



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

June 11, 2009

M-09-20

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM:

Peter R. Orszag
Director

SUBJECT: Planning for the President's Fiscal Year 2011 Budget and Performance Plans

Our country faces extraordinary challenges – from jump-starting our economy and rebuilding our infrastructure, to transforming our energy supply and slowing global warming, to reducing health care costs and expanding health insurance coverage, to educating our children and retooling our workforce, to fulfilling our obligations to our servicemen and women and our veterans and achieving diplomatic and military success overseas. To meet all of these challenges, and the many others our Nation faces, we must transform our government to operate more effectively and more efficiently.

Our goal is to build a transparent, high-performance government capable of addressing the challenges of the 21st century. The American people deserve a government that works, where the public interest is prioritized, where the impact of government spending is transparent and held to high, objective standards, and where results and good management matter.

The FY 2011 Budget will be an important step in the President's effort to change how Washington does business and put our fiscal house in order. The FY 2011 Budget will continue the work needed to build a new foundation of long-term economic growth, job creation, and prosperity. To be successful, we must focus resources on our highest national priorities, including investments in health reform, clean energy, and education. At the same time, we must enforce fiscal discipline, making sure that we invest in what works, do not waste taxpayer dollars on programs that do not work or are duplicative, and improve performance across the board.

This memo provides specific guidance on four deliverables for agencies:

1. Identification of a limited number of high-priority performance goals.
2. Submission of the FY 2011 Budget.
3. Steps to reform agency hiring processes.
4. Steps to improve employee satisfaction and wellness.

Over the next several months, OMB also will work with Congress, interagency management councils, experts in Federal management policy, Federal employees, and other key stakeholders to craft a broad management and performance framework that will achieve near-term priorities and overcome long standing management challenges. This effort will include addressing the high-priority performance goals discussed below and will help inform budget decisions. The framework also will further promote reforms to Federal procurement and

financial management processes, improve the openness and transparency of government, and maintain a focus on implementation of the American Reinvestment and Recovery Act.

We look forward to working with you closely during this process. Please communicate the priority of this effort to agency staff and request their full support as we engage with them for their ideas and assistance.

I. Identifying Agency High-Priority Performance Goals

Identification of agency high-priority performance goals is a first step toward developing the President's agenda for building a high-performing government. There will be regular reviews of the progress agencies are making to improve performance in priority areas including problems they encountered and plans to address those problems. To prepare for these reviews, each agency is asked to identify a limited number of high-priority goals and begin to define the strategies and means to achieve them.

The requirements of this section focus on the near-term achievement of high-priority performance goals, as opposed to policy and budget development and the Administration's legislative agenda. Agencies will address their full budget and policy priorities in their FY 2011 Budget and performance submissions, including their strategic plans. Additional guidance on agency performance and strategic plans will be forthcoming in Circular A-11. The agency goals identified for this purpose should generally have:

- High direct value to the public or reflect achievement of key agency missions, as opposed to being focused on internal agency management or other administrative priorities.
- Congressional authorization and appropriations required for successful implementation; though additional legislative changes may also be identified to contribute to success.
- Coordination, operational, or other implementation challenges including across multiple agencies that once resolved, will likely lead to improved effectiveness or efficiency.
- Performance outcomes which can be clearly evaluated, and are quantifiable and measureable in a timely fashion.
- Significant challenges unlikely to be overcome without a concerted focus of agency resources.

In developing these goals, agencies should engage with and consider input from Congressional authorizers and appropriators, OMB, EOP policy councils as well as agency program and management leadership, front-line employees, external partners, the public, and other stakeholders.

For each high-priority performance goal, the agency should:

- 1) *Define the problem.* Include an analysis of recent trends, developments, and causes of the specific problem, need, or challenge being addressed.
- 2) *Define the goal to be accomplished.* State what is intended to be accomplished in the next 12 to 24 months in terms that can be clearly assessed, and are preferably quantifiable. These should be stated in the context of the broader, long-term policy goal being pursued. A performance goal is comprised of one or more performance measures with targets and timeframes.
- 3) *Identify contributing programs within your agency.* Identify the programs within your agency that will be integral to achieving the goal.
- 4) *Identify contributing programs outside your agency.* Identify all programs at other agencies which actively collaborate in achieving the goal or which may impact achievement.
- 5) *Identify leads.* Identify the lead persons/positions within and outside your agency responsible for policy direction, program management, and implementation, and who will be held accountable for whether the goal is achieved.
- 6) *Briefly outline the strategy and key measures.* Provide a brief outline of the specific approaches the agency will try to use to achieve the goal and lessons from past experience in the priority area. This discussion should also address program outcomes which will be tracked, other accountability mechanisms, and proven and promising strategies to overcome programmatic and management challenges (e.g., human resources, procurement, information technology, or financial management).

The Agency Deputy Secretary or Chief Operating Officer and their Performance Improvement Officer must submit this information to the OMB Program Associate Director with lead responsibility for the agency by July 31, 2009. OMB will engage with the Performance Improvement Council to develop a standard template and example for these submissions.

II. Guidance on the FY 2011 budget submissions to OMB

We look forward to working with your agency to develop the President's FY 2011 Budget. This section of the memorandum provides specific guidance on several aspects of your budget submission to OMB, due September 14th:

- ***Policy and Funding Priorities.*** Your request should highlight your top policy and funding priorities and discuss how they further the President's goals to encourage economic growth, invest in the future, and responsibly govern the Nation.
- ***FY 2011 Agency Discretionary Funding Targets.*** In no case, unless your agency has been given explicit direction to the contrary by OMB, should your overall request

exceed the discretionary total provided for your agency for FY 2011 in the FY 2010 Budget. Within this level, your request should accommodate the Presidential initiatives included in the FY 2010 Budget. In addition, unless your agency has been given explicit direction to the contrary by OMB, you should show in your submission how you would meet two alternative targets in your submission:

- A freeze at the FY 2010 request level for your agency;¹ and
 - A 5 percent reduction from the FY 2011 level in the FY 2010 Budget.
- ***Mandatory Funding Targets.*** Your staff should work with their OMB representative to determine the funding target(s) for your FY 2011 mandatory budget proposals to OMB.
 - ***Terminations, Reductions, and Savings.*** Regardless of your agency's discretionary funding target, your submission should include significant terminations, reductions, and administrative savings initiatives (five at a minimum) that reduce costs below FY 2010 Budget levels. The submission should include analysis and evidence showing why the reductions are warranted. You can use these proposals to meet a freeze or -5 percent funding level.
 - ***New and Continuing Presidential Initiatives.*** Your submission should include updated cost estimates for any Presidential initiative and justify any change from estimates included in the FY 2010 Budget with analysis and evidence showing why the change is warranted.
 - ***Programmatic Increases or Anomalies.*** Your submission must include in-depth analysis for any requested increases above FY 2010 levels, including any out-year implications.
 - ***Integrated Performance Information.*** Your submission should include information, preferably from already-established and approved measures, that shows in addition to the performance associated with requested funding levels, performance associated with the freeze, 5 percent reduction funding options, and any proposed increases above the FY 2010 Budget.
 - ***Tax and Spending Policy Integration.*** Your submission should include, where appropriate, analysis of how to better integrate key tax and spending policies with similar objectives and goals. Your staff should work with their OMB contact to develop this analysis.
 - ***Base programs.*** Your submissions should highlight the methodologies used to allocate base funding, including cost benefit analysis. Any project and location specific funding should provide a clear merit basis for inclusion in the budget.

¹ This alternative applies only if the FY 2010 budget request is lower than the FY 2011 amount in the FY 2010 Budget.

- **Information Technology.** Your submission should support the President’s priorities for information technology, including transparency, participation and collaboration, and improving innovation, efficiency and effectiveness, in areas like cloud computing, by building upon efforts undertaken in 2009 and planned for 2010. Your IT portfolio should reflect updated cost estimates for all IT investments and balance new and ongoing investments within the context of your overall budget.
- **Overseas Contingency Operations.** If your agency participates in these activities, your submission should include a full-year estimate of these costs for FY 2011.

Your submission should also be consistent with the President’s guidance that the Recovery Act was intended to be temporary and not be built into the “base” budget. For additional guidance on the budget submission process, please refer to Circular A-11. The latest update to the Circular will be released later this summer.

III. Hiring Reform

The Federal hiring process needs to be reformed. The current process is lengthy and encumbered by burdensome requirements and outdated technology systems. Last year, the Office of Personnel Management (OPM) developed, in concert with your Chief Human Capital Officers, an End-to-End Hiring Roadmap that focused on reducing the time it takes to hire and making the application process easier and more readily understood by potential applicants. To date, there has been sporadic effort, at best, applied to making this initial first step in our overall hiring reform a reality. Over the next year, OPM Director John Berry and I expect significant progress in four areas of hiring – timeliness, plain language and streamlined announcements, communication with applicants, and involvement of hiring managers.

Specifically, we expect the following to take place over the next six months in order to begin the change process:

- (1) Map your current hiring process, using OPM’s End-to-End Hiring Process Mapping, from the time a manager identifies a need to hire until the person selected starts their first day on the job. (see <http://www.opm.gov/publications/EndToEnd-HiringInitiative.pdf>, page 27)
- (2) Review the job announcements for your agency’s top 10 occupations and have them written in plain language and reduced to no more than five pages.
- (3) Notify applicants of their status at four points through USAJobs.gov in a timely fashion --application received, application assessed for qualifications, applicant referred to selecting official (or not); and applicant selected (or not).
- (4) Engage hiring managers in all critical parts of the hiring process. Hiring managers should be involved in targeting recruitment, drafting job announcements, reviewing initial applications, interviewing applicants, and selecting applicants.

More specific guidance on the mapping process will be forthcoming. The results of these initiatives should be provided to OPM and OMB no later than December 15, 2009. Your OPM point of contact is Ms. Angela Bailey, Deputy Associate Director for Talent and Capacity Policy. She can be reached at angela.bailey@opm.gov.

IV. Improving Employee Satisfaction and Wellness

The Federal government should be a model employer. Employee engagement is directly linked to achievement of agency missions.

Agency leaders should strategically use their Federal Human Capital Survey findings and other information to improve recruitment, retention, and results. Each agency, as part of its FY 2011 Budget submission, should include an action plan that it will implement to improve its workplace measures in the specific areas that employees have identified as needing improvement.

The Administration cares about the health of its employees and strongly supports wellness programs at Federal agencies. We ask that you promote health and wellness initiatives in your agencies. Specifically, as part of their FY 2011 Budget submissions, agencies should submit an inventory of their current wellness activities, including cafeteria and fitness facilities, and health clinics as well as any plans to enhance these programs. As examples, plans to: sponsor wellness competitions, open or expand employee fitness facilities, enhance cafeteria and vending machines offerings to promote fruits, vegetables, and heart healthy choices should be submitted. OMB and OPM will use these inventories to compile and promote best practices in Federal employee wellness.

More specific information on these requirements will be communicated shortly.