

Memoranda 01-11 -- Performance Goals and Management Initiatives for the FY 2002 Budget

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M-01-11

MEMORANDUM FOR THE HEADS AND ACTING HEADS OF DEPARTMENTS AND AGENCIES

FROM: Mitchell E. Daniels, Jr.
Director

SUBJECT: Performance Goals and Management Initiatives for the FY 2002 Budget

Attached to this memorandum is the guidance information we need to meet the legal obligation for the submittal of the federal government's government-wide performance plan. The guidance also asks that you include performance goals for significant reforms in your agency's performance plan.

The federal government's record on performance needs to improve. The past Administration, Congress, and the General Accounting Office concluded that we still have much work to do to improve the management and performance of the federal government. This task will not be easy and it will take time, but I believe we must endeavor over the next four years to make dramatic improvements in the management and performance of the federal government.

This year's budget is just the first step in this process. I ask you to quickly and fully meet the guidance set forth in the attachment so that we can begin the process of getting the results out of government that the President promised during his campaign.

Attachment

**Procedures for Inclusion of Performance Goals and Management Initiatives
In the FY 2002 Budget**

The President is including in his budget blueprint a comprehensive agenda of program accomplishment and management reform across the government. The agenda builds on existing laws such as the Government Performance and Results Act (GPRA) and the Federal Activities Inventory Reform Act (FAIR), and places a new emphasis on specific reforms.

The overall timetable for agency action is as follows:

-- Begin now to update your FY 2002 performance plan to include performance goals for government-wide reforms and agency-specific reform proposals.

-- By March 2, provide OMB with a set of key FY 2002 performance goals for inclusion in the FY 2002 Government-wide performance plan.

-- By mid-March, provide OMB with an advance copy of your FY 2002 performance plan.

-- On or after April 3, transmit your FY 2002 performance plan to Congress.

FY 2002 Performance Plans. Most agencies submitted an initial version of their FY 2002 performance plan to OMB last Fall. The performance goals in this initial plan were set using a current services funding level, and did not anticipate policy and initiative decisions by the new Administration. You should immediately begin making all necessary changes to your FY 2002 performance goals to reflect both the agency's top-line allowance and any applicable policy and initiative decisions. The top-line allowance will need to be translated into goal target levels for individual programs and operations. Your FY 2002 performance plans and budget materials should reflect the focus on bringing about a better alignment of performance information and budget resources.

Please coordinate with your Resource Management Office (RMO) on a date for giving OMB an advance copy of your final performance plan. These plans should be sent to OMB at least two weeks prior to being sent to Congress to ensure that the President's decisions, policies, and initiatives are appropriately reflected.

Government-wide Reforms. The President envisions a government that has a citizen-based focus, and is results oriented, and, where practicable, market-driven. To improve the functioning of government and to achieve efficiencies in its operations, the President is highlighting several major reforms. These include:

- Delaying management levels to streamline organizations;
- Reducing erroneous payments to beneficiaries and other recipients of government funds;
- Making greater use of performance-based contracts;
- Expanding the application of on-line procurement and other E-Government services and information; and,

- Expanding A-76 competitions and more accurate FAIR Act inventories.

You should include a performance goal in your FY 2002 performance plan for every reform that will significantly enhance the administration and operation of your agency. These goals should complement any existing management-related goals that were developed for mission-critical problems. The President's reform agenda also includes a continued commitment to financial accountability and improvements in financial systems and processes. More specific guidance will be provided on these major government-wide reforms later.

Agency Management Reforms. In the FY 2002 budget passback, many agencies were asked to propose several agency-specific management reforms that would be undertaken over the near-term. You should include in your FY 2002 performance plan a performance goal for the reforms you will be undertaking.

FY 2002 Government-wide Performance Plan. OMB is required to prepare a government-wide performance plan as part of the President's budget. As in the past, this plan will be produced using key performance goals excerpted from the agency performance plans. While your initial FY 2002 performance plan will be used as a starting point, some goals will have to be changed from what appeared in the initial plan. As an example, your plan may have new goals covering major program and policy initiatives of this Administration. Your continuing help will be needed to ensure that the budget has the right set of goals and their correct target values.

The budget printing schedule dictates that drafting begin on the government-wide plan within the next few weeks. To meet this timetable, you need to provide a candidate list of key performance goals to your RMO by COB March 2. You may reference Section VI of the FY 2001 Budget volume for examples of goals used in last year's government-wide plan, recognizing that some of these goals may need to be dropped and others added.

Submission of FY 2002 Performance Plans to Congress. As quickly as practicable following the April 3rd transmittal of the President's budget, you should send the final version of your FY 2002 performance plan to Congress.