrate the action steps the agency will take to meet the performance goals. See FSAM.GOV, and the FEA website (<http://www.whitehouse.gov/omb/e-gov/fea/>) for more information on addressing performance planning with EA.

The agency should submit an Enterprise Architecture Segment Report (EASR) to OMB for each segment of the agency's EA. The EASR should provide a decision analysis documenting the agency's needs, gaps, and alignment of transition steps and IT resources to agency performance priorities.