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Report 97-70

*Government Performance and Results Act, P.L. 103-62:  
Implementation Through Fall 1996 and Issues for the 105th  
Congress*

Genevieve J. Knezo. Science Policy Research Division

December 24, 1996

**Abstract.** The Government Performance and Results Act (GPRA) of 1993 encourages greater accountability, requiring agencies to set goals and use performance measures for management and budgeting. During FY1997, agencies will solicit information from stakeholders and consult with Congress to develop strategic goals, to be provided in final form to Congress in September 1997.

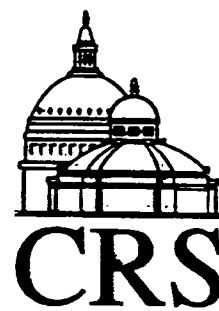
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# CRS Report for Congress

## Government Performance and Results Act, P.L. 103-62: Implementation Through Fall 1996 and Issues for the 105th Congress

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December 24, 1996



Congressional Research Service · The Library of Congress



**GOVERNMENT PERFORMANCE AND RESULTS ACT,  
P.L. 103-62: IMPLEMENTATION THROUGH FALL 1996  
AND ISSUES FOR THE 105TH CONGRESS**

**SUMMARY**

The Government Performance and Results Act (GPRA) of 1993, P.L. 103-62, encourages greater accountability, requiring agencies to set goals and use performance measures for management and budgeting. During FY1997, agencies will solicit information from stakeholders and consult with Congress to develop strategic goals, to be provided in final form to Congress in September 1997; GAO and OMB are to report in May and June 1997 (but may advance the date to March 1997) to Congress on agency readiness for full scale implementation and to recommend changes in the statute; and agencies are expected to comply with OMB's requirements to use more performance measurement information in FY1998 budget requests. OMB's Fall 1996 review is assessing agencies' progress in developing strategic plans and performance measures and whether they are integrated into budget formulation.

Agencies are to transmit to OMB annual plans and set performance goals, beginning with the FY1999 budget request; OMB submits a government wide performance plan to Congress as part of the FY1999 budget request: in March 2000, agencies submit to Congress annual performance reports, which compare actual performance to stated goals. In March 2001, the OMB will report to Congress on the results of performance budgeting pilot activities and whether or not performance budgets should be required statutorily. OMB modified Circular A-11 to require agencies to accelerate the use of performance and outcome measures in budgets beginning with FY1996.

Developing performance measurement and budgeting systems is difficult; Congress allowed agencies 7 years to develop procedures to respond to the law. Agencies initiated over 75 performance planning pilot projects, estimated to cover \$50 billion worth of federal programs. Based on its assessment of the relatively poor quality of GPRA pilots, OMB improved training for agency staff and established interagency groups to share information. OMB is seeking to postpone for a year budget performance pilots, which were to begin for FY1998, and has sought to develop a unified performance-oriented budget to assist in GPRA implementation, and completed a reorganization which gave budget examiners more authority over GPRA activities. The National Academy of Public Administration and the Congressional Institute began training and assessment programs for congressional staff.

Some committees have mandated agencies to use performance information for FY1998. Also during FY1997, Congress may seek to assess how well agencies consult with Congress and solicit stakeholders' views in developing goals; the costs and benefits of performance measurement systems; OMB policy to allow agencies to use narrative (as opposed to quantitative) measurements; and the difficulties of transitioning to performance-based budgeting. Hearings have been held by the Subcommittee on Government Management, Information and Technology of the House Committee on Government Reform and Oversight together with the Senate Committee on Governmental Affairs, and by the House Science Committee.

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**GOVERNMENT PERFORMANCE AND RESULTS ACT,  
P.L. 103-62: IMPLEMENTATION THROUGH FALL 1996  
AND ISSUES FOR THE 105TH CONGRESS**

**INTRODUCTION AND HISTORY**

This report summarizes the requirements of the Government Performance and Results Act (GPRA), describes activities undertaken by the agencies and by the Office of Management and Budget (OMB) to implement the law and other performance-related budget initiatives, reviews difficulties that are being encountered in implementation, and outlines issues for Congress as the agencies move toward full-scale implementation of the law.

The Government Performance and Results Act of 1993, P.L. 103-62, (GPRA) was enacted on August 3, 1993. GPRA is intended to encourage greater efficiency, effectiveness, and accountability within the government by directing agencies to adopt new planning, budgeting, and reporting procedures. Its principal objective is to shift the assessment of government programs from program inputs (staff levels, new program initiatives, and activity) toward program outputs, accomplishment, and outcomes--that is, to identify the actual results (outcomes and outputs) that are being achieved and to determine if program objectives are being met.<sup>1</sup> The law seeks to integrate statements of organizational goals and missions, strategic plans, performance measures, annual plans to improve performance, and statements of actual accomplishments as part of budget formulation and executive processes. It will force managers to focus (and be evaluated) on outputs and outcomes (as opposed to inputs and process) and on collaborative management with staff.

The statute is intended to achieve objectives similar to previous performance/results oriented budgeting experiments begun in the 1960s with the

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<sup>1</sup>For instance, instead of assessing program achievement by looking at the inputs (resources, money) directed toward a program and the related output of how many persons were affected, that is, received a health care subsidy or supplement for assisted housing, the GPRA could prompt agencies to assess outputs in terms of improvements in such things as the quality of health and life of the targeted population and changes in morbidity and mortality data, or improvements in home environment and decreases in criminal behavior.

planning-programming-budgeting system (PPBS) and zero-based budgeting.<sup>2</sup> These previous efforts were mandated by presidential directive, while GPRA is statutorily required, and is designed to avoid the pitfalls of the previous initiatives.<sup>3</sup> The current impetus for performance review and budgeting includes the National Performance Review (NPR),<sup>4</sup> successful State government

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<sup>2</sup>According to the Congressional Budget Office: "The current effort to improve the linkage of performance measurement and budgeting is a logical successor to three similar attempts by the Federal Government during the past 40 years, namely performance budgeting, the planning-programming-budgeting system (also known as PPBS) [Johnson Administration], and zero-based budgeting (ZBB) [Carter Administration]. At least two of these (PPBS and ZBB) attempted to budget on the basis of program results. In general, these systems have fallen short of their goals. In particular, the substantial effort that went into these systems failed to change the way that Federal resources were allocated.

The designers of each of these reforms tried to mandate a solution to Federal budgeting and management by linking the budget to intended outcomes. Several important lessons emerged from their failures. First, such budgeting systems might prove antithetical to traditional incremental budgeting, and might be resisted by those who have some stake in the process that is already in place. Second, it is important, if such efforts are to succeed, to reach agreement on goals and objectives and to involve key staff who will be putting the system into effect. Third, each of the systems requires a great deal of data in order to survive. Much of the data collected in the earlier efforts were never used, which suggests that it is necessary to think through precisely how information will be used and how systems will be put into effect before setting out requirements. If the designers of future budget systems do not take into account the difficulties of tying the measurement of outcomes to budgeting, no system is likely to deliver on its promise." (Source: Congressional Budget Office. *Using Performance Measures in the Federal Budget Process*, July 1993. 78 p. Reprinted from FedWorld, Results Library)

<sup>3</sup>Groszyk, Walter, Office of Management and Budget. *Implementation of the Government Performance and Results Act of 1993*. Paper prepared for a November 1995 meeting convened by the OECD on performance measurement. Reprinted from the Results Library of FedWorld.

<sup>4</sup>The National Performance Review called for biennial budgeting, which would require evaluation of program effectiveness and performance in off-years. (O1 txt. and App. C.) It recommended broadening the force of the Inspector General Act from auditing to evaluating management control systems (O1 txt.) and also recommended that the President's Management Council be used to help agencies design and manage programs (O4 txt.) (Citations refer to sections denoted in FedWorld downloads.) The full printed report citation is *National Performance Review (U.S.). From Red Tape to Results: Creating a Government That Works Better and Costs Less; Report*. Washington, The Review, for sale by the Supt. of Docs., Washington, Govt. Print. Off., 1993. 168 p.

According to a DOD analysis: "The National Performance Review (NPR), an intensive 6-month study of the federal government, is about moving from red tape to results to create a government that works better and costs less. The NPR report was presented by Vice President Gore on September 7, 1993, and strongly supports performance measurement and the GPRA. The President, through OMB, is encouraging every federal program and agency to begin strategic planning and performance

experiences, the "total quality control" movement (TQM), and pressures posed by federal budget deficits. GPRA also is intended to utilize the information generated by, and to expand upon, the objectives of the Chief Financial Officers (CFO) Act of 1990 (P.L. 101-576). The CFO Act requires federal agencies to provide improved cost and financial data and ". . . systematic measurement of performance"<sup>5</sup> for selected activities.<sup>6</sup> GPRA extends the CFO Act by requiring

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measurement, whether it is selected as a GPRA pilot or not. In implementing the GPRA, the NPR report identifies the following set of actions:

- All agencies will begin developing and using measurable objectives and reporting results. In early 1994, in time to prepare the fiscal 1996 budget, OMB will revise the budget instructions to incorporate performance objectives and results. Agencies will start measuring and reporting on their performance goals as part of their 1996 budget requests. The OMB instructions, along with executive office policy guidance, will guide agencies as they develop goal-setting and performance-monitoring systems. Agencies will gradually build performance information into their own budget guidance and review procedures, into their strategic and operational plans, and into revised position descriptions for their budget, management, and program analysts.
- Clarify the objectives of the federal programs. With a new joint spirit of accountability, the executive branch plans to work with Congress to clarify program goals and objectives, and to identify programs where lack of clarity is making it difficult to get results.
- The President should develop written performance agreements with department and agency heads. The President should craft agreements with cabinet secretaries and agency heads to focus on the administration's strategy and policy objectives. These agreements should not "micro-manage" the work of the agencies but should set a course. The report reinforces that public employees generally have trouble developing outcome measures and tend to measure their work volume and not results. There will be a need, for the years envisioned under the GPRA, to develop useful outcome measures and outcome reporting."

(From: Department of Defense. Linking Performance Measures with Financial Measures; An Evaluation of Where We Are and Where We Need to Go." Draft. Reprinted from FedWorld, Results Library; 33 p. The only date on the document said "Prior to March 1, 1994". See also Relyea, Harold. Implementation of National Performance Review Recommendations: General Government. Oct. 27, 1993. 6 p. 93-936 GOV. The General Accounting Office issued an interim report, entitled *Implementation of NPR Recommendations; and Relation to GAO-and OMB-Designated High-Risk Area as of June and July 1994, September 2, 1994, GAO/GGD-94-203R.*)

<sup>5</sup>Wholey, Joseph S. Hatry, Harry P. The Case For Performance Monitoring. Public Administration Review, v. 52, Nov.-Dec. 1992: 604-610. (p. 608.) According to the Department of Defense, in Linking Performance Measures with Financial Measures: An Evaluation of Whether We are and Where We Need to Go. Draft, Ibid., non-paginated: "While the CFO Act only addressed performance measurement in the general sense, implementing instructions issued by the OMB on Feb. 5, 1992, expanded the role of performance reporting to provide a basis for management improvement as well an financial reporting. The OMB guidance provides for the linkage of performance measures



more links among these facets of management and budgeting, and legislates several performance measurement requirements that were outlined in the CFO Act implementing instructions, issued by the OMB. It is intended under GPRA that the annual financial statements prepared under the CFO Act will be used to generate trend data for developing performance measures. Congress further underscored this intention with passage of the Government Management Reform Act of 1994, P.L. 103-356, (S. 2170), which the President signed on October 13, 1994.<sup>7</sup>

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to organizational goals and missions, definition of output and outcome characteristics in terms of quality, timeliness, access, coverage, customer satisfaction, and program results. The guidance also requires identification and presentation of performance data in annual financial statements and calls for assessment of data in those statements." Non-paginated.

<sup>6</sup>According to a DOD analysis: "The 1990 Chief Financial Officers (CFO) Act mandated financial and performance reporting in the Federal Government; but the law did not mandate an integrated management process that jointly considers cost and performance as a basis for management or resource allocation. The CFO Act requires that the agency Chief Financial Officer shall provide for:

- complete, reliable, and timely information, which is prepared in a uniform basis and which is responsive to the financial information needs of agency management;
- development and reporting of cost information;
- integration of accounting and budgeting information; and
- systematic measurement of performance.

While the CFO Act only addressed performance measurement in the general sense, implementing instructions issued by the Office of Management and Budget (OMB) on Feb. 5, 1992, expanded the role of performance reporting to provide a basis for management improvement as well as financial reporting. The OMB guidance provides for the linkage of performance measures to organizational goals and missions, definition of output and outcome characteristics in terms of quality, timeliness, access, coverage, customer satisfaction, and program results. The guidance also requires identification and presentation of performance data in annual financial statements and calls for assessment of data in those statements. CFO financial reporting was mandated for commercial activities including industrial, revolving, and trust funds. Also, entire agencies including the Army and Air Force were required to provide auditable financial statements in FY 1992 as part of agency-wide prototypes."

(Source: Draft. Department of Defense. Linking Performance Measures With Financial Measures: An Evaluation of Where We Are and Where We Need To Go. Ibid., Reprinted from FedWorld.)

<sup>7</sup>According to Senator John Glenn, Senate sponsor, the legislation would: "require major agencies to produce audited financial statements for all accounts; the bill also requires a governmentwide audited financial statement." He continued:

. . . In the shorter term, the payoff will be much more accurate numbers in reports that track how much agencies have actually spent, what their assets are worth, what outstanding obligations they have accrued, how much they are owed, and similar figures.

## SUMMARY OF GPRA REQUIREMENTS

The Government Performance and Results Act directs agencies with budgets over \$20 million to adopt new planning, budgeting, and reporting procedures. Other excluded agencies are the Central Intelligence Agency, the General Accounting Office (GAO), the Panama Canal Commission, the United States Postal Service, and the Postal Rate Commission. Agencies with outlays below \$20 million can choose to waive exemption and may choose to prepare GPRA documents. OMB issued guidance on May 16, 1996 detailing how agencies could claim exemption from the law<sup>8</sup> and sought to approve all exemptions by June 14, 1996.

GPRA requires agencies to develop long-term goals and strategic plans, to set specific annual performance goals (targets) based on the general goals, and to report annually on actual performance compared to the targets. It gives managers more flexibility and discretion to manage programs as they become more accountable for achieving results. The law also allows various performance budgeting concepts to be tested prior to being made statutorily required. Federal employees are to prepare the strategic plans, performance plans, and reports called for by the statute, since it categorizes these functions and activities as "inherently Governmental functions."

Because of anticipated bureaucratic obstacles and the need to change traditional procedures and budget and reporting systems, Congress recognized that GPRA will require major changes in agencies' cultures and processes if it

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*In the longer term, however, I would hope for an even greater payoff. Under the recently enacted Government Performance and Results Act, starting in 1997, federal agencies will have to develop 5-year strategic plans, annual performance plans, and annual performance reports. The annual reports will have to show the measurable performance goals for each program, compared to the actual results. The legislation specifically envisions that these reports might be combined with the audited financial statements.*

*If this merging of the reports happens, and it is done properly, we will see a very powerful set of reports flowing from the agencies - each showing how much was actually spent in each program area, along with what was actually achieved with respect to activity levels and program results. In other words, for the first time we will really see what we are getting for our money, ideally on a cost-per-unit basis.*

(Emphasis added. "Government Management Reform Act of 1994," Congressional Record (Senate), v. 140, Sept. 28, 1994. p. S13623-S13624. Reprinted from House Information System. For additional information on recent budget reforms, see: the following CRS reports Budget Process Reform: Selected Issues and Options, April 16, 1996, 96-343 GOV and Federal Budget, Accounting, and Financial Management Laws: Summaries of Selected Provisions, July 16, 1996, 96-626 GOV.)

<sup>8</sup>Exemptions for Selected Agencies from Government Performance and Results Act Requirements. Memorandum for Heads of Selected Agencies. From Alice M. Rivlin, Director, OMB. M-96-026, May 16, 1996.

is to be implemented successfully. Commenting on this point, an academic observer, Donald F. Kettl noted

. . . GPRA depends on technology that does not now exist. There is no budgetary system, no performance measurement system, and no career track within government for the people to do the work. There are few incentives for such a long-range perspective, and only a passing audience among elected officials, citizens and the media for the results.<sup>9</sup>

These obstacles to GPRA may be even more daunting now, considering that the resources available for agencies to implement GPRA could be constrained by the new congressional momentum to reduce the size of the bureaucracy, to reduce governmental program expenditures and operating budgets of existing agencies, and to restructure or terminate various federal agencies.

Recognizing the difficulty of making major changes in the Government's outlook and procedures, Congress phased in the requirements of the statute over a seven-year period. It authorized training programs (by the Office of Personnel Management (OPM) in consultation with the OMB and the GAO) and pilot projects to give the executive agencies time to develop processes to comply with the legislative mandates embodied in GPRA.<sup>10</sup> It attempted to avoid top-down OMB control, so that each agency could develop a performance measurement process that conforms to its unique functions. An OMB staff member reported to the Organization for Economic Cooperation and Development (OECD) that:

Because there is neither a single nor uniform approach to performance measurement across the government, GPRA avoids over-specification or rigidity in how agencies meet the Act's requirements. Flexibility is key if agencies are to adapt and fit their own particular processes and activities into a larger performance framework.<sup>11</sup>

The specific GPRA requirements for strategic plans, annual performance plans, and performance reports, together with OMB actions to implement the law, are summarized next. (Also, see figure 1 and figure 2.)

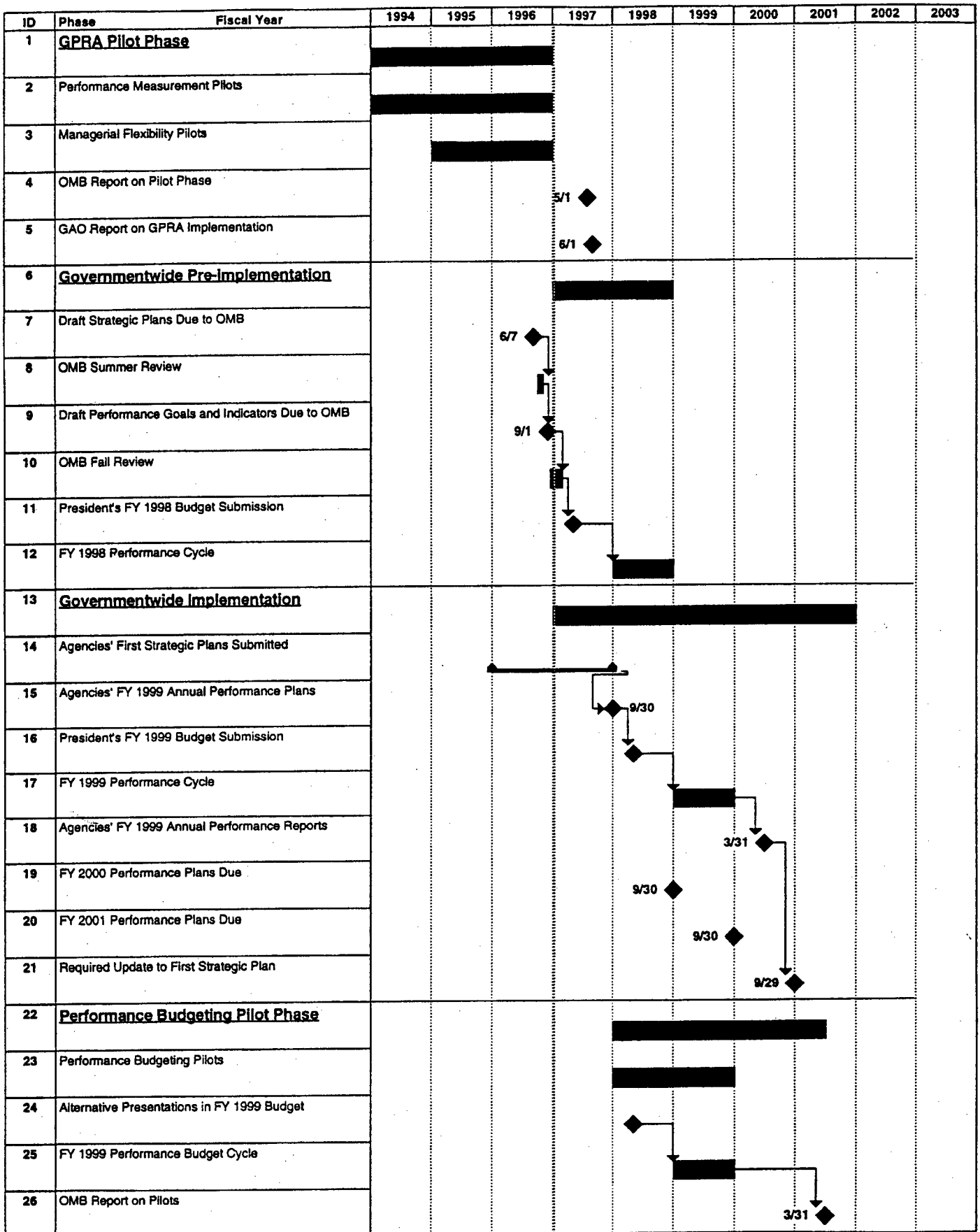
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<sup>9</sup>Kettl, Donald F. *Reinventing Government? Appraising the National Performance Review*. Brookings Institution, CPM Report 94-2, Aug. 1994. p. 43.

<sup>10</sup>OMB underscored this difficulty in a recent release: "It is recognized that implementation of GPRA and the development of output and outcome measures is a difficult and complex process. The efforts started this year are expected to be a first step toward development of policies, procedures, and practices which will evolve over the course of the GPRA timetable." *Government Performance and Results Act Implementation: References in OMB Circular A-11 for the FY 1996 Budget, Summary: New Emphasis in OMB Circular A-11*. Reprinted from FedWorld, Ibid.

<sup>11</sup>Groszyk, Walter, Office of Management and Budget. *Implementation of the Government Performance and Results Act of 1993*. Paper prepared for a November 1995 meeting convened by the OECD, op. cit.

FIGURE 1. GPRA TIMELINE



**Figure 2. Timetable for Implementation of GPRA**  
(based, in part, on OMB information)

**October 1993** At least ten agencies were to be designated as pilot projects for performance plans and reports (FY1994, 1995, and 1996). Twenty-one agencies and 53 programs were picked as first-round pilots. Six additional agencies and 18 programs were picked in a second round. After more changes beginning in January 1995, there were 75 on-going pilot projects as of June 1995. FY1994 performance plans were assessed in 1994. Agencies doing pilot projects also developed performance plans for FY1995, which were due on September 30, 1994. FY1996 plans were due April 14, 1995.

**October 1994** At least five agencies (selected from those with on-going pilots) were to be designated as pilot projects for managerial accountability and flexibility (FY1995 and 1996). OMB now says that these will not be conducted since many management changes have been made already, precluding testing of waivers.

**May 1, 1997** OMB is to report to the President and Congress on the results of the pilot projects and changes recommended in the law; the report may be advanced to March. The last event in the pilot project phase, submission of the program performance report for FY 1996, is due to OMB during FY 1997 (by March 31, 1997).

**June 1, 1997** GAO reports to Congress on agency readiness to begin full implementation; the report may be advanced to March.

**September 1997** Agencies are to provide to OMB annual plans setting performance goals for FY 1999 in fall 1997. Annual goals are to be linked to strategic goals, and with certain exceptions, are to be expressed in an "objective, quantifiable, and measurable" form. (Thereafter, this is to recur for each fiscal year.)

**September 30, 1997** Before the beginning of FY1998, all agencies are to have completed and submitted to OMB and to Congress a 5-year strategic plan. Such plans require consultation with Congress and consideration of stakeholders views and to be updated at least every three years. OMB wanted agencies to submit draft plans by September 1995 for use in the FY1998 budget.

**October 1997** At least five agencies are to be designated as performance budgeting pilot for FY1998 and 1999; agencies are to present the varying levels of performance that would result from different budgeted amounts. OMB seeks to postpone this requirement.

**Early (around February) 1998** OMB is to submit to Congress a federal government-wide performance plan (based on agency plans) as part of the FY1999 President's budget. This is to recur for each fiscal year thereafter.

**March 31, 2000** Agencies are to submit annual performance reports for FY1999 to the President and Congress. These compare actual performance in relation to stated goals and, if performance goals were not met, explain why, and give the future plans and schedule for meeting a goal. This recurs for each fiscal year thereafter. Performance data for FY1999 is to be included. For each subsequent year, agencies are to include performance data for the year covered by the report and 3 prior years.

**March 2001** OMB reports to the President and Congress on the results of the all the performance budgeting pilots and recommends whether or not performance budgeting should be required and changes recommended in the GPRA statute.

## Strategic Plan

Each of the federal agencies, except for those exempt, is to submit a five-year strategic plan to OMB and Congress by the end of FY1997. The final plan is to be developed after consultation with Congress and solicitation and consideration of the views of other interested or affected parties. Each plan should describe the major missions of the agency; the "outcome-related" goals of each operation; the resources needed and means by which the agency intends to meet its performance, strategic, and longer range goals; and the key factors external to the agency and beyond that could affect achievement of its goals. Each agency's plan is supposed to describe how program evaluations are used in establishing goals and objectives and to provide a schedule of future program evaluations.<sup>12</sup> The plan is to cover at least five fiscal years following the fiscal year in which it is submitted, and is to be updated at least once every three years.

The Postal Service is to submit a strategic plan to Congress and the President by September 30, 1997, and annual performance goals, plans, and program performance reports are required starting with FY1999. Different from those of the executive agencies, the Postal Service's annual performance plan is to be submitted to Congress as part of the "comprehensive statement" of the Postal Service, a statutorily mandated requirement. It is not to be submitted as part of the President's budget.

On November 18, 1994, OMB announced it was establishing an interagency strategic plan task group to prepare guidance for agencies; the group would cooperate with the President's Management Council to define how cross-agency program goals are reflected in separate agency strategic plans.<sup>13</sup> At this time, OMB also announced that it was establishing a task group "to identify and coordinate various approaches for working with the Congress on implementation of GPRA." The group was organized under the direction of Walter Groszyk, OMB.<sup>14</sup>

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<sup>12</sup>Major requirements for evaluation are contained in two sections of GPRA. Section 306 (a) (6) of GPRA requires the strategic plan, to be submitted by the head of each agency no later than Sept. 30, 1997, to include "a description of the program evaluations used in establishing or revising general goals and objectives, with a schedule for future program evaluations." Section 116 (d) (2) requires that annual program performance reports, to be submitted annually beginning in 2000, "shall evaluate the performance plan for the current fiscal year relative to the performance achieved toward the performance goals in the fiscal year covered by the report." Agencies are given discretion to determine at which level plans, reports, and evaluations will be presented. The act is not, according to OMB, intended to force performance budgeting.

<sup>13</sup>Memorandum for Members of the President's Management Council and Selected Officials in Other Independent Agencies. From John A. Koskinen. Subject: Requirement for Strategic Plans Under the Government Performance and Results Act, Nov. 18, 1994.

<sup>14</sup>His telephone is 395-6824. (Information from Memorandum for Members of the President's Management Council and Selected Officials in Other Independent agencies. From John A. Koskinen. Subject: Requirement for Strategic Plans Under the

OMB has sought to accelerate preparation of strategic plans. Early draft guidance, entitled "Preparation of Agency Strategic Plans," encouraged agencies to submit their plans to OMB and Congress (subject to later revision) as early as October 1, 1995.<sup>15</sup> In September 1995, OMB Director Alice Rivlin issued a new Part 2 to OMB Circular No. A-11,<sup>16</sup> instructing agencies about preparing and submitting strategic plans to OMB and Congress. The Circular defined expectations and accelerated deadlines and some reporting requirements. The guidance also outlined the relationship between strategic plans and annual performance plans, which are to include performance information. Agencies were asked "to provide OMB [in budget submissions for FY 1997] with selected parts of strategic plans, even if the plans are still in development. . . [so that they may] be used. . . in developing the FY1998 President's budget, or may be featured in performance agreements between the President and the agency head."<sup>17</sup> For FY 1998 budgets, agencies are to provide OMB with parts of their strategic plans and as much performance information as possible, if not data, at least the measures that they intend to use. OMB sought to have "the fiscal year 1998 budget process be a 'dry run' for fiscal year 1999, when GPRA requirements take effect."<sup>18</sup>

### ***OMB Summer Review***

In the Summer of 1996, OMB held a Summer Review which focused on strategic planning and performance goals to determine if agencies were developing the performance information required for budget submissions. It

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Government Performance and Results Act, Nov. 18, 1994.)

<sup>15</sup>Draft Memorandum for the Heads of Departments and Independent Agencies. From Alice M. Rivlin, Director. Subject: Preparation and Submission of Agency Strategic Plans as Required by P.L. 103-62, the Government Performance and Results Act of 1993, M-95-xx, [1995], p. 4-5.

<sup>16</sup>Circular A-11, Revised. Transmittal Memorandum No. 66, Supplement No, 1, September 14, 1995. To the Heads of Executive Departments and Establishments, Subject: Preparation and Submission of Strategic Plans, From Alice M. Rivlin Director.

<sup>17</sup>Memorandum M-95-19 for the Heads of Executive Departments and Independent Agencies From: Alice M. Rivlin, Director OMB, Subject: Strategic Plans, Budget Formulation and Execution, September 14, 1995.

<sup>18</sup>Memorandum for the Heads of Executive Departments and Independent Agencies. From Alice M. Rivlin. Subject: Implementation of the Government Performance and Results Act of 1993. April 11, 1996, M-96-22 and personal communication with OMB staff member, October 1996. Groszyk, *ibid.*, established a formal link between the performance plan and the strategic plan. "Performance goals in the annual performance plan are derived from the general goals in the strategic plan. as such, a performance plan defines the incremental progress in a particular year toward achieving or sustaining the strategic plan's goals. Often, the goals in a performance plan will be outputs, while the general goals are more likely to be outcomes."

assessed "how agencies are progressing in developing [strategic] plans"<sup>19</sup> and on how well the general goals and objectives matched "with prospective performance goals that would be proposed for the annual performance plan."<sup>20</sup> OMB guidance specified the kind of information to include in the strategic plan, which "Defines and communicates the agency mission long-term general goals and objectives (which cover its major functions and operations), and how the goals and objectives are to be achieved."<sup>21</sup> OMB assessed whether the strategic plan's goals and objectives were "consistent with national and Administration priorities and policies" and whether the agency provided a "description of the technologies and resources (e.g., capital, human, budget, information) on which goal achievement would be predicated, and are these reasonable?"<sup>22</sup> OMB also assessed whether the agency was encountering any problems in developing its plan and if the schedule it set forth to complete the plan by September 1997 was credible.<sup>23</sup> It sought to avoid having agencies generate two sets of information, one for performance measurement and another for management measurement.

Additionally, "an agency should generally rely on the skills and expertise of its current staff and organizational units," according to the guidance, "and not establish whole new offices or 'GPRA bureaucracies' simply to meet GPRA requirements. All parts of any agency, for example, the Chief Financial Officer's Office, [and] policy planning and evaluation office will be involved in GPRA implementation, and an agency should draw on those parts when coordinating and integrating its effort."<sup>24</sup> Agencies were to integrate separate programs in a strategic plan<sup>25</sup> and to address intra-agency coordination.<sup>26</sup> OMB guidance

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<sup>19</sup>Memorandum . . . From Alice M. Rivlin. Subject: Implementation of the Government Performance and Results Act of 1993. April 11, 1996, M-96-22. op. cit.

<sup>20</sup>Ibid.

<sup>21</sup>OMB. Conducting the Summer Review, Attachment 1, "Part of a memorandum from John Koskinen, Deputy Director for Management, to OMB staff on Summer Review." Available at <ftp://ftp.fedworld.gov/pub/results/summer96.txt>.

<sup>22</sup>OMB. Conducting the Summer Review, Attachment 1, "Part of a memorandum," op. cit.

<sup>23</sup>Ibid., see also OMB. Conducting the Summer Review, Attachment 1, "Part of a memorandum, op. cit.

<sup>24</sup>Information on OMB's Summer and Fall Reviews on the Government Performance and Results Act (GPRA). Memorandum for the Heads of Executive departments and Agencies. From Alice M. Rivlin, Director, OMB. M-96-22, Supplement 1, May 31, 1996.

<sup>25</sup>Agencies should not provide an exhaustive list of every possible goals and indicator. Rather, the descriptions, when viewed collectively, should give a sense of the type. . . of the goals and indicators that would be included in the FY 1999 performance plans. Agencies are reminded that GPRA allows performance plans to aggregate disaggregate, or consolidate program activities, as long as major function or operations of the agency are not omitted or minimized." OMB M-96-22.



specifies that, when inter-agency or cross-cutting agency goals or plans are envisioned, agencies should identify the lead agency or establish joint groups to set common, consistent goals. OMB will work with the agencies to establish a lead coordination group if difficulties arise.<sup>27</sup> (For additional information, see the section below, entitled "Interagency Sources of Information About Implementation of GPRA.") The Summer Review also was 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."<sup>28</sup>

### ***Findings***

OMB provided feedback to agency heads on the Summer Review to serve as the foundation for the assessment of proposed performance goals and indicators and their linkage to budgeting, which would be the focus of the Fall Review.<sup>29</sup> Generally, the findings were that agencies set goals at too general or at an unreasonably high level, given that performance reports need to list accomplishments; there was little linkage between strategic goals, performance plans, and performance measures; many performance review efforts were being conducted by a separate agency evaluation staff and were not linked to the work of program managers and high level decision-makers; there were problems with interagency coordination on cross-cutting functions; performance measures tended to measure "process," that is the efficiency of program as opposed to outcome which is more challenging; agencies did not coordinate measurements among programs; and, overall, the quality was lower than expected.<sup>30</sup>

As part of the learning process, the OMB in cooperation with the American Society for Public Administration (ASPA) asked several Federal agencies which had prepared strategic plans and/or pilot projects to write case studies about the processes for the benefit of other agency practitioners and scholars. The ASPA's Government Accomplishments and Accountability Task Force is distributing the 16 federal agency case studies, 9 case studies of performance measurements in the States, and 7 case studies of performance measurement at the local level.

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<sup>26</sup>Information on OMB's Summer and fall Reviews on the Government Performance and Results Act (GPRA). Memorandum, M-96-22, Supplement 1, May 31, 1996, op. cit.

<sup>27</sup>"Future Revisions to Requirements for Agency Strategic Plans," attached to Circular A-11, Revised. Transmittal Memorandum No. 66, Supplement No. 1, September 14, 1995. To the Heads of Executive Departments and Establishments, Subject: Preparation and Submission of Strategic Plans, From Alice M. Rivlin Director.

<sup>28</sup>Information on OMB's Summer and Fall Reviews on the Government Performance and Results Act (GPRA). Memorandum, OMB 96-22, Supplement 1, May 31, 1996, op. cit.

<sup>29</sup>Memorandum . . . From Alice M. Rivlin. Subject: Implementation of the Government Performance and Results Act of 1993. April 11, 1996, M-96-22, op. cit.

<sup>30</sup>Personal communication, Groszyk to Knezo, September 1996.

Abstracts of these are available at an ASPA internet address.<sup>31</sup> The ASPA is preparing a critique of these experiences. The federal case studies deal with the following agencies and programs:

U.S. Army Audit Agency  
Army Research Laboratory  
Coast Guard  
Internal Revenue Service  
Department of Veterans Affairs, National Cemetery System  
National Park Service  
Department of Housing and Urban Development, Public Housing  
Assessment Program  
National Aeronautics and Space Administration  
Department of State, Personnel Security/Suitability Division  
Department of Energy, Energy Information Administration  
Pension Benefit Guaranty Corporation  
Inter-American Foundation  
Public Health Service  
National Science Foundation  
Office of Child Support Enforcement  
National Highway Traffic Safety Administration

### ***Consultation With Congress***

Each agency is required to consult with Congress when developing a strategic plan "and shall solicit and consider the views and suggestions of those entities potentially affected by or interested in such a plan" (P.L. 103-62, sec. 3. (d)). The strategic planning guidance in Part 2 to OMB Circular A-11 requires that agencies summarize, in their transmittal letter, their consultations with Congress and the views and suggestions of stakeholders and others potentially affected by or interested in the plan. Because "there may be disagreement about particular goals and objectives, or the means by which the goals will be achieved," a summary of contrary views should be included in the transmittal letter with the plan. The letter is also to include "a description of any significant contribution to the preparation of strategic plans made by non-Federal entities."<sup>32</sup> Originally OMB directed that "Agencies have discretion in how this [congressional] consultation is conducted. The development of strategic plans is not subject to the Administrative Procedure Act."<sup>33</sup> OMB stated in 1995 that discussions between congressional staff, OMB, and the agencies might possibly lead to more specific future guidance on the manner and mode of consultation

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<sup>31</sup><http://globe.lmi.org/aspa/taskfrc.htm>

<sup>32</sup>Circular A-11 (1996) p. 241.

<sup>33</sup>Section 200.15 and 200.26 of New Part 2 to OMB Circular A-11, September 15, 1995.

with Congress.<sup>34</sup> As a result, agencies have been taking a variety of approaches regarding consultations. Some reportedly believe that they "consulted" with Congress when their enabling legislation was enacted and do not need to pursue further discussions now. Others have suggested that authorizations and appropriations hearings constitute consultation; in others agency and congressional staff are meeting informally. Some agencies sought more direction from OMB.

On November 12, 1996, OMB issued a memorandum directing agencies about preparation for and actual consultations with Congress. The memo expanded the scope of consultations beyond the focus on "strategic planning" to "include. . .the development of performance measures." Agencies were also required to obtain OMB approval for documents to be provided and for the consultations, in order to "insure consistency with national program and budget policies" and to "develop the most effective presentations, and to incorporate any lessons and examples learned from the experiences of other agencies." As with other aspects of GPRA reporting, OMB seeks "brevity and conciseness" in strategic plans and encourages electronic dissemination on the Internet. "Agencies have discretion to submit strategic plans that cover only major functions or operations" and they are encouraged to submit a single agency-wide plan that incorporates separate agency component plans, but may consider preparing several plans as necessary.<sup>35</sup> The OMB memorandum also noted that it would assist the agencies prepare for consultations by

- providing a broader Congressional context to agencies, including the information about the interests of the Government Oversight and Budget committees; and
- helping agencies to ensure that their presentations are generally consistent with those of other agencies.<sup>36</sup>

Agencies customarily have developed long-range or strategic plans. Several, such as the Environmental Protection Agency (EPA), the National Science

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<sup>34</sup>Draft memorandum, op. cit., p. 5; and in "Future Revisions to Requirements for Agency Strategic Plans," attached to Circular A-11, Revised. Transmittal Memorandum No. 66, Supplement No, 1, September 14, 1995. To the Heads of Executive Departments and Establishments, Subject: Preparation and Submission of Strategic Plans, From Alice M. Rivlin Director.

<sup>35</sup>Section 200.7 of Circular No. A-11, Part 2, Preparation and Submission of Strategic Plans. OMB, September 1995. Reprinted from FedWorld.

<sup>36</sup>Congressional Consultations on the Implementation of the Government Performance and Results Act (GPRA). Memorandum for Heads of Executive Departments and Agencies. From Franklin D. Raines, Director, OMB. November 12, 1996, M-97-03.

Foundation (NSF)<sup>37</sup> and others have prepared new versions of their plans, but these do not yet appear to conform to the requirements of the GPRA statute.<sup>38</sup>

### **Annual Performance Plan**

By September 1997, each agency is to submit to OMB an annual performance plan for FY1999 for each program activity and based on the objectives of its strategic plan. The plan is required annually thereafter. GPRA requires the government to prepare a comprehensive annual government-wide performance plan, to be submitted to Congress beginning with the FY1999 budget request. It will be based on the information in the individual agency plans. Each agency plan has to establish objectives and measurable performance goals although non-quantifiable measures may be used in some cases; to describe the technologies, processes, and human and other resources needed to accomplish those goals; to establish performance indicators to assess program achievements; and, then, to compare actual program results and outcomes with the established performance goals. Agencies are given the discretion to aggregate, disaggregate, or consolidate program activities if they do not omit or minimize the significance of any program activity. Only federal employees may draft these plans.

OMB has attempted to accelerate these requirements to hasten "learning." During the summer of 1994, OMB revised Circular A-11, which provided FY 1996 budget guidance to agencies, to require that agencies "include performance goals and indicators in their budget justifications and . . . output and outcome measures in the Budget Appendix narrative, where appropriate, instead of workload and other process measures" (sections 15.1 and 34.1).<sup>39</sup> In an August

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<sup>37</sup>ASPA Case study.

<sup>38</sup>See, for instance, Strategic Plan Guides EPA's R&D Efforts. Chemical and Engineering News, Feb. 12, 1996, pp. 21-22.

<sup>39</sup>Cover page. Summary New Emphases in OMB Circular No. A-11. Distributed by OMB via FedWorld - Results Library. 7 p. Specifically, under section 15.1 a summary narrative should include:

--the most important program performance indicators and performance goals, including those that are positive and negative with respect to performance and which are the basis for the major proposed policies; and the major management initiatives that will be used to monitor and evaluate program efficiency and effectiveness. (Memorandum 94-26, Ibid.)

In addition, agencies are also to provide ". . . additional information in their budget justifications and in the printed Budget Appendix on major programs, where programs costs are not contained within a single budget account (sections 15.2 and 34.3)." Required justification materials include a comparison of program benefits and costs (which also account for program evaluations and related studies by outside groups) and short-term and long-term outputs or outcomes. Agencies are also required in budget justification materials to provide information about their program evaluation activities. (section 15.2) See also: Government Performance and Results Act Implementation: References In OMB Circular A-11 for the FY 1996 Budget. Summary: New Emphasis in

5, 1994, memo to the heads of departments and agencies explaining these changes, then OMB Director Alice Rivlin said: "I am instructing OMB analysts to use performance information to inform or influence decisions whenever possible."<sup>40</sup> There is no public analysis of the performance information submitted for FY1996. Also, the information was not included or reported as a unified entity in the budget document in any formal way.<sup>41</sup> A few examples of information received were included.<sup>42</sup>

### ***1995 OMB Spring Review on Program Performance***

OMB held a Spring Review on Program Performance in 1995.<sup>43</sup> It asked all agencies to "begin defining a preliminary set of performance measures expected to be included in this annual performance plan, and to submit the description of these measures with their FY1997 budget requests." This was required so that the "budget examiners in OMB's Resource Management Office can work with each agency to identify goals, programs, and baseline values to be included."<sup>44</sup> A few agencies, such as the National Aeronautics and Space Administration (NASA) and the National Oceanic and Atmospheric Adminis-

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OMB Circular No. A-11, Reprinted from FedWorld, Results Library, Ibid.

<sup>40</sup>OMB. Memorandum for the Heads of Executive Departments and Agencies. Subject; FY 1996 Budget Planning Guidance and the Use of Performance Information in the FY 1996 Budget Process, M-94-26 , 2 p. Reprinted from FedWorld, Results Library.

<sup>41</sup>The FY 1996 budget book entitled Analytical Perspectives discussed the need to develop output and outcome measures for performance and attempted to relate them to several economic and social indicators. p. 16-17.

<sup>42</sup>U.S. Office of Management and Budget. Budget of the U.S. Government, Fiscal Year 1996. p. 136-137.

<sup>43</sup>The Spring Review in 1995, focused on "what is know about the actual performance of key programs, what is not known, and what performance information is needed and can reasonably be expected to be available for the FY1997 budget and appropriation processes." Budget examiners in each of OMB's five areas, together with the agencies, identified key programs whose performance and performance measurement was discussed. "As a result of Spring Review," OMB said, "we expect to produce (a) an assessment of performance information in key program areas, (b) agreement between OMB and each agency about the specific performance information to be provided for key programs with the FY1997 budget submission, and (c) identification of actions that would improve performance in key program areas." (Memorandum, Subject: Spring Review on Program Performance, M-95-04, Mar. 3, 1995, op. cit.) Among the topics discussed were: in NASA: Mission to Planet Earth, with attention to scientific deliverables expected in FY1997; Aeronautics, leveraging support from industry; and Space Science, efficiency in launches; in NSF: administration of grant programs; and in the Internal Revenue Service (IRS): the whole agency. (Interview, OMB, June 2, 1995. See Appendix D.)

<sup>44</sup>Memorandum for the Heads of Executive Departments and Agencies from Alice M. Rivlin, Director, Subject: Spring Review on Program Performance, M-95-04, Mar. 3, 1995. Attachment B. p. B-2.

tration (NOAA), included initial performance measures in their FY 1997 congressional budget justifications or in their budget appendices. The quality varied significantly. For the most part, FY1997 budgets did not include the performance information requested, according to OMB officials.<sup>45</sup>

During 1995, OMB has asked agencies to begin "to collect current performance data so that baseline and trend information is available when the specific performance targets for fiscal year 1999 are set. Without baseline information, calculating the planned performance levels can be little more than guesswork."<sup>46</sup> Revised Circular A-11 required that for FY 1998 budget submissions, agencies were to include as much performance information as possible, if not data, at least the measures that they intend to use.<sup>47</sup> Circular A-11 says, in part:

Justifications should emphasize outputs that reflect the products and services that are provided by the program and delivered or used outside the program, as opposed to process alone. Justifications should also emphasize outcomes that reflect the results of a program. . . . Without performance indicators, performance goals, or some other types of performance data, . . . agency request for significant funding to continue to increase an ongoing program are difficult to justify.<sup>48</sup>

The Circular also required agencies to provide OMB with information on their program evaluation activities and on their program evaluation agenda.<sup>49</sup> A revision to Circular A-11 in 1996 changed from 10 to 45 days the amount of time OMB needs to review agency strategic plans before agencies send them to the Congress.

### ***1996 OMB Fall Review on Performance Measures***

The 1996 Fall Review is intended "to produce consensus between OMB and the agencies on the performance goals and indicators that agencies would include in their FY1999 annual performance plans," which are due to OMB in September 1997, concurrent with the agency's FY 1999 budget request. OMB issued guidance about annual performance plans, which will be reviewed with

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<sup>45</sup>Memorandum for the Heads of Executive Departments and Independent Agencies. From Alice M. Rivlin. Subject: Implementation of the Government Performance and Results Act of 1993. April 11, 1996, M-96-22. And personal communication with OMB staff member, October 1996.

<sup>46</sup>Groszyk, *ibid.*

<sup>47</sup>See also Memorandum. . . From Alice M. Rivlin. Subject: Implementation of the Government Performance and Results Act of 1993. April 11, 1996, M-96-22, *op. cit.*, and personal communication with OMB staff member, October 1996.

<sup>48</sup>Circular A-11(1996), p. 46.

<sup>49</sup>*Ibid.*

the agency's budget request, will "be an integral part of the budget decision,"<sup>50</sup> and will form the basis for the government-wide performance plan due beginning with FY 1999. Each agency's performance plan is to closely parallel the budget request and segmented plans may be required for agencies that obtain appropriations from several subcommittees. Agency managers, not Inspector Generals, are to set the agency performance goals under GPRA.<sup>51</sup>

During the Fall Review, agencies were expected to focus on performance information and "baseline data from which future target levels would be set."<sup>52</sup> By December 1996, OMB expects consensus to be reached on performance goals or a CY 1996 schedule to define these goals. Strategic plans "cover only the major functions and operations of the agency, while the annual performance plan must cover every program activity, although the performance data for these activities may be consolidated or aggregated. (GPRA defines a program activity as a specific activity or project listed in the program and financing schedules of the annual budget of the U.S. Government.)"<sup>53</sup> Since many agencies had not linked the two by the time of the Summer Review, the Fall Review would focus specifically on the linkage. Agencies might have to modify general goals or consider "defining intermediate outcomes or sub-goals and objectives in their strategic plan. . .while building a hierarchical pyramid of goals."<sup>54</sup>

Agencies with similar programs were to use the same or similar performance measures if interagency groups have defined cross-cutting performance goals, if many agencies are including a "like" measure, if particular measures are in widespread use, and "where programs in different agencies share

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<sup>50</sup>Information on OMB's Summer and Fall Reviews on the Government Performance and Results Act (GPRA). Memorandum, OMB. M-96-22, Supplement 1, May 31, 1996, op. cit.

<sup>51</sup>Information on OMB's Summer and Fall Reviews on the Government Performance and Results Act (GPRA). Memorandum OMB. M-96-22, Supplement 1, May 31, 1996, op. cit.

<sup>52</sup>Memorandum. . .From Alice M.Rivlin. Subject: Implementation of the Government Performance and Results Act of 1993. April 11, 1996, M-96-22, op. cit.

<sup>53</sup>Information on Performance Aspects for Fall Review. Memorandum for the Heads of Executive Departments and Agencies, From Jack J. Lew, Acting director. September 9, 1996, M-96-22, Supplement 2. Containing Attachment 1, Additional Information on Performance Aspects of Fall Review."

<sup>54</sup>Information on Performance Aspects for Fall Review. Memorandum or the Heads of Executive Departments and Agencies, From Jack J. Lew, Acting director. September 9, 1996, M-96-22, Supplement 2. Containing Attachment 1, Additional Information on Performance Aspects of Fall Review."

the same purpose (e.g., reduce drug abuse). Agencies can propose to OMB alternatives to quantitative performance measures.<sup>55</sup>

Other issues which were part of the Fall Review included: locus within the agency for GPRA accountability; amount of participation by program managers; the existence of baseline or trend data for performance measures; future ability to measure performance; and the extent of "reliance on entities outside the agency (e.g., states) to achieve the goals, or measure and report on performance."<sup>56</sup> In addition, since agencies are allowed to aggregate or disaggregate performance data, OMB instructed "agencies [to] identify the specific program and financing schedules in the budget that would be affected by a consolidation, aggregation, or disaggregation. . .[in order to] match individual performance goals and indicators to their associated budget accounts."<sup>57</sup> Then if necessary agencies could propose in the Fall Review to "change. . .the set of agency budget accounts or. . .the list of projects and activities in a program and financing schedule." Agencies proposing changes to achieve goals were instructed to discuss with OMB plans for consultation with congressional committees, since budget accounts are congressionally imposed structures that cannot be changed without congressional approval. For additional details about the 1996 budget reviews, see Appendices E, H and G.

### **Performance Reports**

Beginning on March 31, 2000, agencies are to prepare, for the President and Congress, annual performance reports covering the preceding three fiscal years. For the first report, FY 1999 performance measurement data are to be included. For each subsequent year, agencies are to include performance data for the year covered by the report and 3 prior years. Each report is to describe the performance indicators in the agency's performance plan and to compare the agency's actual performance with these goals. If an agency reports that it was unable to meet a goal, the report would describe why and what action the agency will take to meet the goal. Agencies are required to use internal personnel and not contract out for the preparation of these reports.

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<sup>55</sup>Information on OMB's Summer and Fall Reviews on the Government Performance and Results Act (GPRA). Memorandum, OMB. M-96-22, Supplement 1, May 31, 1996, op. cit.

<sup>56</sup>Information on Performance Aspects for Fall Review. Memorandum for the Heads of Executive Departments and Agencies, From Jack J. Lew, Acting director. September 9, 1996, M-96-22, Supplement 2. Containing Attachment 1, Additional Information on Performance Aspects of Fall Review."

<sup>57</sup>Information on Performance Aspects for Fall Review. Memorandum for the Heads of Executive Departments and Agencies, From Jack J. Lew, Acting director. September 9, 1996, M-96-22, Supplement 2. Containing Attachment 1, Additional Information on Performance Aspects of Fall Review."



## PILOT PROJECTS

The law mandates three sets of pilot projects, which are designed to give agencies time and experience to develop and perfect the planning, measurement, and budgeting procedures required. The pilot projects cover annual performance plans, managerial flexibility, and performance budgeting. OMB is to report to Congress in May 1997, assessing the "benefits, costs, and usefulness of the plans and reports, and any difficulties experienced during the pilot phase."<sup>58</sup>

At the conclusion of the first two pilot projects, in 1997, OMB and the GAO, each, are to report to Congress on the results and on the Government's ability to begin full-scale implementation. The three kinds of pilot projects required by the statute are outlined next.

### 1. Annual Performance Plan Pilots

During FY1994, OMB was required to designate at least ten agencies as three-year performance plan pilot projects. Each of the pilot agencies was to prepare annual performance goal plans for one or more of its major functions or operations and then, subsequently, to prepare reports of actual performance compared to the goals that were set. Agencies nominated pilot projects, with a final selection made by OMB. In January 1994, OMB announced 21 agencies and 53 pilot projects for FY1994. The time period covered was six months, beginning on April 1, 1994, and ending on September 30, 1994. Eighteen additional pilot projects in six agencies were announced in August 1994 for FY1995 and FY1996. Seven new pilots in two agencies were announced in January 1995, and several were withdrawn. (See appendix A.) One estimate is that the pilot projects cover 450,000 federal employees<sup>59</sup> and encompass federal programs worth \$50 billion. The annual plans and reports prepared for the pilot projects do not have to be released outside the executive branch since they are not to be formally submitted to Congress. However, OMB staff say that they may be obtained from each federal agency which wrote one.<sup>60</sup>

At a minimum, performance pilots were to include a mission statement and set of organizational goals for the pilot activity, a strategic plan articulating how those missions and goals will be achieved, and performance measures that are

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<sup>58</sup>Government Performance and Results Act (GPRA) Overview. Summary of Major Provisions, Prepared by OMB, non-dated.

<sup>59</sup>Groszyk, Walter, Office of Management and Budget. Implementation of the Government Performance and Results Act of 1993. Paper prepared for a November 1995 meeting convened by the OECD, op. cit.

<sup>60</sup>Interview, June 2, 1995, with Jonathan Breul, Walter Groszyk, Norman Gunderson, and Sarah Horrigan, OMB.

linked to the plan.<sup>61</sup> The first round of pilot projects was assessed. (See below in the section entitled "Assessment of GPRA Pilots.")

The FY1995 performance plans were to be submitted by September 30, 1994. On March 8, 1995, OMB issued guidance regarding the submission of FY1996 performance plans for pilot projects. Different from the previous requirements, OMB moved up the date of the submission to mid-April 1995 to allow for earlier assessment, coincident with the 1995 Spring Review on Program Performance, and to allow time for agencies to revise plans following FY1996 congressional budget action.<sup>62</sup> See Appendix C. Otherwise, the guidance for the FY1996 performance plans was the same as the guidance for the FY1995 plans.

## 2. Managerial Flexibility and Administrative Waiver Pilots

OMB is directed by the statute to designate at least five departments and agencies (from among those already participating in the performance plan pilot projects) as pilot projects in managerial flexibility for fiscal years 1995 and 1996. Under these pilots, "The agencies would propose a waiver(s) of non-statutory administrative procedural requirements and controls in return for increased managerial flexibility and specific accountability for meeting a performance goal.

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<sup>61</sup>Requirements for pilot projects performance plans for FY 1994 and FY 1995 were similar. They appear in OMB. Memorandum for the Heads of Departments and Agencies Designated as Pilot Projects Under P.L. 103-62. From: Alice M. Rivlin, Acting Director. Subj: Submission of FY1995 Performance Plans for Pilot Projects Under P.L. 103-62. the Government Performance and Results Act of 1993 (GPRA). M-94-32. Sept. 23, 1994. Reprinted from FedWorld--Results Library) and in OMB. Memorandum for the Heads of Departments and Agencies Designated as Pilot Projects Under P.L. 103-62. From Leon E. Panetta, Director. Subject: Submission of Performance Plans for Pilot Projects Under P.L. 103-62, the Government Performance and Results Act of 1993 (GPRA). M-94-15, Mar. 3, 1994. Reprinted from FedWorld, Results Library. They are also shown in "Government Performance and Results Act, P.L. 103-62: Revised Status Report," February 1996, CRS report 96-198 SPR, Appendix B.

<sup>62</sup>"Two significant changes are being made to the guidance for the FY 1994 and FY 1995 plans. First, the annual performance plan is to be submitted in mid-April, some months before fiscal year 1996 begins. (Previously, the pilot plans were due either during or at the start of the fiscal year.) A mid-April date is being set for several reasons. By having pilots submit plans somewhat before the fiscal year begins, we move halfway toward the September date when agencies will be sending annual performance plans to OMB with their budget requests. This earlier submission will help in assessing how well the plans can be prepared in advance. The due date also coincides with the Spring Review on Program Performance, and the plans will be useful in determining the current and future availability of performance information. The second change allows agencies the option of submitting a plan revision later in 1995 that reflects Congressional action." (Memorandum for the Heads of Departments and Agencies Designated as Performance Measurement Pilot Projects Under P.L. 103-62. From: Alice M. Rivlin, Director. Subject: Submission of FY 1996 Performance Plans for Pilot Projects Under P.L. 103-62, the Government Performance and Results Act of 1993 (GPRA)).

OMB is responsible for reviewing and approving such waivers.<sup>63</sup> The selection was originally to be completed by October 1994, but, according to Walter Groszyk, OMB, no pilot projects were chosen because nominations were not adequate. Some, he wrote, were too narrow, some prospective waivers were for requirements that no longer exist because many procedural controls have already been reduced as a result of complying with NPR initiatives, and some agencies are overworked by requirements to develop performance measurement pilots. "On the whole, the eight nominations [made by agencies] raise uncertainty about whether the pilot projects will fully test the managerial accountability and flexibility concept."<sup>64</sup> Now OMB reports that no management waiver pilot projects will be conducted,<sup>65</sup> since voluntary or mandated regulatory reform efforts have eliminated "testable" management waivers.

### 3. Performance Budgeting

Five agencies are to be designated as pilot projects in performance budgeting for fiscal years 1998 and 1999. The performance budgets are to present, for one or more major agency functions, the varying levels of performance, including outcome-related performance, that would result from different budgeted amounts. The pilot performance budgets for FY1999 are to be included in an alternative budget presentation as part of the President's budget for that fiscal year.

After the third set of pilot projects is completed, OMB is required to submit a report to Congress in 2001 on the results of the pilots,<sup>66</sup> specifically to focus on the benefits, costs, and usefulness of the various plans and reports, to identify difficulties experienced in the pilot projects, and to recommend whether or not performance budgeting should be required legislatively.<sup>67</sup>

During 1996 OMB said it will propose to Congress to defer for one year the performance budgeting pilot projects since agencies are spending considerable time trying to develop performance measures, because there is not enough

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<sup>63</sup>Ibid. OMB released a memo on Oct. 20, 1994, asking agencies to submit nominations by Nov. 16, 1994, and giving details of criteria for selection and waivers. See: OMB Memorandum for the Heads of Departments and Agencies Designated as Pilot Projects Under P.L. 103-62. From: Alice M. Rivlin, Director. Subj: Submission of Nominations for Managerial Accountability and Flexibility Pilot Projects Under the Government Performance and Results Act. M-95-01, Oct. 20, 1994.

<sup>64</sup>Groszyk, Walter, Office of Management and Budget. Implementation of the Government Performance and Results Act of 1993. Paper prepared for a November 1995 meeting convened by the OECD, op. cit.

<sup>65</sup>Walter Groszyk, OMB, personal communication, October 1996.

<sup>66</sup>Ibid.

<sup>67</sup>Government Performance and Results Act Implementation: References in OMB Circular A-11 for the FY 1996 Budget. Summary: New Emphases in OMB Circular No. A-11. Reprinted from FedWorld, Results Library, Aug. 1994. 8 p.

cost/accounting information available to allow performance budgeting pilot projects to be conducted,<sup>68</sup> and because agencies are busy with other efforts and have not yet agreed on goals and measures.

### **Role of OMB in Guiding Initial Pilot Projects**

OMB says it wanted agencies themselves to determine specific procedures to conduct performance plan pilots. Nevertheless, based on the deliberations of an interagency group, OMB issued several types of guidance about items to be included in the first pilot project. These take the form of a template for reporting, a 96-page implementation plan issued on August 4, 1993, and documents which set forth basic information on the scope, content, and general format of the performance plan.<sup>69</sup> OMB stressed that excessive paperwork should not be demanded to fulfill these requirements. According to Budget Director, Leon Panetta:

We must avoid having the implementation of this Act become a massive paperwork exercise, replete with voluminous documents which attempt to encompass everything and anything. Please make your performance plans simple, concise, and informative. A few good goals and indicators capturing the essence of programs and their administration are much better than extensive displays with largest numbers of second-and third-order measures and which delve into operational minutiae.<sup>70</sup>

A 1996 House Committee on Government Reform and Oversight report criticized OMB's inattention to management issues, with specific implications for GPRA. It criticized OMB's delay in assessing the first round of pilot projects and its inability to launch the second round. "OMB's problems in carrying out its central role in GPRA implementation are distressing, but hardly surprising since OMB has devoted only one staff position to work specifically on GPRA. Effective implementation of GPRA is vitally important to improving government management. The committee finds OMB's lack of support for this effort inexcusable and alarming."<sup>71</sup>

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<sup>68</sup>Personal communication, Groszyk to Knezo, Sept. 1996.

<sup>69</sup>These documents are reprinted in "Government Performance and Results Act, P.L. 103-62: Revised Status Report," February 1996, CRS report 96-198 SPR, op. cit.

<sup>70</sup>Source: Memorandum for the Heads of Departments and Agencies Designated as Pilot Projects Under P.L. 103-62. From: Leon E. Panetta, Signed Mar. 3, 1994. SUBJ: Submission of Performance plans for Pilot Projects Under P.L. 103-652, the Government Performance and Results Act of 1993 (GPRA) M-94-15. Reprinted from FedWorld, Results Library. 8 p.

<sup>71</sup>U.S. Congress. House. Committee on Government Reform and Oversight. Federal Government Management: Examining Government Performance As We Near the Next Century. Eighteenth Report. House Report 104-861. U.S. Govt. Print. Off., 1996, p. 86.

## ASSESSMENT OF GPRA PILOTS

In the summer of 1994, OMB staff assessed over 50 FY1994 performance plans which were submitted as initial GPRA performance plan pilot projects. "Review of these FY1994 plans concentrated on whether measurable performance goals were included, and if the goals related to the main function of the pilot. OMB program divisions complemented this review with, as appropriate, a critique of individual goals, and suggestions for how other goals might better reflect the core activities of the pilot."<sup>72</sup> Three general observations, derived from the OMB assessment, as summarized below, indicate the difficulties inherent in performance planning:

1. "Most critically, the pilot projects have demonstrated that measurable, quantitative performance goals can be set in advance. About 20 percent of the plans were of sufficient quality to be categorized as exemplars in this regard." These, according to a telephone conversation with Walter Groszyk, OMB, were:

Department of Agriculture: Cooperative Extension Service: (food safety and quality);

Department of Commerce: National Oceanic and Atmospheric Administration: (environmental functions);

Department of Housing and Urban Development: Office of the Chief Financial Officer (Department-wide debt collection);

Department of Transportation: U.S. Coast Guard (Marine safety, security and environmental protection) and National Highway Traffic Safety Administration;

Department of the Treasury: Bureau of Engraving and Printing, U.S. Mint;

Department of Veterans' Affairs: Veterans' Benefit Administration: New York Regional Office; and

Railroad Retirement Board.

2. The OMB assessment also showed that about 20 percent of the plans "lacked goals or measures with sufficient substance to be useful in managing a program, measuring performance, or in supporting a budget request." The OMB cautioned that,

. . . If this were CY 1997, little or nothing worthwhile could be salvaged by OMB from agency plans such as these.

. . . A repeat of these experiences three years hence would be a major blow to successful implementation of GPRA [since all agencies and departments need to develop annual performance plans by 1997.] While extrapolations of this sort should be cautiously offered, there are several points of note. First, the pilots cover but a small fraction of the government's operations. Second, all these pilots are volunteers,

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<sup>72</sup>OMB Memorandum for Alice Rivlin/John Koskinen, From: Walter Groszyk, Subject, Assessment of FY 1994 GPRA Pilot Project Performance Plans. Reprinted from FedWorld. 5 p.

viewed as being committed to and interested in making GPRA work. Third, the pilots have received a good amount of continuing coordination and consultation. ***An important "lesson learned" from this is that the rest of the government needs to be engaged early-on if useful plans are to be forthcoming in 1997.***<sup>73</sup>

3. "In the absence of a sense of strategic direction, or even an agreed-to raison d'être for the program or organization, a few pilots have struggled to define their goals and measures. This reinforces GPRA's requirement for strategic plans (including the mission statements and the general long-term goals therein) and the importance of strategic plans in laying the foundation for the annual performance plans."

The OMB assessment identified specific problems with the pilot project submissions. These are described in Appendix B. In its memo assessing the initial performance plan pilots, OMB outlined what should be done next to improve responses to the GPRA requirements.<sup>74</sup> These include:

- facilitating interagency discussions of the progress of performance measurement pilots;
- improving OMB's training programs for agency staff based on the needs identified in these assessments;
- beginning a major strategic planning "push" for all agencies early in CY 1995;
- instituting prototype reporting by agencies not now designated as pilots for the various pilot project objectives; and
- developing an early prototype of the FY1999 Government-wide performance plan.

The National Academy of Public Administration in "Toward Useful Performance Measurement. Lessons Learned From Initial Pilot Performance Plans Prepared under the Government Performance and Results Act," November 1994, assessed the initial pilot projects and included recommendations for actions by OMB and the agencies to improve the process.

Several additional pilot project reporting activities have been completed since November, 1994. The over 20 agencies which submitted pilot project plans for FY1994 were required to submit program performance reports for FY1994,

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<sup>73</sup>Memorandum for Alice Rivlin, John Koskinen, From; Walter Groszyk, Subject; Assessment of FY 1994 GPRA Pilot Project Performance Plans, downloaded and reprinted from FedWorld. Ibid., Emphasis added.

<sup>74</sup>See OMB. Assessment of 1994 GPRA Pilot Project Performance Plans, August 10, 1994 (Excerpts). This appears in "Government Performance and Results Act, P.L. 103-62: Revised Status Report," February 1996, CRS report 96-198 SPR, op. cit.

due to OMB by March 31, 1995. They were to cover a six-month period beginning on April 1, 1994, and ending on September 30, 1994. Agencies could submit full-year data if they wished.<sup>75</sup> The basic requirements of the report were specified in the legislation, and OMB issued guidance regarding the contents of the report for each individual pilot project.<sup>76</sup> Agencies could submit an FY1994 annual financial statement as the program performance report of a pilot project.

As of November 1995, some pilot project managers had prepared up to three performance plans. Walter Groszyk of OMB provided some initial impressions:

Enough pilot projects were able to produce performance plans of sufficient quality and covering a variety of functions to prove that good plans can be produced across the government. Expectations are that a fourth or more of the individual pilot projects will be selected as illustrative examples of promising practices. The examples are not perfect plans, but a selection of parts from the better plans which other agencies might consider adapting or emulating in their own plans.<sup>77</sup>

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<sup>75</sup>Memorandum for the Heads of Department and Agencies Designated as FY 1994 Performance Measurement Pilot Projects Under P.L. 103-62. Subject: Submission of FY 1994 Program Performance Reports for Pilot Projects Under P.L. 103-62, the Government Performance and Results Act of 1993. From Alice M. Rivlin, Director. [OMB]. M-95-07, Mar. 23, 1995, with attachments.

<sup>76</sup> . . . The FY 1994 report should contain the following elements:

(1) a comparison of the actual performance achieved with the performance level(s) specified for each performance goal and performance indicator in the annual performance plan;

(2) if a performance goal was not met, an explanation of why the goal was not met, along with either:

(as) the plans and schedules for achieving the performance goal in the future, or

(b) a statement that the performance goal as established is impractical or infeasible, and expressing the agency's intention to modify or discontinue the goal.

(3) The summary findings of any program evaluations completed during fiscal year 1994 and materially bearing on the program(s), activities, or organizational component covered by the pilot project;

(4) a description of the contribution (if this was significant) made by non-Federal parties (e.g., consultants, contractors, States, local governments, grantees) in the preparation of the report. This contribution can include the collection and reporting of performance data. (Attachment 1 to Memorandum for the of Departments and Agencies Designated as FY 1994 Performance Measurements Pilot projects Under P.L. 103-62, M-95-07, op. cit.)

<sup>77</sup>Groszyk, Walter, Office of Management and Budget. Implementation of the Government Performance and Results Act of 1993. Paper prepared for a November 1995 meeting convened by the OECD, op. cit.

A significant number of pilot projects encountered substantial problems. About ten percent of the pilots were withdrawn, because of ". . . difficulty in defining program goals, reorganization of the program or staff, and the failure of other parties (outside the agency) to produce performance information that was needed. . . . Many of the plans contained weak performance measures."<sup>78</sup>

These measures included statements purporting to be goals, but which were no more than inherently unmeasurable declarations; goals where performance could not be calculated or determined because one of more values were omitted (much like a formula with only one integer); goals which described the procedural steps being taken to set future goals and measure performance; and goals that were unrelated to the main purposes of a program.<sup>79</sup>

Agencies were required to send their pilot project program performance reports for FY 1995 to OMB by March 31, 1996. See Appendix F. They were to include explanations for why goals were not met. Managers were given some discretion to determine when to provide this information and the explanation would depend upon the validity and precision of the performance target set forth in the goal or indicator, previous years' performance needs and the significance of the shortfall, according to OMB. Agencies were allowed to use their annual financial statement for FY 1995 as the program performance report for a pilot project.<sup>80</sup> The final product of the performance plan pilots, the program performance report for FY 1996, is due to OMB during FY 1997.

## **INTERAGENCY AND PRIVATE SOURCES OF INFORMATION ABOUT IMPLEMENTATION OF GPRA**

OMB has established several interagency groups to focus on implementation of GPRA.<sup>81</sup> One, which helped developed guidance on performance pilot plans, includes representatives from 14 Cabinet departments plus the EPA, General Services Administration (GSA), NASA, OPM, and the Small Business Administration (SBA). A second, parallel group, consists of representatives of mid-size

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<sup>78</sup>Groszyk, *ibid.*

<sup>79</sup>Groszyk, *ibid.*

<sup>80</sup>Memorandum for the Heads of Departments and Agencies Designated as Performance Measurement Pilot Projects for FY 1995 Under P.L. 103-62. From Alice M. Rivlin, Director, OMB. Subject Submission of FY 1995 Program Performance Reports for Pilot Projects Under P.L. 103-62, the Government Performance and Results Act of 1993 (GPRA), M-96-18, March 22, 1996.

<sup>81</sup>Information may be obtained from Walter Groszyk, at OMB, 395-6824.



and smaller agencies.<sup>82</sup> OMB created a Performance Measures Work Group, which "assists in the development and coordination of performance measurement policies and guidance."<sup>83</sup> The interagency group on strategic plans was already mentioned. Smaller governmental and non-governmental groups meet to exchange information about specific topic. Walter Groszyk, chief OMB staff member for implementing GPRA, reported that: "Joint groups. . .cover areas such as trade, research and development, land and resources management, and credit programs."<sup>84</sup> As an example, the National Science and Technology Council, part of the Office of Science and Technology Policy, prepared analysis for agencies on performance measurement for research.<sup>85</sup> An informal interagency group, the Research Roundtable, produced "Developing and Presenting Performance Measures for Research Programs." This document and the group's meeting notes are posted on the Internet.<sup>86</sup> A separate group meets to discuss issues of linking research performance measures to the budget.<sup>87</sup> There is also the Federal Research Assessment Network, (FRAN), established in cooperation with the NSF.

Professional groups like the National Academy of Public Administration in cooperation with the Congressional Institute<sup>88</sup> are initiating training and assessment programs on GPRA for congressional staff. In addition, as noted above, the ASPA cooperated with the OMB to ask agencies which had prepared strategic plans and/or pilot projects to write case studies about the process for the benefit of other agency practitioners.<sup>89</sup>

The government makes available analysis and bibliographic materials about the GPRA via several electronic systems, including the Results Library,

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<sup>82</sup>Source: OMB. Memorandum for the Heads of Executive Departments and Agencies; From: Leon E. Panetta, Director, Signed 10/8/93, Subj: Government Performance and Results Act of 1993. Reprinted from FedWorld, Results Library. 9 p.

<sup>83</sup>Performance Information and the FY 1996 Budget Process. Attachment to Update on OMB-Wide Dialogue. Memo, op. cit., Sept. 23, 1994. p. I-1.

<sup>84</sup>Groszyk, Walter, Office of Management and Budget. Implementation of the Government Performance and Results Act of 1993. Paper prepared for a November 1995 meeting convened by the OECD, p. cit.

<sup>85</sup>See the section below, entitled "Issue of Difficulty in Measuring and Quantifying Performance."

<sup>86</sup>These notes are posted under FinanceNet on a separate page called research, whose URL is: [gopher://pula.financenet.gov:70/11/docs/post/perform/research](http://pula.financenet.gov:70/11/docs/post/perform/research).

<sup>87</sup>The group has met at the Department of Transportation under the direction of staffer Barbara Faigin.

<sup>88</sup>The institute's URL address is: <http://www.CongInst.org>.

<sup>89</sup>[Http://globe.lmi.org/aspa/taskfrc.htm](http://globe.lmi.org/aspa/taskfrc.htm)

maintained by OMB on FedWorld, an NTIS Online Computer System.<sup>90</sup> The Results Library includes official agency and OMB GPRA-related documents. Other federal, state and foreign government performance review and GPRA-related materials are available via the U.S Government-maintained FinanceNet online system<sup>91</sup> and the (NPR) site.<sup>92</sup>

## **OMB SEEKS TO INTEGRATE PERFORMANCE MEASUREMENT INTO MULTIFACETED CHANGES IN BUDGET PROCESSES**

OMB staff say they are attempting to integrate GPRA implementation activities with the Administration's other on-going budgeting and performance initiatives, including the NPR,<sup>93</sup> in order to reduce agencies' reporting and paperwork burdens and to integrate various management improvements linking performance assessment to budgeting. Guidance on strategic plans, finalized as Part 2 to Circular A-11, issued in September 1995, noted:

When preparing [strategic] plans, agencies should reflect and use the products and processes resulting from ongoing or earlier performance-related efforts. These initiatives included performance agreements,<sup>94</sup>

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<sup>90</sup>Available via dial-up modem at 703-321-3339, via Internet using Fedworld.doc.gov as a Telnet address, or via World Wide Web at <ftp://fwux.fedworld.gov/pub/results/results.htm>.

<sup>91</sup>[Http://www.financenet.gov/perf.htm](http://www.financenet.gov/perf.htm).

<sup>92</sup>NPR's publication--Reaching Public Goals: Managing Government for Results--is on NPR's web site at <http://www.npr.gov/library/papers/bkgrd/cover.html>. It lists resources and information on accountability, performance, and managing for results. The main NPR site is: <http://www.npr.gov/>.

<sup>93</sup>Groszyk, Implementation of the Government Performance and Results Act of 1993, OECD, 1995, op. cit. See also: U.S. Congress. House. Committee on Government Reform and Oversight. Subcommittee on Government Management, Information, and Technology. The National Performance Review, Hearing, May 2, 1995. Washington, U.S. Govt. Print. Off., 1996, 105 p.

<sup>94</sup>Performance agreements and performance partnerships originated with the NPR, which recommended that ". . . each major agency should sign a Performance Agreement with the President. . . which they use to develop personnel related performance agreements for subordinate units. (Memorandum . . . Spring Review on Program Performance, M-95-04. Attachment B. Other Performance Initiatives, p. B-1.) The agencies were required to develop ". . . goals, commitments and performance measures to be included in their Performance Agreements for FY1996, based on the resources provided in the President's budget and the decisions made in Phase II of the [NPR]." Adjustments were to be made after FY1996 appropriations action and submission of the FY1997 agency budget requests to OMB in September 1995. The President and the agency head were then were to "sign the approved agreement as close to the start of the fiscal year as possible. In subsequent years, part of the OMB review of an agency's budget submission will be the results achieved under previous years' Performance Agreements." (Attachment B. Other Performance Initiatives, p. B-1. See also Reinventing Government: the First Year. Jan. 26, 1995. 40 p. By Relyea, Harold C., CRS Report 95-209.)

customer service standards, performance measures in annual financial statements, performance partnerships,<sup>95</sup> activities introducing a more precise cumulation and allocation of cost, performance-based contracting, and previous strategic plans. Other processes and products related to the national Performance Review, regulatory reform, and streamlining should, as appropriate, be reflected in a strategic plan.<sup>96</sup>

OMB, in an exercise called "Connecting Resources to Results,"<sup>97</sup> is now "undertaking a comprehensive study of the feasibility of consolidating various planning and reporting requirements, and more closely integrating these with

<sup>95</sup>In the FY1996 budget, OMB announced the concept of "performance partnerships" with States and local governments. These appear to replace former block grants and related funding, and to increase emphasis on performance. According to OMB, "The proposals will consolidate funding streams and eliminate overlapping authorities, create funding incentives to reward desirable results and reduce micromanagement and wasteful paperwork. They also will . . . focus on program outcomes and outputs, treating them [rather than inputs and processes] as the basic measures of success. The partnerships will seek to empower communities to make their own decisions about how to address their needs, and to be held accountable for results." (p. 152.) NPR claims that numerous successful partnerships have been entered into. (See, for instance, <http://www.npr.gov/library/fedstat/26f2.html>.) OMB proposed such "performance partnerships," together with a projection of dollar savings, as follows:

Performance Partnership	Total Savings, 1996-2000, millions
Consolidate 108 PHS activities into 16 grant categories	\$215
Consolidate up to 12 EPA grants	\$96
Combine funding for 14 rural development loan and grants programs in the Dept. of Agriculture	\$16
Consolidate 70 programs into one system in the G.I. Bill for America's Workers in the Depts. of Education and Labor	not available
Consolidate 60 statutory programs into 3 programs in the Dept. of HUD	not available
Consolidate 30 categorical programs into 3 broad allocations: a unified grant, State Infrastructure Banks, and a discretionary grant program in the Dept. of Transportation	not available

<sup>96</sup>Section 200.7 of Circular No. A-11, Part 2, Preparation and Submission of Strategic Plans. OMB, September 1995. Reprinted from FedWorld.

<sup>97</sup>According to Walter Groszyk, Interview, February 1996.

budget formulation and execution."<sup>98</sup> This integration is also intended to develop across agencies compatible budget "account structures" for similar "outputs" or functions to ensure uniformity in budget justification materials.<sup>99</sup>

### OMB's 2000 Management Reorganization

OMB's recent 2000 Management Reorganization, according to Donald F. Kettl, specifically ". . . was designed to support GPRA"<sup>100</sup> and to shift OMB to more long-term, results-oriented budgeting and performance management.<sup>101</sup> The reorganization

. . . eliminated virtually all of the 'existing management' side of OMB and integrated management functions with the budget review in new resource management offices. These new offices would be responsible for formulating and reviewing the budget, assessing program effectiveness and efficiency, conducting mid- and long-range policy and program analysis, implementing government-wide management policy in areas like procurement and financial management, and conducting program evaluation. OMB created five resources management offices: National Security and International Affairs; Natural Resources, Energy and Science; Health and Personnel; Human Resources; and General Government and Finance.<sup>102</sup>

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<sup>98</sup>Memorandum M-95-19 for the Heads of Executive Departments and Independent Agencies From: Alice M. Rivlin, Director OMB, Subject: Strategic Plans, Budget Formulation and Execution, September 14, 1995.

<sup>99</sup>Interview, Walter Groszyk, February 1996. OMB has announced that, "In another initiative to promote performance and accountability, we will encourage agencies to examine their budget account structures and revise them to align resources with results and organizations." This is called the Budgeting for Accountability Initiative. The rationale is as follows:

In some cases, budget accounts do not collect significant costs--such as salaries and expenses which may be paid centrally or in another program; Federal employee pension costs; support services; and the costs of fixed assets. Under an initiative known as Budgeting for Accountability, agencies will examine their budget account structures and work with their Appropriations Committees to revise them. In addition, we will propose legislation to require that the full accruing cost of pensions be reflected in future agency budgets, to help link program resources with the outputs and outcomes they generate. (OMB. Budget of the U.S. Government, Fiscal Year 1996, p. 137.)

<sup>100</sup>Kettl, Donald F. Reinventing Government?, op. cit., CPM report 94-2, Aug. 1994. p. 42.

<sup>101</sup>Ibid., p. 41.

<sup>102</sup>Ibid., p. 41.

The reorganization appears to have given budget examiners major responsibility for working with the agencies which they cover to develop acceptable GPRA pilot projects, strategic plans, and performance measures. In practice, this appears to have both positive and negative consequences for GPRA implementation. The decentralization has forced agencies and budget examiners to work closely to define strategic goals and performance measures. But decentralization has fractured core OMB responsibility for GPRA implementation at a time when many agencies are seeking to have OMB provide clear, consistent, high-level guidance on implementation policy and practices.<sup>103</sup>

## ISSUE OF DIFFICULTY IN MEASURING AND QUANTIFYING PERFORMANCE

There are numerous obstacles to performance measurement. The language in P.L. 103-62, sections of the accompanying legislative report, and parts of the National Performance Review report, *From Red Tape to Results. Creating a Government That Works Better and Costs Less*, note the difficulty of stating goals and measuring program results. While the law encourages the use of quantitative measures, it authorizes the use of alternative narrative or qualitative measures, if necessary. Section 4 states, in part:

(b) If any agency, in consultation with the Director of the Office of Management and Budget, determines that it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, the Director of the Office of Management and Budget may authorize an alternative form. Such alternative form shall--

(1) include separate descriptive statements of--

- (A) (i) a minimally effective program, and
- (ii) a successful program, or

(B) such alternative as authorized by the Director of the Office of Management and Budget, with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the program activity's performance meets the criteria of the description; or

(2) state why it is infeasible or impractical to express a performance goal in any form for the program activity.

In addition, the OMB guidance on the law and related GAO assessments concur that multiple measures are often needed,<sup>104</sup> that the most useful

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<sup>103</sup>Based on interviews with various agency staff.

<sup>104</sup>GAO's assessment of performance review in four other countries, Australia, Canada, New Zealand, and the United Kingdom demonstrated the difficulty of doing such work and the need for developing multiple measures meaningful and useful to managers. This is similar to findings in the previous CBO report.

measures are those which program managers use in program management, that program expectations may be ill-defined, and that outcomes, while desirable to assess, usually cannot be measured until the program is mature or completed. These difficulties also have been discussed in various OMB training documents and primers. For instance, in *Primer on Performance Measurement, Revised February 28, 1995*, OMB identified the following four functional areas as "types of programs or activities . . . particularly difficult to measure" under GPRA:

**Basic research**, because often:

- likely outcomes are not calculable [can't be quantified] in advance;
- knowledge gained is not always of immediate value or application;
- results are more serendipitous than predictable;
- there is a high percentage of negative determinations or findings;
- the unknown cannot be measured; and
- applied research, applied technology, or the "D" in R&D is more readily measurable because it usually is directed toward a specific goal or end.

**Foreign Affairs**, especially for outcomes, to the extent that:

- the leaders and electorate of other nations properly act in their own national interest, which may differ from those of the United States (e.g., Free Territory of Memel does not

According to government officials and government evaluations GAO reviewed, accurately measuring the contribution of program activities to achieving programs outcomes was challenging because factors beyond the control of program managers, such as economic conditions, could affect those outcomes. The departments and agencies in the four countries that developed outcome-oriented measures used qualitative assessments, customer or client surveys, or formal programs evaluations to determine the impact of their programs. (U.S. General Accounting Office. *Managing for Results. Experiences Abroad Suggest Insights for Federal Management Reforms. Report to Congressional Requesters. GAO/GGD-95-120. May 1995. p. 4-5.*)

Evaluations reviewed by GAO and officials GAO interviewed suggested a number of key lessons that the countries derived from their experiences in developing performance measures. They suggested that "(1) the types of performance measures developed should flow from a program's objectives, whether output-or outcome-oriented; (2) performance measures should reflect the ability of the program's management to influence the achievement of output or outcome targets; (3) program staff should have a role in designing the performance measures for their programs (4) performance measurement systems should collect and report on a few key measures and be balanced by demonstrating different dimensions of performance, such as quantify, quality, efficiency, and cost; (5) performance measurement systems should include qualitative in addition to quantitative performance information and interpretations of performance results; and (6) performance measurement systems should provide more aggregated information on the achievement of organization goals to upper management and more detailed information to program managers." (Idem.)

agree with US policy goal of reducing US annual trade deficit with Memel to \$1 billion);

- U.S. objectives are stated as policy principles, recognizing the impracticality of their universal achievement; and
- goal achievement relies mainly on actions by other countries (e.g., by 1999, Mayaland will reduce the volume of illegal opiates being transhipped through Mayaland to the U.S. by 65 percent from current levels of 1250 metric tons).

**Policy Advice**, because often:

- it is difficult to calculate the quality or value of the advice;
- advice consists of presenting competing views by different parties with different perspectives;
- policy advice may be at odds with the practicalities of political advice.

**Block Grants**, to the extent that:

- funds are not targeted to particular programs or purposes;
- the recipient has great latitude or choice in how the money will be spent; and
- there is little reporting on what the funds were used for or what was accomplished.<sup>105</sup>

OMB guidance recognizes that alternative narrative statements may be far less objective than quantitative measures making it difficult to determine actual program outputs and outcomes: "in defining general goals and objectives, departments and agencies should avoid platitudes, slogans, rhetoric, or oracular pronouncements that are inherently unmeasurable either directly or through the use of performance goals and indicators."<sup>106</sup> The "general goals and objectives must be stated," according to OMB, "in a manner that allows a future determination to be objective and readily made on whether the goal was accomplished. A general goal that is defined quantitatively facilitates such a determination. . . ."

Agencies need to obtain approval from OMB before utilizing non-quantitative approaches to performance measurement. The NSF, as an example, has received such approval. Congress may seek to oversee agency development of narrative statements of goals and measures in the areas identified by OMB: basic research,<sup>107</sup> foreign affairs, policy advice, and block grants. Special

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<sup>105</sup>Primer on Performance Measurement (Revised Feb. 28, 1995), downloaded from FedWorld. p. 7-8.

<sup>106</sup>Draft memorandum, attachment 2.

<sup>107</sup>Recently the National Academy of Sciences examined the use of quantitative measures to assess performance of the physical and mathematical sciences. The author concluded that such measures are difficult to obtain and can be misleading.

attention might be given to ensuring that OMB sets appropriate criteria to determine when non-quantitative statements should be used and that agencies comply with those provisions of the law that call for the development of appropriate benchmarks of "minimally effective programs." The House Committee on Science in hearings held in July 1996,<sup>108</sup> addressed the issue of which kind of measures to use for scientific research. The difficulty of developing performance measures for research was discussed. Prepared statements and the hearings charter are available on the Internet.<sup>109</sup>

GAO and OMB are examining agency planning processes and GAO will issue a formal evaluation of the pilots and planning process on June 1, 1997. A major difficulty encountered so far is defining an agency's goals and mission

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A large chasm exists between asking for performance measures or other indicators of the status of a discipline, and getting ones that are reliable and usable. Moreover, often unanticipated difficulties arise concerning the availability of data, the stability over time of ostensibly the same databases, efforts to compare what seem to be the same data, albeit collected by different groups or agencies, and efforts to interpret the data. (Quantitative Assessments of the Physical and Mathematical Sciences: A Summary of Lessons Learned. By Commission on Physical Sciences, Mathematics, and Applications, National Research Council. Washington, D.C., National Academy Press, 1994, p. vi.)

This has implications for government accountability and the GPRA, according to an op-ed piece written by the commission chairman. ". . . The greatest promise of scientific research lies in its unpredictability. We never know which new development will spur new industries, create new jobs, or provide a whole new perspective on the world. Sometimes the full impact of scientific research is not realized for years or even decades--a fact made obvious by the delay in recognizing Nobel Prize-winning work. If we demand that the annual outputs of scientific research be measured like the outputs of a factory, we risk not supporting research that could have the greatest payoffs of all." (Zare, Richard N. Reinventing Research: The Need for a Long-term View. Nov. 27, 1994. National Academy Op-Ed Service.)

The National Science and Technology Council's Committee on Fundamental Science sponsored several activities relating to measuring performance of basic research investments, given the long time lag between discovery and application. It produced a publication, entitled *Assessing Fundamental Science*, July 1996 and commissioned several papers on the topic, one for an ad hoc group of the Federal Research Assessment Network, and another from the Critical Technologies Institute, which, in cooperation with the OSTP held a workshop on the topic in November 1994, and a conference on the topic in May 1995. The draft CTI paper is entitled *Methods for Evaluating Fundamental Science*, October 1994. An interagency group, spearheaded by HHS, is also working to develop R&D performance measures. (Meeting notices and notes are available from: [Adavis@os.dhhs.gov](mailto:Adavis@os.dhhs.gov))

<sup>108</sup>U.S. Congress. House. Committee on Science. Civilian Science Agencies' implementation of the Government Performance and Results Act (GPRA). Hearing. July 10, 1996. 104th Congress, 2nd session. Washington, U.S. Govt. Print. Off., 1996, 361 p.

<sup>109</sup><http://www.house.gov/science/hearing.htm#fcjuly>



outputs in terms which are meaningful to managers and for which performance measures can be devised. Historically, agencies have written strategic plans, which were supposed to drive program formulation and budgeting. However, many observers believe that all too often, these plans sat unused, or goals or expectations were "lowballed," -- so that any accomplishment could signify success. Also, agencies observe that often external conditions beyond the control of program managers affect outcomes. (GAO documented this obstacle when Australia, Canada, New Zealand, and the United Kingdom attempted to introduce performance measurement.)<sup>110</sup> A consensus seems to be growing that agencies should measure only the most important "vital few" activities should be measured, and that indicators should measure a balance of priorities or agency functions.

## ROLE OF THE GENERAL ACCOUNTING OFFICE

GAO was given specific responsibilities in P.L. 103-62 for staff training and preparation of reports assessing the feasibility of GPRA. The agency is studying federal agencies' implementation of GPRA in preparation for its June 1997 report to Congress on agency readiness to begin full scale implementation of GPRA, and, in this regard, has monitored the performance review process and its costs in several agencies. The review is also inventorying what performance information is currently being measured. GAO's assessment of the initial pilot projects led to the production of several documents. A letter report was submitted to OMB on February 14, 1996, summarizing GAO's initial observations on selected agencies' initial performance pilot projects. It discussed several "practices" for agency decisionmakers to use to improve performance reporting.<sup>111</sup> Subsequently, the GAO produced a more detailed report directed to Federal agency managers, entitled, *Executive Guide: Effectively Implementing the Government Performance and Results Act, June 1996, 56 p. (GAO/GGD-96-118.)* The report identifies key steps that agencies should take to improve implementation of GPRA and identifies practices to make implementation successful. The Comptroller General also testified in hearings in March 1996 on the need for a strong congressional role in implementing GPRA.<sup>112</sup> Both he and the Chairman of the House Committee on Government Reform and Oversight urged congressional committees to oversee the progress of GPRA

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<sup>110</sup>Managing for Results: Experiences Abroad Suggest Insights for Federal Management Reforms, May 2, 1995, GGD-95-120.

<sup>111</sup>U.S. General Accounting Office. GPRA Performance Reports GAO/GGD-96-66R, also called Letter report B-270953.

<sup>112</sup>Testimony of Comptroller General before the Committee on Governmental Affairs, U.S. Senate and the Committee on Government Reform and Oversight, House of Representatives. Managing for Results: Achieving GPRA's Objectives Requires Strong Congressional Role, March 6, 1996. The full hearing was published as U.S. Congress. house. Committee on Government reform and Oversight and Senate. Committee on Governmental Affairs. Performance-based Government: Examining the Government Performance and Results Act of 1993. Joint Hearing. 104th Congress, 2nd session. March 6, 1996. Washington, U.S. Govt. Print. off., 1996, 74 p.

implementation, perhaps annually, during congressional hearings and the Comptroller General suggested questions that authorizations and appropriations committees could direct to agencies.

In addition, GAO has produced several congressionally requested studies, which also provide background information for federal agency staff on performance review experiences in other settings. The reports deal with State<sup>113</sup> and foreign government experiences<sup>114</sup> in managing and measuring results and improving the conduct and communication of program evaluation results to Congress.<sup>115</sup> GAO's submitted written testimony to the House Science Committee on "Managing for Results: Key Steps and Challenges in Implementing GPRA in Science Agencies," on July 10, 1996.<sup>116</sup> The agency is participating in briefings to congressional staff on GPRA, co-sponsored by the Congressional Institute, National Academy of Public Administration, and American Academy of Public Administration.

### ISSUE OF COST BENEFIT AND COST EFFECTIVENESS

The cost/effectiveness of GPRA implementation may warrant congressional attention. As noted above, the statute requires that federal agency staff themselves write the performance plans and reports mandated in the law, on the grounds that this is a governmental function. Such an admonition probably will save fiscal resources which might otherwise have been used to fund contractor reports. However, the legislation does not appear to preclude using extramural performers to develop evaluations and data. OMB has cautioned agencies against producing excessive bureaucracy and paperwork to comply with the law and current budget pressures may preclude agencies from spending large amounts of operating resources on the production of data or staff training.<sup>117</sup>

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<sup>113</sup>U.S. General Accounting Office. Managing for Results. State Experiences Provide Insights for Federal Management Reforms. Report to Congressional Requesters. GAO/GGD-95-22, B-258332. Dec. 1994.

<sup>114</sup>U.S. General Accounting Office. Managing for Results. Experiences Abroad Suggest Insights for Federal Management Reforms. Report to Congressional Requesters. GAO/GGD-95-120. May 1995. 76 p.

<sup>115</sup>U.S. General Accounting Office. Program Evaluation. Improving the Flow of Information to the Congress. Report to the Ranking Minority Member, Committee on Labor and Human Resources, U.S. Senate. GAO/PEMD-95-1. Jan. 1995. 84 p.

<sup>116</sup>Statement for the Record by L. Nye Stevens, Director, Federal Management and Workforce Issues, General Government Division; and Victor S. Rezendes, Director, Energy, Resources, and science Issues, Resources, Community, and Economic Development Division.

<sup>117</sup>OMB staffer Walter Groszyk wrote: "Agencies should not create a new GPRA bureaucracy. Agencies are admonished not to 'reinvent the wheel,' but to use and apply, to the extent appropriate, existing processes and products when developing the plans and reports required by GPRA. Plans and report are to be brief and concise. Hectares of

Yet OMB guidance, such as expressed Circular A-11, on the kinds of performance information needed, seems to imply collection of new kinds of information. It may be that requirements for evaluation and data gathering systems imply large up-front costs at the time of program inception and the initiation of GPRA implementation activities and that these may level off as time progresses. Often agencies overestimate the kind and amount of data needed to evaluate programs; GAO has cautioned agencies to be selective in using a few essential valid measures in evaluations and to work closely with congressional committees to design evaluation strategies. A recent GAO report, which reviewed selected program evaluations in the Departments of Education, Labor, and Health and Human Services, noted that agencies often present Congress with evaluation information that is "too difficult to digest, too highly aggregated, or received too late to be useful."<sup>118</sup> To avoid these problems, GAO recommended that, when designing evaluations, agencies consult with Congress to:

(1) select . . . and adapt . . . the descriptive and evaluative questions to be asked about a program in interim years and at reauthorization; (2) arrang[e] . . . explicitly to obtain timely oversight information in interim years as well as to receive results of evaluation studies at reauthorization; and (3) provid[e] . . . for increased communication with agency program and evaluation staff to help ensure that information needs are understood and that requests and reports are suitably framed and are updated as needs evolve.<sup>119</sup>

Pursuant to GPRA, the OPM, OMB, and GAO have underway interagency training efforts. In addition, private firms are offering conferences and training sessions for agency staff at costs ranging from about \$1000 to \$1600 per person. Such sessions, which are held largely for federal agency personnel, often are taught primarily by other federal agency personnel.<sup>120</sup>

GPRA does not authorize new funds to implement the law. OMB says that so far though November 1996, no agency has requested any "big ticket" increments to do GPRA work because to do so would imply agencies have not been managing well in the last 50 years. But, based on the experiences of other

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forest should not be cut to prepare voluminous piles of paper, and which only intimidate the prospective reader."(Groszyk, Walter, Office of Management and Budget. Implementation of the Government Performance and Results Act of 1993. Paper prepared for a November 1995 meeting convened by the OECD, op. cit.)

<sup>118</sup>GAO. Program Evaluation. Improving the Flow of Information to the Congress. Report to the Ranking Minority Member, Committee on Labor and Human Resources, U.S. Senate. GAO/PEMD-95-1. January 1995, p. 3.

<sup>119</sup>Ibid., p. 5.

<sup>120</sup>For instance, 70 percent of the speakers were to be from the government at a conference sponsored by the International Quality and Productivity Center, Little Falls, N.J., May 10, 11, 1995, entitled "How to Design and Implement Performance Measurement and Monitoring Systems in Government."

countries,<sup>121</sup> it is likely that in the future larger amounts of operating budgets will have to be devoted to GPRA as implementation proceeds, reducing funds for direct delivery of government services, and raising questions about the costs and benefits of implementing GPRA. Outcome measurement, which assesses whether government programs have achieved their objectives, is much more expensive than "process" information measurement, which counts the resources used to achieve an objective or the number of recipients of a service. But OMB appears to support agencies which seek to stop collecting some process information in favor of outcome information, thus possibly reducing costs.<sup>122</sup>

Discussions with program managers and OMB staff indicate that GPRA implementation is labor intensive and that some pilots and implementation design activities have required significant amounts of input and external evaluation work.<sup>123</sup> For instance, during 1995, NSF utilized "an independent evaluation contractor. . ." to conduct a "complete cycle of data gathering and analysis" using three goals specified for the Science and Technology Centers Pilot Project,<sup>124</sup> a \$25 million program. The entire study, which upon completion cost \$727,000, has been judged by an expert panel of the National Academy of Sciences as a costly and ineffective approach to evaluating research for the purposes of GPRA. Subsequently the NSF opted to use a less quantitative approach to measure the outcomes of its research investments. NSF deputy director Anne Peterson is reported to have remarked that "While it is useful to collect detailed information about such aspects of the program as the publication citation rates of scientists, the number of students trained, and the extent of industrial partnerships. . .GPRA requires agencies 'to look at the big picture.'" Apparently after this assessment, the NSF, according to a remark attributed to Peterson, concluded that "From now on, our GPRA reviews will

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<sup>121</sup>Agencies undoubtedly will face dilemmas as GPRA implementation proceeds. The recent GAO report on performance management in other countries (Canada, New Zealand, United Kingdom, and Australia) indicates that ". . . long-term investments in information systems and training were critical to the success of their efforts." It continued:

. . . The four governments found that managers need information systems to collect and report performance information, manage resources, and implement commercial reforms. The countries also found that they needed to invest in the training of staff so that they could meet new responsibilities for measuring performance, interpreting performance information, exercising spending flexibility, managing human resources, and operating in a more commercial environment.

(Managing for Results. Experiences Abroad Suggest Insights for Federal Management Reforms., op. cit., p. 6.)

<sup>122</sup>Personal communication, October 1996.

<sup>123</sup>Interviews, June 2, 6, 1995.

<sup>124</sup>Government Performance and Results Act Pilot Project Performance Plans, FY 1996. National Science Foundation.. Science and Technology Centers, p. 2.

be done in-house, through an expanded use of existing committees'. . . ,"<sup>125</sup> implying less utilization of outside contractors to collect data which may not provide the kind of overall assessment that might be developed more easily by scientific peers.

There is an estimate that the Army Research Laboratory (ARL), which is a GPRA pilot project, spent \$100,000 for production of its annual report (which is only one part of the documentation it released so far on GPRA).<sup>126</sup> The ARL, which has developed a multifaceted performance measurement system, recently signed a contract with the National Research Council to provide peer review of its program similar to the annual reviews NRC conducts for the National Institute of Standards and Technology (NIST).

OMB is required by Section 6 of P.L. 103-62 to report to Congress on the benefits, costs, and utility of the pilot project plans, and GAO is to report to Congress in June 1997, on the implementation of the act beyond the pilot projects (Sec. 9 of P.L. 103-62), including information about costs incurred. There may be a point at which investment in money and staff time may not be worth the outcome, especially given the reductions planned by Congress in agency programs and the fact that Congress already has identified many program cuts (or programs it intends to shift to the States) via rescission packages and budget action. On the other hand, it could be argued that costs required to implement GPRA are even more essential now, since GPRA will provide Congress with firm information about the relationship between program investments and outcomes--essential to help make reductions while continuing to provide essential government services as described in recent congressional budget resolutions.

## CONGRESSIONAL COMMITTEE ACTIVITIES DURING THE 104TH CONGRESS RELATING TO GPRA

During the 104th Congress, several hearings were held specifically on the subject of GPRA. The House Committee on Government Reform and Oversight and the Senate Committee on Governmental Affairs, held hearings on GPRA in 1995, which dealt with the status of activities,<sup>127</sup> and on March 6, 1996, which focused the act's conceptual foundation and heard from GAO reviewers and

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<sup>125</sup>Mervis, Jeffrey. Pilot Study Teaches NSF Costly Lesson. *Science*, v. 273, Sept. 6, 1996, pp. 1331-1332.

<sup>126</sup>According to Notes of 5th meeting, Research Performance Roundtable Notes, April 11, 1995. The documentation is: ARL. Performance Plan. Revised. Submitted to the Office of Management and Budget, Under the Government Performance and Results Act of 1993, December 1994, 39 p.; Army Research Laboratory, Annual Review, 1994-1995, 50 p.; and Army Research Laboratory. Strategic Plans for Fiscal Years 1996-2006, 22 p.

<sup>127</sup>Not yet published.

practitioners from local and state governments and Australia.<sup>128</sup> The House Science Committee held hearings in July 1996, on the subject of GPRA implementation in the science agencies.<sup>129</sup> A 1996 House Committee on Government Reform and Oversight report criticized several federal agencies for not making greater efforts to use GPRA-driven performance measurement in management and budgeting, including Department of Education,<sup>130</sup> EPA,<sup>131</sup> IRS,<sup>132</sup> Administration for Children and Families,<sup>133</sup> OPM,<sup>134</sup> and Social Security Administration (SSA).<sup>135</sup>

So far, it appears that there has been some, but not a concerted congressional involvement in the implementation of GPRA as the federal agencies take time to learn how to fulfill its mandates. Many committees, while seeking that agencies develop performance goals and measures, seem to be taking a hands-off approach as agencies develop the data and methods to implement the act. Nevertheless, a CRS analysis of excerpts from selected congressional reports (see Appendix I) indicates that a few congressional committees have requested agencies to get an early start on setting goals and using GPRA-inspired performance measures, even though the agencies are not required officially to deliver initial reports on goals and plans until the end of 1997.<sup>136</sup> For instance, the Treasury, Postal Service, and General Government Appropriations Subcommittee took a performance-oriented perspective during the FY1995 budget cycle. (See figure 3.)

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<sup>128</sup>U.S. Congress. House. Committee on Government Reform and Oversight. Senate. Committee on Governmental Affairs. Performance-Based Government: Examining the Government Performance and Results Act of 1993. Joint Hearing. March 6, 1996. 104th Congress, 2nd session. Washington, U.S. Govt. Print. Off., 1996, 74 p.

<sup>129</sup>U.S. Congress. House. Committee on Science. Civilian Science Agencies' implementation of the Government Performance and Results Act (GPRA). Hearing. July 10, 1996. 104th Congress, 2nd session. Washington, U.S. Govt. Print. Off., 1996, 361 p.

<sup>130</sup>U.S. Congress. House. Committee on Government Reform and Oversight. Federal Government Management: Examining Government Performance As We Near the Next Century. Eighteenth Report. House Report 104-861. U.S. Govt. Print. Off., 1996, p. 49.

<sup>131</sup>Ibid., p. 67.

<sup>132</sup>Ibid., p. 86.

<sup>133</sup>Ibid., p. 111.

<sup>134</sup>Ibid., p. 157.

<sup>135</sup>Ibid., p. 168.

<sup>136</sup>Illustrations of Committee Report Language in the 104th Congress Pertaining to Implementation of the Government Performance and Results Act, (GPRA), P.L. 103-62, Memo report prepared by Genevieve J. Knezo, Science Policy Research Division, Congressional Research Service, for the House Committee on Science, January 17, 1996, 65 pages.

The CRS analysis also indicates that some committees are interested in guiding how agencies establish goals and performance measures with regard to specific programs. Committee reports published during the first session of the 104th Congress illustrated a variety of references to GPRA or performance measurement, including:

- explicit requirements to comply with some aspect of GPRA implementation in the FY1997 budget and appropriations process;
- requirements to develop and use performance measures for program management or in connection with allocating resources and preparing budgets;
- congressional committee specification of the components of performance, including goals and measures in authorization and appropriations legislation;
- requirements to use performance measures in developing performance partnerships with the States (for distribution of performance-based funding awards); and
- recommendations relating to the composition of panels and groups which the law requires the agencies to consult in developing statements of strategic goals and plans.

During the second session of the 104th Congress committee reports:

- encouraged the Department of Health and Human Services to "implement GPRA as quickly as possible. In general, the Committee concurs with the Agency's efforts to set performance goals for its grantees and to measure outcomes against those goals."<sup>137</sup>

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<sup>137</sup>U.S. Congress. House. Committee on Appropriations. Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Bill, 1997. House Report 104-659.

**Figure 3. Performance-oriented Excerpts from Treasury, Postal Service and General Government Appropriations Subcommittee Report**

In the general statement, the Committee noted:

In its report last year, the Committee directed agencies under its jurisdiction to conduct a review of performance management as it is currently being used in their operations. The Committee is pleased with the results that have been achieved so far.

Performance measurement comprises four steps:

1. Establishing long-range goals related to program outcomes;
2. Identifying objectives in reaching long-range goals;
3. Devising quantifiable indices measuring progress in achieving desired outcomes; and
4. Holding individuals and organizations accountable for making progress toward those goals.

The agencies have had mixed progress in completing the four steps. Some, such as the federal Law Enforcement Training Center (FLETC), have followed them for years. Others, such as the Bureau of Alcohol, Tobacco, and Firearms, are just now identifying their long-term goals. Most have made some progress.

The U.S. Customs Service is notable for its progress. After year of neglect, it has markedly improved measurements for the effectiveness of its inspection program, collecting the most detailed and accurate compliance information in its history. Customs has even begun to successfully apply performance measurements to its law enforcement programs, a notoriously difficult areas in which to implement such measures, to improve field operations.

The Office of Personnel Management proposes using a different set of performance measures -- that of the federal marketplace. It intends to become less of a regulator and more of a partner with federal agencies. It will do so by selling its services. Examples of this may include developing standardized tests for applicants, improving screening processes for potential new hires, upgrading personnel information systems, revising pay classification systems, and others. success will be determined by the business generated with other agencies.

The Committee directs all of the agencies under its jurisdiction to continue implementation of performance measurement. The Committee will increasingly use the results of such efforts in determining its resource allocations.<sup>138</sup>

The Committee also made specific recommendations about performance measures in several agencies, including the Financial Crimes Enforcement Network, the Bureau of Alcohol, Tobacco, and Firearms, and the U.S. Customs Service. The Committee especially cited the Customs Service for the time and effort it devoted to developing and improving performance measures. In particular, it said, The best performance measure developed so far is the consolidated "Air Threat Indicator" used to estimate the number of unlawful incursions of private aircraft smuggling goods into the Untied States. The air-threat indicator is a composite of a number of quantitative measures:

<sup>138</sup>U.S. Congress. House. Committee on Appropriations. Treasury, Post Service, and General Government Appropriations Bills, 1995. 103d Congress, 2nd session., House Report 103-534. report to accompany H.R. 4539, May 26, 1994. p. 4-5.



Border Intrusion Reports (unidentified planes crossing the border);  
 Aircraft seizures (planes that were detained and found to contain illicit drugs);  
 Narcotics related air crashes, stolen aircraft; and  
 Aircraft lookouts (FAA notifications of plans involved in suspicious activity).

Customs developed a quarterly series of air-threat indicators showing the threat relative to 1982. These data show that the composite threat from air smuggling has decreased from a high of 109 percent in 1984 to 25 percent in 1993, . . . . over a 75 percent reduction in air smuggling attempts. This information is valuable because it measures actual changes to the outside environment, rather than just changes to Customs level of effort, which may or may not be effective. Although a direct link between Customs enforcement and reductions in air-threat cannot be proven in a scientific sense, these figures provide substantial evidence that air interdiction efforts have largely succeeded.<sup>139</sup>

The Committee report also commented favorably on other performance measurement efforts, especially multiple measures, in the Customs Service, including those relating staffing to enforcement and performance measures of commercial operations. The Committee required the "Customs Service [to] provide a progress report to both Committees on appropriations on its continuing efforts in performance measurement concurrent with the FY1996 budget."<sup>140</sup>

- noted the importance of effective compliance with GPRA to improve financial management and the "development of meaningful program performance budgets;"<sup>141</sup> to improve government management,<sup>142</sup>

- required GAO to conduct a study of EPA information management practices and their overall effectiveness in reducing paperwork requirements and to assess "whether existing and new information requirements are designed to support EPA's planning, budgeting, and accountability system that will implement GPRA,"<sup>143</sup>

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<sup>139</sup>Ibid., p. 20.

<sup>140</sup>Ibid., p. 21.

<sup>141</sup>U.S. Congress. Senate. Committee on Governmental Affairs. Federal Financial Management Improvement Act of 1996. Senate Report 104-339. Washington, U.S. Govt. Print. Off., 1996.

<sup>142</sup>U.S. Congress. House. Committee on Government Reform and Oversight. Federal Government Management: Examining Government Performance As We Near the Next Century. Eighteenth Report. House Report 104-861. 104th congress, 2nd session. Washington, U.S. Govt, Print. Off., 1996.

<sup>143</sup>U.S. Congress. House. Committee on Appropriations. Conference Report. Making Appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for Sundry Independent Agencies, Boards, Commissions, Corporations, and offices for the Fiscal Year Ending September 30, 1997, and for Other Purposes. House Report 104-812, 104th Congress, 2nd session. 1996.

- directed that IRS submit "a strategic plan and detailed performance measures. . .with the fiscal year 1998 budget request," which it said were consistent with the GPRA requirements;<sup>144</sup>

- cited the "strong performance measurement standards" adopted by the U.S. Mint and directed the "[Bureau of Engraving and Printing] BEP to submit, with the President's budget request, a report which details performance measurement standards which will be used by the BEP to justify its operating costs and staffing allocations;"<sup>145</sup>

- required the Defense Department to report to Congress on specific actions taken to link proposed performance measures to the planning, programming, and budgeting system of the DOD; to the life-cycle management processes of the department; and to the reporting requirements of GPRA, the Information Technology Management Reform Act, and other acts;<sup>146</sup> and

- required audits to be conducted by an independent auditor and to authorize audits of information on program performance which have been excluded by current law. The change is described as consistent with the objectives of GPRA.<sup>147</sup>

## ISSUES FOR THE 105TH CONGRESS

During 1997, agencies, as directed by the law, will interact closely with Congress as they: deliver some performance measurement information with FY 1998 budget requests, consult with Congress regarding strategic plans and performance measures, and prepare their strategic plans for delivery by September 30. In addition GAO, in May 1997, and OMB, in June 1997, will present Congress with reports respectively on GPRA pilot projects and proposed legislative changes, and agency readiness to begin full scale implementation. Given these "deliverables" the following issues, as discussed in this report, may warrant congressional attention.

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<sup>144</sup>U.S. Congress. House Committee on Appropriations. Treasury, Postal Service, and General Government Appropriations Bill, 1997, House Report 104-660, Washington, U.S.Govt. Print. Off., 1996. U.S. Congress. House. Making Omnibus Consolidated Appropriations for Fiscal Year 1997. House Report 104-863.

<sup>145</sup>U.S. Congress. House. Committee on Appropriations. Treasury, Post Service and General Government Appropriations Bill, 1997. House Report 104-660, 104th Congress, 2nd session, Washington, U.S. Govt. Print. Off., 1996.

<sup>146</sup>U.S. Congress. House. Committee on National Security. National Defense Authorization Act of 1997. House Report 104-724, 104th Congress, 2nd session, 1996, section 2504 of the act.

<sup>147</sup>U.S. Congress. House. Committee on Government Reform and Oversight. Single Audit Act Amendments of 1996; Report to Accompany H.R. 3184 Including Cost Estimate of the Congressional Budget Office. Report, House, 104th Congress, 2nd session, 104-607.

## Oversee Agency Compliance with Initial GPRA Implementation Activities as Agencies Consult With Congress on Strategic Plans and Performance Reporting Levels

P.L. 103-62 requires that agencies consult with Congress and solicit views of stakeholders in developing strategic planning documents, including statements of goals. As noted above, agency response to this requirement has varied considerably; some agencies have criticized OMB's lack of direction and it was not until November 12, 1996, that OMB issued a memorandum about preparing for and consulting with Congress and broadened the scope of consultations to include not only strategic plans, but also the development of performance measures.<sup>148</sup> GAO and OMB have stated that close congressional involvement is essential to ensure that the agencies develop goals, and annual plans, and measures that accord with Congress' views of the agency's functions. The types of committee interaction may vary. In order to facilitate discussions, the Congressional Institute issued a set of questions that congressional staff could ask agencies when reviewing their strategic plans. (See Appendix J.) Committees may seek to ensure that agency consultations with them are held and that agencies and committees reach agreement about strategic goals. Committees may also seek to determine if stakeholders views are being solicited and considered appropriately. After consultations, agencies are to present final plans to Congress (after OMB approval) by September 30, 1997.

The law gives agencies discretion to decide the level at which to develop goals, performance plans and reports. It states in section 4 (b) of P.L. 103-62: "(c) For the purpose of complying with this section, an agency may aggregate, disaggregate, or consolidate program activities, 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." OMB cautioned that:

Departments and agencies are strongly encouraged to submit a single department-wide or agency-wide plan. However, a department or agency with disparate functions may prepare several strategic plans for major components or programs. The number of separate plans submitted by an agency should be kept to a minimum. . . . An agency-wide strategic overview is prepared when more than one plan is submitted by an agency The overview links individual strategic plans by giving an overall statement of the agency's mission and goals.<sup>149</sup>

OMB says that not all programs and activities in a department need not be covered. Agencies should not merely bind together separate highly-specific

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<sup>148</sup>Congressional Consultations on the Implementation of the Government Performance and Results Act (GPRA). Memorandum for Heads of Executive Departments and Agencies. From Franklin D. Raines, Director, OMB. November 12, 1996, M-97-03.

<sup>149</sup>Section 200.7 of Circular No. A-11, Part 2, Preparation and Submission of Strategic Plans. OMB, September 1995. Reprinted from FedWorld.

plans. The information should be "fused" and "aggregated" into an agency-wide strategic plan or several plans.

Congress may seek to direct agencies to determine appropriate program levels at which agencies are to report and which outcomes should be measured. Agencies do not appear to be using consistent methods to determine performance reporting levels. Will these be at the account level, the program level, or the project level? If goals are set too broadly, it may be difficult to measure the performance of programs within them or to discriminate among different programs. Conceivably, any program might appear to be justifiable if goals are stated very broadly. It is possible that plans will include only measures that depict favorable changes that can be expected. Plans need to incorporate goals and measures that discriminate sufficiently to identify problems. Sufficient consensus needs to be generated between the executive and legislative branches about goals and performance measures to be used.

Additionally it has been recommended that "[T]ough-minded congressional committee chairmen could insist on preliminary GPRA documents now during their oversight hearings of government agencies. This would stimulate process-based organization and communication between the executive and legislative branches of government. Specification of expected results would add a rigorous dimension to the debate over the transfer of programs to the States, privatization or outsourcing."<sup>150</sup>

### **Recommendations to Expand Congressional Involvement in GPRA Implementation**

Proposals have been made to require more formal legislative involvement in statements of goals to ensure agreement between agencies and Congress. During hearings on March 6, 1996, Senator Fred Thompson suggested legislation to require Congress to specify agency goals and objectives more clearly. At the same hearing, Donald F. Kettl, Brookings Institution, suggested that authorizing committees and OMB should require agencies to specify strategic goals and monitor whether they are met. GAO recommended that congressional committees express continuous support to the agencies as they try to develop goals and measures in order to demonstrate interest in eventual utility of the new performance information.<sup>151</sup> In a minority report to the Concurrent Resolution on the Budget for fiscal year 1995, Republican Members recommended that Congress be more involved in "supervising" individual performance reviews and in allocating budgets:

Ideally, the federal government's actions in this field of performance reviews should be based upon an ongoing integration of both the legislative and the executive branches in both the assessment of such

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<sup>150</sup>Geoffrey Gardner. The Government Performance and Results Act: Why Wait? Federal Computer Week, January 8, 1996, p. 621.

<sup>151</sup>See GAO. Managing for Results. Critical Actions for Measuring Performance. Testimony, June 20, 1995, GAO/T-GGD/AIMD-95-187.

data and the subsequent budgetary reallocations of financial resources. Current legislation does not accomplish this ideal.<sup>152</sup>

The Comptroller General recommended that "congressional committees of jurisdiction. . .hold comprehensive oversight hearings -- annually or at least once during each Congress -- using a wide range of program and financial information."<sup>153</sup> He listed questions that Congress should ask agencies at oversight hearings--questions that would allow Congress to stress the importance of GPRA and which would generate information about the status of an agency's GPRA efforts. They are:

- How well is the agency ensuring outcomes?
- How are GPRA performance goals and information being used to describe the agency's daily operations?
- How is the agency using performance information to improve its effectiveness?
- What progress is the agency making in building the capacity necessary to implement GPRA?
- What steps is the agency taking to align its core business processes to support mission-related outcomes?

Also, early and close involvement of Congress in GPRA implementation might provide both the legislative and executive branches with a perspective on the costs and benefits of GPRA. Since action on congressional budget resolutions indicates that future federal budgets are set to decrease or increase at a slower pace than in the past to reduce budget deficits, and the GPRA legislation did not provide additional funds for implementation, the agencies need to determine the costs and sources of funds for the required data and reports. OMB cautioned agencies to minimize paperwork and reporting, but many agencies appear to believe it is necessary to develop elaborate performance monitoring data systems. Assessments of pilot projects and OMB reviews illustrate that GPRA may not be integrated into agency operations, but instead is being performed by "separate" GPRA staff. Committees may seek to oversee these activities.

The benefits of close congressional interaction as implementation proceeds include the development of precise plans, programs, and performance measures. The downside is political -- agencies often want goals to be vague to preserve their own interests and Members may want to avoid perceptions of congressional

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<sup>152</sup>House Budget Committee. Republican Caucus. The Republican Budget Initiative for Fiscal Year 1995. March 3, 1994. Appendix III, p. 4-5. In U.S. Congress. House. Committee on the Budget. Concurrent Resolution on the Budget --- Fiscal Year 1995. Report to Accompany H. Con. Res. 218, 103rd Congress, 2nd session. House Report 103-428, Mar. 8, 1994. Washington, U.S. Govt. Print. Off., 1994.

<sup>153</sup>Managing for Results: Achieving GPRA's Objectives Requires Strong Congressional Role. Statement of Charles A. Bowsher, Comptroller General of the United States. Testimony. March 6, 1996 before the Committee on Governmental Affairs, U.S. Senate and the Committee on Government Reform and Oversight House of Representatives. GAO/T-GGD-96-79, p. 7.

micro-management of an agency. Precise information about outputs and outcomes (if generated and interpreted accurately by agencies) may make decision-making more rational, but could, complicate the formation of political coalitions and consensus-building needed to make some legislative decisions. In addition, successful implementation of GPRA could imply a change in congressional earmarking practices, since agencies with whose projects are planned to meet strategic goals, may object more than in the past to diverting resources to congressionally-initiated projects.

### **Oversee OMB's Role in Guiding Performance Management**

The recent OMB reorganization gave responsibility to budget examiners to work with agencies to develop statements of strategic goals and measures. Changes made to OMB Circular A-11 in 1995 and 1996 required agencies to accelerate the timetable for providing OMB with performance information so that it could be used in preparing FY1997, FY1998, and FY 1999 budgets and specified the strategic planning requirements. Some agencies say that OMB appears to be taking a hands-off approach, probably in order to give agencies latitude to develop implementation procedures relevant to their missions. Some agencies believe OMB should give more guidance, and the House Committee on Government Reform and Oversight criticized OMB's slow pace in helping agencies to implement GPRA.<sup>154</sup> OMB has established joint committees in the executive branch to help agencies implement GPRA in cross-cutting functional areas. It has also made GPRA the subject of several budget reviews in an effort to work with agencies as they develop strategic goals and performance measures and begin consultations with Congress regarding planning and measurement. It has decided not to begin the required managerial waiver pilot projects and is seeking to postpone the performance budgeting pilots. Additional oversight may be needed to identify the basis for postponement of pilot projects, OMB's responsibilities in implementing GPRA, and clarification in its role.

### **Accelerate Congressional Involvement in Using Performance Information for Budgeting**

Accounting for performance and using performance data for budgeting may be two of the most complex and difficult hurdles to successful implementation of GPRA. Budgets do not now report data oriented to performance or outputs, but, instead, use data that refer to inputs, including personnel, program funding levels, new starts, and so forth. Accounting for performance requires that agencies not merely rename existing measurement and indicator systems, but that they generate outcome indicators which describe whether goals are being met. In addition to using output information for discrete program areas, accounting for performance often implies utilization of new data sets. Performance budgeting implies that some on-going programs unrelated to agency missions may be phased out, that agencies may need to realign management structures to support mission-related outcomes, or that agencies

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<sup>154</sup>U.S. Congress. House. Committee on Government Reform and Oversight. Federal Government Management: Examining Government Performance As We Near the Next Century. Eighteenth Report. House Report 104-861.

may need to realign personnel systems to link performance to personnel actions. (Some agencies believe that they need additional authority to modify personnel systems and to link accountability and personnel performance rating systems. The Brookings Institution is studying what a performance oriented civil service would look like.)<sup>155</sup>

Congressional use of GPRA information for budget decisions is not yet mandated, but is essential for successful implementation and requires development. "Agencies and OMB must link GPRA plans and reports to budget formulation and execution processes in a decisive way," according to an OMB staff member. He continued: "GPRA will be successful by disappearing! The transformation set in course by GPRA will be completed when agencies and managers carry out its principles and practices as every-day routine, and not because a law requires them to do so." But, he cautioned: "A lack of Congressional interest is likely to be fatal. What is not used eventually is no longer produced. If and how Congress will use GPRA plans and reports is a test to come."<sup>156</sup> GAO's conclusions are similar<sup>157</sup> and GAO also recommended close congressional monitoring to ensure these changes.<sup>158</sup>

OMB asked agencies to provide as much performance related information beginning with FY 1995 and subsequent budget submissions. A few agencies' performance information has been presented to Congress. NOAA, for instance, for FY 1997 presented dual budgets, one which divided the request into program activities and another which divided the budget according to strategic planning objectives, such as advanced short-term warning and forecast services (utilizing 59 percent of the budget) and building sustainable fisheries (16 percent of budget). Specific sub-goals were identified for each strategic goals and their budgetary resources were also identified.<sup>159</sup> NOAA plans to attach numerical values and increments to its goals and subgoals in its FY 1998 budget, for instance to increase lead time to issue flash flood warning from 27 minutes in 1997 to 30 minutes in 1998 and the accuracy of flash flood warning from 74 percent to 78 percent in FY 1998, assuming the NOAA budget request would be funded. Some of DOT programs have also attached values to performance goals; these can be related to budget increments, resulting in dollars/unit

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<sup>155</sup>Kettl, op. cit.

<sup>156</sup>Groszyk, Walter, Office of Management and Budget. Implementation of the Government Performance and Results Act of 1993. Paper prepared for a November 1995 meeting convened by the OECD, op. cit.

<sup>157</sup>See Managing for Results: Status of the Government Performance and Results Act. Testimony, June 27, 1995, by GAO (T-GGD-95-133).

<sup>158</sup>Testimony of Comptroller General before the Committee on Governmental Affairs, U.S. Senate and the Committee on Government Reform and Oversight, House of Representatives. Managing for Results: Achieving GPRA's Objectives Requires Strong Congressional Role, March 6, 1996.

<sup>159</sup>U.S. Department of Commerce. National Oceanic and Atmospheric Administration. A Changing Environment; NOAA's Budget Request for FY 1997.

improvements. More agencies are expected to provide Congress with performance-related information in FY 1998 budget requests.

The congressional authorization and appropriations committees, as well as the committees that deal with general government, may seek to monitor and evaluate the utility of performance information if it is presented with the FY 1998 budget, since several issues may need to be resolved as agencies move toward performance budgeting. For instance, if a program is not performing well, should program resources be increased or should the program be deemed a failure? In addition, Congress may want to follow the use of performance information in the Administrations's other budget initiatives, including its performance agreement requirements and performance partnerships.

Discussions may be warranted to determine if any agencies seek changes in congressionally designated budget account categories to allow them to comply with GPRA reporting requirements. Accounting for performance may require Congress to work with the agencies to develop realigned budget categories and data which reflect results and to integrate these results into funding decisions based on accountability. Some agency staff report that, when they have attempted to use performance information in budgets, authorizations and appropriations committees complained and demanded they use traditional line-item reporting categories.

In order to overcome these obstacles, both OMB and Congress may consider whether new budget-related performance measurement systems should be phased in slowly as both agencies and Congress reorient their modus operandi. Dual reporting systems or cross-walks may be required while agencies transform their management and budget structures to comply with GPRA. This may mean that two systems (the old and the new) will be used simultaneously for a period of time or that elaborate cross-walks be constructed. Added costs might be incurred for a few years, as these systems are phased in, but the alternatives are maintenance of the status quo or a precipitous change, which could be rejected.<sup>160</sup>

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<sup>160</sup>Additional recommendations appear in the Chief Financial Officers Report, *CFO Role in GPRA Implementation*, Available from FedWorld, posted July 26, 1995.



**APPENDIX A**

**List of GPRA Pilot Projects<sup>1</sup>**

**FIRST ROUND**

***UNITED STATES DEPARTMENT OF AGRICULTURE***

Animal and Plant Health Inspection Service; Agricultural Quarantine Inspection Program  
Office of Civil Rights Enforcement  
Office of Communications  
Cooperative Extension Service; selected national initiatives  
Farmers Home Administration; single family housing program  
Forest Service  
Soil Conservation Service; snow survey and water supply forecasting programs

***COMMERCE***

Information Dissemination: Census Bureau, Patent and Trademark Office, and National  
Technical Information Service  
National Oceanographic and Atmospheric Administration

***DEFENSE***

Defense Logistics Agency

***EDUCATION***

Office of Postsecondary Education: Student Financial Assistance Programs

***ENERGY***

Office of Environmental Restoration and Waste Management  
Office of Defense Program; non-nuclear component production  
Office of Energy Efficiency and Renewable Energy  
Morgantown Energy Technology Center

***HEALTH AND HUMAN SERVICES***

Social Security Administration  
Child Support Enforcement Program

***HOUSING AND URBAN DEVELOPMENT***

Office of the Chief Financial Officer: Department-wide Debt Collection

***INTERIOR***

Royalty Management Program Minerals Management Service North  
American Waterfowl Management Program, Fish and Wildlife Service

***JUSTICE***

Office of Debt Collection Management; Nationwide Central Intake Facility  
Federal Bureau of Prisons; Program Review Division  
Federal Bureau of Investigation; Organized Crime/Drug Program  
Federal Bureau of Investigation; Property Procurement and Management  
Federal Bureau of Investigation; National Name Check Program  
Federal Bureau of Investigation; DRUGFIRE Program

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<sup>1</sup>List of GPRA Performance Measurement Pilot Projects, prepared by OMB, Jan. 25, 1995. Downloaded from Results Library - Fedworld.

**LABOR**

Employment Training Administration; Economic Dislocation and Worker  
Adjustment Assistance and Trade Adjustment Assistance Programs  
Occupational Safety and Health Administration

**TRANSPORTATION**

United States Coast Guard; Marine Safety, Security, and Environmental  
Protection  
Federal Aviation Administration; Airway Facilities  
Federal Highway Administration; Federal Lands Highway Organization  
National Highway Traffic Safety Administration

**TREASURY**

Bureau of Engraving and Printing  
U.S. Customs Service; Office of Enforcement  
United States Mint  
Internal Revenue Service

**VETERANS AFFAIRS**

Veterans Benefit Administration; Loan Guaranty Operations  
Veterans Benefit Administration; New York Regional Office  
National Cemetery System

**FEDERAL COMMUNICATIONS COMMISSION**

Authorization of Service Function

**GENERAL SERVICES ADMINISTRATION**

Public Buildings Service; Real Estate Activities  
Information Resources Management Service; Procurement of micro-computer workstations  
and related software\* (\* designation subsequently withdrawn)

**MERIT SYSTEMS PROTECTION BOARD**

Adjudication and Alternative Dispute Resolution in Appellate Cases

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION**

Federal Records Center Program

**NATIONAL SCIENCE FOUNDATION**

High Performance Computing and Communication Program  
Science and Technology Centers  
Electronic Proposals  
Education and Training Program Evaluation\* (\* designation subsequently  
withdrawn)  
Specialized Research Facilities

**RAILROAD RETIREMENT BOARD**

Bureau of Survivor Benefits; Survivor Claims Processing

**SMALL BUSINESS ADMINISTRATION**

The entirety of the Small Business Administration is covered.

**TENNESSEE VALLEY AUTHORITY**

Water Management

**SECOND ROUND**

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Packers and Stockyards Administration; Scales and Weighing Operations

CRS-54

(Previously designated Soil and Conservation Service pilot expanded to cover all of Conservation Operations program.)

***DEFENSE***

Air Force Air Combat Command  
Army Research Laboratory  
Defense Commissary Agency  
Corps of Engineers' Civil Works Operation and Maintenance Program

***ENERGY***

Energy Information Administration  
Oak Ridge National Laboratory Technology Partnerships/Transfer Program

***HEALTH AND HUMAN SERVICES***

Food and Drug Administration; Prescription Drug Program

***INTERIOR***

Geological Survey; National Water Quality Assessment Program  
Bureau of Indian Affairs; Forestry and Ecosystem Restoration in the Pacific Northwest Program

***JUSTICE***

Weed and Seed Program; new sites

***STATE***

Bureau of Diplomatic Security; investigative functions  
Bureau of East Asian and Pacific Affairs; business and trade promotion

***AID***

Sustainable Development activities

***EPA***

Leaking Underground Storage Tank program

***FEMA***

Emergency Management Information Systems

***NATIONAL ENDOWMENT FOR THE HUMANITIES***

Office of Publications and Public Affairs

***OPM***

Retirement Adjudication Divisions

**THIRD ROUND**

***DEFENSE***

U.S. Army Audit Agency  
U.S. Navy; Atlantic Fleet Carrier Battle Group

***EPA***

Acid Rain Program  
Chesapeake Bay Program  
Environmental Technology Initiative  
Public Water Systems Supervision Program/Surface Water Treatment Rule  
Superfund Program

## APPENDIX B

**1994 GPRA Pilot Project Performance Plans [Assessment]  
(Excerpts)<sup>2</sup>**

OMB reported the following specific problems that appeared in its assessment of the first round of 1994 GPRA Pilot Project Performance Plans.

## Recurring Shortcomings

## Measurement by Verb

Some plans relied solely on transitive verbs (such as reduce, improve, maximize, develop, minimize) to define the performance to be achieved. When these verbs are unaccompanied by any numerical value -- neither a starting baseline nor end value -- and lack any supporting description of how performance would be measured, then they become inherently unmeasurable. A reprise (and consequence) of this type of goal-setting is likely to occur in the program performance reports, when actual performance is compared against goals in these FY1994 plans. For example, when a performance goal is defined only as to "improve productivity, a pilot project agency may have little future recourse other than reporting that "productivity improved. Such circular simplicity is not the performance measurement called for under GPRA. (Goals using transitive verbs as the means for measuring how performance changed can be valid goals, but the means for doing this measurement should be set out in the plan.)

## Inscrutable Goals

In several plans, goals were described using a lexicon fathomable only by a small group of individuals; i.e., plans written by insiders for insiders. Performance plans should have content readily understood by others both within and outside the agency.

## Missing Values

Numerous plans contained goals with a single quantitative value, e.g., reduce error rate by 10 percent. This is only slightly better than defining a goal using only a transitive verb. These goals are, in effect, equations containing but a single integer value. In the example, this goal should include at least one other value (such as the 1993 baseline rate), and preferably two (both the baseline and projected rate).

## Process versus Program

The substance of several plans (containing measurable goals) consisted mainly of steps being taken to carry out GPRA, or the process being followed in establishing future means for measuring performance. Regardless of how merited these activities may be, the core substance of a performance plan must be aligned with the principal purpose, functions, and operations of the designated pilot project program or organization.

## Minutiae

Some plans recorded too many secondary or ancillary activities. While these may be useful in helping program managers manage, a replication in 1997 of this level of detail will bury everyone beneath a blizzard of paper. While the pilot projects are given greater latitude in both length and amount of detail, future performance plans should be focussing on key goals and measures.

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<sup>2</sup>Source: OMB. Memorandum for Alice Rivlin, John Koskinen, From Walter Groszyk, Subject: Assessment of FY1994 GPRA Pilot Project Performance Plans, Ibid.

APPENDIX C

March 8, 1995

M-95-05

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES DESIGNATED  
AS PERFORMANCE MEASUREMENT PILOT PROJECTS UNDER  
P.L. 103-62

FROM: Alice M. Rivlin /s/  
Director

SUBJECT: Submission of FY 1996 Performance Plans for Pilot  
Projects under P.L. 103-62, the Government  
Performance and Results Act of 1993 (GPRA)

This memorandum covers the submission of performance plans for FY 1996, the concluding year of performance measurement pilots under the Government Performance and Results Act.

Two significant changes are being made to the guidance for the FY 1994 and 1995 plans. First, the annual performance plan is to be submitted in mid-April, some months before fiscal year 1996 begins. (Previously, the pilot plans were due either during or at the start of the fiscal year.) A mid-April date is being set for several reasons. By having pilots submit plans somewhat before the fiscal year begins, we move halfway toward the September date when agencies will be sending annual performance plans to OMB with their budget requests. This earlier submission will help in assessing how well the plans can be prepared in advance. The due date also coincides with the Spring Review on Program Performance, and the plans will be useful in determining the current and future availability of performance information. The second change allows agencies the option of submitting a plan revision later in 1995 that reflects Congressional action.

Two attachments to this memorandum have been prepared to assist your staff in developing these plans. With several changes, these are otherwise similar to those appended to the two previous OMB memoranda on pilot project performance plans. Attachment 1 sets forth basic information on the scope, content, and general format of the performance plan. Attachment 2 consists of questions which were raised regarding particular aspects of the performance plan as well as its review by OMB, and the answers to those questions. If you have any further questions on the pilot project performance plans, please call Walter Groszyk at (202) 395-6824 (or through an Internet message to [groszyk\\_w@al.eop.gov](mailto:groszyk_w@al.eop.gov)).

As this is the final submission of the pilot project performance plans, we ask that you particularly focus on how information is displayed -- both in format and style -- in these plans. As we define in the months ahead suitable templates for the FY 1999 plan submissions (which are due about 30 months from now), we continue to look for the better ways of presenting performance information. The GPRA pilot project plans are our best resource for developing these formats.

Let me again express how much the staff of OMB and I appreciate your agency's participation in these performance measurement pilot projects. This has been a valuable learning experience throughout the pilot agencies, and is helping to create a sound basis for the forthcoming phase of GPRA implementation government-wide.

Attachments

SUBMISSION OF PILOT PROJECT PERFORMANCE PLANS FOR  
FY1996

Submission Date

The plan should be sent to OMB by April 14, 1995. If a department or agency chooses to prepare a revision to this plan, the plan revision should be sent to OMB by September 30, 1995, or within 30 days of enactment of the department or agency's FY 1996 appropriations, whichever is later.

Plan Content

The basic content of an annual performance plan is defined in Section 4(b) of the Government Performance and Results Act. A plan contains the following elements:

- (1) one or more performance goals for the program activity (ies) covered by the pilot project
- (2) performance indicators that will be used in measuring outputs and outcomes
- (3) a description of the means to be used to verify and validate measured values
- (4) a brief description of the operational processes, skills, and technology, and the human, capital, information, or other resources required to meet the performance goals. (This description may be omitted for any operational or resource factor that has not changed significantly from fiscal year 1993 or 1994 levels.)
- (5) a description of the contribution (if any) made by non-Federal parties (e.g., consultants or contractors) in the preparation of the plan.

The performance goals and indicators should establish target levels of achievement for the programs and activities covered by the pilot project.

In choosing which goals and indicators to include in the plan, agencies should be guided by the following principles:

- o Goals and indicators should primarily be those used by program managers to determine how well a program or activity is doing in achieving its intended objectives.
- o Include measures that will be useful to agency heads and other stakeholders in framing an assessment of what the program or activity is accomplishing. (For pilot projects for which audited financial statements are also prepared, agencies should consider including in the plan performance measures from those statements. Agencies should also consider including any other publicly established standards of performance.)

Submission of A Plan Revision and Additional Content Therein

Congress allows agencies to revise an annual performance plan to reflect the significant effects of Congressional action on the achievement of performance goals. As the FY 1994 and FY 1995 pilot project performance plans were submitted either during or at the start of the fiscal year, this revision option was not feasible. Thus, the FY 1996 performance plan is the first plan submitted sufficiently in advance of the fiscal year to allow this option to be exercised.

An agency may elect to prepare and submit a plan revision. If a plan revision is prepared, it need only include changes from the plan submitted in April, and not replicate the complete content of the plan submitted in April.) A plan revision should include the following:

- o Adjustments made in the target levels of achievement (as expressed in the performance goals and/or indicators). The levels in both the April plan and the subsequent plan revision should be presented to show the adjustment.
- o Identification of any performance goals dropped from the April plan.

o A brief summary of the nature and scope of Congressional action(s) which significantly affected the April plan.

Plans should not be revised to reflect the consequences of factors or actions -- other than Congressional action -- that may have occurred since the April plan was prepared. (However, see also questions 2 and 7 in attachment 2 on revisions resulting from OMB review of the April plan, and describing the performance-related effects of managerial accountability and flexibility waivers, respectively.)

#### Waivers of Administrative Requirements and Controls

GPRA specifies that annual performance plans, beginning with FY 1999, are to include any requests for waivers of administrative procedural requirements and controls. These future-year plans are also to include endorsements of proposed waivers by those agencies (other than OMB) establishing the requirements. However, during the pilot project phase, requests for new waivers will be handled separately from the submission and review of performance plans. Agencies designated as pilot projects for managerial accountability and flexibility should not submit proposed waivers of administrative procedural requirements and controls for FY 1996 as part of their performance plan. (See also question 7 in attachment 2 on including the effects on performance resulting from approved waivers.)

#### Time-period Covered

The performance plan for fiscal year 1996 covers a 12 month period beginning on October 1, 1995 and ending on September 30, 1996. The measurement of actual performance compared to the target levels established in the performance goals and indicators should generally coincide with this 12 month period. (See also question 3 in attachment 2 on lags in obtaining actual performance data.)

#### Grouping of Goals, Indicators, and Related Information

To relate performance with spending, GPRA aligns the performance plans with the "Program by activities" listing appearing in the Program and Financing Schedules in the Budget Appendix. (Each listing usually contains from two to 10 or more specific projects or activities.) To make this alignment, the performance goals, performance indicators, and related descriptions or information should be grouped according to the relevant Program and Financing Schedule(s) for that pilot project. The relevant schedule(s) are those containing (either all or in part) the funding obligations for the individual programs and activities constituting the pilot project.

Many large-scale pilot projects will likely span several schedules, and the goals and indicators should be grouped and matched to the appropriate schedule. (See also question 4 in attachment 2.) If a small-scale pilot project cannot be identified in a "Program by activities" listing because it is embedded within a more sizeable program, please identify the specific project or activity in the listing that covers the pilot project.

For each grouping of goals and indicators, please provide the Appendix page number of the appropriate Program and Financing Schedule, as well as the Identification Code which appears just above the "Program by activities" heading in the schedule. Please use the Budget Appendix for FY 1996. (Agencies believing that the "Program by activities" listing should be revised can request changes to these listings. See Section 11.6 (c) of OMB Circular A-11.) For those pilot projects that are included in annual financial statements under the Chief Financial Officers Act, please provide the name of the reporting entity for which the statement is prepared.

#### Non-quantifiable Performance Goals

Quantifiable measures are preferred because of their objective nature. However, if a performance goal cannot be expressed in quantitative terms, GPRA allows OMB to authorize the agency to use an alternative, descriptive form of goal. GPRA defines one alternative form as containing separate descriptive statements of (1) a minimally effective program, and (2) a successful program with sufficient precision and in such terms that allow for an accurate, independent determination of whether the program's performance met the criteria of the description. Pilot project agencies may use this alternative form and include it in the FY 1996 performance plans, without advance OMB authorization.

GPRA also permits an agency to propose its own alternative form, provided that this form also is a description stated with sufficient precision and in such terms that would allow an accurate, independent determination to be made of whether the program's performance met the criteria of the description. There is no advance OMB authorization for an individualized alternative form. Pilot project agencies proposing to use an individualized alternative form should include this in the submitted plan. OMB authorization for the use of an individualized alternative form will be provided after its review of the submitted plan.

#### Strategic Plans

GPRA requires a strategic plan be used when preparing one or more of the performance plans during the pilot period. So that a notation can be made of which of the three annual pilot project plans satisfies this requirement, please indicate if a strategic plan was used for the FY 1996 plan. (Agencies should note that the strategic plan used for this purpose need not meet all specifications for the strategic plans required under GPRA to be submitted to OMB by September 30, 1997. Also, the strategic plan need only cover the pilot program or activity.)

### Attachment 2

#### Questions and Answers Regarding SUBMISSION OF PILOT PROJECT PERFORMANCE PLANS

**Q.1** Who should submit the agency's performance plan to OMB?

**A.1** The plan should be submitted by the head of the agency. However, at the agency's discretion, a plan may be submitted by a senior official (one who is appointed by the President and Senate-confirmed) having direct responsibility for the programs and activities covered in the plan.

**Q.2** After OMB reviews the FY 1996 performance plans, should agencies expect to revise these FY 1996 plans based on this review?

**A.2** Requested revisions of the FY 1996 performance plans will generally be confined to those plans where measurement of performance appears to be infeasible because of the lack of sufficient goals or indicators for accomplishing such. In these cases, OMB may request the agency to revise and re-submit its FY 1996 plan. (See also question 8 on withdrawing pilot project designations.) As this is the final submission of the pilot project performance plans, OMB's review and critique of the FY 1996 plans is being directed toward establishing a foundation for the performance plans being submitted in September 1997 as part of the agencies' FY 1999 budget request. (Previously, the critiques emphasized changes and improvements to be incorporated in the next year's pilot project plan.)

**Q.3** May an agency include a performance goal for which it will be unable to measure actual performance against that goal during the fiscal year 1996 time-period?

**A.3** Yes. There is often a substantial lag in obtaining actual performance data for a particular period. The Congressional committees, in their reports on this legislation, recognized this, and made allowances for such in the content of the annual program performance report. When a lag occurs, agencies should use the most current relevant data (even if it is several years old), and indicate, in the program performance report for FY 1996, approximately when the actual performance data for the October 1995/September 1996 time-period will be available.

**Q.4** If a pilot project is funded under several "Program and Financing Schedules", and the performance goals and indicators are mainly relevant for only one of these schedules, should the goals and indicators be arrayed against all the schedules?

**A.4** No, this is not necessary. Agencies should group performance goals and indicators against the schedule that is the main source of funding for the pilot project, and note only by Appendix page number and identification code the other schedules that provide partial funding for the pilot project. Also, several agencies have indicated it may be difficult to align every goal and indicator to a specific schedule. In such instances, these goals and indicators should be separately grouped together in the plan and note made of the reason for doing so.



**Q.5** How should a generic or agency-wide performance goal be included in the performance plan?

**A.5** If an agency's performance plan contains a generic performance goal (i.e., a goal applying to all programs and activities of an agency, and not just the pilot project), the goal should be categorized as such, and presented separately from the groupings of performance goals and indicators that are specific to the pilot project.

**Q.6** Should the FY 1996 performance plan indicate anticipated changes in performance goals or measurement in future years?

**A.6** This is at the discretion of the agency. Because the capacity to measure performance and set performance goals differs between and within agencies, the pilot project phase of GPRA was established to give agencies time for developing and improving this capacity. The quality and scope of the initial performance plans will be uneven. An agency's self-appraisal of limitations in its FY 1996 plan and an indication of how the FY 1999 plan will likely be changed will assist OMB significantly in its review and critique of the FY 1996 plans, and in the discussions on various performance initiatives (including GPRA implementation) to be held with the agencies during the Spring 1995 Program Performance Review.

**Q.7** How should the performance plans address changes in performance expected to occur as a result of waivers of administrative requirements given as part of a managerial accountability and flexibility pilot project?

**A.7** There is insufficient time between the April submission date for the FY 1996 performance plans and the approval of waiver requests for the managerial flexibility pilots to require that the effect(s) of these waivers be reflected in the FY 1996 plans. A performance measurement pilot project that is also designated as a managerial flexibility pilot has several options for addressing the anticipated changes in performance:

(1) Rely on the information provided in support of the waiver request as part of the managerial flexibility pilot project nomination. OMB would subsequently append this information to the performance plan. (Waiver-related performance information will be appended to the submitted FY 1995 performance plans, so that this can be covered -- to the extent feasible -- in the program performance reports for FY 1995.)

(2) If a revised FY 1996 performance plan is prepared, include in the revised plan the anticipated effects on performance from the approved waivers.

**Q.8** Can the designation of a pilot project end before FY 1997?

**A.8** Yes. While GPRA has no specific procedure to annul a designation, the number of designated agencies substantially exceed the ten required by the statute. Thus, OMB will consider withdrawing the designation of a pilot project that: (a) is unable to meet the GPRA requirement that a strategic plan be used in preparing the performance plan for at least one of the years of the pilot project; or, (b) is experiencing major difficulties in establishing and expressing performance goals in its plan, and is unlikely to overcome these difficulties in its FY 1996 plans. (Several pilot project designations were withdrawn in FY 1995.)

An agency seeking to withdraw the designation of a pilot project need not submit a performance plan for FY 1996 for the pilot project. A withdrawal request should be sent to OMB by April 14, 1995. Agencies considering withdrawal should discuss this in advance with the cognizant OMB program division staff. OMB may also initiate discussions with an agency on a possible withdrawal based on its review of the FY 1994 and FY 1995 plans.

APPENDIX D

**Spring Review on Program Performance, March 3, 1995, Excerpts**

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Alice M. Rivlin /s  
Director

SUBJECT: Spring Review on Program Performance, March 3, 1995

In preparing the FY1996 Budget OMB asked for increased program performance information as part of the ongoing effort throughout government to define programmatic goals, measure how well those goals are being achieved, and assess program effectiveness. Clearly, the public has a right to know as much as possible about the results obtained for the resources invested.

This year agencies should develop and include significantly greater amounts of performance information for key programs in their FY1997 budget requests to OMB. To increase the time we have to work together to identify useful performance information, we plan to conduct a Spring Review on Program Performance to discuss what is known about the actual performance of key programs, what is not known, and what performance information is needed and can reasonably be expected to be available for the FY1997 budget and appropriation processes.

The Spring Review will build upon Phase II of the National Performance Review (NPR). Under Phase II, each agency is being asked to identify its basic federal mission, its long-term objectives, and the major programs necessary to achieve those objectives. Working together during the Spring Review, OMB and the agencies will consider relevant performance information for each agency's key programs, including information obtained where available and appropriate from (a) the program's data system, (b) evaluation studies, (c) Government Performance and Results Act (GPRA) performance plans and program performance reports, (d) customer service standards, (e) performance measures in annual financial statements, (f) programs to be included in performance partnerships, and (g) agency performance agreements.

As a result of Spring Review, we expect to produce (a) an assessment of performance information in key program areas, (b) agreement between OMB and each agency about the specific performance information to be provided for key programs with the FY1997 budget submission, and (c) identification of actions that would improve performance in key program areas.

The attachments which follow explain the Spring Review on Program Performance in greater detail. They also suggest how the Review relates to Phase II, agency Performance Agreements, the GPRA, and "performance partnerships." The collective objective of these and other performance initiatives should be for each agency to present a clear picture of its goals, the links between these goals and how it spends its money and organizes its personnel, and the extent to which it accomplishes its goals.

Attachments

Attachment A

SPRING REVIEW ON PROGRAM PERFORMANCE

As NPR Phase II concludes in March, OMB will undertake a Spring Review on Program Performance focused on how to build more and better performance information into the FY1997 budget decision-making process. This attachment sets forth the structure and timing of the review. Attachment B describes how the Spring Review relates to several other performance initiatives. Attachment C identifies the information to be developed jointly by OMB and the agencies to a spring dialogue on performance. (OMB's Resource Management Offices will contact

the major agencies which need to prepare this exhibit). Attachment D is an example of a completed exhibit. Attachment E is a "Primer on Performance Measurement."

The following outline describes our current plans for the review:

1. Purpose -- Determine what is known about the actual performance of important programs, what is not known, and what performance information OMB and the Congress need and can reasonably expect to get for FY1997 budget and appropriations processes.
2. Focus -- Key" program areas for the FY1997 budget and appropriations processes. ("Key" programs will be determined jointly by the agency and OMB in March.)
3. Relationship with Phase II of Reinventing Government -- Build on each agency's Phase II decisions and identification of its basic federal mission, its long-term objectives, and key programs.
4. Inputs -- Agency and OMB assessment of performance information in key program areas:
  - What performance information is now available,
  - What performance information will be available for the FY1997 budget submission to OMB in September, and for the 1997 appropriations process.

Agencies outline goals, commitments and performance measures to be included in FY1996 Performance Agreements consistent with FY1996 budget proposal and the decisions made in NPR Phase II.

FY1996 GPRA performance plans for pilot projects submitted to OMB by April 14.

5. Products -- Guidance to individual agencies about the kinds of performance information to be included in the annual budget process.

Agreement between OMB and the agency on the specific program performance information to be provided for key programs with their FY1997 budget submission.

Identification of actions that would improve performance in key program areas.

Secondary products:

increased understanding about how the various performance-related initiatives such as performance agreements, customer service standards, implementation of GPRA, performance measures in financial statements, etc., can all be tied together;

interaction among agencies to explore performance measures that are consistent for comparable activities;

development of incentive structures to encourage improved performance; and

identification of topics for general guidance which could be addressed in Circular A-11.

6. Timing --

January-  
late March: National Performance Review Phase II.

February: OMB develops guidance on Spring Review.

March: RMOs agree with agencies on the key program groups as (including groups of related programs with the same objective) to be examined.

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Performance reports for FY1994 submitted for GPRA pilot projects.

- April: Agencies produce inputs identified in item 4 to Spring Review.
- late April-early May: RMO discussions with departments and agencies.
- May: Director's reviews for all major agencies with Director and Deputies. Reviews for all other agencies will be completed at the RMO level.
- May-September: Follow-up with agencies by RMO staff and Director, as appropriate.
- September: Agencies submit:  
  
FY1997 budget with performance information identified earlier, FY1996 Performance Agreements, and Preliminary set of GPRA performance measures (related to FY1999 performance plans).
- October-December: President and agency heads sign FY1996 Performance Agreements.
- January: President's Budget completed.

Attachment B (Not included)

Attachment C

RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS

DEPARTMENT OF \_\_\_\_\_  
KEY PROGRAM \_\_\_\_\_

1. Program and Policy Objectives:  
Outline the major long-term objectives for the program.
  - A.
  - B.
  - C.
  - D.
2. Performance measures that will be used in the FY1997 budget process to assess progress in achieving the objectives:
  - A.
  - B.
  - C.
  - D.

3. Summary of current program resources:

Programs	FY1996 budget estimates			
	FY1996		FY1997	
	BA	Outlays	BA	Outlays
Sub-program*				
Sub-program*				

\* (Disaggregate by subprogram or project if applicable. Budget estimates in millions of dollars)

4. Using the outcome of NPR Phase II as a base, discuss briefly:

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- a. What might be done to improve the performance of the program?
  - b. Are there laws or administrative controls that are obstacles to improved performance? Briefly describe the major impediments.
5. Use of program and financial data and information:
- a. Review the use of financial (budget and accounting) data, evaluation studies, Inspector General reports, and other information on performance of the program.
  - b. Who prepares the data and information? Is it timely and accurate? How might it be improved?
  - c. Is financial data available that compares all program costs with the objectives and performance measures that have been established? What changes in budget or accounting structure would be helpful?

**APPENDIX E**

**OMB Guidance About the Summer 1996 and Fall 1996 Budget Reviews**

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

### 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.

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.

APPENDIX F

March 22, 1996

M-96-18

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES DESIGNATED  
AS PERFORMANCE MEASUREMENT PILOT PROJECTS FOR FY 1995 UNDER P.L.  
103-62

FROM: Alice M. Rivlin /s/  
Director

SUBJECT: Submission of FY 1995 Program Performance Reports for Pilot Projects under  
P.L. 103-62, the Government Performance and Results Act of 1993 (GPRA)

This memorandum covers the submission of program performance reports for FY 1995 by the designated performance measurement pilot project agencies under the Government Performance and Results Act.

An attachment to this memorandum has been prepared to assist your staff in developing these reports. The attachment sets forth basic information on the scope and general content of the program performance report. This guidance is similar to that provided by OMB Memorandum 95-07 on the preparation and submission of pilot project program performance reports for FY 994. If you have any further questions on the pilot project program performance reports, please call your OMB Resource Management Office.

By separate cover, we will be providing the pilot project agencies with a copy of GAO's recently completed review of the FY 1994 program performance reports.

Your agency's continuing participation in these performance measurement pilot projects is appreciated.

Attachment

Attachment

SUBMISSION OF PILOT PROJECT PROGRAM PERFORMANCE REPORTS FOR FY 1995

Submission Date

The FY 1995 program performance report should be sent to OMB by March 31, 1996. (GPRA does not require agencies to send the pilot project program performance reports to the President or Congress.) The report may be submitted either by the agency head, or by a senior official (one who is appointed by the President and Senate-confirmed) having direct responsibility for the programs and activities covered in the report.

Report Content

The basic content of an annual program performance report is defined in Section 4(b) of the Government Performance and Results Act. For the individual pilot projects, the FY 1995 report should contain the following elements:

- (1) a comparison of the actual performance achieved with the performance level(s) specified for each performance goal and performance indicator in the annual performance plan;
- (2) if a performance goal was not met, an explanation of why the goal was not met, along with either:
  - (a) the plans and schedules for achieving the performance goal in the future, or
  - (b) a statement that the performance goal as established is impractical or infeasible, and expressing the agency's intention to modify or discontinue the goal.
- (3) the summary findings of any program evaluations completed during fiscal year 1995 and materially bearing on the program(s), activities, or organizational component covered by the pilot project;

(4) a description of the contribution (if this was significant) made by non-Federal parties (e.g., consultants, contractors, States, local governments, grantees) in the preparation of the report. This contribution can include the collection and reporting of performance data.

#### Report Format

No presentation format is prescribed. An agency with more than one pilot project may choose to submit a consolidated report covering all its pilot projects, or submit individual reports for each pilot.

#### Missing or Preliminary Performance Data

If actual FY 1995 performance data are not yet available for a performance goal or indicator, the report should note this, and indicate (by quarter and year) when FY 1995 performance data will be available. Similarly, if the FY 1995 performance data are preliminary, this should also be noted, along with an indication of when final data will be available.

#### Including Performance Data for FY 1994

GPRA program performance reports are to include performance trend data from previous years. For those pilot projects that prepared a FY 1994 performance plan and program performance report, the FY 1995 report should include data on the actual performance achieved in FY 1994 for those performance goals and indicators present in both the FY 1994 and 1995 performance plans.

#### Threshold for Explaining Non-Achievement

Explanations for why goals were not met are a distinctive feature of the program performance report, and a report will be judged as incomplete if these explanations are not included.

For the FY 1995 program performance reports, there is no hard and fast rule as to when the non-achievement of a performance goal or indicator warrants an explanation. Much depends on the preciseness with which a performance target was set forth in the goal or indicator, previous year performance trends, and the significance of the shortfall. Depending on the program, a one percent deviation between actual and planned might be trivial or critical.

A test for when to provide an explanation could be as follows. Include an explanation if:

- \* the manager(s) of the pilot project program, activity, or component shortfall were sufficiently concerned about actual performance levels to alert or inform senior agency officials about such and the implications thereof on overall program accomplishment; or
- \* the managers took or are taking substantive action(s) to address the shortfall in performance; or
- \* performance levels for future years are being adjusted downward to reflect actual FY 1995 performance levels.

If an agency wishes to defer providing an explanation where the performance data is preliminary, and (based on the experience of previous years) subject to significant correction, it may do so. The deferral should be noted in the report along with the future schedule for submitting an explanation, if such is still required. In these instances, agencies should submit the explanation whenever the final data becomes available, and not delay until the submission of a subsequent year's program performance report.

#### Use of an Annual Financial Statement

Agencies may choose to use their annual financial statement for FY 1995 as the program performance report for a pilot project. If a financial statement is used, the statement must cover the programs, activities, or components covered by the pilot project, and must include the specified content described above.

An agency using the FY 1995 financial statement as its program performance report should note such either in a covering memorandum, or in a separate letter to OMB.

When a financial statement is being used as the program performance report, the program performance information included within is subject to audit requirements for the statement.

## CRS-72

OMB Bulletin 93-06, "Audit Requirements for Federal Financial Statements," prescribes the limited procedures to be applied to performance information included in the financial statement.

### Time-period Covered

The program performance report should cover the entire fiscal year.

Appendix G

May 31, 1996

M-96-22  
Supplement 1

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Alice M. Rivlin /s/

SUBJECT: Information on OMB's Summer and Fall Reviews on the Government Performance and Results Act (GPRA)

OMB Memorandum 96-22 (on implementation of GPRA) stated that as questions on the Summer and Fall Reviews emerged and answers were developed, these would be shared with OMB staff and the agencies. Attachment 2 of that memorandum contained a small initial set of questions and answers.

The appended set of questions and answers mainly arose from the series of meetings held with OMB staff on these reviews. Your agency's staff may find these helpful in their own review preparation efforts.

Attachment

Attachment

ADDITIONAL QUESTIONS ON SUMMER AND FALL REVIEW

This set of questions and answers are grouped as follows:

- I. Summer Review
  - A. Policies and Content
  - B. Process
- II. Fall Review
  - A. Policies and Content
  - B. Process
- III. Common to Summer and Fall Review

I. SUMMER REVIEW

A. Policies and Content

1. Both the FY 1996 and the FY 1997 Budgets have included outyear estimates reflecting overall spending targets which, for most agencies, were not the result of specific program-by-program decisions. How closely must the strategic plan track outyear budget estimates in any year, but especially in the current environment?

A strategic plan should indicate the broad direction in which the agency plans to go. It is a comprehensive vision of the agency's mission, goals and objectives over a several year period. Agency strategic plans should be consistent with, and not contradictory to, Presidential policies, priorities and approved resource levels. Given their nature, however, such plans need not describe particular annual activities related to specific dollar amounts in all cases.

A plan might say that the pace at which it moves may be dictated by the resources available, but absent special circumstances, it should not be related directly to outyear numbers. Regardless of the outyear budget projections, agencies should examine all programs closely, assign

priorities among programs, and decide which programs fit within the context of their strategic plan. In the course of developing their plans, agencies may find it helpful to determine what their goals, priorities and programs would be using varying assumptions about outyear resource levels.

2. What prevents an agency from setting unrealistic goals based on unrealistic resource assumptions, or using the strategic plan as leverage to bargain for more resources?

Strategic plans should reflect approved resource levels. The key is early discussion and agreement between OMB and the agency to ensure that the strategic plan is consistent with outyear resource estimates and Presidential policies. If a proposed final plan that is inconsistent with such estimates or policies is received for review, OMB and the agency must work together to arrive at a satisfactory plan prior to its transmittal.

3. Should general goals be established in the strategic plan for mandatory entitlement programs?

Yes. Mandatory entitlement programs have a purpose, usually statutorily-defined, which should be the basis for establishing the goal(s). These goals and measures should be developed in much the same way as for discretionary programs.

4. How are customer service, procurement reform, human resources planning, information technology, and other initiatives tied into the strategic planning process?

A required element in GPRA strategic plans is a description of how the general goals and objectives will be achieved, covering the operational processes, skills, and technology, and the human, capital, information, and other resources that are necessary to meet the goals. This description should reference (and elaborate on as necessary) how these various initiatives will be used and applied by the agency in achieving its goals.

The strategic plans also should include goals and objectives, such as customer service standards, which are an important aspect of agency programs and activities.

Goals and objectives for these reforms and initiatives will be more important in some agencies than in others, and the plans should reflect this accordingly.

## SUMMER REVIEW

### B. Process

5. How does OMB assure that Administration goals and priorities are appropriately reflected in the strategic plan, and how should this be done?

The agency and OMB are responsible for assuring that the plan is consistent with Administration goals and priorities. Through ongoing oversight and interaction with the agency as the plan is being developed, potential conflicts with Administration goals and priorities can be eliminated. Timely intervention will also help avoid having plans submitted for interagency clearance (near the end of the process) which contain goals at odds with national and/or Administration policy.

The interagency clearance process gives OMB and other agencies an opportunity to assure plan consistency with national policies and Presidential goals.

6. What are agencies expected to provide OMB as part of Summer Review?

OMB Memorandum 96-22 specifies the material agencies should provide at a minimum. This material should present a snapshot of where they are, what they have done to date, the expected timing for plan completion, and any problems or difficulties the agency is encountering in developing its plan, including cross-agency coordination issues for multi-agency programs and functions.

7. Will there be other material provided as part of Summer Review to help in assessing the status and progress of the agencies?

Yes. A set of questions will be prepared and distributed to examiners and the agencies in advance. Each RMO can use these questions to begin discussions with each agency as part of the Summer Review, and they may also be used to frame the assessment of agency status and progress during the July portion of the review.

8. How are cross-agency or broad thematic goals to be developed, and what is OMB's role in this?

GPRA contains no provision for a government-wide strategic plan. The President's budget is the document that most closely approaches such a plan with broad thematic goals.

The strategic planning guidance (Part 2 of A-11) anticipated the need for inter-agency coordination on goals and measures for cross-cutting programs and functions. The purpose of this coordination is to assure that goals among the agencies are consistent and synchronized. The guidance specifies that agencies first try and effect this coordination among themselves. Several inter-agency task groups (some with OMB participation or leadership) have been organized to provide this coordination and develop cross-agency goals for particular areas, e.g., trade promotion, credit. If agencies are unable to coordinate or reach agreement on cross-cutting goals, agencies should contact OMB so that both lead responsibility and a process for setting cross-agency goals can be established.

As part of the Summer Review discussions, agencies should relate how any necessary cross-agency coordination is being carried out, and any significant problems or difficulties in doing so should be identified.

OMB can help the agencies by taking a pro-active role by facilitating the exchange and sharing of performance-related information between agencies with similar functions, or which are mutually working toward the achievement of cross-agency goals.

9. Is there any preferred organization within an agency to lead strategic plan development?

The statute states that the agency head is responsible for carrying out GPRA. Agencies have flexibility in assigning specific responsibilities to various offices or individuals.

An agency should generally rely on the skills and expertise of its current staff and organizational units, and not establish whole new offices or "GPRA bureaucracies" simply to meet GPRA requirements. All parts of an agency, for example, the Chief Financial Officer's office, a policy, planning, and evaluation office, will be involved in GPRA implementation, and an agency should draw on these parts when coordinating and integrating its effort. Agencies may also wish to take into consideration the fact that strategic and performance-related processes will contribute significantly to the budget formulation process.

10. How does a department integrate separate and disparate components or programs into its strategic plan?

Part 2 to Circular A-11 describes how this might be done. (See Section 207 (a).) Simplistic compilations of individual component plans should be avoided. The most effective way for precluding such a compilation is to gain an early understanding of the process being used to develop the plan, how intra-agency coordination will be addressed, and the role and responsibility of various agency offices in developing the plan. Summer Review will be a good opportunity to gain this understanding, and to ensure that submitted plans, in totality, reflect the overall mission of the agency.

## II. FALL REVIEW



## A. Policies and Content

## 11. How does OMB 'approve' annual performance plans?

Circular A-11 will be revised to provide instructions on the preparation, submission, and review of the annual performance plans. Annual performance plans are reviewed by OMB during the Fall Budget Review. OMB's review of these plans will be an on-going and interactive feature of the budget process. OMB will use the plans to inform the budget process. So too, agencies will revise their annual performance plans to reflect budget decisions. These revised plans are used by OMB in preparing the government-wide performance plan that is part of the President's budget.

## 12. Should different agencies with similar programs use the same performance measures?

The same or similar performance measures are likely to appear in the annual plans of different agencies in a number of areas:

(a) where interagency task groups have defined cross-cutting performance goals for a particular program or function;

(b) many agencies are including a like measure, such as unit cost;

(c) particular measures for a function or activity are well-accepted and in widespread use in government and/or business;

(d) where programs in different agencies share the same purpose (e.g., reduce drug abuse).

Agencies which are benchmarking are likely to use the same measures as other agencies. Through sources such as the case studies and exemplars, agencies could also decide to adopt measures successfully being used in other agencies.

## B. Process

## 13. Will there be further information provided to help guide the conduct of the performance-related aspects of Fall Review?

There will be information provided (both case studies and exemplars) as well as keys to look for when reviewing the agency material. The case studies, for example, are currently being developed.

## 14. How will GPRA-required plans and activities be integrated into the budget process?

GPRA plans will be integrated into the budget process. The integration is likely to occur in phases. For the long-term, both OMB and the agencies are beginning to examine various approaches that would fuse the budget requests and the performance plans (and several reports) into a single stream of documents that would appear in different iterations over the course of a year. This single document stream could sequentially encompass the agency Fall budget request, the President's budget and agency budget justifications, and agency operating plans. (Agency operating plans are usually developed near the start of the fiscal year, are the working plan that will be used in managing programs and activities, and reflect the effects of Congressional action on the budget request.)

In the interim, integration will be achieved in several ways:

(a) The annual performance plans will be reviewed concurrently with the agency's budget request, and be an integral part of the budget decision. Changes to the request may require changes to the annual performance goals (targets) in the plan.

(b) The annual performance plans will form the basis for the government-wide performance plan, which is to be a part of the President's Budget, beginning with FY 1999.

(c) As revised by the Fall budget process, the agency performance plans are concurrently provided to Congress with the President's budget. These are likely to supplant, supplement, or become an integral part of the agency budget justifications.

15. Should there be only one performance plan in those agencies which provide more than a single budget request to OMB and/or Congress?

The performance plan must closely parallel the budget request. To the extent that major agency components or programs provide OMB with individual budget requests, a corresponding performance plan should also be provided. An agency-wide request integrating the component or program budget requests should also be mirrored with agency-wide performance goals. For those agencies whose budget requests are acted on by several appropriations subcommittees, the particular budget request to a subcommittee may also result in a segmented performance plan being presented to that subcommittee.

16. What is the appropriate role of the IGs in agency GPRA implementation? What should be done if IGs independently attempt to set performance goals for programs, and begin assessing agency or grantee performance against these goals?

The suggested roles of the IGs in GPRA implementation are currently being explored by the President's Council on Integrity and Efficiency. While GPRA assigns no particular role to the IGs, they may, in many instances, have a significant responsibility in examining the underlying systems that verify and validate the measured values. Such an examination would be done to support the general accuracy and reliability of information contained in the annual program performance report.

GPRA conveys no authority on the IGs to set performance goals for programs other than their own. Independently of GPRA, IGs may set any standards or goals that they find useful. However, agency managers, not IGs, should set agency performance goals under GPRA.

17. How are customer service, procurement reform, human resources planning, information technology, and other initiatives tied into the annual performance plans?

There are several ways this can be done. First, appropriate annual performance goals can be included where initiatives in areas such as customer service standards, etc., are significant to a program or will impact agency functions in a major way. In several areas, already-specified standards may exist, such as those associated with the cost, schedule, and performance standards for a major procurement and these can be included. Second, the annual plans are to contain brief descriptions of the operational processes, skills, and technology, and the human, capital, information, or other resources that will be required to meet the performance goals. Initiatives such as those listed above could be included in this description.

Efforts are also underway to consolidate and integrate further various performance-related plans and reports. This may lead to these initiatives becoming even more closely meshed in the future.

### III. BOTH SUMMER AND FALL REVIEW

18. What are the appropriate types of goals for programs and agencies who primarily transfer Federal funds to other entities (such as countries, states, grantees, etc.) and who administer and operate the programs?

The goals established for these programs will relate to the program's purpose, which is the same as for any other program. Agencies generally control how these programs are carried out, so performance goals will be just as necessary as for other programs. Agencies may note their reliance on non-Federal agencies and organizations in helping to achieve the program goals.

In some areas, Federal agencies are moving to performance partnerships to define both program goals and the responsibilities of the various partners in achieving these goals. (See OMB Memorandum 95-08, March 28, 1995, on performance partnerships.) These partnerships can be

an effective way to define goals and responsibilities between the Federal agency, States, and local governments.

19. What incentives are there for agencies that do well?

The primary incentive for an agency will come from their demonstrating the value and effectiveness of their programs to the President and OMB, Congress, and the public. In an era of tight or diminishing resources, this can have the salutary effect of maintaining or even improving a program's relative position compared to others.

Agencies (and those relying on a program) can also benefit from increased program effectiveness, and more efficient operations can increase the amount of funds that are directly available for meeting program goals.

Another incentive is that agencies performing well may be given greater flexibility in managing their programs. GPRA allows agencies to have more managerial flexibility in exchange for greater accountability for program performance.

20. What sort of goals can be developed for functions and activities that do not lend themselves to quantitative measurement?

For the annual performance plans, GPRA establishes a process in which OMB can authorize an agency to use non-quantitative performance goals and measures. An alternative form of measurement specified in the Act is that of 'separate descriptive statements of a minimally effective program and a successful program'. GPRA also allows other alternative forms to be authorized by OMB.

21. How do agencies whose main responsibility is emergency or contingency response set goals and measures for such a mission?

Goals for such programs could reflect agency readiness to respond to emergencies or contingencies, and the agency's overall response capacity, e.g., a stand-by capability for disasters up to a certain size, or the number of emergencies that can be responded to concurrently. Agencies could also have goals for preventive activities, or steps taken in advance to minimize potential disaster impact.

When emergencies or contingencies occur, the annual program performance report can assess the actual response (e.g. level and extent of services or assistance provided, or the effect of providing those services) to the readiness and capacity levels described in the plan.

22. How does one overcome situations where the strategic plan's general goals and objectives are fundamentally different from the set of performance measures currently used by an agency, or, over time, the annual performance goals are no longer related to the general goals?

Where fundamental differences exist, either the general goals or the set of measures must be changed.

The need for change is best identified during the strategic planning process, when the agency is required to describe the relationship between the strategic plan's long-term general goals and the performance goals in the annual performance plan. As the annual performance goals mostly represent one year's incremental progress toward achieving the general goals, agencies unable to show this linkage will find it impossible to describe how a determination will be made of whether the general goals are being achieved.

If the goals in subsequent annual performance plan are not consistent with the long-term general goals in the strategic plan, several steps can be taken: (1) the agency can change the annual performance goals (as a result of OMB's review of the annual plan) so that these correspond to the general goals and objectives; (2) an agency can make limited changes in the strategic plan's general goals and objectives, and use the annual performance to describe and

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provide notice of the changes; (3) the agency can revise the strategic plan as part of or before the required three year update cycle.

**Appendix H**

September 9, 1996

M-96-22  
Supplement 2

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

**FROM:** Jacob J. Lew /s/  
Acting Director

**SUBJECT:** Information on Performance Aspects for Fall Review

This memorandum provides additional information (Attachment 1) on the performance aspects of Fall Review. A focus of Fall Review will be the performance goals and indicators that agencies propose to include in the annual performance plans required by the Government Performance and Results Act (GPRA).

Previously, OMB Memorandum 96-22 (April 11, 1996) and Supplement 1 to Memorandum 96-22 (May 31, 1996) described efforts OMB will take this year to help agencies prepare to meet the requirements of GPRA. The main government-wide efforts are a Summer Review (now completed) on agency strategic plans, and a Fall Review. Excerpts from an attachment to Memorandum 96-22, which contains specific information on the timing of Fall Review and the agency material to be provided to OMB, are also appended (Attachment 2).

Your staff should contact your OMB Resource Management Office for any specific questions or instructions on the timing and content of material for the performance aspects of Fall Review.

OMB has begun to draft guidance on the preparation and submission of the annual performance plans required by GPRA. Preparation of this guidance will be a collaborative effort with the agencies, and we welcome your agency's participation. Agencies wishing to participate should contact Walter Groszyk by e-mail ([groszyk\\_w@a1.eop.gov](mailto:groszyk_w@a1.eop.gov)) or FAX (202 395-5177) and indicate interest in receiving draft material and/or being part of an interagency work group.

**Attachments**

**Attachment 1**

**SUPPLEMENT 2. ADDITIONAL INFORMATION ON PERFORMANCE ASPECTS OF FALL REVIEW**

**Note:** This supplement is for those agencies subject to the GPRA requirement for preparing and submitting an annual performance plan for FY 1999.

1. **Relationship between Strategic Plan and Annual Performance Plan.** In a strategic plan, the mission statement presents the main purposes for all the major functions and operations of an agency. The general goals and objectives -- whether programmatic, policy, or management -- develop with greater specificity how an agency will carry out its mission. The annual performance goals and indicators are derivative of these general goals and objectives. The annual goals and indicators define the expected progress, often incremental, in achieving the long-term general goals.

An emphasis in Summer Review was on how agencies intended to link the general goals and objectives in a strategic plan to the performance goals and indicators in the annual performance plan. As many agencies have yet to describe the relationship between these two sets of goals, the Fall Review will also focus on this element. Some agencies may wish to revise their draft general goals and objectives to bring about this linkage, and should provide OMB with any revision of their general goals during the course of Fall Review. Agencies may also consider

defining intermediate outcomes or sub-goals and objectives in their strategic plan, using these to help establish this link, while building a hierarchical pyramid of goals.

2. **Performance Goals and Indicators.** While the annual performance goals will predominately tie to the general goals and objectives, agencies can include annual goals for the programs and activities which are not encompassed within the general goals and objectives. Agencies should note that the strategic plan must cover only the major functions and operations of the agency, while the annual performance plan must cover every program activity, although the performance data for these activities may be consolidated or aggregated. (GPRA defines a program activity as a specific activity or project listed in the program and financing schedules of the annual budget of the United States Government.)

Agencies may also define annual performance goals for supporting efforts and initiatives including changes in processes, significant investments in facilities or equipment, cooperative steps with non-Federal governments, benchmarking efforts to achieve world class systems (e.g., procurement performance measures referenced in OMB Memorandum 96-25), and regulatory actions -- where these represent means and approaches being used to achieve the general goals and objectives.

Annual performance goals and indicators should, where appropriate, also reflect agency initiatives to set customer service standards, undertake administrative reforms, or bring about agency-wide change.

3. **Alternative Forms of Setting Performance Goals.** Performance goals should be objective, quantifiable, and measurable. When it is not feasible to express performance goals in such a manner, GPRA allows OMB to authorize agencies to use an alternative form of measurement, which is described below.

As part of Fall Review, agencies may propose an alternative form of setting goals for a particular program activity. The alternative form should be consistent with the specifications in . . . 1115(b) of GPRA. This section states that the alternative form shall include separate descriptive statements of a minimally effective program and a successful program with sufficient precision to allow for an accurate, independent determination of whether the actual performance meets the criteria of the description. Agencies may also propose other alternative forms, or state why it is infeasible or impractical to express a performance goal in any form.

During Fall Review, OMB will review and discuss these proposals with the agency.

4. **Possible Discussion Topics.** Agencies should anticipate that OMB staff may include the following areas of inquiry during the performance aspect of Fall Review:

- where accountability will rest within the agency for achieving each of the proposed performance goals and indicators.

- the nature and scope of agency program managers' participation in, and agreement with, the proposed goals and indicators.

- the extent to which the agency currently measures the performance of the proposed goals and indicators, and the existence, reliability, and extent of baseline or trend data.

- the agency's future ability to measure performance of the proposed goals and indicators.

- the reliance on entities outside the agency (e.g., states) to achieve the goals, or measure and report on performance.

5. **Format.** No display format is being prescribed for the agency material being submitted for the Performance Aspects of Fall Review. Agencies are encouraged to test various styles and modes for presenting performance information, and may wish to discuss style or format concepts with their Resource Management Office. These concepts should anticipate future Congressional needs,

as the annual performance plan will complement or supplant the agency justification of estimates to Congress.

6. Consolidation, Aggregation, and Disaggregation. GPRA requires that an annual performance plan cover each program activity set forth in the budget for an agency. Agencies are allowed to consolidate, aggregate, or disaggregate performance data for program activities to help in the presentation of informative, useful, and concise plans. In a consolidation, a single set of performance goals and indicators encompasses two or more program and financing schedules. Aggregation occurs when performance goals and indicators are applied-in-common to several or all of the program activities listed in a single program and financing schedule. Individual program activities are broken out into more discrete units in a disaggregation, and the performance data is developed and displayed for these units.

Agencies should identify the specific program and financing schedules in the budget that would be affected by a consolidation, aggregation, or disaggregation. (Aggregation in this instance applies solely to these schedules.) This identification should match individual performance goals and indicators to their associated budget accounts.

7. Restructuring of Budget Accounts. Consolidation, aggregation, or disaggregation of performance data does not automatically introduce a corresponding change to the set of agency budget accounts, or to the list of projects and activities in a program and financing schedule. Agencies wishing to change their account structure, or modify program activity listings in their program and financing schedules to better align these with programs and thematic performance goals are encouraged to propose this as part of Fall Review. Agencies may also propose to shift financing for the resources needed to achieve program goals to these program accounts and bring about a better connection of resources to results. Proposing agencies should also describe their plans and schedules for any consultation with appropriate Congressional committees regarding these changes.

While proposals for account realignment will be considered during Fall Review, agencies should continue using the current account structure when matching the proposed performance goals and indicators to program and financing schedules. Agencies should also note provisions in OMB Circular No. A-11, particularly sections 11.5 and 11.6, regarding budget accounts.,

8. Classified Annex. Agencies intending to prepare a classified or non-public annex to their annual performance plan should contact their Resource Management Office to discuss the programs and activities (or parts thereof) to be covered in such an annex, and the types of performance goals and indicators that would be included therein.

Note: Attachment 2 is not provided with this document. The referenced attachment may be found in the file for OMB Memorandum 96-22.

## APPENDIX I

**Excerpts from CRS Memo Report "Illustrations of Committee Report Language in the 104th Congress Pertaining to Implementation of the Government Performance and Results Act," (GPRA), P.L. 103-62, prepared by Genevieve J. Knezo, Science Policy Research Division, for the House Committee on Science, January 17, 1996**

We are providing this information in response to your request for a listing and summary of . . . approaches . . . taken . . . in the 104th Congress to require agency compliance with performance measurement and the provisions of the Government Performance and Results Act (GPRA), P.L. 103-62, in authorizations and appropriations legislative reports. . . .

The material in the memo is only illustrative of the kinds of requirements included in congressional reports of the 104th Congress, since we did not research all reports published so far. The appendix to [the original memo to the committee] contains complete excerpts from which the quotations in this memo are taken. We did not include page numbers because they were not given in the Government Printing Office electronic database used in our research. [GPO Access database, available electronically at (<http://www.access.gpo.gov>.)

. . . The material in this list shows that many congressional committees are not only familiar with GPRA, but are using its principles and requirements in oversight and budget analysis now, even though GPRA does not require the agencies officially to prepare and deliver initial reports on goals and plans to OMB until the end of 1997. . . . This list also indicates that some committees are keenly interested in guiding important aspects of how agencies establish goals and performance measures with regard to specific programs. This may derive from the current enthusiasm about performance review generally, or may indicate the pervasive influence of GPRA, even though the law may not have been mentioned in the legislative report.

The committee reports examined illustrate a wide and extensive variety of references to GPRA or performance measurement in congressional committee reports, including

- explicit requirements to comply with some aspect of GPRA implementation in the FY1997 budget and appropriations process,
- requirements to develop and use performance measures for program management or in connection with allocating resources and preparing budgets,
- congressional committee specification of the components of performance, including goals and measures in authorization and appropriations legislation,
- requirements to use performance measures in developing performance partnerships with the States (for distribution of performance-based funding awards), and
- recommendations relating to the composition of panels and groups which the law requires the agencies to consult in developing statements of strategic goals and plans.

We also include specific references made to use performance measurement in connection with research and development-related activities.

**Require Compliance with GPRA Implementation in 1997 Budget**

Some committee reports require an agency before/or in its 1997 budget hearings to testify or submit a report dealing with an aspect of GPRA. For instance, the House Labor/HHS Appropriations Subcommittee reported it was concerned about slow implementation of GPRA by the Substance Abuse and Mental Health Services Administration (SAMHSA) of the Department of Health and Human Services. It directed the SAMHSA administrator to fully implement the law immediately and to testify on such actions during the 1997 budget hearings. It also focused



on requiring the Administration to work with the States to develop goals, standards and performance measures for substance abuse and mental health services. (H. Rept. 104-209.)

The House Subcommittee on Treasury, Postal Services, and General Government Appropriations reported that:

In last year's report, [103-534] the Committee directed all of the agencies under its jurisdiction to continue implementation of performance measurement and stated its intent to use performance measurement in determining resource allocation. The Committee believes that most agencies are making progress toward relevant performance measurements and is encouraged by the initial data provided. (H. Rept. 104-183.)

It directed all agencies under its jurisdiction to develop "annual performance plans that provide for a minimum average productivity increase of 3 percent in appropriate functional areas." It also noted, specifically citing the Government Performance and Results Act, that the [Federal Election Commission] has failed to submit performance measures required by GPRA. "While FEC has provided the Committee with workload measures, the FEC has not compared these workloads to annual objectives." (H. Rept. 104-183.) "The Committee directs FEC to submit a strategic plan for program activities, consistent with the provisions of Public Law 103-62, with its fiscal year 1997 budget request." (H.Rept. 104-183.)

In reporting the Workforce Development Act of 1995, the Senate Committee on Labor and Human Resources, in S. Rept 104-118, endorsed strong national programs of research, development and evaluation of workforce activities in connection with the increased "demand for information on program outcomes and results" required to implement the Government Performance and Results Act.

Some committees refer to GPRA and use its terminology and requirements in outlining the information sought to ensure accountability of a federal activity. This is clearly evidenced in Senate report 104-118 of the Committee on Labor and Human Resources to accompany the Workforce Development Act of 1995. For example, States are required to develop a strategic plan which includes State goals and benchmarks that respond to labor market and education needs. States are also required to develop performance indicators for these activities and to collaborate with the Governor, business, industry, labor and local elected officials in developing the strategic plan. This language is similar to the provisions of GPRA which require agencies to consult with Congress and other interested parties or affected parties when developing strategic plans, which are due September 30, 1997.

### **Requirements for Statement of Strategic Goals**

Discussions with NSF staff indicated that NSF has received approval from OMB about the five strategic goals the agency will use when developing strategic plans and performance measures to comply with GPRA. Some congressional committee reports refer to GPRA requirements to enunciate goals and, in fact, some committees caution agencies that future agency budgets and appropriations levels are contingent upon the agency meeting these goals. Some statements require agencies to take follow-up action to implement the goals that they have developed or to include assessments of performance outcomes in budget material presented to Congress. For instance, the House Labor/HHS Committee refers to the 14 performance targets identified by the Social Security Administration (SSA). It specifically emphasized the Subcommittee's view that future budgets for the SSA's disability initiative and automation initiative are contingent upon "satisfactory attainment of the performance goals submitted during the budget hearings." (H. Rept. 104-209.)

The Senate report on S. 244, the Paperwork Reduction Act of 1995, P.L.104-13, reported that the information resources management (IRM) policies it establishes, which would reduce information collection burdens, are intended to help improve program performance. The Senate report also "requires each agency head to develop a IRM strategic planning process and develop IRM performance measures linked to program performance." (S. Rept. 104-8.) The report continues that GPRA'S strategic plans and the IRM plan should be reflected in the agency's

budget request and should be part of the agency's performance assessment under GPRA. It added that:

. . . the specific performance planning and reporting requirements of the Government Performance and Results Act (P.L. 103-62) point to a time in the very near future when agency managers will have to account for the programmatic outcomes of their information activities. . . . (S. Rept. 104-8.)

It some respects the Committee made IRM central to effective compliance with GPRA:

. . . IRM is redefined to link management directly with program outcomes: the term "information resources management" means the process of managing information resources to accomplish agency missions and to improve agency performance, including the reduction of information collection burdens on the public.

Focusing IRM on supporting mission accomplishment shifts the term from the generic concept of efficiency and effectiveness to one of direct support for the accomplishment of agency missions. This is consistent with the Committee's development of the Government Performance and Results Act, which requires agencies to develop strategic plans, and performance plans and reports to focus program and management activities on directly serving programmatic outcomes. . . . (S. Rept. 104-8.)

Senate report 104-8, also cited and included portions of GAO's report on "Improving Mission Performance Through Strategic Information Management and Technology," May 1994.

#### **Performance Measures or Indicators for Research and Development Activities**

Some committees have issued explicit instructions requiring agencies to develop performance measures or indicators for specific research and development-related activities. The Senate VA/HUD Appropriations Subcommittee, for instance, instructed the National Aeronautics and Space Administration (NASA) in developing its \$495 million "New Millennium" program, to develop a list of priorities, performance measures, and life cycle costs for its projects and to compare these results with those of the private sector and other government agencies (S. Rept 104-140):

The Senate Subcommittee commends NASA for the new millennium initiative that could revolutionize the way the agency designs, builds, launches, and operates small spacecraft. . . .

. . . NASA is directed to undertake development of a comprehensive program plan that at a minimum describes how programs are selected, managed, and coordinated within NASA and with industry and other Government agencies; what are the priorities, procurement processes, and budget plans; and what performance measures will be used to insure that the programs are succeeding and the technologies are being effectively transferred into commercial and other Government programs.

The House Labor/HHS Appropriations Subcommittee reported that it will require the National Institutes of Health (NIH) to develop performance indicators to measure progress on new aspects of pediatric research and applications and to report to the Committee before the 1997 budget hearings:

[The subcommittee] strongly encourages the NIH to strengthen its portfolio of basic, behavioral and clinical research conducted and supported by all of its relevant Institutes to establish priorities for pediatric research, and to ensure the adequacy of translational research from the laboratory to the clinical setting. The Committee encourages the NIH to establish guidelines to include children in clinical research trials conducted and supported by NIH. The Committee expects NIH to develop performance indicators to measure specific progress on the above, demonstrated by the development of new programs or strengthening of existing programs and to report to the Committee prior to the 1997 appropriations hearings. (H. Rept. 104-209.)

The Senate VA/HUD/Independent Agencies Appropriations Subcommittee mandated additional review of NSF's management of science and technology and other centers and development of performance criteria for them. (S. Rept. 104-140.)

The Senate Subcommittee on VA/HUD/Independent Agencies also cited a study of weaknesses in the EPA's ability to implement performance-related activities:

NAPA . . . also recommended important management changes to EPA, including the need to establish specific environmental goals and develop strategies to attain them; using comparative risk analyses to inform the selection of priorities and the development of specific program strategies; using the budget process to allocate resources to the Agency's priorities; establishing accountability by setting and tracking benchmarks; and evaluating performance. (Sen. Rept. 104-140.)

It directed the EPA conduct a study, by March 1, 1996 of reforms needed to manage Superfund more effectively, including GPRA-related implementation activities:

Among these reforms are development of a clear priority-based process for allocating funds to site-specific cleanup activities; development of results-oriented statements of work and performance-based criteria and measures for use in all contracts. . . .(Sen. Rept 104-140.)

The House Transportation Appropriations Subcommittee report required the Federal Transit Administration (FTA) to improve grants management, using performance measures:

. . . [T]he Committee is concerned that the FTA has no mechanism in place to assess the effectiveness of its actions. The FTA is directed to develop and establish performance measures to evaluate whether the actions being implemented are achieving their expected results. These performance measures are to be developed and implemented by December 31, 1995. (H.Rept. 104-177.)

### **Develop Authorizing Legislation Which Includes Performance-Based Criteria**

The Senate VA/HUD/Independent Agencies Appropriations Subcommittee reported that reduced funding would require the authorizing committee to alter performance standards and criteria in order to develop future priorities for some housing programs:

An important matter for consideration in the authorizing legislation would be the remedial enforcement of PHA performance standards along with alterations to the performance criteria in anticipation of further funding declines in the future. (S. Rept. 104-140.)

A similar recommendation was made by the House Appropriations Sub-committee on Transportation in regard to the need to use performance-based criteria to make budget reductions at the Federal Transit Administration:

The Committee urges the Federal Transit Administration to review the program thoroughly in conjunction with submittal of the fiscal year 1997 budget and make further recommendations as appropriate. Further reductions in the level of operating assistance may be unavoidable, and the Committee would hope that a system could be devised that would take performance-based criteria into account, rather than merely reducing properties by a uniform percentage across the board. (H. Rept. 104-177.)

### **Agencies Directed To Develop Performance Measures**

The House Defense Appropriations Subcommittee directed the Army to use appropriate performance measures, rather than administrative performance measures:

The Committee is concerned that the Army Reserve reorganization plan places an inappropriate emphasis on administrative performance to rank the 20 ARCOMs

instead of using performance measures directly relevant to the training and deployability status of the individual soldiers and units under the command of each ARCOM. The Committee directs the Department to report by December 1, 1995 on the criteria and methodology used for the reduction and reorganization of the Army Reserve Commands. (H. Rept. 104-208.)

Other agencies were urged to develop and use performance standards, measures or indicators in their cognizant appropriations subcommittee report or in an authorization report, including:

Head Start, by the House Labor/HHS Appropriations Committee (H. Rept 104-209),

Minority teacher recruitment program (recruitment and placement of teachers), the by the House Labor/HHS Appropriations Committee (H. Rept 104-209),

Delivery of Medicare subsidized medically necessary high intensity services to patients, (requirement of the Secretary of Health and Human Services in consultation with the Medicare Payments Review Commission and SNF experts), by the House Ways and Means Committee (H. Rept.. 104-276, Part I),

Costs and outcomes related to patient care as linked to resource consumption and costs at VA facilities, by the House VA/HUD and Independent Agencies Appropriations Subcommittee (S. Rept. 104-140).

Some committees imposed requirements for agencies to develop and publish standards and performance indicators for their programs, including:

Vocational Rehabilitation Program, by the Social Security Commissioner (S. Rept. 104-118), and

Indians on reservations, by the Secretary who should establish standards for States for employment and training (S. Rept. 104-118).

### **Performance Partnerships**

The notion of using performance review results to guide budgets permeates "performance partnerships" between the federal government and the States. The House VA/HUD Appropriations Subcommittee endorsed the notion of performance program partnerships between the federal government and the States to distribute some EPA program grant funds, but requested more information on the activity before the agency s the program (H. Rept. 104-201). The Senate Subcommittee endorsed extending the program without a delay (S. Rept. 104-140).

The Senate Subcommittee on VA/HUD also endorsed performance partner-ships for the Federal Emergency Management Agency (FEMA):

The Committee supports the Agency's plans for performance partnership agreements with the States, which would integrate FEMA's categorical grant programs into block grants, and make funding available based on the State's risk of hazards and the State's performance. The Committee wishes to be kept apprised of the Agency's efforts to develop these agreements and the specific performance measures (S. Rept. 104-140).

The Senate VA/HUD/Independent Agencies subcommittee's 1996 appropriations report also required the Department of Housing and Urban Development to use performance standards to review "performance grants" and spelled out requirements:

In addition, the Committee is recommending the creation of a new demonstration block grant. Public housing operation subsidies, formula-based modernization assistance, and section 8 tenant-based assistance would be merged into a single unified account, with limited performance standards to govern the parameters of how local governments craft solutions to their own local low-income housing assistance needs.

The allocation formula for these performance grants would be based on current law. The grant would be conditioned on each PHA meeting a minimum performance standard: number of occupied units maintained for families below 80 percent of median income, and a minimum percentage of such units occupied by families below 30 percent of median income. (S. Rept. 104-140)

### **Requirements of Performance-Based Grants**

The elements of performance output measures were specified by the House Subcommittee on Transportation and Related Agencies in reiterating its endorsement of awarding states performance-based bloc grants:

In the House report accompanying the fiscal year 1995 Department of Transportation Appropriations Act, the Committee directed the Office of Motor Carriers to submit a report to the House and Senate Appropriations Committees by March 1, 1995 that discusses the feasibility of awarding a portion of the MCSAP basic grant funding to the states based on the achievement of certain performance criteria. The House has yet to receive this report. The Committee continues to believe that further increases in MCSAP basic grant funding should be contingent upon states meeting predetermined performance outcomes. Examples of such performance outcomes include conducting a targeted number of roadside inspections, conducting a required percentage of Level 1 inspections, expanding the locations where traffic enforcement is conducted, or increasing the proportion of reinspections to assure correction of out-of-service violations. The Committee directs the Office of Motor Carriers to issue this report as soon as possible. (H.Rept. 104-177.)

The Senate committee report on the Child Abuse Prevention and Treatment Act Amendments of 1995, Senate Report 104-117, included a whole section which detailed the components of performance measures that States should use to prepare reports for the Secretary.

### **Consultation Mechanisms Required**

Provisions relating to creation of the Advisory Panel described in S. Rept 104-83, accompanying the Health Care Liability Reform and Quality Assurance Act of 1995, included language indicating that the committee intends the membership to include experts in performance measures for providers and health plans. It mandated the Administrator of the Agency for Health Care Policy and Research, acting through the advisory panel, to among other things, gather data about "performance measures of quality for health care providers and health plans." (S. Rept. 104-83.)

**APPENDIX J**

**The Government Performance and Results Act (GPRA)**

**KEY QUESTIONS [PREPARED BY THE CONGRESSIONAL INSTITUTE AND THE NATIONAL  
ACADEMY OF PUBLIC ADMINISTRATION, FALL, 1996]**

This packet contains questions that might be useful to Congressional staff as they are consulted by agencies during the development of the agency plans and as they evaluate the strategic plans as they are submitted to the committees this fiscal year.

They have been compiled by various officials and experts, both inside and outside government and are specifically designed to be the starting points for a larger, more productive dialogue between Congress and the agencies. This packet is divided into two sections. Part one contains "The Key Seven"--the most important questions a committee could and should ask their agencies on GPRA. The second part contains more detailed lines of questioning that can become the basis for a more in-depth and penetrating conversation with agency officials.

Of course, these questions are intended to be simply the starting point. If you should need additional assistance with any documents generated under the GPRA framework, please don't hesitate to call Carl DeMaio at the Congressional Institute (202-547-4600).

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### PART ONE

The "Key Seven" GPRA Questions Congress Should Ask during 1997

Ask all agencies at any time:

1. What progress have you made in developing a Strategic Plan? Will you be able to meet the September 1997 deadline specified in GPRA?
2. Have you consulted yet with your key Congressional Committees on your Strategic Plan? If yes, which committees and what changes did you make to your plan as a result? If no, which committees do you plan to consult with and when?

Ask when actually reviewing the strategic Plan:

3. How did you develop this mission statement? Which statutes and legislative mandates is it based on? When looking at the statutes and legislative mandates, were there any that conflicted and how did you resolve the conflict(s) when you finalized your agency's mission?
4. Explain how attaining the goals you have identified will lead to the fulfillment of your agencies mission. What evidence do you have to support your goals? Did the development of this strategic plan lead your agency to identify any new goals that the agency had not been trying to achieve before? What do you propose to abandon?
5. What strategies have you adopted to achieve your goals and why? Were there other strategies you considered but rejected? Did the development of this strategic plan lead your agency to develop any new strategies that had not been tried before?
6. Has the agency looked to see if any other agencies (either federal or at the state and local level) are trying to attain these same goals? Who are they and have you specified in the Strategic plan how you plan to coordinate your efforts with those other agencies to meet these goals?

What performance indicators are you using to measure your results and why?

### PART TWO

*Some of the questions in part one are also included here. These questions are useful when submitting many questions to the agency for a written response.*

#### STRATEGIC PLANS September, 199

General Questions

There have been several GPRA pilot projects. What have you learned from the experiences of the GPRA pilot projects that has helped you with your own GPRA implementation efforts?

What progress have you made in developing a Strategic Plan? What problems have you encountered?

Will you be able to meet the September 1997 deadline specified in GPRA?

Have you consulted yet with your key Congressional Committees on your Strategic Plan?

- o If yes, which committees and what changes did you make to your plan as a result?
- o If no, which committees do you plan to consult with and when?

## CRS-91

Is the Strategic plan for the entire agency or for part of it? Which parts are excluded/included? Is there another Plan for major parts (e.g. Bureaus within the Agency?)

How many years are covered by the Plan?

What process will you use to develop your strategic plan?

Which parts of the organization were responsible for writing the Strategic Plan? Which parts reviewed it? (e.g. Planning Office/CFO/Line units/Field offices)

Have you done strategic planning before within the agency? If yes:

How did the process you used for this strategic plan differ from those used in the past for other strategic planning efforts?

How does this strategic plan compare (in content and/or process) to previous strategic plans developed by the agency?

Strategic plans are to be updated at least every three years. Is the agency likely to approach the updating process differently than the preparation of the initial plan? If so, how?

### MISSION:

Remember: the Mission statement should clearly articulate what the agency is *trying to do with its activities and why*.

Explain how your mission statement captures the major reasons why your agency exists and what it is dedicated to doing.

Which statutes and legislative mandates is this mission based on?

- o When looking at the statutes and legislative mandates, were there any that conflicted?
- o If there were any conflicts between the various statutes or legislative mandates, how did you resolve the conflict(s) when you finalized your agency's mission?
- o Were the statutes helpful and clear or were the "purposes" sections too broad and general to provide real guidance?

Describe the process of obtaining internal focus and consensus on this Mission?

What degree of participation did the workforce have in the development of the document?  
(Management/Supervisors/ employees)

What was the role of the political appointees in this? What about other officials in the Administration?

Have you ever had a formal mission statement before? How is this one different from your previous ones? Why?

### GOALS & OBJECTIVES:

Remember: goals and objectives (sometimes used interchangeably) must be clear, *focused, and measurable targets that the agency must attain if the mission is to be fulfilled*. Try this: Assume that every one of the goals has been achieved. Now ask yourself: *is the mission of the agency accomplished? If the answer is no, the goals may be inadequate and you may need to encourage your agency to go back and identify clearer, more substantive goals*.

How does accomplishing these goals fulfill the agency's mission?



## CRS-92

Are these goals consistent with the legislative mandates(s)?

How did you decide on these goals? What logic is behind the selection of these goals? (i.e. evidence of cause-effect, etc.)

When is each Goal expected to be accomplished?

How will the Agency /Congress/the public know when each one has been accomplished?

Are any of them internal Goals? If so, why are they goals and not more appropriately seen as strategies to the external goals?

Does any other federal agency or state/local agency share these goals? Who are they? Were they contacted for input into this plan? How does this plan coordinate with their efforts?

What are the critical (external) factors which can affect the accomplishment of this goal? How does the Agency anticipate addressing these so that they do not block the Agency's efforts?

Are these goals completely new or has the agency had these goals in the past?

If so, with what degree of success?

Why have they not been accomplished hitherto?

What is different now so that the Agency feels it can reasonably expect to achieve this goal?

### STRATEGY:

Remember: The agency should describe the strategies it will use to actually attain *the goals and fulfill the mission*. *Strategies answer the question: "How will we get from here to there?"*

What are the Strategies envisioned by the Agency to achieve Goal A, Goal B, etc.?

What is the basis for selecting these strategies?

What are the key assumptions that underlie the strategy for Goal A?

What is the logic model or system of assumptions and logic that makes the Agency confident that this strategy will work?

Are there other agencies that are working with similar strategies or are key to your strategy?

What role will they play in order to make this strategy work?

How will coordination with these other actors be ensured?

For each goal, are your strategies realistic in view of resources likely to be available?

What has been the Agency's (Program is more appropriate) budget history in the last 5 years?

Does the Agency expect to get more funds in the next few years other than inflation-based increases?

To what extent does the projected success depend on additional funds?

Is this Plan a real, living document that directs the agency activities?

How will the agency use the priorities identified in this Plan to manage the agency and to prepare future budgets?

How has this Plan been used in determining budget priorities and reprogramming choices?

How has this Plan been used in policy or management decisions?

## CRS-93

What core processes have been aligned to accomplish the mission and goals in this Plan? For instance, do the mission and goals serve in determining FTE needs or IT needs?

Describe the alignment process?  
Who has been in charge of this?

### STAKEHOLDERS:

*Remember:* Stakeholders include any party that is affected by the mission or operations of an agency. Examples of stakeholders: customers, independent vendors who provide services to the agency, Other federal agencies, and state/local entities.

Who are your major stakeholders? What are their interests and concerns?

Which stakeholders were involved in the development of the plan?

- o When (at the beginning, throughout, or at the end after the agency had pretty much written the plan?
- o How were they involved in the development of this plan? Was it a one-shot deal or have you created permanent processes for continuous, real involvement of stakeholders in the direction of the agency?

Which major stakeholders have been excluded from the process of developing the plan? Why?

Is there agreement among all stakeholders, Congress, and the agency as to what the mission, goals, and strategies should be? (NOTE: It is highly unlikely that the answer could be "yes.")

What were the disagreements between stakeholders and how were they resolved on your:

- Mission
- Goals
- Strategies

What disagreements still exist?