

SECTION 240—ANNUAL PERFORMANCE PLANNING

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Summary of Changes

Describes Annual Performance Plan to be published with the agency budget

240.1 What is an Annual Performance Plan?

The Annual Performance Plan (APP) is a description of the level of performance to be achieved during the year in which the plan is submitted and the next fiscal year. The plan should also be specific in describing the strategies the agency will follow, explaining why those strategies have been chosen, and identifying performance targets and key milestones that will be accomplished in the current and next fiscal year. It should be comprehensive of the agency's mission by showing the plan for each [strategic objective](#).

240.2 What is the purpose of an Annual Performance Plan?

Agencies prepare an Annual Performance Plan to communicate the agency's goals and objectives with other elements of the agency budget request. The plan describes how the goals will be achieved, identifies priorities among the goals and explains how the agency will monitor progress. The APP also updates the previous APP to reflect changes in plans, funding decisions, and changes in the environment.

240.3 How does the Annual Performance Plan relate to the Strategic Plan?

The Annual Performance Plan should align to the agency's Strategic Plan. Strategic goals are advanced by strategic objectives, which in turn, are supported by specific performance goals and indicators. For each

[strategic goal](#), the annual plan should show the supporting [strategic objectives](#) and [performance goals](#). The [indicators](#) that will be used to track, interpret or improve progress on performance goals must also be included in the performance plan.

240.4 What is the relationship between the Annual Performance Plan, Annual Performance Report and Congressional Budget Justification?

The Annual Performance Plan supports the agency's budget request by identifying the performance goals and key milestones that an agency will pursue in the coming year.

Results of agency progress on goals and objectives outlined in Annual Performance Plans are presented and discussed in the Annual Performance Report.

Section [51](#) of OMB Circular A-11 outlines agency budget justification requirements. The performance plan may be used to structure the budget submission, or at minimum, be part of the agency's budget submission to OMB and to Congress. Changes in the plan should reflect changes to the [program activities](#) in the budget request.

To reduce duplication and to communicate future plans in the context of historical trends, agencies are strongly encouraged to consolidate the [Annual Performance Plan](#) with the [Annual Performance Report](#) to deliver them concurrent with the Congressional Budget Justification. Agencies should consult with relevant congressional appropriations committees to confirm their support for modifications to the format of the Congressional Budget Justification.

240.5 How does the agency Annual Performance Plan incorporate the Cross-Agency Priority Goals?

Agencies that contribute to [Cross-Agency Priority Goals](#) must address this responsibility in the agency's plans and reports by directing the public to Performance.gov and include a list of Cross-Agency Priority Goals to which the agency contributes. To do so, those agencies should include the following language: *"Per the GPRM Modernization Act requirement to address Cross-Agency Priority Goals in the agency strategic plan, the annual performance plan, and the annual performance report please refer to www.Performance.gov for the agency's contributions to those goals and progress, where applicable. The [Department or agency] currently contributes to the following CAP Goals: [add list here]."* The goal leader, the PIC and OMB will coordinate quarterly updates to the website which will reflect the overall action plan and will describe how the agency's goals and objectives contribute to the Cross-Agency Priority Goal. (See section [220](#) on Cross-Agency Priority Goals)

240.6 How will agencies be expected to link resources to the performance plan this year?

Performance information in the Annual Performance Plan, especially the goals, indicators of past performance and other evidence such as evaluations, should inform agency budget decisions, complementing other factors considered in the budget process. The funding proposed in agency FY 2014 budget submissions should reflect funding levels the agency believes are needed to meet proposed FY 2014 targets. Current year performance goals should be updated to reflect final congressional action on appropriations and other changes in external conditions, as necessary. The performance goals in Annual Performance Plans should be consistent with those set through agency strategic and performance planning processes.

The goals in the performance plan should capture the objectives for all program activities in the budget request. Agencies may aggregate, disaggregate, or consolidate program activities for the purposes of aligning performance information and resources as appropriate for the agency size, except that any

aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation for the agency.

As agencies develop the Federal Program Inventory, Performance.gov will also show linkages between strategic objectives and financing. See section [280](#) on the Federal Program Inventory.

240.7 What content should be included in the Annual Performance Plan and how will it be published?

The table in section [210.14](#) establishes what information must be included in the Annual Performance Plan. This section should be considered in conjunction with OMB Circular A–11 section [51](#), on Basic Justification Materials. The agency's congressional committees may also require additional information for the performance plan that is submitted to Congress.

Agencies that were required to establish FY 2012–2013 Agency Priority Goals will be expected to hyperlink a machine-readable Annual Performance Plan file on Performance.gov on May 31, 2013. However, for publication concurrent with the FY 2014 President's Budget, all agencies must still produce a full agency plan for posting on the agency website with all required content this fiscal year.

240.8 What attributes and dimensions of indicators should agencies consider when selecting and gathering data to improve agency progress on goals?

In selecting [indicators](#) and collecting data to analyze progress and identify ways to improve performance, agencies should consider various attributes and dimensions of indicators:

- Frequency—How often should the data be collected in order to impact future performance? How quickly is it needed to make sound decisions? Annually, quarterly, monthly, weekly, daily?
- Time—Is the time of day, day of the week, or week of the year likely to correlate with performance or causal factors affecting performance (e.g.; time of incidents, demand patterns)? If so, is it worth tagging performance indicators with this information so that they can be sorted to see variations in performance patterns across time?
- Users—Who uses the data to learn from experience, improve performance, or make decisions and for what purpose? Are they *responsible* for achieving the task, *accountable* for accomplishing it,

Other Indicators Sometimes Essential for Interpreting Performance Indicators

Some [performance indicators](#) require context and analysis to interpret the agency's performance trends accurately, so [other indicators](#) are needed to accompany performance indicators. Here are a few examples:

Other indicators: When an agency faces a process backlog and sets a target to reduce the backlog, it is not sufficient to track only the size of the backlog or the percent of applications processed within the threshold processing time set. It is also essential to track input indicators (e.g.; the number of applications coming in to the agency) and output indicators (e.g.; number of applications processed by the agency) for the same time period to interpret accurately the agency's performance addressing the backlog.

External factor indicators: When an agency reviews the performance across field offices or delivery partners, meeting indicator targets does not always mean the intended outcome is being achieved. The number of people receiving jobs after participating in a state's employment readiness program could be very high as compared to another program in a different state. In that situation, contextual indicators may be critical to understanding the performance of individual delivery units. The participants, economic conditions, or level of demand for services in an area may be critical to interpreting the job placement rates and for finding effective practices for improving performance.

potentially *supportive* of the endeavor, likely to be *consulted* due to their expertise, or do they need to be kept *informed*? Are they in central offices, field, among delivery partners, public or Congress? What does that information-using role imply for the form, timing, collection and dissemination of the collected indicators?

- Format—How will people use the information and what format is most conducive to its use?
- Methods—How are data collected or delivered and what methods are used to get feedback on the data to continually improve its quality or usefulness? What challenges related to data collection may impact its use?
- Context and Analysis—What analysis and evaluation will be needed in order to be able to use the data to make decisions or improve performance?
- Cost—How costly or burdensome is the data collection or analysis before it can be put to use?

240.9 What can be used to drive performance in areas where quantifiable performance goals cannot be developed?

When agencies cannot express a performance goal in a quantifiable form for a particular program, an “alternative form” performance goal or suite of indicators may be used instead. For example, milestones are often used as the basis of an alternative form performance goal. In other cases, the attainment or maintenance of a third-party, established, standard can be a qualitative, measureable performance goal, such as obtaining an unqualified audit opinion on the agency’s financial statements. For certain programs, a suite of indicators in lieu of a performance goal will be appropriate.

240.10 How should evidence and evaluation be incorporated in the Annual Performance Plan?

Agencies should demonstrate the use of evidence throughout their Fiscal Year (FY) 2014 budget submissions, particularly in support of the performance goals and strategies in the Annual Performance Plan and 2014 budget proposal. Evidence comes in different forms that can be useful. Some helps programs better understand the characteristics of the problems they are trying to tackle, while other evidence reveals agency practices and other factors that affect the problems agencies want to affect. Use of evidence and evaluation in budget, management, and policy decisions is critical to make government work effectively. See [Memorandum–12-14](#) for more information. See also section [210.14](#) part 8 on Evaluations and Research for more on how evaluations should be incorporated or addressed in the Strategic Plan, Annual Performance Plan and Annual Performance Report.

240.11 What is required by the GPRA Modernization Act on lower-priority program activities?

Agencies are required to identify lower-priority program activities as a part of the FY 2014 performance planning process and budget submission. In cases where small agencies have only one program activity in the President’s Budget the agency may disaggregate the program activity for the purposes of identifying lower-priorities appropriate to the agency’s size.

240.12 How should agencies prepare and publish the lower-priority program activities?

Agency budget submissions to OMB must include a draft list of the agency’s proposed lower-priority program activity designations using the template and instructions provided on <https://max.omb.gov/community/x/C5VxIQ>. Agencies should submit to OMB in their FY 2014 budget submissions a draft list of lower-priority program activities that total at least 5% of the agency’s FY 2012 discretionary budget.

According to the law, the agency's draft submission to OMB must include an explanation of the lower-priority program activity selection based on the agency's analysis of the programs' contribution to the mission and goals of the agency, and an evidence-based justification for designating a program activity as lower-priority.

OMB will work with agencies to approve and finalize lower-priority program activity lists under the budget process, prior to the publication of the President's Budget.

While lower priority programs will be published by OMB in a separate volume accompanying the 2014 President's Budget, agencies may also propose lower priority program activities that may not meet the scope of this volume. For meeting this requirement, agencies may publish in the agency plan only the lower-priority program activities that have been approved by OMB.

Agencies that do not include lower-priorities in the agency performance plan must publish in the agency's performance plan a clear reference to the President's Budget for the agency's lower priorities such as "*The President's Budget identifies the lower-priority program activities, as required under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at: <http://www.whitehouse.gov/omb/budget>."*

240.13 What criteria should agencies use when selecting their lower-priority program activities?

Criteria that agencies could consider, in combination, for identifying lower-priority programs may include:

- Alignment—Program activities that are not aligned with mission of the organization or a Cross-Agency Priority Goal.
- Duplication—Program activities addressing issues that are already addressed by another entity within or outside the Federal Government.
- Scope—Program activities considered to be small scope, low-budget, inconsequential or insignificant.
- Impact—Program activities that do not affect the public significantly, directly, or indirectly.
- Stakeholders—Program activities that, if reduced or eliminated, would not have significant negative impacts on stakeholders.

240.14 How and when will agencies deliver the Annual Performance Plan to OMB, Congress and the public?

The timeline for development and publication of the Annual Performance Plan is in section [200.20](#). Agencies must first submit electronically the rough draft Annual Performance Plan to OMB in September 2012 with the agency's budget submission by posting it on <https://max.omb.gov/community/x/C5VxIQ>.

Agencies are strongly encouraged to consolidate the delivery of their Annual Performance Plans and Annual Performance Reports to OMB and Congress. Notification to Congress is transmitted electronically by the agency head. When delivering notification to Congress, agencies should also notify the President and OMB Director by posting a copy of the final document on MAX at <https://max.omb.gov/community/x/C5VxIQ> and a link on Performance.gov. Related submission questions should be emailed to performance@omb.eop.gov.

240.15 How does the Annual Performance Plan relate to the agency's enterprise architecture?

Once an agency's performance plan is established, agencies should ensure that the enterprise architecture planning documents are consistent with achieving the agency goals and objectives. This will require direct alignment of the capital and enterprise architecture planning efforts to meet the strategic objectives and performance goals in agency strategic and annual performance plans, to the extent that information technology resources are critical to the achievement of those objectives and goals.