

# M-96-22, Submission of FY 1995 Program Performance Reports

MEMORANDUM: OMB-96-22 Implementation of the Government Performance and Results Act of 1993

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Questions and Answers Regarding SUMMER REVIEW AND PERFORMANCE ASPECTS OF FALL REVIEW

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April 11, 1996

**M-96-22**

**MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND INDEPENDENT AGENCIES**

FROM: Alice M. Rivlin /s/

SUBJECT: Implementation of the Government Performance and Results Act of 1993

In September, 1997, the government-wide provisions of the Government Performance and Results Act (GPRA) take effect. As part of our ongoing effort to help departments and agencies improve program management, resource allocation, and accountability, several major initiatives will be undertaken during this year. The over-arching objective of these initiatives is to continue to integrate GPRA requirements into existing program management and budget processes. These initiatives were briefly sketched in OMB Memorandum 95-19 (September 14, 1995), and are more extensively described below, and in attachment 1.

Attachment 2 consists of questions which have been raised regarding particular aspects of these initiatives and the answers to those questions. We will share other questions and answers about the reviews with you as they emerge.

### **Summer Review**

Budget uncertainties over these past months have made for a long, difficult, and complicated budget season. Recognizing this, we have adjusted the schedule for what would otherwise be our OMB Spring Review so that it will now occur in July. The Summer Review will be centered on the key parts of the agency strategic plans, and how agencies are progressing in developing these plans. This assessment has several objectives:

- (1) to assure that agencies are developing plans that meet GPRA requirements, and are aligned with budgets, streamlining plans, performance agreements, and other related initiatives going on in the agencies;
- (2) to use parts of the strategic plan to frame discussions this Fall with the agencies on their proposed annual performance goals; and
- (3) to identify any steps that should be taken on a multi-agency basis to coordinate and harmonize goals and objectives for cross-agency programs and functions.

Agencies will be given feedback on these key parts of the strategic plans following the review. The attachment identifies the strategic planning information that agencies should provide to OMB by June 7th to support the Summer Review.

### **Performance Aspects for Fall Review**

The second major initiative is intended to produce consensus between OMB and the agencies on the performance goals and indicators that agencies would include in their FY 1999 annual performance

plans. This initiative will be integrated with OMB's Fall Review of the agency FY 1998 budget requests. Agreement on goals and indicators will help ensure that: (1) the performance plans contain useful and relevant performance information; and (2), agencies can better direct their measurement of current performance to generate the baseline data from which future target levels would be set. A more detailed overview of the Fall Review of performance information and material to be provided by the agencies is also set out in the attachment.

### **Related Efforts**

In parallel with these initiatives, we will continue our effort to consolidate and integrate various performance- related plans and reports, linking these more closely with the formulation and execution of the budget. We would welcome any specific suggestions or ideas that you may have on further steps that might be undertaken to assist your implementation efforts.

For GPRA implementation, there will be no more critical time than these next few months. Agencies should not underestimate the scope of the tasks ahead, nor the time that will be needed. While the Summer Review and the performance aspects of Fall Review can help in your implementation, they are not a substitute for the more fundamental examination of how your programs are being managed and what they are achieving, which should already be underway.

Attachments

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Attachment 1

### **I. SUMMER REVIEW OF STRATEGIC PLANS**

A. **Strategic Plans in General** GPRA requires agencies to submit strategic plans to OMB and Congress by September 30, 1997. Part 2 to OMB Circular No. A-11 (September 14, 1995) contains guidance to the agencies on the preparation and submission of these plans.

B. **Strategic Plan Material to be Provided OMB** Agencies should provide the following parts of their strategic plan(s), even if some or all of the material is in the draft or developmental stage: \* The comprehensive mission statement \* A description of the general goals and objectives \* A description of the relationship between the general goals and objectives and the performance goals that will be proposed for the annual performance plan.

The material provided should encompass all of the agency's major functions and operations. Agencies should also describe their plans for consultation with Congress and other interested groups.

For agencies that are proposing goals and objectives for cross-cutting programs or functions, these goals and objectives should be identified as well as a brief summary of any on-going or past coordination or consultation with other agencies that share a responsibility for or have a role in the cross-cutting program or function.

Agencies with plans that are further developed or nearly done, e.g., a plan that includes other GPRA-required elements such as external factors, are encouraged to provide a copy of the plan with all the completed parts.

**C. Agencies Lacking Requested Material** Agencies which have yet to define, even in a preliminary way, their mission statement or general goals and objectives, should describe the status of their strategic planning effort and the schedule for completing their plan. Agencies with mission statements and goal descriptions that currently cover only a part of their major programs and functions should provide the date for completing the statement and goals for the remaining programs.

**D. Problems or Issues** With the provided material, agencies may also describe any significant problems or issues they have encountered in the course of developing the plan.

**E. Due Date for Material** The requested strategic plan information should be provided to your OMB Resource Management Office (RMO) by COB June 7, 1996.

**F. Timing and Structure of Summer Review** The Summer Review will be conducted in July. The review will focus on the adequacy, relevance, and appropriateness of the mission statement and the general goals and objectives, and consistency with the specifications for these plan elements as set out in Part 2 of Circular No. A-11. Additionally, the general goals and objectives will be reviewed for how well these will match with prospective performance goals that would be proposed for the annual performance plan.

In preparation for the Summer Review, OMB Resource Management Offices will discuss with their agencies plan content, and the schedule for plan completion and submission. For cross-cutting programs and functions, particularly where coordination issues may exist, discussions may simultaneously involve several agencies.

Following the Summer Review, OMB RMOs will provide feedback to agencies. Agencies may need to make changes to the plan, particularly for the general goals and objectives. These general goals and objectives serve as the foundation for the proposed performance goals and indicators which will be the focus of the Fall Review of performance information. Where appropriate, an OMB-agency meeting may be convened at the policy official level.

**G. Further Information** Please contact your OMB Resource Management Office if you have questions regarding the Summer Review.

## II. PERFORMANCE ASPECTS OF FALL REVIEW

**A. Performance Goals and Indicators in General** GPRA requires agencies to submit annual performance plans to OMB starting with the annual plan for FY 1999. The key feature of these plans are specific, measurable performance goals and indicators for an agency's major programs and activities. The first annual plan will be due to OMB in September 1997, concurrent with transmittal of the agency FY 1999 budget requests. OMB has not yet prepared specific guidance to the agencies on the preparation and submission of the FY 1999 plans.

**B. Performance Goal Information to be Provided OMB** Agencies should provide descriptions of the performance goals and indicators the agency proposes to include in its performance plan for FY 1999. These descriptions should be sufficiently specific to allow a determination to be made as to their usefulness and value in measuring program performance, how well they reflect the core purpose of the program or activity, and how well they match with the general goals and objectives in the strategic plan.

Specific performance values, e.g., quantified target levels, for FY 1999 need not be provided as part of the description. For example, a described goal would be "to reduce the rate of loan defaults to x percentage of all loans outstanding in FY 1999". The description need not include a value for x. However, in some instances, the performance goals may be actual milestone or schedule dates, or have target levels already set. In these instances, the specific value should be included.

Agencies should not provide an exhaustive list of every possible goal and indicator. Rather, the descriptions, when viewed collectively, should give a sense of the type and scope of the goals and indicators that would be included in the FY 1999 performance plan. Agencies are reminded that GPRA allows performance plans to "aggregate, disaggregate, or consolidate program activities", as long as major functions or operations of the agency are not omitted or minimized.

**C. Performance Goal Information for FY 1998** Some of the proposed performance goals and indicators are likely to be the same (or quite similar to) measures of program performance that an agency is currently using. Agencies should provide information on projected FY 1998 levels of performance for such measures as part of their budget request for that fiscal year. In preparing and presenting the FY 1998 budget, agencies should expect that the amount and usefulness of performance information will be significantly greater than in past years.

**D. Due Date for Material** The descriptions of the proposed performance goals and indicators for FY 1999 should be submitted to OMB with the agency's budget request for FY 1998.

**E. Timing and Structure for the Performance Aspects of Fall Review** The Fall Review of the proposed performance goals and indicators will be conducted as a part of the hearings and discussions with the agency on its FY 1998 budget request. These hearings and meetings generally occur between

September and November. By December, 1996, consensus should be reached either on the performance goals to be included in the FY 1999 plan, or on the schedule for further work to be done to define these goals early in CY 1997.

The performance aspect of Fall Review will focus on the adequacy and relevance of the proposed performance goals and indicators. A major criterion will be whether the goals and indicators capture the essence of what a program or activity should be achieving, and how well these reflect the performance expectations of those who receive, use, or purchase the services or products offered. As the performance goals should highlight those measures that agency managers use to manage, the agency's ability to provide timely and accurate performance data will also be reviewed.

**F. Further Information** Please contact your OMB Resource Management Office if you have questions regarding the performance aspect of Fall Review.

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Attachment 2

## **Questions and Answers Regarding**

### **SUMMER REVIEW AND PERFORMANCE ASPECTS OF FALL REVIEW**

**Q1. What are the resource assumptions that agencies should use as the basis for their strategic plan?**

A1. Strategic plans should provide an overall guide to the formulation of future agency budget requests. These plans are a tool for agencies in setting priorities and allocating resources consistent with these priorities. Although a strategic plan is not a budget request, the projected levels of goal achievement should be commensurate with anticipated resource levels.

Agencies should recognize that Federal budgetary resources will undoubtedly be severely constrained in the future. A plan that is based on speculative estimates of funding and staff will likely contain distorted and unachievable goals. Agencies are expected to use reasonable projections of the funding and staff that will be available over the time-period covered by the plan.

**Q2. If an agency has proceeded to develop its performance measures in advance of preparing its strategic plan, what information should it submit to OMB for Summer Review?**

A2. The agency should submit its mission statement, as performance measures are not normally used to define an agency's mission. If the general goals are still being developed, the agency should provide

information on the performance measurement currently being done, and how and when the agency will develop the general goals and objectives in its strategic plan.

**Q3. Does Summer Review and the Performance Aspects of Fall Review cover all agencies?**

A3. The reviews cover all agencies subject to GPRA (cabinet departments, independent agencies, and government corporations). (Several agencies are statutorily not subject to GPRA; for example, the CIA, the Panama Canal Commission, and the Postal Rate Commission.) The Postal Service will not be covered by these reviews.

GPRA allows independent agencies with annual spending of \$20 million or less to request an exemption from GPRA requirements. The planned time line for deciding these requests is such that any exempted agency would be excused from Summer and Fall Review. For agencies with annual spending of \$20 million or less, the Summer and Fall Review periods allows OMB and these agencies to discuss how GPRA requirements can be adapted to match their relative capabilities and size. Guidance on small agency exemptions will be issued shortly.