

11/22/97

Review of Agency Annual Performance Plans

Introduction

An annual performance plan will appear in several iterations. The first is sent to OMB in September with the agency budget request, and subsequently reviewed by OMB. The second iteration is sent to Congress in February, coincident with the President's budget, and used by Congress during the authorization and/or appropriations processes. (This is called the revised performance plan.) Agencies may prepare a third iteration, generally at the start of the fiscal year. Agencies are not required to prepare this third iteration, but may elect to do so. The third iteration is sometimes referred to as an operating plan.

In the first iteration, the performance goals and target levels for those goals are consistent with the agency's budget request. The second iteration revises, as necessary, the performance goals and/or the target levels to make these consistent with the agency's funding level in the President's budget. The third iteration would further adjust the performance goals or target levels to reflect Congressional appropriations or authorization action.

The first iteration is not a public document, nor is there consultation on this plan. The second and third iterations are public documents.

This checklist covers the first iteration of the performance plan, and anticipates, to some extent, the second iteration. Part 2 of OMB Circular No. A-11 covers the preparation and submission of the first iteration of the performance plan. OMB is developing additional guidance covering the second and third iterations of the performance plan.

Coverage of Program Activities

A performance plan is required to cover every program activity in the Program and Financing (P&F) Schedules in the Budget Appendix for the agency. Coverage means having performance goal(s) for a program activity. A plan not covering every program activity fails to meet GPRA statutory requirements.

Note: The coverage of the performance plan is more sweeping than for the strategic plan; the latter must cover only the major functions and operations of the agency.

- Does the annual plan cover all the P&F schedules in the Budget Appendix for the agency?

-- If not, which P&F schedules are not covered?

-- If not, has the agency requested authorization from OMB to not include any performance goals for a P&F schedule?

Note: An underlying premise in GPRA is that performance, in some manner, can be measured for virtually every program activity. GPRA allows OMB to authorize an agency, in its annual plan, to have no performance goals for a program activity. Because a single goal may cover multiple program activities (see below on consolidation and aggregation) agencies seeking such an authorization are likely to request it for an entire P&F schedule, rather than for individual program activities within a schedule.

Does the annual plan cover all the program activities in the P&F schedules?

-- If not, which program activities are omitted?

Note: Each program activity does not need a separate performance goal. In the annual plan, agencies are allowed to aggregate or consolidate program activities, so that a single goal can cover two or more program activities. In an aggregation, one or more performance goals cover the program activities in a single P&F schedule. In a consolidation, one or more performance goals cover the program activities in two or more P&F schedules. (Also, see below.) Thus, a plan may contain fewer goals than program activities in the Appendix. Any aggregation or consolidation does not affect the display of program activities in the P&F schedules in the Appendix. (GPRA also allows agencies to disaggregate program activities, but as disaggregation expands coverage to the subactivity level, it is not an evaluative factor for compliance.)

- Does the annual plan provide a basis for associating specific performance goals with a P&F schedule?

Note: Without a means for 'mapping' goals with schedules, it will be difficult to determine if a plan covers either the schedules or the program activities in a schedule.

- Where a performance goal(s) covers two or more program activities either through an aggregation or consolidation, does the plan indicate which program activities are covered by the goal(s)?

- Has the agency included performance goals for functions or operations that are staff or support-type activities?

Note: These performance goals may not correspond to a particular P&F schedule or program activity. In such situations, agencies may choose to show these staff or support activities with P&F schedules for specific programs or operations, or

to present them separately. Either way is acceptable.

- Has the agency included performance goals for addressing management problems or issues?

Note: Agency recognition and description of actions being taken to correct management problems was a highlighted feature of the Congressional review of agency strategic plans. If an agency included descriptions of management problems, and corrective steps, in its strategic plan, goals for these should be included in the annual plan. Agencies may also include performance goals for addressing management problems or issues in their annual plan, even if these were not covered in the strategic plan. The P&F schedules are unlikely to contain program activities which only fund corrective actions for these problems. Agencies may choose to show these goals with the particular program activities primarily affected by the management problem, e.g., a problem that prospectively will impede achievement of the program's goals, -- a mission-critical problem; or present them separately. Either way is acceptable.

As the annual performance plan is prepared in advance of the budget year it covers, care should be taken to assure that any cited remedying steps (expressed as performance goals) for management problems are to be done in the budget or future years.

Annual Performance Goals

Performance goals defining the level of performance to be achieved by a program activity is a required element of the annual performance plans. The performance goals are to be objective, quantifiable, and measurable. A plan not having performance goals fails to meet GPRA statutory requirements.

- Does the annual plan contain performance goals that are objective, quantifiable, and measurable?
Note: See the attachment for illustrative examples of quantifiable and measurable goals and those that are not. (See also the section on performance indicators below.)
- Do the performance goals correspond to the general goals and objectives in the strategic plan?

-- If not, how extensive is the disconnect between these two sets of goals?

Note: The performance goals should define the annual, often incremental, progress in achieving the long-term goals in the strategic plan, and be derived from and reflective of these long-term goals. A performance plan may contain some annual goals that are not linked directly to these long-

term goals; this is acceptable.

*If performance goals corresponding to the general goals and objectives cannot be identified in the annual plan, then the agency **must** either revise its strategic plan to modify its long-term goals to match the annual goals, or, conversely, revise the annual plan to have its goals link with the general goals and objectives in the strategic plan. The relationship between the strategic plan goals and the annual plan goals was often poorly defined in the draft strategic plans, and the lack of clear linkage was the most widespread and persistent shortcoming as agencies prepared various iterations of these draft strategic plans.*

If changes to a strategic plan are not extensive, the agency may use the annual performance plan to identify and describe these changes. Agencies may wish to consult with Congress prior to changing goals and objectives in their current strategic plan. Extensive changes to goals and objectives, including substantive changes to the mission statement, are considered to be a revision and update of the strategic plan. In such instances, agencies are required to consult with Congress, provide an opportunity for interested and potentially affected parties to give their views, and formally transmit the revised and updated plan to Congress and OMB.

-- Is there a performance goal in the annual plan for each goal and objective in the strategic plan?

Note: A general rule of thumb is that the annual plan should not contain fewer goals than exist in the strategic plan. In some agency strategic plans, only the objectives (in contrast to the general goals) were defined in a way that allows a future assessment to be made on whether these were achieved. In such instances, annual goals need only link to the objectives in the strategic plan, not the general goals

- Do the performance goals reflect the core function of a program activity?
Note: OMB guidance (Part 2 of Circular A-11) indicates that the goals should be representative of the important features and characteristics of a program. Agencies should avoid displaying a set of secondary goals highlighting minor accomplishments in lieu of having program-critical measures.
- Are the performance goals relevant to the fiscal year covered by the performance plan?
Note: Agencies may mistakenly include performance goals for fiscal year 1998 in the performance plan for fiscal year 1999. These should be excised, unless an agency, at its option, has chosen to include performance goals for fiscal years 1997 or 1998 with the goals for fiscal year 1999. Performance goals for prior

fiscal years (such as 1998) are not required. (See also below on performance funded by prior year budgets and budget year funding of future year performance.)

- Do the performance goals appear to be those that agency officials and managers would use during the year to manage programs?

-- If not, what performance measures are program managers using to manage, and why are these not included as goals in the annual plan?

Performance Indicators

A measurable performance goal can be accompanied by several performance indicators. When supplementing a goal, these distinct indicators provide additional measurable detail on what the goal will achieve. Often, these indicators are measures of specific values, attributes, or characteristics. By using performance indicators, agencies can simplify goal description.

GPRA also allows an agency's plan to have a performance goal(s) that, by itself, is not quantifiable or directly measurable, *provided* there are performance indicators for any such goal, and that these indicators are quantifiable and directly measurable. Thus, an agency can define a performance goal in rather general terms, e.g., improve child health, and use performance indicators to give specifics on morbidity/mortality, immunization rates, etc. Performance indicators are not used in the alternative form of measurement.

- Does the annual plan contain performance goals expressed in a way that performance indicators should be used to help determine goal achievement?

-- If so, are the appropriate performance indicators included?

- Does the annual plan include performance indicators that appear isolated (unrelated) from any performance goal?

Note: Performance indicators do not substitute for performance goals, and thus should not appear as stand-alone measures.

Alternative Form of Measurement

GPRA allows OMB to authorize an agency to use an alternative form of measurement if the agency cannot define a performance goal(s) in an objective, quantifiable manner. The preferred alternative form consists of separate descriptive statements of both a minimally effective program and a successful program. The statements should allow an accurate, independent determination to be made of whether actual performance meets the criteria of the description. OMB may authorize another alternative form, provided that it also would allow an independent determination of achievement to be made.

- Is the agency proposing to use an alternative form of measurement?

-- If so, has the agency made a specific request to OMB seeking authorization for the alternative form?

-- Does the proposed alternative form consist of two separate descriptive statements?

Note: It is expected that agency proposals to use an alternative form will be reviewed collectively by the GPRA Implementation Group (GIG) to develop consistent criteria for authorizing use of the alternative form.

(This checklist does not cover agency requests to not include performance goals in any form in their performance plan for a program activity. See also page 1 on coverage of program activities.)

Future Year Performance

Agencies asked that they be allowed to set performance goals for future years in their performance plan, if this performance is being funded by budget year monies. (For example, a program budget request for fiscal year 1999 will be spent for service delivery in fiscal year 2001.) This future year performance is centered on certain grants and contracts. If agencies were restricted to only that performance occurring in the budget year, the performance goals might be confined to measures such as the number, or dollar value, of grant awards. While the Circular A-11 Part 2 guidance allows agencies to present future year performance goals in the annual plan, this is not a statutorily-required element of this plan.

Agencies are encouraged to include future year performance goals as these will help present a complete picture of the performance related to the resources available for the fiscal year covered by the plan. (Subsequent performance plans can refine these goals to reflect expected performance in the fiscal year in which it will occur.)

Performance Goals Funded by Prior Year Appropriations

Agencies indicated that, in some instances, the substantive performance occurring in the budget year will largely result from spending prior year monies. Agencies are allowed to include performance goals resulting from and related to the spending of prior year appropriations. While Circular A-11 Part 2 guidance allows agencies to include performance goals funded by prior year appropriations, including such goals is not required by the statute.

Again, to help present a complete picture of performance occurring in the fiscal year covered by the plan, agencies are encouraged to include performance goals funded by monies authorized or appropriated in prior fiscal years.

- If the performance goals appear to be based on spending prior year monies, does the annual plan appropriately indicate or mark these goals?

Note: Agencies presenting future year performance goals will often include counterpart goals covering performance funded from prior year budgets.

Means and strategies

A performance plan is required to include a description of the operational processes, skills, and technology, and the human, capital, information, or other resources required to meet the performance goals. These are commonly referred to as 'means and strategies', and they describe how the agency intends to achieve the performance goals. An annual performance plan that does not include a section on means and strategies fails to meet GPRA statutory requirements.

- Does the plan contain a description of the means and strategies that will be used to achieve the performance goals?

Note: GPRA statutorily specifies that this description be brief, to avoid unnecessary replication of detail in the justification of estimates. However, to the extent that an agency's annual performance plan will significantly supplement or supplant the agency justification of estimates, the description may be expanded to meet requirements and needs of the appropriations, or other interested Congressional, committees.

- Is the description in the annual plan consistent with the description of means and strategies in the strategic plan?

Note: The requirement for this description mirrors a required element in the strategic plan. One should expect that the annual plan would describe similar means and strategies, but in greater detail for the fiscal year.

- Does the annual plan contain goals for processes or inputs that should be dropped as goals, and incorporated in the description of means and strategies?

Note: Means and strategies are often inputs, descriptions of processes, or steps to be taken. Some plans may contain a significant number of 'goals' that are more appropriately categorized as means and strategies and included in that section of the plan. Because they are not goals, achievement of means and strategies is not required to be reported on in the agency's annual program performance report.

- Does the description of means and strategies cover streamlining, contracting out, privatization, business process reengineering, franchising, or other approaches for achieving greater efficiency and effectiveness in agency operations?

-- If not, should this agency be studying such approaches, or putting them in place?

Note: Some agencies should anticipate significant Congressional interest in the agency's effort and approaches for becoming more efficient and effective in program operations.

Verification and validation

This part of the plan is a description of the means to be used to verify and validate measured values. This is a required element of the annual plan. A plan not including a section on verification and validation does not meet GPRA statutory requirements.

- Does the plan include a description of how measured performance will be verified and validated?
- To what extent are the performance goals reflective of performance information for which the agency is currently collecting data?

-- Does the plan indicate, in some manner, that baseline information exists?

-- Does the existence of baseline information, either recent or historical, support the adequacy of agency data collection systems or processes for measuring performance for a particular goal(s)?

- Does the plan indicate the source of the measured data?
- Are the goals, as described, susceptible to being measured reliably using the agencies current systems and processes for data collection?

-- If not, should a goal(s) be modified to allow measurement of their achievement using current systems and processes?

- Is the description sufficient to give reasonable confidence that the agency can collect, process, and report the data required to determine whether the goal or target level was achieved?

-- If not, what are the weaknesses in the system or process used to collect and report performance data, and does the plan indicate how these will be overcome?

- To what extent, if any, will the agency rely on external sources, e.g., other agencies, States, independent organizations, to provide the performance data that will measure goal achievement?

-- If so, is the external source recognized and generally accepted as a reliable source(s) for this data?

-- If so, does the plan indicate whether there may be issues or concerns related to the quality or timeliness of the performance data provided by external sources?

Mission statement and general goals and objectives

These are required elements of a strategic plan. Although not required in an annual performance plan, agencies should summarize these, particularly the general goals and objectives, in the annual performance plan. By referencing the general goals and

objectives, agencies provide a context for their annual goals, and help show the linkage between the general goals and objectives and the annual performance goals.

External factors

Annual plans are not required to include an identification of external factors. (This identification is included in the agency strategic plan.) Agencies may choose to include information regarding external factors in their annual plans. If such information is included, it should be consistent with the identification of external factors in the agency strategic plan.

Program evaluations

Annual plans are not required to cover program evaluations in their annual plan. (Program evaluations are covered in both a strategic plan and the agency annual program performance report.) Agencies intending to conduct a program evaluation in the fiscal year may include the schedules for, and summarize the types of, program evaluations to be done during the year in their annual plan.

Cross-cutting programs

? Has an agency, as specified in Part 2 of Circular A-11, identified those performance goals or indicators that reflect activities being undertaken to support programs of an interagency, cross-cutting nature?

-- If not, which performance goals should be so identified?

-- Does the plan identify other agencies that are significantly involved in a cross-cutting program?

Tax expenditures and regulation

? For those agencies which will rely on tax expenditures and/or regulation to help achieve program or policy goals, does the annual plan include descriptions of their intended use of these governmental actions (as either performance goals or in the section of the plan on means and strategies)?

Budget account restructuring

Agencies may include proposals to restructure their budget accounts to assist in the presentation of performance goals in their annual plan. Restructuring proposals are not part of the annual plan, but a reference to these may be included.

Attachment:

Performance Goals (Real and Otherwise)

(All examples are hypothetical)

Several examples of quantifiable goals:

- Produce 100,000 widgets in the fiscal year.
- Provide housing vouchers to 350,000 households.
- Sustain the GDP at an annual growth rate of 3.3 percent.
- Achieve a customer satisfaction rating of 75 percent favorable.
- No more than 1.4 percent of benefit claims processed will be erroneously calculated.
- There will be zero releases of radioactive material from nuclear power plants.
- Post receipt, 95 percent of individual tax returns will be processed within 21 working days.
- Fly 155,000 pilot training missions with a training-related aircraft loss rate not exceeding 0.003 percent.

Several examples of measurable goals, which describe milestone or time-even performance:

- Initiate project x in the third quarter of the fiscal year.
- Complete the mapping of the hamster genome by August 1.
- Balance the budget by fiscal year 2002.

Several examples of measurable goals which are statements of an absolute. (As expressed by use of adjectives such as "all", "every", "no". A caution: many absolutes are rarely attained.):

- Every child in America will be vaccinated against disease a.
- No armed conflict between nations.

Several example of measurable goals, which are statement of a tangible condition or event, and implying an either/or result:

- Land man on the moon.
- Discover the Northwest Passage.
- Vanquish the Carthaginian army.
- Win the Nobel Prize.

An example of a "quantifiable" goal that cannot be measured:

- Improve productivity by 10 percent. (Why? no baseline is given.)

Examples of non-measurable statements masquerading as goals, and measurable statements:

- Goals whose achievement will likely be measured and reported by a change in verb tense. (Such goals cannot answer the question: How do you know?)
 - Increase efficiency. (Why? without a baseline value, statement is speculative.)
 - Crime rates will decline. (Why? without a baseline value, this is also speculative)

Generally, be skeptical of 'goals' whose principal measurable quality is the active verb, such as: conduct, monitor, oversee, promote, work with, engage, maintain, coordinate, develop, facilitate, continue, foster, support, etc. -- when there is no measurable objective in the goal description.

Examples:

- Promote economic growth in region a. (Unacceptable)

- Promote an economic growth rate that increases 1.5 percent annually from the 1997 base level in region a. (Acceptable)
- Maintain combat forces at a high level of readiness. (Unacceptable)
- Maintain 85 percent of combat forces at the highest level of readiness. (Acceptable)
- Reduce product defects. (Unacceptable)
- Product defect rates will not exceed 3 per 1,000 units produced. (Acceptable)
- Eliminate errors. (Acceptable. Establishes an absolute standard.)