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

March 10, 2006

PROGRAM ASSESSMENT RATING TOOL GUIDANCE NO. 2006-02

TO: OMB PROGRAM ASSOCIATE DIRECTORS
OMB PROGRAM DEPUTY ASSOCIATE DIRECTORS
AGENCY BUDGET AND PERFORMANCE INTEGRATION LEADS
AGENCY PROGRAM ASSESSMENT RATING TOOL CONTACTS

FROM: Diana Espinosa
Deputy Assistant Director for Management

SUBJECT: Guidance for Completing 2006 PARTs

1. Purpose. This memorandum provides OMB Resource Management Offices (RMOs) and their agency counterparts with guidance for completing the 2006 Program Assessment Rating Tool (PART) assessments and reassessments.

2. Actions. RMOs and agencies should consult this document, the "Guide to the Program Assessment Rating Tool (PART)", throughout the PART process. The next key deadlines are April 14 and June 23.

- *Draft PARTs due to OMB (April 14)* – Agencies should complete a full draft of their PARTs and give OMB access to the draft. The draft must have all the questions answered along with explanations and evidence, as well as include the proposed performance measures and data. As it was last year, meeting this deadline will be a deliverable for the Budget and Performance Integration Initiative and will be considered when determining an agency's progress score for the third quarter of FY 2006.

- *PARTs ready for consistency check (June 23)* – PARTs should be substantially complete and meet all requirements of the guidance. For instance, for questions with multiple elements, the answer must address all elements if a yes is given. To earn a "yes" to question 3.4, an efficiency measure with a baseline and targets should be listed in the measures section. Likewise, the answers to questions 4.1 – 4.3 should be consistent with the data provided in the measures section.

3. Schedule. The schedule for completing the 2006 PART reviews can be found online at http://www.whitehouse.gov/omb/part/fy2006/attach_b_schedule.pdf.

4. Inquiries. OMB RMOs with questions about this guidance should contact their Performance Evaluation Team (PET) representative. Agency staff should contact their OMB RMO counterparts.

Attachment

Guide to the
Program Assessment Rating Tool (PART)

Office of Management and Budget
March 2006

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SUMMARY OF CHANGES TO THE PART GUIDANCE FOR 2006

Each year, the Office of Management and Budget (OMB) reviews the guidance for completing the PART to determine if any updates or clarifications are necessary. The guidance has been updated to address issues identified during the 2005 consistency check and appeals processes, and in response to suggestions from agencies. The changes and clarifications to the guidance are summarized below.

- *Includes new option for an abbreviated reassessment.* Many programs that received Results Not Demonstrated ratings have been working to develop performance measures. Agencies would like to formalize these measures and begin using them to track performance. Abbreviated reassessments allow for updating of selected questions instead of the entire PART. This abbreviated process may provide an opportunity for programs to begin using and reporting on better performance measures more quickly than if they were to complete a full reassessment.

- *Clarifies the distinction between question 1.4 (design flaws) and 1.5 (targeting).* If a program's only design flaw relates to the targeting of resources and the program receives a *No* to question 1.5, it is not appropriate for it to receive a *No* to question 1.4 also. However, if there is evidence that the program has more than one major design flaw (including the targeting of resources), the PART should receive a *No* to both questions 1.4 and 1.5.

- *Adds "accurate reporting" as a requirement for question 3.3.* The program must provide evidence that it obligates funds in a timely manner, spends them for the intended purpose, and accurately reports their use.

- *Streamlines regulatory-based program questions.* Eliminates question 3.RG3 and clarifies the distinctions between remaining regulatory questions. The question numbers were not adjusted as to maintain consistent numbering from previous years.

- *Requests specific information for the explanation to question 4.3.* When possible, the explanation should include specific information on the annual savings the program achieved as well as what the program did to achieve the savings.

The presentation and content of the guidance were revised to make it more informative. In addition to the detailed question-by-question instructions, the guidance now includes information about other aspects of the PART process, such as developing improvement plans and summaries.

2006 PART SCHEDULE

OMB and Agencies agree to list of 2006 PARTs and initiate PARTs .....March 3

OMB RMOs save completed Attachment A to OMB shared drive.....March 7

PARTWeb Training (several dates).....March 2 – 23

Revised guidance on answering PART questions available .....by March 10

Introductory PART Training.....March 13, 16, 17

PART Refresher Training .....March 28, 29, 30

Agencies give OMB RMOs access to complete PART draft .....April 14

PARTs ready for consistency check .....June 23

Consistency check and review of performance measures..... June 26 – July 11

OMB RMOs receive feedback on consistency check and performance measures..... July 12

OMB RMOs revise PARTs, as necessary, to address consistency issues ..... by July 21

OMB RMOs pass back PARTs to Agencies..... July 21

OMB RMOs and Agencies work out issues; Agencies
submit any remaining appeals..... by August 4

Appeals board meets ..... August 11*

Appeals board provides decisions..... August 15*

PARTs updated to reflect appeals board decisions..... August 25

RMOs draft summaries and agree to improvement plans.....September 15

** Tentative; additional guidance will be provided later.*

OVERVIEW OF THE PART PROCESS

The Program Assessment Rating Tool (PART) is a diagnostic tool used to assess the performance of Federal programs and to drive improvements in program performance. Once completed, PART reviews help inform budget decisions and identify actions to improve results. Agencies are held accountable for implementing PART follow-up actions, also known as improvement plans, for each of their programs.

The PART is designed to provide a consistent approach to assessing and rating programs across the Federal government. PART assessments review overall program effectiveness, from how well a program is designed to how well it is implemented and what results it achieves. As such, the PART examines factors that the program or agency may not directly control but may be able to influence. For example, if a PART assessment identifies a statutory provision that impedes effectiveness, one of the follow-up actions may be for the agency to propose legislative changes to fix it.

The PART questions are generally written in a *Yes/No* format. A *Yes* answer must be definite and reflect a high standard of performance. *Not Applicable* may be an appropriate answer when indicated in this guidance; *Small Extent* and *Large Extent* are options for the questions in Section IV.

Each question requires a clear explanation of the answer and citations of relevant supporting evidence, such as agency performance information, independent evaluations, and financial information. Responses must be evidence-based and not rely on impressions or generalities.

The PART is central to the Administration's Budget and Performance Integration (BPI) Initiative because it drives a sustained focus on results. To earn a high PART rating, a program must use performance data to manage, justify its resource requests based on the performance it expects to achieve, and continually improve efficiency – all goals of the BPI Initiative. A list of the criteria for the BPI Initiative can be found in Appendix A.

Completed PARTs are available for public scrutiny through ExpectMore.gov. Each program that has been reviewed using the PART has a summary on ExpectMore.gov, including key findings and the improvement plan. Every summary links to the detailed program assessment and the program's website. Because PART information is easily accessible and searchable on ExpectMore.gov, it is more transparent. By increasing the transparency of the PART process, the Administration's aim is to make us all more accountable for improving program performance every year.

The PART process is initiated in the spring. Key deadlines are described below. The schedule for completion of new PART reviews and reassessments in 2006 is at the beginning of this document. A description of the deadlines for 2006, training information, etc. can be seen online (http://www.whitehouse.gov/omb/part/fy2006/part_guid_2006-1.pdf).

Additional guidance will be issued throughout the year as needed.

Schedule Overview

Initiate 2006 PARTs (early March) – RMOs and Agencies should agree to the list of programs to be assessed (either for the first time or reassessed) and begin those assessments. If you are planning to complete an abbreviated reassessment, you must receive prior approval from the BPI Lead at OMB.

PART training (several dates in March) – OMB offer several different types of PART training. In 2006, there will be an introductory course, a refresher course, and PARTWeb training. To register for training, visit https://www.cio.gov/registration/web/dsp_regform.cfm.

Draft PARTs due to OMB (mid-April) – Agencies should complete a full draft of their PARTs and give OMB access to the draft in PARTWeb. The draft must have all the questions answered along with explanations and evidence, as well as include the proposed performance measures and data. Meeting this deadline is a deliverable for the BPI Initiative and will be considered when determining an agency's progress score for the third quarter scorecard. Once a draft is submitted, agencies and OMB will begin an iterative process of making changes, updates, and improvements to the draft.

PARTs ready for consistency check (mid-June) – PARTs should be substantially complete and meet all requirements of the guidance. For instance, for questions with multiple elements, the answer must address all elements if a *Yes* is given. To earn a *Yes* to question 3.4, an efficiency measure with a baseline and targets should be listed in the measures section. Likewise, the answers to questions 4.1 – 4.3 should be consistent with the data provided in the measures section.

OMB RMOs revise PARTs in response to consistency check and passback to Agencies (by mid-July) – As necessary, PART answers, explanation, and evidence are revised to respond to issues identified in the consistency check. In some cases, performance measures may also need to be modified.

Agencies submit remaining appeals for consideration (early August) – Following passback of PARTs, OMB RMOs and Agencies should work to resolve open issues. If any disagreements remain, Agencies have the opportunity to submit appeals on individual PART questions to a high level appeals board. Additional guidance on the 2006 appeals process will be provided later in the year.

OMB RMOs revise PARTs to reflect appeals board decisions (late August) – As necessary, PART explanations and evidence are revised to reflect appeals board decisions.

First draft of PART summaries completed (mid-September) – OMB RMOs and Agencies should begin drafting PART summaries shortly after PARTs are finalized. During the process of developing the summaries, the agency and RMO should agree to the PART improvement plan. For 2006 PARTs, follow-up actions relating to policies in the FY 2008 President's Budget will be added later.

Fall Updates – Agencies update performance information for measures included in PARTs, provide funding information for PARTed programs, and update the status of their follow-up actions (improvement plans). Answers to select PART questions for PARTs completed during 2006 may be updated as appropriate to reflect this new data. Additional guidance on the 2006 fall updates process will be provided later in the year.

Release new PART assessments (early February) – All PART materials, including detailed assessments, current performance information, and follow-up actions, get published on ExpectMore.gov.

Participants

PART is a collaborative process involving both agencies and OMB participants. Agencies contribute a variety of personnel from both the program being reviewed and from the central Department offices. These typically include:

- Program staff who work on day-to-day operations
- Budget staff who work on resource requests and justifications
- Planning/performance staff who monitor program results and impacts

The primary OMB contact will be the program examiner. Other OMB staff may participate as needed, including the Office of Information and Regulatory Affairs (OIRA) desk officers for regulatory and evaluation questions, Office of Federal Financial Management (OFFM) staff for questions on financial management, etc.

PARTs are completed using an online application called PARTWeb. Through PARTWeb, agencies enter information into the PART, and can use the application to collaborate within the agency and with OMB. The PARTWeb application is also used to generate summaries for ExpectMore.gov.

PROCESS FOR COMPLETING THE PART

1. SELECTING THE PROGRAM AND DETERMINING THE UNIT OF ANALYSIS

OMB and agencies first need to determine the unit of analysis, or "program," to begin the PART review. When choosing programs, agencies may start by referring to the formal budget structure of accounts and activities supporting budget development for the Executive Branch and the Congress and, in particular, Congressional appropriations committees. Although the budget structure may not always clearly define all programs, ("program activities" in the budget are not always the activities that are managed as a program in practice) the budget structure and associated documents are often comprehensive and readily available as an inventory of agency programs.

A "program" may also be a collection of programs or activities that are managed as one entity or that has a clear set of goals. See the discussion on "Combining Programs for the PART" for additional information.

If OMB and the agency agree, programs selected for a PART review can be identified as aggregations of program activities in budget accounts, or in other meaningful budget breakouts used for display to Executive and Legislative Branch decision makers.

Combining Programs for the PART

To improve performance and management decisions, the PART should examine the appropriate unit of analysis. This is often the level where resource allocation or management decisions are made.

As discussed earlier, there may be situations in which it makes sense to look at more than one "program" (as recognized in existing structures, such as the Budget) within a single PART. This might be the case when programs share a common goal and are so interdependent that it makes more sense to review them as a unit than separately.

For example, several grant programs within the Department of Health and Human Services' Administration on Aging were combined for consideration under a single PART assessment. These grant programs each contribute to a similar program goal of providing support to older individuals to enable them to stay in their homes, rather than move to a long term care facility. Often the same entity receives multiple grants, and it is the combination of these grants that enables individuals to remain at home. The data reporting for these grants is combined and the services are so inter-related that assessing the programs together yield more meaningful information for assessing and improving performance.

Agencies and OMB should avoid, however, assessing overly aggregated units such that the PART is unable to illuminate meaningful management distinctions among programs that share common goals or forms but are managed differently.

The following list of criteria should be considered in determining whether to combine more than one program, either within an agency or operated by different agencies, for PART assessment:

1. Program Purpose. The proposed combination of programs should share a common purpose and mission. Issues to consider include: program mission, beneficiary characteristics, target populations, grant recipients, etc.
2. Program Design/Administration. Programs should be similarly designed and administered. For example the grantee role, grant type (e.g. competitive, formula), benefit structure, oversight roles, data collection, and/or link to performance measurement should be common across the programs.
3. Budgeting. The identification of programs should relate to budget decisions because one goal of assessing programs is to develop information that will be useful to the budget process. This does not necessarily mean the definition of programs should be restricted to accounts and activities in the budget (i.e., a single budget line), but rather that the programs are managed as a single unit. If programs are chosen that are not aligned within the budget structure, budget justifications must include a cross-walk between the program(s) and the budget structure for public presentation.
4. Performance. The programs should support similar long-term outcome goals. The conclusions/recommendations on program performance should apply to each of the programs or involve each one.

In cases where a PART encompasses multiple programs, each program must:

1. Be addressed by each question. In order to receive a *Yes* on a given question, each of the programs included in the PART must receive a *Yes* to that question unless evidence is provided on why the question is not relevant to one of the programs.
2. Have related long-term outcome measures. In addition, each program should have annual performance measures. In the case of shared measures, to the extent possible, each program should be able to demonstrate how it contributes to the outcome, output, or efficiency measured.

Note: More often programs that have similar goals are not interdependent. In those cases, there may be an advantage to program comparisons in the context of a crosscutting analysis that reviews the programs' different administration practices and differential contributions to a set of outcomes. Programs in a crosscutting analysis should not be assessed within a single PART.

2. DETERMINING THE PROGRAM TYPE

Although most PART questions are the same, the PART divides all programs into seven categories for the purpose of asking additional questions unique to a particular type of program. These categories apply to both discretionary and mandatory programs.

1. Direct Federal Programs	Programs where services are provided primarily by employees of the Federal Government, like the State Department's Visa and Consular Services program.
2. Competitive Grant Program (CO)	Programs that provide funds to State, local and tribal governments, organizations, individuals and other entities through a competitive process, such as Health Centers at the Department of Health and Human Services (HHS).
3. Block/Formula Grant Programs (BF)	Programs that provide funds to State, local and tribal governments and other entities by formula or block grant, such as the Department of Energy's (DOE) Weatherization Assistance program and HHS' Ryan White/AIDS program.
4. Regulatory-Based Programs (RG)	Programs that accomplish their mission through rulemaking that implements, interprets or prescribes law or policy, or describes procedure or practice requirements, such as the U.S. Environmental Protection Agency's Mobile Source Air Pollution Standards and Certification program.
5. Capital Assets and Service Acquisition Programs (CA)	Programs that achieve their goals through development and acquisition of capital assets (e.g. land, structures, equipment, and intellectual property) or the purchase of services (e.g. maintenance, and information technology). Program examples include Navy Shipbuilding and the Bonneville Power Administration.
6. Credit Programs (CR)	Programs that provide support through loans, loan guarantees and direct credit, such as the Export Import Bank's Long Term Guarantees program.
7. Research and Development (R&D) Programs	Programs that focus on knowledge creation or its application to the creation of systems, methods, materials, or technologies, such as DOE's Solar Energy and NASA's Solar System Exploration programs.

There are PART questions specific to each of the seven types of Federal programs, though most of the questions are common across the seven types. The vast majority of Federal programs fit into one of the seven categories of programs for which there is a PART. Some programs use more than one mechanism to achieve their goals (e.g., grants and R&D). If one type does not aptly describe the functions of a program, it may be appropriate to draw questions from as many as three different types to create a "mixed" assessment and yield a more informative assessment.

In those instances, the PART type that most closely reflects the core functions of the program should be chosen as a primary type in PARTWeb, and then, if appropriate, questions from other PART types should be selected.

This document includes type-specific directions within the guidance for each question, as needed. For example, R&D programs addressing the acquisition, construction or operation of facilities or other capital assets should answer 2.CA1, 3.CA1, and 4.CA1. On the other hand, R&D programs that use competitive grants, contracts, cooperative agreements or other transactions should answer the Competitive Grants questions (3.CO1, 3.CO2, and 3.CO3).

3. ASSIGNING QUESTION WEIGHTS

As a default, individual questions within a section are assigned equal weighting that total 100 percent for each section. However, you may alter the question weighting to emphasize key factors of the program. **To avoid manipulation of the total score, weights must be adjusted prior to responding to any questions.** For example, if you know that your program's funding is generally determined by policy rather than performance, you may decide to adjust the weight for question 2.7 before starting the assessment.

In some cases, if a question is not relevant to the program, you may deem it *Not Applicable*. In these cases, you need to assign a weight of zero to the question and must provide an explanation of this response.

4. SELECTING PERFORMANCE MEASURES

The PART contains several questions about the quality of a program's long-term and annual performance measures, as well as questions about how well a program has achieved its performance goals. Because a program's performance goals represent its definition of success, the quality of the performance goals and actual performance against those goals are the primary determinants of an overall PART rating.

The purpose of this section of the guidance is to help you define or select meaningful performance measures for programs. **Agencies and OMB must assess the quality of a program's measures: if they are meaningful in the context of a specific program, if the measurement methodology is sound, and if the measures can be verified with reliable data.** See "Examples of Performance Measures" at www.omb.gov/part/.

The key to assessing program effectiveness is measuring the right things, not just aspects for which there are data. Performance measures must reflect a program's mission and priorities, be few in number, and provide information to inform budget and management decisions. Measures should reflect desired outcomes. In some cases where clear outcome measures are not available, comprehensive, or of sufficient quality, it may be acceptable to use output measures, interim milestone outcomes, or proxy outcome measures to judge the program's success in achieving desired outcomes. In these cases it is important to provide clear justification and rationale for why the measures chosen are appropriate, and provide comprehensive and quality measurement.

In addition, non-experts should be able to understand what is being measured and why it is relevant to the program.

Because of the importance of performance measures, OMB and agencies must agree on appropriate measures early to allow for review with relevant stakeholders, if needed. If the agency intends to revise its strategic goals as the result of a PART assessment, the Government Performance and Results Act (GPRA) requires that relevant stakeholders be consulted during the strategic plan review.

Basic Concepts

The terms below will be used repeatedly throughout this guidance. Although further explained throughout the document, they are defined here as an introduction.

- **Strategic Goal or Strategic Objective:** A statement of aim or purpose included in a strategic plan (required under GPRA). In a performance budget/performance plan, strategic goals should be used to group multiple program outcome goals. Each program outcome goal should relate to and in the aggregate be sufficient to influence the strategic goals or objectives and their performance measures.

- **Performance Goal:** Sets a target level of performance over time expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value or rate. A performance goal is comprised of a performance measure with targets and timeframes.

    - **Performance Measures:** Indicators, statistics or metrics used to gauge program performance.

    - **Target:** Quantifiable or otherwise measurable characteristic that tells how well a program must accomplish a performance measure.

Categories of Performance Measures

The PART emphasizes the relationship between outcome, output, and efficiency measures, because each kind of measure provides valuable information about program performance. Collectively, these measures convey a comprehensive story regarding what products and services agencies provide, how well they do so, and with what result.

Outcome Measures. Outcomes describe the intended result of carrying out a program or activity. They define an event or condition that is external to the program or activity and that is of direct importance to the intended beneficiaries and/or the general public. For example, the outcomes for a tornado warning system could be the number of lives saved and property damage averted.

Output Measures. Outputs describe the level of activity that will be provided over a period of time, including a description of the characteristics (e.g., timeliness) established as standards for the activity. Outputs refer to the internal activities of a program (i.e., the products and services

delivered). For example, an output could be the percentage of warnings that occur more than 20 minutes before a tornado forms.

Outputs v. Outcomes. While performance measures must distinguish between outcomes and outputs, there must be a reasonable connection between them, with outputs supporting (i.e., leading to) outcomes in a logical fashion.

Outcome measures are most informative, because these are the ultimate results of a program that benefit the public. Programs must try to translate existing measures that focus on outputs into outcome measures by focusing on the ultimate goal of the program, as shown here:

Outputs	**Outcomes**
Number of housing units rehabilitated.	Increases in equity (property value) of rehabilitated houses for low-income families as a result of targeted assistance.
Number of businesses assisted through loans and training.	Percent of businesses that remain viable 3 years after assistance.
Number of people served by water/sewer projects.	Increased percent of people with access to clean drinking water.
Number of acres of agricultural lands with conservation plans.	Percent improvement in soil quality; dollars saved in flood mitigation.

Programs that cannot define a quantifiable outcome measure – such as programs that focus on process-oriented activities (e.g., data collection, administrative duties or survey work) − may adopt a "proxy" outcome measure. For example, a program whose purpose is to make forecasts may use increases in the accuracy of predictions as a proxy (stand-in) outcome measure. Similarly, a program whose purpose focuses on processing claims or applications may measure increases in accuracy and timeliness of service delivery without a reduction in customer satisfaction. In such cases, the program must demonstrate a clear link between the proxy measure and the outcomes (the public good) the program is trying to achieve, and clearly describe that link in the explanation of the answer.

Efficiency measures. While outcome measures provide valuable insight into program achievement, more of an outcome can be achieved with the same resources if an effective program increases its efficiency. The President's Management Agenda (PMA) Budget and Performance Integration (BPI) Initiative encourages agencies to develop efficiency measures. Sound efficiency measures capture skillfulness in executing programs, implementing activities, and achieving results, while avoiding wasted resources, effort, time, and/or money.[1] Simply put, efficiency is the ratio of the outcome or output to the input of any program.[2] Because they relate to costs, efficiency measures are likely to be annual measures.

- Outcome efficiency measures: The best efficiency measures capture improvements in program outcomes for a given level of resource use. Outcome efficiency measures are

[1] www.cogsci.princeton.edu/cgi-bin/webwn
[2] www.cogsci.princeton.edu/cgi-bin/webwn

generally considered the best type of efficiency measure for assessing the program overall. For example, a program that has an outcome goal of "reduced energy consumption" may have an efficiency measure that shows the value of energy saved in relation to program costs.

- Output efficiency measures: It may be difficult to express efficiency measures in terms of outcomes. In such cases, acceptable efficiency measures could focus on how to produce a given output level with fewer resources. However, this approach should not shift incentives toward quick, low-quality methods that could hurt program effectiveness and desired outcomes.

Meaningful efficiency measures consider the benefit to the customer and serve as indicators of how well the program performs. For example, reducing processing time means little if error rates increase. A balanced approach is required to enhance the performance of both variables in pursuit of excellence to customers. In these instances, one measure (e.g., increase in customer satisfaction) may be used in conjunction with another complementary measure (e.g., reduction in processing time).

In all cases, efficiency measures must be useful, relevant to program purpose, and help improve program performance. An efficiency measure for a Federal program tracks the ratio of total outputs or outcomes to total inputs (Federal plus non-Federal). Leveraging program resources can be a rational policy decision, as it leads to risk or cost sharing; however, it is not an acceptable efficiency measure, because the leveraging ratio of non-Federal to Federal dollars represents only inputs. Although increasing the amount leveraging in a program may stretch Federal program dollars, this does not measure improvements in the management of total program resources, systems, or outcomes.

Targets and Baselines

Once measures are defined, ambitious and achievable targets must be set, building off a reliable baseline.

Baselines are the starting point from which gains are measured and targets are set. The baseline year shows actual program performance or prior condition for the given measure in a specified prior year.

Targets refer to improved levels of performance needed to achieve the stated goals. These targets must be *ambitious* (i.e., set at a level that promotes continued improvement given program circumstances) and *achievable* given program characteristics. Each target must have a timeframe (e.g., years in which the target level is to be achieved). Target setting should consider circumstances (e.g., funding levels, changing legislative constraints, past performance) and targets may be adjusted annually as these factors change.

In most instances, targets should be quantifiable. However, in some cases, like basic research and development, measures and their targets may need to be qualitative and supported by peer review

(e.g., expert panels or Inspectors General) or other means. When a target is not quantitative, it must still be verifiable.

Long-term v. Annual Performance Goals

The PART also distinguishes between **long-term performance goals** and **annual performance goals**. While long-term performance goals address performance that is generally several years or more in the future, annual performance goals are stated in yearly increments. Similar to determining what a meaningful performance measure is for a program, the appropriate timeframe for a long-term performance goal should also reflect program characteristics.

- **Long-term** is defined as covering a multi-year period of time. Duration may vary by program but should consider the nature of the program and be consistent with the periods for strategic goals used in the Agency Strategic Plan.

- **Annual** performance goals are the measures and targets affected by an activity in a particular (generally near-term) year.

Long-term and annual measures should be linked. Indeed a long-term performance goal could be an annual performance goal in the future. For example, a program may have a goal of handling 15 million transactions in 2011 for the same cost of handling 10 million transactions in 2006. This type of goal can demonstrate increased expectations for cost efficiencies over time.

Alternatively, a long-term performance goal could reflect the cumulative effect of annual activities. This type of goal can indicate when the program's mission is accomplished or how it should evolve over time.

For a more detailed discussion please see "Performance Measurement Challenges and Strategies" (June 2003, http://www.whitehouse.gov/omb/part/challenges_strategies.html) as well as additional examples of performance measures on OMB's PART website, www.omb.gov/part/.

5. ANSWERING THE QUESTIONS

Sections of the PART

The PART is a series of questions that assess different aspects of program performance. Each PART is divided into four sections (see below). The answers to questions in each of the four sections result in a numeric score from 0 to 100 for the section. These numeric scores are tallied and translated into qualitative ratings: *Effective*, *Moderately Effective*, *Adequate*, and *Ineffective*. Regardless of the overall score, a rating of *Results Not Demonstrated* is given when programs do not have acceptable performance measures or lack baselines and performance data.

The PART sections are:

I) Program Purpose & Design: to assess whether the program's purpose and design are clear and sound

II) Strategic Planning: to assess whether the program has valid long-term and annual measures and targets

III) Program Management: to rate program's management, including financial oversight and program improvement efforts

IV) Program Results/Accountability: to rate program performance on measures and targets reviewed in the strategic planning section and through other evaluations

Sections I through III are scored in a *Yes/No* format. In Section IV, a four-level scale (*Yes*, *Large Extent*, *Small Extent*, and *No*) permits answers to reflect partial achievement of goals and evidence of results. *Not Applicable* may also be an appropriate answer as indicated in this guidance.

Standards of a Yes

The PART holds programs to high standards. Compliance with the letter of the law is not enough. To score well on the PART, a program must also show it is achieving its purpose and that it is well managed. The PART requires a high level of evidence to justify a *Yes* response.

Answers must address every element of the question where required and be based on the most credible evidence from the last five years.

Question Linkages

This section contains guidelines about how various questions in the PART are linked to one another.

Establishing appropriate long-term measures and targets lays the groundwork both for annual measures and targets and for assessing program results relative to those targets. Because of the strong focus on strategic planning and performance measurement, certain questions in Sections II (Strategic Planning) and Section III (Program Management) are linked with questions in Section IV (Results). Specifically, a program cannot get full credit for meeting performance targets in Section IV, if the relevant questions in Section II or III indicate that the long-term, annual, or efficiency measures and targets are not sound. Section IV scoring allows for partial achievement of performance goals (i.e., *Large Extent* and *Small Extent*).

The table on the next page lists all PART questions that are linked, such that the answer to one question either prescribes or limits the answer to additional questions.

Required PART Question Linkages							
	Q2.2	**Q2.3**	**Q2.4**	**Q2.5**	**Q4.1**	**Q4.2**	**Q4.3**
If Q2.1=*No*	Must answer *No*	Must provide explanation of how annual performance goals contribute to long-term outcomes and purpose to receive a *Yes*		Must answer *No* if both Q2.1=*No* and Q2.3=*No*	Must answer *No* if adequate outcome (or output) measures are not available		
If Q2.3=*No*			Must answer *No*			Must answer *No*	
If Q2.1=*Yes* and Q2.2=*No*					Not higher than *Small Extent*		
If Q2.3=*Yes* and Q2.4=*No*						Not higher than *Small Extent*	
If Q.3.4=*No*							Must answer *No*

To ensure consistency across programs, all answers must follow these linkages.

While other questions are related, only those listed above are linked. For example, while 2.7 and 4.5 both address evaluations, the response to one does not determine that to the other. A program could get a *No* to 2.7 because it does not use evaluation information to manage but then receive credit in 4.5 because evaluations document its success. Another example of related but not linked questions are 1.3 and 4.4.

Completing the Explanation and Evidence Sections

Explanations. An explanation must clearly justify an answer and address all aspects of the requirements provided in the guidance for the question. Several PART questions have multiple elements that must be addressed to achieve a *Yes* answer. When a question specifies two or more criteria that are joined by the word "and," the program must achieve <u>all</u> of the criteria in order to earn a *Yes* answer. On the other hand, when a question proposes different options for satisfying the criteria, typically different conditions joined by the word "or," the program need only achieve one criterion to earn a *Yes*. In these cases, the explanation must address only the criteria that have been met.

In addition, the explanation should first and foremost support the answer given. On occasion, responses to the PARTs try to present a balanced presentation of positive and negative elements, and as a result the explanation becomes unclear. Explanations may present information on both strengths and weaknesses, but must first state clearly the principle justification for the answer.

Even where a program receives a *No*, the explanation should make clear which requirements of the question the program meets and which it does not.

Evidence. Evidence cited in the PART should generally be from the last five years.

In addition, the description of evidence should provide information on both the source and basis for the judgment used to determine the answer. Discussion of evidence should summarize the content of the evidence and provide a context for the explanation (e.g., evidence provided for the performance measurement questions must compare actual performance to baseline performance).

When you cite a web-based resource or website, include the full URL (http://...), verify that the address works, and be as specific as possible about what you are referencing (including the page number, where possible). Web addresses are hyperlinked in ExpectMore.gov, allowing the reader to click on the link and review the evidence.

Use of Not Applicable (*NA*). *NA* should be used sparingly and only when a question does not apply to a particular program. *NA* should not be used to avoid choosing between *Yes* and *No*. *NA* should not be used in cases where insufficient evidence exists, the program needs to make improvements, or the program meets some, but not all of the criteria of the question. In all these cases, the appropriate answer is *No*.

When *NA* is selected in PARTWeb, the explanation must provide a justification for its use, the weight for the question must be reduced to zero, and the weights for other questions in the section must be adjusted as appropriate so the section weights sum to 100%. If you chose the auto-weight feature, any *NA* response will automatically be set to zero weight.

To avoid manipulation of the total score, *NA* should be selected and justified at the beginning of the PART assessment.

Note: A customized ("mixed") PART may be developed by selecting multiple PART types (e.g., Competitive Grants and R&D). In those cases, if type-specific questions are not relevant for the type of PART being completed, leave the answers blank and the weight zero; do not enter *NA* for a response.

INSTRUCTIONS FOR ANSWERING PART QUESTIONS

The following sections of the guidance contain question-specific instructions to help explain the purpose of each question and general standards for evaluation. These instructions will not cover every case, and it is up to the user to bring relevant information to bear in answering each question that will contribute to the program's assessment.

SECTION I.
PROGRAM PURPOSE AND DESIGN

This section examines the clarity of program purpose and soundness of program design. It looks at factors including those the program, agency, or Administration may not directly control but which are within their influence, such as legislation and market factors. Programs should generally be designed to address either an efficiency matter, such as a public good or externality, or a distributional objective, such as assisting low-income families in the least costly or most efficient manner. A clear understanding of program purpose is essential to setting program goals, measures, and targets; maintaining focus; and managing the program. Potential source documents and evidence for answering questions in this section include authorizing legislation, the program description in the Catalog of Federal Domestic Assistance (CFDA), agency strategic plans, performance plans/performance budgets, and other agency reports.

Options for answers are *Yes* and *No*. Design flaws in the underlying legislation can and should be considered and supported by evidence, and are grounds for a *No*.

For R&D programs, most of the questions in this section help address program "relevance," one of the three fundamental issues of the R&D Investment Criteria (see Appendix C).

1.1: Is the program purpose clear?

Question 1.1: Quick Tips	
Answer Options	*Yes, No*

Purpose: To determine whether the program has a focused and well-defined mission. Determining this purpose is critical to determination of useful performance measures and targets.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ A clear and unambiguous mission. Considerations can include whether the program purpose can be stated succinctly.

Elements of *No*: A *No* answer would be appropriate if the program has multiple conflicting purposes.

Not Applicable: *Not Applicable* is not an option for this question.

Evidence/Data: Evidence can include a statement of the purpose and supporting objectives from the program's authorizing legislation, program documentation (such as the program description provided by the agency to CFDA) or mission statement.

1.2: Does the program address a specific and existing problem, interest, or need?

Question 1.2: Quick Tips	
Answer Options	*Yes, No*

Purpose: To determine whether the program addresses a specific problem, interest, or need that can be clearly defined and that currently exists.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ A relevant and clearly defined interest, problem or need exists that the program is clearly designed to address.
- ✓ The program purpose is still relevant to current conditions (i.e., that the problem the program was created to address still exists).

The explanation should describe the problem, interest or need that the program is designed to address. Considerations could include, for example, whether the program addresses a specific market failure**.**

Elements of *No*: A *No* should be given if there is no clear need for the program.

Programs may receive a *Yes* to question 1.1 and a *No* on question 1.2 and vice versa.

Not Applicable: *Not Applicable* is not an option for this question.

Examples: Housing and Urban Development's HOPE VI program had a clear purpose with a goal of demolishing 100,000 of the most severely distressed public housing units. However, the program has surpassed this goal and addressed the need for which the program was originally created. Therefore, the program received a *Yes* in 1.1 and a *No* in 1.2. In addition, the Department of Education Vocational Education program had an unclear mission caused by multiple and overlapping objectives. It was able to document, however, that a significant number of students are graduating from high school and community college without the necessary academic and technical skills. Therefore, the program received a *No* for 1.1 and a *Yes* for 1.2.

Evidence/Data: Evidence should include relevant documentation that demonstrates the existence of the problem, interest, or need. An example could be the number and income levels of uninsured individuals for a program that provides care to those without health insurance.

1.3: Is the program designed so that it is not redundant or duplicative of any other Federal, State, local or private effort?

Question 1.3: Quick Tips	
Answer Options	*Yes, No*
Additional Guidance	• Credit • R&D

Purpose: To determine whether the program is designed to fill a unique role or whether it instead unnecessarily duplicates or even competes with other Federal or non-Federal programs.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program does not excessively overlap with other Federal or non-Federal efforts, including the efforts of State and local governments or the private and non-profit sectors.

A consideration can include whether the program serves a population not served by other programs. Answers should address redundancy and duplication at all levels - Federal, State, local and private sector efforts. If there are no similar programs at certain levels, state so in the answer.

Similar programs might be justified in receiving a *Yes* if a strong case can be made that fixed costs are low and competition is beneficial (e.g., perhaps multiple laboratories) or if more than one service delivery mechanism is appropriate (e.g., block grants for base activities and competitive grants for demonstration projects). Also, the standard of evidence to receive a *Yes* should be higher where Federal programs overlap with each other than where a Federal program overlaps with private, local, or State programs.

Elements of *No*: A *No* answer should be given when there is more than one program that addresses the same problem, interest, or need, regardless of the size or history of the respective programs. For programs that partially overlap with others, a *No* should be given when major aspects of the program, such as its purpose, targeted beneficiaries, or mechanisms, are duplicative. If there are two programs that significantly overlap and one is large and another is small, both programs should receive a *No* for this question.

Not Applicable: *Not Applicable* is not an option for this question.

Examples: Two Federal programs that address substantially similar training needs would face a high standard to receive a *Yes* to this question. In contrast, a *Yes* could be given to a Federal program that addressed indigent medical care across the nation, even though there are many local and private programs that also address indigent medical care. The key would be whether the gaps in the non-Federal provision are large enough to warrant a Federal program and whether the Federal program is well designed to mesh with non-Federal efforts and responsibilities.

Additional Guidance: For Credit and R&D programs, there are a few additional considerations.

- ⇨ **For Credit programs,** a *Yes* answer would require evidence of market failure, such that many credit-worthy members of the target population continue, despite technological and regulatory advances, to be unable to obtain credit from private lenders or other Federal, State, or local programs.

- ⇨ **For R&D programs,** some degree of duplication is permissible, if it is well justified and coordinated. A *Yes* answer would require justification that the program provides value beyond that of any similar efforts at the agency, efforts at other agencies, or efforts funded by State and local government, private and non-profit sectors, or other counties. Justification first requires due diligence in identifying similar past or present efforts.

Evidence/Data: Evidence should identify duplicative programs and their total expenditures and/or descriptions of efforts supported by those programs that address a similar problem in a similar way as the program being evaluated. Evidence could include documented statements of programs' missions or activities, other program reports or products, and stakeholder feedback. The CFDA can be used as one resource for identifying potentially duplicative programs (see http://12.46.245.173/cfda/cfda.html).

1.4: Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Question 1.4: Quick Tips	
Answer Options	*Yes, No*
Additional Guidance	• Credit • Regulatory • Capital Assets and Service Acquisition

Purpose: To determine whether there are major design flaws in the program that limit its efficiency or effectiveness.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program is free from major design flaws that prevent it from meeting its defined objectives and performance goals.
- ✓ There is no strong evidence that another approach or mechanism would be more efficient or effective to achieve the intended purpose.

A consideration could be whether the government would get the same or better outcome by expending fewer total resources through a different mechanism. For example, there may be evidence that a regulatory program to ensure public safety would be more effective than a grant program. Analysis should consider whether the program structure continues to make sense given changing conditions in the field (e.g., changing threat levels or social conditions). Other considerations could include whether the program extends its impact by leveraging funds and contributions from other parties.

Elements of *No*: Unlike other PART questions that require evidence to justify a *Yes* answer, the burden of proof for this question is to provide evidence to support a *No*. If there is no evidence that a different approach or mechanism would be more effective or efficient given the changing conditions in the field, then the program should get a *Yes*.

Not Applicable: *Not Applicable* is not an option for this question.

Additional Guidance: For Credit, Regulatory, and Capital Assets and Service Acquisition programs, there are a few additional considerations.

- ⇨ **For Credit programs,** an additional consideration is the incentives the program provides to borrowers and private-sector partners (e.g., lenders in guarantee programs). A well-designed program should have incentive and monitoring mechanisms to induce borrowers to repay on time and to motivate private-sector partners to fully utilize their expertise to reduce risk to the Government and improve program effectiveness.

- ⇨ **For Regulatory programs,** a *No* should be given if the statute underlying the regulations is not designed to maximize net benefits.

- ⇨ **For Capital Assets and Service Acquisition programs,** a *Yes* answer requires that, in addition to the general criteria, the program is supported by an adequate capital asset management infrastructure that is consistent with the principles and techniques of effective capital programming. It must have clear lines of authority, responsibility, and accountability for managing capital assets.

Evidence/Data: Evidence demonstrating efficient design can include program evaluations and cost effectiveness studies comparing alternative mechanisms (e.g., regulations or grants) with the current design (e.g. direct Federal provision). Evidence on the relative benefits and costs of the activity are also useful.

Evidence for determining whether the threshold for capital programming has been met should include the documented program-relevant agency or bureau capital programming policies, directives, instructions, manuals, and assignment of authorities and responsibilities to agency personnel and organizational units.

Note that if the program's only design flaw relates to targeting of resources and the program received a *No* to question 1.5, it would not be appropriate for it to receive a *No* to this question also. However, if there is evidence that the program has more than one major design flaw (including targeting of resources), it should receive a *No* to questions 1.4 and 1.5.

1.5: Is the program design effectively targeted so that resources will address the program's purpose directly and will reach intended beneficiaries?

Question 1.5: Quick Tips	
Answer Options	*Yes, No*
Additional Guidance	• Block Grant • Credit • R&D

Purpose: To determine whether the program is designed so that: 1) program resources are used in a manner that directly and efficiently supports the program's purpose; 2) program resources or outcomes will reach the intended beneficiaries efficiently; and 3) to avoid unintended subsidies.

"Benefits" can be the outcomes of program efforts or direct assistance such as grant funding. "Beneficiaries" refers to those who benefit from the favorable outcome of the program. "Reach" refers to the distribution of program benefits (i.e. program outcomes, grant funding, etc.).

Unlike Question 1.4, which addresses examination of alternatives to achieve a program's goals, this question asks whether program resources under the *current* program design are oriented toward the effective achievement of the program's purpose.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program is designed in a manner that ensures resources are being used directly and effectively to meet the program's purpose.
- ✓ The program is structured so that resources or outcomes (benefits) will adequately reach the intended beneficiaries.
- ✓ The program can demonstrate that the right beneficiaries are being targeted.
- ✓ Activities that would have occurred without the program are not subsidized (or receive only warranted levels of subsidies).

Acceleration of activities due to Federal funding can be grounds for a *Yes*, but there should be evidence that the acceleration warrants the subsidy or application of funding. Acceleration of an activity that increases profits for a business -- that the firm would or could have undertaken eventually without the subsidy or application of funding -- would not generally qualify for a *Yes*, unless there are significant external (i.e., social) benefits from the activity.

Not Applicable: *Not Applicable* is not an option for this question.

Additional Guidance: For Block Grant, Credit, and R&D programs, there are a few additional considerations.

- ⇨ **For Block Grant and Credit programs,** the assessment should also consider how well funds are targeted to meet the program purpose and whether funds are protected against supplantation or substitution. For Credit programs, it is important not to attract those borrowers who can obtain credit without Government assistance, but to focus on the next-most-creditworthy borrowers who have a chance to meet the program's performance goals.

- ⇨ **For R&D programs,** a *Yes* answer would require identification of the program's relevance to addressing specific national needs, agency missions, fields of science or technology, or other "customer" needs. A customer may be another program at the same or another agency, an interagency initiative or partnership, a firm, or an organization from another sector or country. For these programs, the question refers to awardees of contracts, cooperative agreements or other transactions, as well as grants.

Evidence/Data: Evidence should support the existence of an adequate process for targeting resources to the program's purpose and/or beneficiaries. For example, a process for determining the proper set of intended beneficiaries should be flexible enough to adjust as the pool of possible beneficiaries or market conditions change. Evidence should also show that the program is designed to 1) reach the highest practicable percentage of target beneficiaries, and 2) have the smallest practicable share of funds or other program benefits going to unintended beneficiaries. Regarding item 1, a small program may only be able to reach a small number of beneficiaries, but it should be well targeted on some merit basis. On item 2, programs not designed to avoid unwarranted shares of funding or other program outcomes going to beneficiaries who do not need or merit the benefits should receive a *No* answer. Programs that are designed in a way that is likely to result in significant levels of erroneous payments should also receive a *No*.

SECTION II.
STRATEGIC PLANNING

This section focuses on program planning, priority setting, and resource allocation. Key elements include an assessment of whether the program has a limited number of performance measures with ambitious and achievable targets to ensure planning, management, and budgeting are strategic and focused. Potential source documents and evidence for answering questions include strategic planning documents, agency performance plans/performance budgets and reports, reports and submissions from program partners, evaluation plans, and other program documents.

Options for answers are *Yes* and *No*. In some cases, *Not Applicable* may also be an option. While it is recognized that some programs may have greater difficulty than others in developing quantitative performance goals, programs must have meaningful and appropriate methods for demonstrating results. OMB and agencies should work together to develop approaches for programs where it is difficult to develop quantitative measures, and where qualitative, expert-review, or other measures are more appropriate.

For R&D programs, most questions in this section help address the *prospective* aspects of the R&D Investment Criteria (see Appendix C).

2.1: Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?

Purpose: To determine if the program has long-term performance measures to guide program management and budgeting and promote results and accountability that meet the requirements of the PART and GPRA. This question seeks to assess whether the program measures are salient, meaningful, and capture the most important aspects of program purpose and appropriate strategic goals.

Question 2.1: Quick Tips	
Answer Options	*Yes, No*
Additional Guidance	• Block Grant • R&D

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program must have about two or three specific, easily understood long-term outcome measures that directly and meaningfully support the program's purpose. "Long-term" means a long period relative to the nature of the program, likely 5-10 years, and consistent with time periods for strategic goals used in the agency's GPRA strategic plan.

The performance measures should focus on outcomes, although in some cases output measures are permissible. The measures may be those developed to comply with GPRA, so long as they meet the "Performance Measures" section of this document. Otherwise, OMB and agencies should revise the measures to fully meet GPRA and PART standards. A *Yes*

answer can also be given if OMB and the agency have reached agreement on a limited number of long-term measures that will be added to the 2008 GPRA strategic plan or performance plan/performance budget if those measures are included in the PART. Significant changes to the GPRA strategic plan may require stakeholder consultation.

Output measures only meet the standards of a *Yes* answer if the program can produce sound justification for not adopting outcome measures. Whenever output measures are proposed, the program must clearly show how such measures reflect progress toward desired outcomes. The justification for not adopting outcome measures and the explanation of how output measures show progress toward desired outcomes must be clearly presented in the explanation and/or evidence sections. For more detailed discussion on when output measures may be used as proxy measures for outcomes, please see "Selecting Performance Measures" section of the PART guidance or visit OMB's website at http://www.omb.gov/part/.

Elements of *No*: A *No* must be given for long-term measures that do not directly and meaningfully relate to the program's purpose or are unnecessarily focused on outputs and lack adequate justification. A program should not receive a *No* for having too many measures, if it has identified a few high-priority ones that represent important aspects of the program. A *No* must be given if the agency and OMB have not reached agreement on measures that meet PART requirements.

Not Applicable: *Not Applicable* is not an option for this question.

Examples: A program that is exclusively focused on processing applications **and** is unable to adequately define a quantifiable outcome measure may use output measures that focus on increases in accuracy and/or timeliness of service delivery. An example of an unacceptable long-term measure is a housing program that is proposing using a measure of "number of housing units constructed." In this case, such an output is unacceptable as the program is expected to articulate and measure progress toward achieving outcomes (e.g., increases in homeownership rates, increases in housing equity in low-income communities).

Measures and PARTWeb

Performance measures should be listed in the Measures screen in PARTWeb. Only measures that meet the standards for a *Yes* should be entered in the PART. Please ensure that the proper characterization of measures is selected (i.e., "outcome" or "output").

Additional Guidance: For Block Grant and R&D programs, there are a few additional considerations.

- **For Block Grant programs** that support a wide range of purposes and allow grantees to set their own program priorities, measures that address the extent to which grantees meet their own goals or effectively target populations are options if no better measures are possible.

- ⇨ **For R&D programs,** OMB will work with agencies to assess existing or develop appropriate measures. Some R&D programs, especially in basic research, may have difficulty developing long-term efficiency measures, due to the uncertainty of outcomes and the years it takes to achieve and recognize them.

Evidence/Data: Evidence will include the long-term measures established for the program either in the existing agency GPRA documents or other program documents or as agreed to by OMB and to be included in the 2008 GPRA documents. In the case of new measures, if targets and baselines are not defined, a plan for their development (i.e., timeline, methods for data collection, responsible office and/or staff) must be agreed to by the agency and OMB.

2.2: Does the program have ambitious targets and timeframes for its long-term measures?

Question 2.2: Quick Tips	
Answer Options	*Yes, No*
Question Linkages	If *No* on 2.1, must answer *No* on 2.2.
Additional Guidance	• R&D

Purpose: To determine if the program has challenging but realistic quantifiable targets and timeframes for the long-term measures.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program must have specific quantified targets for measures evaluated in Question 2.1. (Where targets are not "quantitative," they still must be verifiable, e.g., through a clean audit or outstanding ratings by an expert panel).
- ✓ The program is strongly encouraged to have clear baselines from which to measure targets and changes in performance for outcome measures
- ✓ The program must have baselines for output measures.
- ✓ All targets and timeframes must be ambitious – that is, they must be set at a level that promotes continued improvement within achievable efficiencies.
- ✓ Where relevant, the program must define an appropriate end target.

Elements of *No*: A *No* is appropriate if quantified targets or timeframes are not included for key measures or if the targets or timeframes are not ambitious or challenging. A *No* is also appropriate where required baselines have not been established.

Not Applicable: *Not Applicable* is not an option for this question.

Question Linkages

If the program received a *No* in Question 2.1, the program must get a *No* for this question.

Measures and PARTWeb

Targets must be listed in the Measures screen in PARTWeb.

Additional Guidance: For R&D programs, there are a few additional considerations.

- ⇨ **For R&D programs,** a *Yes* answer would require that the program provides multi-year R&D objectives. Where applicable, programs must provide schedules with annual milestones, highlighting any changes from previous schedules. Program proposals must define what outcomes would represent a minimally effective program and a successful program.

Evidence/Data: Evidence will include targets in existing agency GPRA documents or other program documents or as agreed to by OMB and to be included in the 2008 GPRA documents.

2.3: Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?

Question 2.3: Quick Tips	
Answer Options	*Yes, No*
Question Linkages	If *No* on 2.1, must provide explanation of how annual performance goals contribute to long-term outcomes and purpose to get *Yes* on 2.3.
Additional Guidance	• Block Grant • R&D • Capital Assets and Service Acquisition

Purpose: To determine whether a limited number of annual performance measures have been identified that directly support the long-term goals evaluated in Questions 2.1 and 2.2. The measures should be logically linked to the long-term goals in a manner that enables them to demonstrate progress toward achieving those long-term goals.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ A limited number of discrete, quantifiable, and measurable annual performance measures have been established for the program.
- ✓ Annual performance measures adequately measure the program's progress toward reaching the long-term goals evaluated in Questions 2.1 and 2.2. The explanation must clearly state how the outcomes help achieve the long-term goals of the program.
- ✓ Annual performance measures focus on outcomes. Measures may focus on outputs if the program can adequately justify why it is unable to define satisfactory quantifiable outcome measures. The justification for not adopting outcome measures and the explanation of how output measures show progress toward desired outcomes must be clearly presented in the explanation and/or evidence sections.

The annual performance measures may be those developed by the agency to comply with GPRA, if the performance measures meet the criteria listed above.

Elements of *No*: A *No* must be given if the agency and OMB have not reached agreement on measures that meet PART requirements.

Programs must have at least one efficiency measure as part of their annual measures. Credit for efficiency measures is given in Question 3.4.

Not Applicable: *Not Applicable* is not an option for this question.

> **Question Relationship**
> If the program received a *No* in Question 2.1, an explanation of how annual performance goals contribute to desired long-term outcomes and the purpose of the program must be provided to receive a *Yes* for this question.
>
> **Measures and PARTWeb**
> Performance measures should be listed in the Measures screen in PARTWeb.
>
> Only measures that meet the standards for a *Yes* should be entered in the PART. Please ensure that the proper characterization of measures is selected (i.e., "outcome" or "output").

Additional Guidance: For Block Grant, R&D, and Capital Assets and Service Acquisition programs, there are a few additional considerations.

- ⇨ **For Block Grant programs** that support a wide range of purposes and allow grantees to set their own program priorities, measures that address the extent to which grantees meet their own goals or effectively target populations are options if no other measures are possible.

- ⇨ **For R&D programs,** a *Yes* answer would require that the program has annual performance measures to track how the program could improve scientific understanding and its application. For R&D programs that have multi-year schedules, the annual measure should tie into the longer term milestones, as appropriate. Some basic research programs may not be able to define meaningful annual outcome or efficiency measures. In such cases, these programs may use process-related indicators (see Question 3.4), if the program can explain how those processes are directed toward the intended long-term goals. OMB will work with agencies to address appropriate measures.

- ⇨ **For Capital Assets and Service Acquisition programs,** a *Yes* answer requires that, in addition to the general criteria, annual performance measures include those that are sufficient to track achievement of the cost, schedule, and performance goals of asset acquisitions as they relate to the overall program.

Evidence/Data: Evidence will include the annual measures established for the program in the agency GPRA performance plan/performance budget or other program documents, or they may be new measures as agreed to by OMB and which will be included in the 2006 GPRA

performance plan/performance budget. Evidence for capital asset acquisition programs includes agency acquisition and project management working documents, contract performance measures and metrics, and business cases (OMB Circular A-11 Exhibit 300s).

2.4: Does the program have baselines and ambitious targets for its annual measures?

Question 2.4: Quick Tips	
Answer Options	*Yes, No*
Question Linkages	If *No* on 2.3, must answer *No* on 2.4.

Purpose: To determine if the program has baselines and challenging, but realistic, quantified targets for the annual measures.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ Baselines have been established for most of the annual measures evaluated in Question 2.3.
- ✓ Specific annual targets, in almost all cases quantified, have been developed for most of the program's annual measures evaluated in Question 2.3. These targets provide a specific value with which performance can be compared.
- ✓ All targets are ambitious – that is they must be set at levels that ensure continued improvement and realization of efficiencies. They also should be within reason for the program to achieve.

Elements of *No*: A *No* answer would be appropriate if quantified targets or timeframes are not included for most measures or if the targets are not ambitious or challenging.

Not Applicable: *Not Applicable* is not an option for this question.

Question Linkages

If the program received a *No* in Question 2.3, the program must get a *No* for this question.

Measures and PARTWeb

Targets should be listed in the Measures screen in PARTWeb.

Evidence/Data: Evidence will include targets in the agency GPRA performance plan/performance budget or other program documents or as agreed to by OMB and will be included in the 2006 GPRA performance plan/performance budget.

2.5: Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?

Question 2.5: Quick Tips	
Answer Options	*Yes*, *No*, *NA*
Question Linkages	If *No* on 2.1 and *No* on 2.3, must answer *No* on 2.5.
Additional Guidance	• Regulatory • Programs funding grants for basic research

Purpose: To determine whether program efforts carried out by program partners also support the annual and long-term performance goals of the program.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ Partners support the overall goals of the program.
- ✓ Partners measure and report on their performance as it relates to accomplishing the program's goals.

Examples: The most obvious example of a partner is an entity receiving program funding. A program that requires all grant agreements and contracts to include performance measures that will help the program achieve its goals and monitor those measures would receive a *Yes*.

While a program cannot always control the activities of its partners, it can exert influence through a number of various mechanisms. If a program does not link partners' activities to the program's goals through a performance requirement or some other means then a *No* would be appropriate.

Not Applicable: *Not Applicable* is an option if the program does not have any partners in carrying out its mission.

Question Linkages

If the program received a *No* for both Questions 2.1 and 2.3, the program must receive a *No* for this question.

Additional Guidance: For Regulatory programs and programs funding grants for basic research, there are a few additional considerations.

- ⇨ **For Regulatory programs,** all regulated entities are not necessarily defined as program partners.
- ⇨ **For programs funding grants for basic research,** a *Yes* answer can be achieved if the program solicitation explicitly includes the program goals, and grant applications and progress reports provide sufficient means for the program manager to assess performance and continuing relevance.

Evidence/Data: Evidence can include contracts and other documents that tie contractor performance to program goals, as well as other procedures the program uses to get partners to commit to, measure, and report on performance related to the program's goals.

2.6: Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?

Question 2.6: Quick Tips	
Answer Options	*Yes, No*
Additional Guidance	• R&D

Purpose: To ensure that the program or agency conducts non-biased evaluations on a regular or as-needed basis to fill gaps in performance information. These evaluations should be of sufficient scope to improve planning with respect to the effectiveness of the program.

For R&D programs, this question is central to prospective planning to address all of the R&D investment criteria (see Appendix C).

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ A program must have evaluations that meet all the following criteria, described in detail below:
  - high quality
  - sufficient scope
  - unbiased, independent
  - conducted on a regular basis to support program improvements

Not Applicable: *Not Applicable* is not an option for this question; given the flexibility in determining what constitutes an evaluation, all programs should undergo an evaluation that meets the following elements of quality, scope, and independence.

Quality. Evaluations should be sufficiently rigorous to provide information on the effectiveness of the program. For programs that support or employ a range of services and approaches, evaluations should also provide information on the effectiveness of the various services and approaches. To receive a *Yes*, agencies must demonstrate that they have chosen and applied evaluation methods that provide the most rigorous evidence of a program's effectiveness that is appropriate and feasible. A program may satisfy this criterion if the agency and OMB determine that the program is in the process of developing new evaluation approaches that will provide the most rigorous evidence possible by a specified future date.

The most significant aspect of program effectiveness is *impact*—the outcome of the program, which otherwise would not have occurred without the program intervention. A number of evaluation methodologies are available to measure the effectiveness of programs. Some, such as randomized controlled trials, are particularly well suited to measuring impacts. However, these studies are not suitable or feasible for every program, and a variety of evaluation methods may need to be considered. Other types of evaluations, including well-designed

quasi-experimental studies, may provide useful information about the impact of a program and/or can help address *how* or *why* a program is effective (or ineffective) and should be considered when determining a *Yes* or *No* answer. Quasi-experimental studies should be scrutinized given the increased possibility of an erroneous conclusion.

Overall, e*valuations must be appropriate to the type and size of the program.* Agencies and OMB should consult evaluation experts, in-house and/or external, as appropriate, when choosing or vetting rigorous evaluations.

In order to receive a *Yes*, a brief description of the nature of the evaluation, including the methodology used and why it is sufficiently rigorous to provide evidence of the effectiveness of the program must be provided.

A list of additional resources on evaluations can be found in Appendix B of this document or online at http://www.whitehouse.gov/omb/part/2004_program_eval.pdf.

Scope. Evaluations must be sufficiently comprehensive to provide information on the effectiveness of the entire program rather than just certain aspects of the program or selected site implementations. In cases where a comprehensive evaluation is unnecessary based on the known and recently-demonstrated effectiveness of a program, evaluations that fill in gaps in the knowledge about a program's effectiveness can meet the elements of a *Yes* answer. In the absence of a single evaluation of sufficient scope, a group of evaluations may be used to demonstrate a program's effectiveness, provided that each evaluation meets the standards for quality and independence and the group of evaluations together meets the standard for scope. A program may satisfy this criterion if the agency and examiner determine that existing evaluations are inadequate, but the program is in the process of developing an appropriate evaluation to be completed by a specified future date.

Additional Guidance: For R&D programs, there are a few additional considerations.

- ⇨ **R&D programs** also should undergo independent reviews of relevance to their agencies, fields of science or technology, or customers, in addition to assessing questions of performance. These reviews should conclude with reports documenting the findings and recommendations. A "customer" may be another program at the same or another agency, an interagency initiative or partnership, a firm, an organization from another sector or country, or the general public. Industry-relevant programs may be expected to use industry cost-sharing of associated projects as an indicator of market-relevance, and they should incorporate industry in planning and prioritization. Reviews should be rigorous and methodical and be a critique of the program's methods, results and findings by others in the field with requisite training, expertise, and independence.

Independence. To be independent, non-biased parties with no conflict of interest should conduct the evaluation. Evaluations conducted by the program itself should generally not be considered "independent;" however, if the agency or program has contracted out the evaluation to a third party this may qualify as being sufficiently independent. Evaluations

conducted by an agency's Inspector General or program-evaluation office would be considered independent. OMB examiners and agency staff will determine if a specific evaluation can be considered independent for this question.

The explanation must describe how the party conducting the evaluation is unbiased and has no conflict of interest with the program for the program to receive a *Yes*.

Frequency. Without regular updates, program evaluations become less relevant as the information on which they were based becomes older. As the data become older, the evaluations are less likely to be able to support program improvements. In order to capture a program's impact over time, evaluations must be conducted on a recurring basis. The period of time between evaluations should be chosen based on the needs and resources of the specific program, but all programs should have plans to repeat evaluations on a regular basis with a specified interval between assessments.

A program may satisfy this criterion for a *Yes* if OMB and the agency agree that the program is developing or about to conduct a new program evaluation in the near future.

A program must have evaluations that satisfy all four criterion described above to receive a *Yes*.

Evidence/Data: Evidence should include a program evaluation plan or schedule of program evaluations and program documentation describing the type of evaluation, including scope and quality, and the criteria for selecting an independent evaluator.

2.7: Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?

Question 2.7: Quick Tips	
Answer Options	*Yes, No, NA*
Additional Guidance	• Capital Assets and Service Acquisition

Purpose: To establish whether the performance-planning and budget-planning processes are integrated so that 1) resource allocation decisions reflect desired performance levels (given resource constraints) and 2) the effects of funding and other policy changes on results are clear.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program must have program budgeting in place that defines the relationship between 1) annual and long-term performance targets and 2) resources. For mandatory programs, the program must define the relationship between legislative policy changes and program performance.
- ✓ The program must have an integrated budget and performance presentation that:
  - Makes clear the impact of funding, policy, or legislative decisions on expected performance; and

- Provides evidence that the requested performance/resource mix will enable the program to achieve its performance goals. For example, from the information presented one should be able to answer questions such as "If grant funding were increased by X, this program would be able to achieve Y more outcomes."

✓ The program must report all direct and indirect costs needed to meet performance targets, including applicable agency overhead, retirement, and other costs that might be budgeted elsewhere.

The exclusion of minor amounts of services provided from central departmental offices (e.g., Office of the Secretary) from program costs does not require a program to receive a *No* answer. However, a program that generates significant costs that must be addressed by another program should budget for these costs or, at a minimum, provide this information in clear display tables that display the full costs of attaining results.

To earn a *Yes*, discretionary programs will need to define the relationship between funding and performance levels, and mandatory programs will need to explain the relationship between policy changes and performance levels.

Elements of *No*: A program with budget planning that is not tied to performance or strategic planning would receive a *No*.

Not Applicable: If *NA* is selected for this question, the explanation must address why all of the required elements do not apply to the program.

Examples: An energy program may generate significant environmental side effects that must be mitigated by a separate program. The energy program should acknowledge and account for those mitigation costs as part of the full cost of attaining its own program goals.

Additional Guidance: For Capital Assets and Service Acquisition programs, there are a few additional considerations.

⇨ **For Capital Assets and Service Acquisition programs,** a *Yes* answer requires that, in addition to the general criteria, programs explain the relationship of asset acquisitions to overall program performance goals and would be able to identify impacts of changes on program performance (for example, the effect of a change in the quantity acquired).

Evidence/Data: Evidence can include explanation and documentation of how the budget request directly supports achieving performance targets. This evidence can include budget requests, operating plans, and other documents that present resource requests. Evidence should describe and cite budget documents that clearly indicate the full costs of achieving performance goals, even if some of these costs do not appear in the specific account or activity line of the program.

Also, evidence can include an agency program budget estimate that identifies all spending categories in sufficient detail to demonstrate that all relevant costs are included or a report that shows the allocation of all significant program overhead costs to the program.

2.8: Has the program taken meaningful steps to correct its strategic planning deficiencies?

Question 2.8: Quick Tips	
Answer Options	*Yes, No, NA*
Additional Guidance	• Capital Assets and Service Acquisition • R&D

Purpose: To determine whether the program is on track to correct any strategic planning deficiencies that have been identified.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program has acted to correct strategic planning deficiencies. The question addresses any deficiencies identified in this section. Particular emphasis, however, should be placed on whether the program is working to adopt a limited number of specific, ambitious long-term performance goals and a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals, if they do not already have these measures or associated baselines, targets, and timeframes.

Elements of *No*: A program that does not review planning efforts or does not make corrections to eliminate identified deficiencies would receive a *No*.

Additional Guidance: For Capital Assets and Service Acquisition and R&D programs, there are a few additional considerations.

- ⇨ **For Capital Assets and Service Acquisition programs (and relevant R&D programs),** one strategic planning deficiency to be addressed is if the program has in the past received a *No* to Question 4.CA1.

Evidence/Data: Evidence can include a description of how deficiencies in the strategic planning of a program are identified and corrected, as well as examples of such changes. A timetable for the achievement of these changes should also be included.

Specific Strategic Planning Questions by Program Type

2.RG1: Are all regulations issued by the program/agency necessary to meet the stated goals of the program, and do all regulations clearly indicate how the rules contribute to achievement of the goals? (Regulatory)

Question 2.RG1: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether: (1) the program is only issuing those rules absolutely necessary to achieve the program goals and is not over-regulating; (2) all of the

rules necessary to meet the program goals have been issued; and (3) the regulations clearly indicate how they help to meet the program goals. While previously issued regulations do impact this question, the primary focus is on regulatory planning and development.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ Only those regulations that are absolutely necessary to accomplish the program mission and goals are promulgated or are in the process of being promulgated. This determination should be based on the standards laid out in Executive Order 12866 on the identification of the need for the regulation and the identification of the market failure (if applicable).
- ✓ The regulatory structure is such that the public would be able to understand how the regulations fit into the overall achievement of the program goals.

A *Yes* response indicates that regulations are only adopted to meet statutory requirements or to address a compelling public need, such as a material failure of private markets or planned or in the process of being promulgated to cover regulatory gaps where new regulations are required to accomplish program goals.

Elements of *No*: A program would receive a *No* if it 1) has obvious regulatory gaps or outdated regulations in effect and 2) has not initiated planned actions to rectify these problems in a timely manner and 3) does not have procedures in place to minimize regulatory burden.

Evidence/Data: Evidence can include legislation that indicates what regulations need to be promulgated as well as the rules themselves, especially the preambles. It can also include internal agency guidance indicating a process is in place to ensure rulemaking involves a clear linkage of the need for the rule to a stated goal, a legal requirement, or a compelling public need. The agency should be able to clearly articulate this association in the preambles provided.

2.CA1: Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule, risk, and performance goals, and used the results to guide the resulting activity? (Capital Assets and Service Acquisition)

Question 2.CA1: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether the agency is investing in an asset or service that provides the best value to the government.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The agency/program should have conducted analyses of alternatives and used those analyses as the basis for a sound acquisition strategy for the program.
- ✓ Each analysis should include the baseline assessment/status quo, non-material solutions (e.g., data compression in lieu of a new data cable), consideration of

alternatives (including alternatives to capital assets and benefit-cost analysis in accordance with OMB Circular A-94), and trade-offs between cost, schedule, and performance goals.

- ✓ The program should be able to demonstrate that the analysis is credible (i.e., reviewed and validated by an independent entity outside the program).
- ✓ The program should defend differences if an independent entity's analysis differs from the program's analysis.

Evidence/Data: Evidence can include a summary of the analysis of alternatives, and documentation of any independent reviews of the analysis. An agency's capital asset plan or business case (Exhibit 300) documentation may also be used as evidence.

2.RD1: If applicable, does the program assess and compare the potential benefits of efforts within the program and (if relevant) to other efforts in other programs that have similar goals? (R&D)

Question 2.RD1: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether applicable programs are evaluating their efforts with respect to their relative potential benefits. Applicable programs include those applied R&D programs that pursue multiple options toward achieving similar public benefits. (This question addresses the first of the industry-related R&D criteria, regarding the articulation of program benefits (see Appendix C).)

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program (or agency) should conduct periodic comparisons of the potential benefits of its proposals with alternatives.
- ✓ The program should be able to demonstrate that the analysis is credible (i.e., reviewed and validated by an independent entity outside the program).
- ✓ If an independent entity's analysis differs from the program's analysis, the program should defend differences.

Evidence/Data: Evidence can include an analysis comparing proposed approaches with alternative strategies. OMB will work with agencies as needed to assist in the content and structure of these assessments.

R&D programs addressing the acquisition, construction, or operation of facilities or other capital assets should answer 2.CA1.

2.RD2: Does the program use a prioritization process to guide budget requests and funding decisions? (R&D)

Question 2.RD2: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether the program has clear priorities and uses them in budget requests and funding decisions. (This question addresses the R&D "relevance" criterion (see Appendix C).)

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program has a documented process to identify priorities.
- ✓ The program has evidence that it uses the resulting priorities in decision-making.
- ✓ The program has an identified set of current priorities among program goals, objectives, and activities.

R&D programs are encouraged to work with independent advisory bodies to help prioritize in ways that benefit the larger science and technology enterprise.

Evidence/Data: Evidence can include clear statements of program priorities in program documentation or mission statements, as well as documentation of the priorities identified by any qualified independent advisory bodies. Documentation of priorities should include either a subset of specific program activities considered to be priorities, or a rank ordering of all major, discrete program activities. Supporting documents should also describe the process used and factors considered in determining priorities.

SECTION III.
PROGRAM MANAGEMENT

This section focuses on a variety of elements related to whether the program is effectively managed to meet program performance goals. Key areas include financial oversight, evaluation of program improvements, performance data collection, and program manager accountability. Additionally, specific areas of importance for each program type are also explored. Potential source documents and evidence for answering questions in this section include financial statements, GAO reports, IG reports, performance plans, budget execution data, IT plans, and independent program evaluations.

Options for answers are *Yes* and *No*. In some cases, *Not Applicable* may also be an option.

For R&D programs, some of the questions in this section help address the *prospective* aspects of program "quality" and "performance" of the R&D Investment Criteria, in addition to addressing general program management issues (see Appendix C).

3.1: Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?

Question 3.1: Quick Tips	
Answer Options	*Yes, No*
Additional Guidance	• Capital Assets and Service Acquisition • Credit • R&D

Purpose: To determine whether the program collects data on performance and the performance of its partners and uses the data to inform program management, resource decisions, and program performance.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program regularly collects high-quality performance data, including data from key program partners, relating to program goals.
- ✓ The program uses that information to adjust program priorities, allocate resources, or take other appropriate management actions.
- ✓ The program considers the performance of the program partners as well when assessing progress on key program activities.
- ✓ The program has collected the baseline performance data necessary to set meaningful, ambitious performance targets.

Program partners are other agencies or intermediaries responsible for carrying out different aspects of the program and might include partner agencies, grant recipients, participating financial institutions, regulated bodies, and contractors. Timely performance information is information that reflects current performance and is current enough to be useful in program management. Credible performance information is information that is collected through a systematic process with quality controls to confirm the validity of the data.

Not Applicable: *Not Applicable* is not an option for this question.

Additional Guidance: For Capital Assets and Service Acquisition, Credit, and R&D programs, there are a few additional considerations.

- ⇨ **For Capital Assets and Service Acquisition programs,** a consideration is whether the program uses an earned value management system or similar system.

- ⇨ **For Credit programs,** the agency's comprehensive and current database should contain loan-level (or at least cohort-level), detailed information on loan performance, borrower characteristics, and lender characteristics. The agency should employ adequate information technology, software, and models to monitor and analyze this information to effectively manage the portfolios.

- ⇨ **For R&D programs,** some long-term basic research programs may not be able to define meaningful annual outcome performance measures, aside from process measures. In such cases, these programs may use process-related measures, especially those that can be conceptually linked to long-term research goals.

Evidence/Data: Evidence can include a description of how the agency uses performance information in managing the program and how frequently reviews occur, as well as illustrative examples of recent management actions based on performance information. Evidence can also include steps taken by a program to enact necessary improvements cited by a specific evaluation.

3.2: Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?

Question 3.2: Quick Tips	
Answer Options	*Yes, No*
Additional Guidance	• Block/Formula Grant • Capital Assets and Service Acquisition • Credit • R&D

Purpose: To determine whether the program managers and partners are accountable for achieving program results.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program identifies the managers who are responsible for achieving key program results.
- ✓ The program establishes clearly defined or quantifiable performance standards and accountability for those managers.
- ✓ The program establishes specific performance standards and accountability for program partners when program partners contribute to the achievement of program goals.

Not Applicable: *Not Applicable* is not an option for this question.

Additional Guidance: For Block/Formula Grant, Capital Assets and Service Acquisition, Credit, and R&D programs, there are a few additional considerations.

- ⇨ **For Block/Formula Grant programs,** elements of a *Yes* are not confined to complying with the law. Elements of a *Yes* can include the presence of incentives for managers and program partners that would encourage corrections in deficient programs. For block grant programs which support a wide range of purposes and allow grantees to set their own program priorities, this question should be interpreted as whether the grantees hold managers accountable and encourage corrections in deficient programs.

- ⇨ **For Capital Assets and Service Acquisition programs,** a consideration is whether contracts include minimum performance thresholds, incentives for good performance, or other mechanisms to increase accountability.

- ⇨ **For Credit programs,** managers and private-sector partners should also be held to minimum performance thresholds and incentives for good performance. For example, direct loan service providers or guaranteed lenders should be monitored on a regular basis and evaluated at least annually against benchmark default rates.

- ⇨ **For R&D programs,** some long-term basic research programs may not be able to define meaningful annual outcome performance measures, aside from process measures. In such cases, these programs may use process-related measures, especially those that can be conceptually linked to long-term research goals.

Evidence/Data: Evidence can include the use of performance management contracts with program managers, or some other mechanism for incorporating program performance into personnel performance evaluation criteria with clearly defined or quantifiable performance targets. Evidence of partners' accountability can include requiring grant and contract awards and renewals to consider past performance.

3.3: Are funds (Federal and partners') obligated in a timely manner, spent for the intended purpose, and accurately reported?

Question 3.3: Quick Tips	
Answer Options	*Yes, No*

Purpose: To determine whether funds are administered efficiently and obligated in accordance with planned schedules and spent for the intended purposes.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ Program funds are obligated consistently with the overall program plan and that a limited amount of unobligated funds remain at the end of the year;
- ✓ Programs *and* partners establish schedules for obligations that properly correspond to the resource needs of the program plan;

- ✓ Adequate procedures exist for reporting actual expenditures, comparing them against the intended use, *and* taking timely and appropriate action to correct single audit findings when funds are not spent as intended; and
- ✓ Program awards are reported promptly and accurately (e.g., in the Federal Assistance Award Data System (FAADS), Federal Procurement Data System – Next Generation (FPDS – NG), etc.).

Elements of *No*: A program would receive a *No* if it had significant erroneous payments or was in violation of the Anti-Deficiency Act.

Not Applicable: *Not Applicable* is not an option for this question.

Evidence/Data: Evidence can include periodic and year-end spending reports from the program and its partners. Evidence on expenditures can include spending reports that draw intended purpose from Congressional Justifications, Appropriations, and program operating plans and match them against actual spending. For grantees, evidence can include grantee audit reports under the Single Audit Act, including data captured in the Federal Audit Clearinghouse, and the existence of an established procedure for reviewing actual expenditures against budgets in grant awards or appropriate Federal guidelines. Evidence for erroneous payments could include results from any testing completed pursuant to the Improper Payments Information Act (IPIA) of 2002.

A *No* answer to this question may warrant extra scrutiny when answering Question 3.6, which examines financial management more generally.

3.4: Does the program have procedures (e.g., competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?

Question 3.4: Quick Tips	
Answer Options	*Yes, No*

Purpose: To determine whether the program has effective management procedures and measures in place to ensure the most efficient use of each dollar spent on program execution.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program has regular procedures in place to achieve efficiencies and cost effectiveness.
- ✓ The program has at least one efficiency measure with baseline and targets.

There are several ways to demonstrate that a program has established procedures for so improving efficiency. For example, a program that regularly uses competitive sourcing to determine the best value for the taxpayer, invests in IT with clear goals of improving efficiency, etc., could receive a *Yes*. A de-layered management structure that empowers front line managers and that has undergone competitive sourcing (if necessary) would also

contribute to a *Yes* answer. For mandatory programs, a *Yes* could require the program to seek policies (e.g., through review of proposals from States) that would reduce unit costs. Also consider if, where possible, there is cross-program and inter-agency coordination on IT issues to avoid redundancies. The program is not required to employ all these strategies to earn a *Yes*. Rather, it should demonstrate that efforts improving efficiency are an established, regular part of program management.

An efficiency measure can be the per-unit cost of outcomes or outputs, a timing target, and other indicator of efficient and productive processes germane to the program. Efficiency measures are likely to be annual measures since they relate to cost.

The answer to this question should describe how measures are used to evaluate the program's success if achieving efficiency and cost effectiveness improvements.

Elements of *No*: A *No* must be given if the agency and OMB have not reached agreement on efficiency measures that meet PART guidance.

Measures and PARTWeb

To receive a *Yes* answer, the program must include at least one efficiency measure, baseline data/estimates, and targets in the Measures screen in PARTWeb.

Only measures that meet the standards for a *Yes* should be entered in PARTWeb.

Please ensure that the proper characterization of measures is selected in PARTWeb (i.e. "efficiency"). Make sure to indicate the term of the measure in PARTWeb too (i.e., long-term, annual, or long-term/annual).

Not Applicable: *Not Applicable* is not an option for this question.

For more detailed discussion on defining acceptable efficiency measures please see the section called "4. Select Performance Measure" of this document or visit OMB's PART website at http://www.omb.gov/part/.

Evidence/Data: Evidence can include efficiency measures, competitive-sourcing plans, IT improvement plans designed to produce tangible productivity and efficiency gains, or IT business cases that document how particular projects improve efficiency.

3.5: Does the program collaborate and coordinate effectively with related programs?

Question 3.5: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether a Federal program collaborates with other related program(s) in a meaningful way.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program collaborates with related Federal programs and, to the extent appropriate or possible, with related State, local, and private programs. The program shows evidence of collaboration leading to meaningful actions in management and resource allocation. The existence of a coordinating council would not by itself constitute meaningful collaboration. Meetings, discussions groups, and task forces are not sufficient for a *Yes*.

This question applies to programs that have interrelated, but separately budgeted, efforts. An example of an interrelated Federal program is the shared effort of the Department of Veterans Affairs and the Medicare Program to provide care for aging veterans. Likewise, programs that provide services to the same population at different times should also coordinate, such as the Department of Defense and Department of Veterans Affairs, who both provide health care to service members at different points in time.

Evidence/Data: Evidence of meaningful collaboration could include joint grant announcements, planning documents, performance goals, or referral systems.

3.6: Does the program use strong financial management practices?

Question 3.6: Quick Tips	
Answer Options	*Yes, No*
Additional Guidance	• Block Grant • Credit

Purpose: To determine whether the program uses effective financial management practices in administering program funds.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program is free of material internal control weaknesses reported by auditors.
- ✓ In addition, depending on the particular risks inherent to the program, a *Yes* may require meeting some or all of the following criteria:
  - The program has procedures in place to ensure that payments are made properly for the intended purpose to minimize erroneous payments.
  - Financial management systems meet statutory requirements.
  - Financial information is accurate and timely.
  - Integrated financial and performance systems support day-to-day operations.
  - Financial statements receive a clean audit opinion and have no material internal control weaknesses.

- No other non-compliances with laws and regulations related to financial management.

If an agency-wide material weakness exists that is unrelated to the program, it would not prevent the program from receiving a *Yes* response. However, if an agency-wide material weakness has a direct relation to the program (e.g., a lack of systems that support day-to-day operations), then the program would receive a *No* for this question.

Not Applicable: *Not Applicable* is not an option for this question.

Additional Guidance: For Block Grant and Credit programs, there are a few additional considerations.

- ⇨ **For Block Grant programs** which support a wide range of purposes and allow grantees to set their own program priorities, a *Yes* answer also requires that grantees (e.g., States and localities) meet the criteria for effective financial management identified above.

- ⇨ **For Credit programs,** a *Yes* answer would also require that the program consistently meets the requirements of the Federal Credit Reform Act of 1990, the Debt Collection Improvement Act and applicable guidance under OMB Circular A-129. For Credit programs, key evidence is full reconciliation of initial subsidy estimates, re-estimates, and financing account balances, supplemented by reports and independent evaluations of the program's portfolio management and performance.

Evidence/Data: Evidence can include recent audit reports and existence of procedures to identify the above-listed criteria, such as the ability to measure improper payments.

Unlike Question 3.3, the presence of significant erroneous payments does not automatically generate a *No* for this question. Specifically, if an agency has instituted strong financial management controls that have been consistently demonstrating measurable reductions in erroneous payments over time, then a *Yes* may be appropriate.

3.7: Has the program taken meaningful steps to address its management deficiencies?

Question 3.7: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether the program has developed a system of evaluating program management and correcting deficiencies in a timely manner once they are identified. This question should include, but is not limited to, financial management or other Presidential Management Agenda deficiencies. However, the focus of this question is program-level deficiencies, as opposed to agency-level deficiencies that may not directly affect the program.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program has a system for identifying and correcting program management deficiencies and uses the system to make necessary corrections within agreed upon timeframes.

Elements of *No*: A program that does not review program management activities and make corrections to eliminate identified deficiencies would receive a *No*.

Evidence/Data: Evidence can include a description of how deficiencies in the program management are identified and corrected as well as examples of such changes.

Specific Program Management Questions by Program Type

3.CO1: Are grants awarded based on a clear competitive process that includes a qualified assessment of merit? (Competitive Grants)

Question 3.CO1: Quick Tips	
Answer Options	*Yes, No, NA*
Additional Guidance	• Relevant R&D programs

Purpose: To determine whether or not grant funds are distributed according to a competitive process so that the most meritorious applications are awarded and so that new applicants of merit will be able to compete fairly with previous grant recipients.

For R&D competitive grants programs, this question is central to addressing the R&D "quality" criterion (see Appendix C).

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program operates a fair and open competition. Fair and open does not mean that data should not be protected, such as to meet classification needs, to protect personal data or intellectual property, or for an appropriate span of time. In addition, a program may impose reasonable qualification standards, such as meeting status as an academic organization, and still satisfy this criterion.
- ✓ The overwhelming majority of awards (e.g., 90 percent on average) are distributed according to a competitive process. Elements of a competitive process should include independent merit review and ranking of applications. Funding awarded through earmarks would generally not be considered competitive.
- ✓ The program provides a reasonable amount of outreach to encourage the participation of new grantees. Considerations can include whether the program tends to provide grants to the same list of grantees year after year.
- ✓ Awards may be renewed and still considered competitive if the original award was competitively awarded and renewals only extend for a short and definite period of time as long as the possibility of renewal is announced in the original competition. The criteria for renewal and the renewal process should be clearly articulated and hold renewal applicants to a high standard of performance.

Additional Guidance: For relevant R&D programs, there are a few additional considerations.

- ⇨ **For R&D programs,** this question applies not only to grants but also to other funding mechanisms such as contracts or other transactions. Therefore, competition, merit review processes and ranking of applications should also apply to these transaction vehicles.

Evidence/Data: Evidence can include a description of the awards process for grants and renewals (if applicable), percentage of funds earmarked, and percentage of funds subject to peer review. Evidence can also include the relative number of new awardees per award cycle and technical assistance and outreach efforts of the agency.

3.CO2: Does the program have oversight practices that provide sufficient knowledge of grantee activities? (Competitive Grants)

Question 3.CO2: Quick Tips	
Answer Options	*Yes, No, NA*
Additional Guidance	• Relevant R&D programs

Purpose: To determine whether or not the program has an understanding of how its funds are utilized by grantees.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program must have sufficient oversight capacity. This capacity may be demonstrated by a program that:
  - Has a reporting system in place to document grantees' use of funds in eligible activity categories;
  - Conducts site visits to a substantial number of grantees on a regular basis;
  - Audits grantee performance; and
  - Tracks actual expenditures to verify that funds are used for their designated purpose.

A program with a strong relationship to its grantees and a high level of understanding of what grantees do with the resources allocated to them would receive a *Yes*.

Elements of *No*: A program with a poor reporting system to track expenditures by grantees would receive a *No* rating.

Additional Guidance: For relevant R&D programs, there are a few additional considerations.

- ⇨ **For R&D programs,** the above standards would apply, but in addition to grants and grantees, they would apply to contracts, cooperative agreements and other transactions and their awardees.

Evidence/Data: Evidence can include the reporting structure, oversight techniques, audit or site visit schedule, and/or an assessment of program data quality.

3.CO3: Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? (Competitive Grants)

Question 3.CO3: Quick Tips	
Answer Options	*Yes, No, NA*
Additional Guidance	• Relevant R&D programs

Purpose: To determine whether or not the program has a system in place to collect and present publicly information that captures the most important impacts of program performance.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program collects, compiles and disseminates grantee performance information in an accessible manner, such as via a web site or widely available program reports. Data should be both aggregated on a program-wide level and disaggregated at the grantee level. The assessment about the appropriate level of aggregation of results may depend upon needs to protect certain data, such as classified data, personal data or, for a limited span of time, intellectual property.

Elements of *No*: A program would receive a *No* if grantee performance information is not available to the public, or if it is only aggregated at a high level. Similarly, a program could receive a *No* response if the data it presents are not related to the impact of the program.

Additional Guidance: For relevant R&D programs, there are a few additional considerations.

- ⇨ **For R&D programs,** the above standards would apply, but in addition to grants and grantees, they would apply to contracts, cooperative agreements and other transactions and their awardees.

Evidence/Data: Evidence can include citations of the types of data that are collected and disseminated as well as a description of how these data are made available. The evidence should list clearly where performance information can be found, either on a website or in print. Provision of data solely through the Freedom of Information Act (FOIA) process is not evidence of providing information in an accessible manner.

3.BF1: Does the program have oversight practices that provide sufficient knowledge of grantee activities? (Block/Formula Grant)

Question 3.BF1: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether or not the program has an understanding of how its funds are utilized by grantees.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program has sufficient oversight capacity. This capacity may be demonstrated by a program that:
  - ▪ Has a reporting system in place to document grantees' use of funds in eligible activity categories;

- Conducts site visits to a substantial number of grantees on a regular basis;
- Audits grantee performance; and
- Tracks actual expenditures to verify that funds are used for their designated purpose.

A program with a strong relationship to its grantees and a high level of understanding of what grantees do with the resources allocated to them would receive a *Yes*.

Elements of *No*: A program with no reporting system to track expenditures by grantees would receive a *No*.

Evidence/Data: Evidence can include the reporting structure, oversight techniques, audit or site visit schedule, and/or an assessment of program data quality.

3.BF2: Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? (Block/Formula Grant)

Purpose: To determine whether or not the program has a system in place to collect and present publicly information that captures the most important impacts of program performance.

Question 3.BF2: Quick Tips	
Answer Options	*Yes, No, NA*

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program collects, compiles and disseminates grantee performance information in an accessible manner, such as via a web site or widely available program reports. Data would be both aggregated on a program-wide level and disaggregated at the grantee level.

Elements of *No*: A program would receive a *No* if grantee performance information is not available to the public, or if it is only aggregated at a high level. Similarly, a program could receive a *No* response if the data it presents are not related to the impact of the program.

Evidence/Data: Evidence can include citations of the types of data that are collected and disseminated as well as a description of how these data are made available. Provision of data solely through the FOIA process is not evidence of providing information in an accessible manner.

Note for Regulatory-Based Programs

Regulatory questions in Section III should be answered by reviewing examples of the program's recent (e.g., within the last five years) significant rulemaking, as defined by Executive Order 12866. If the program has not completed a significant rulemaking in the past five years the score should be based on a review of the relevant aspects of the program's rulemaking process.

3.RG1: Did the program seek and take into account the views of all affected parties (e.g., consumers; large and small businesses; State, local and tribal governments; beneficiaries; and the general public) when developing significant regulations? (Regulatory)

Question 3.RG1: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine the level of coordination, during the rulemaking process, with parties affected by the regulations.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program solicits the opinions of affected parties on significant regulations and thoroughly evaluates the concerns and suggestions raised by these entities. A program must seek the opinions of affected parties and incorporate their suggestions or explain why other suggestions were not incorporated during the rule making process in order to receive a *Yes*.

While the element of seeking views is mandated by law, a critical component of *Yes* should be the extent to which the program takes those views into account. If the program drafts its rules in a vacuum without consulting any of the potentially affected parties including other affected Federal agencies, it would likely receive a *No*. Additionally, simply seeking comments is insufficient to justify a *Yes*; a program must demonstrate it has substantively considered the comments received. If a program excessively uses or fails to finalize Interim Final rules, a *No* would likely be appropriate. Seeking and considering input from State and local governments in accordance with EO 13132 on Federalism and the Unfunded Mandates Reform Act is especially important.

Evidence/Data: Evidence can include notices seeking public comment and addressing comments in final rules, regulation preambles which discuss compliance with the Regulatory Flexibility Act (RFA), the Unfunded Mandates Reform Act (UMRA) of 1995, the Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996, E.O. 13132, and the National Environmental Policy Act, and detailed preamble language discussing how public comments were considered and addressed.

3.RG2: Did the program prepare adequate regulatory impact analyses if required by Executive Order 12866, regulatory flexibility analyses if required by the Regulatory Flexibility Act and SBREFA, and cost-benefit analyses if required under the Unfunded Mandates Reform Act; and did those analyses comply with OMB guidelines? (Regulatory)

Question 3.RG2: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether the program, in justifying its rules, prepares sound analyses (i.e., cost-benefit analysis, cost effectiveness analysis, and/or risk assessment) that are rigorous, thorough, and based upon the best available data and consistent with OMB's analysis guidelines.

Elements of *Yes*: A *Yes* answer should be primarily based on whether the analyses for all significant regulations substantially comply with EO 12866, and whether the Regulatory Impact Analyses (RIA) for all economically significant regulations also substantially comply with OMB Circular A-4. RIAs for economically significant rulemaking (including both proposed and final rules) should generally include the following components:

- ✓ A statement of need of the proposed action (including any market failure);
- ✓ An examination of alternative regulatory and non-regulatory approaches based on an appropriate baseline; and
- ✓ An analysis of the incremental benefits and costs of the proposed action and alternatives quantified and monetized to the extent feasible. If the rule primarily affects health and safety, an incremental cost effectiveness analysis of the proposed action and alternatives should be provided.

When a rulemaking is based on scientific analyses, compliance with the agency's Information Quality Guidelines and the requirements of the OMB Information Quality Bulletin for Peer Review should be met (http://www.whitehouse.gov/omb/fedreg/2005/011405_peer.pdf).

Elements of *No*: If a program's impact analyses for economically significant rules fail to include the required components listed above, a *No* response to this question would be appropriate.

For all regulations that have the potential to have a significant impact on a substantial number of small entities, an agency must either provide an analysis of impact that complies with the requirements of the RFA, or certify that the regulations would not have a significant economic impact on a substantial number of small entities. If the agency so certifies, a factual basis must be provided.

Evidence/Data: Evidence may include regulatory impact analyses, regulatory flexibility analyses, cost effectiveness and cost-benefit analyses for the program's significant and economically significant rules, any reports or feedback generated by outside reviewers, including post-review letters resulting from OMB's review, petitions for information corrections under the Information Quality Act, and information obtained from the regulated

entities and other important stakeholders, including documents provided during EO 12866 meetings. Evidence on whether a program's RIAs include all of the required components can be gathered from the economic data provided by the program in its EO 12866 submissions for economically significant rules.

3.RG3: Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals? (Regulatory)

Note on Question 3.RG3

3.RG3 was eliminated and the distinctions between the remaining regulatory questions were clarified. The question numbers were not adjusted as to maintain consistent numbering from one year to the next.

3.RG4: Are the regulations designed to achieve program goals, to the extent practicable, by maximizing the net benefits of its regulatory activity? (Regulatory)

Question 3.RG4: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether the program, as it promulgates regulations, selects those regulatory requirements that are expected to maximize net benefits and/or be most cost-effective. (Note that this question relates to the promulgation of regulations, as opposed to their implementation.)

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program seeks to maximize overall net benefits to the greatest extent practicable.
- ✓ The program should be able to demonstrate how the selected alternative promulgated through its rulemaking results in the highest overall net benefits as compared to other feasible alternatives the agency has evaluated.

An important consideration for this question is whether, in promulgating its regulations, for a given level of benefits, the agency allows alternative methods for compliance, record keeping, and reporting to minimize the cost burden on regulated entities (including electronic means). Programs should be judged within their statutory framework; the program should maximize net benefits to the extent allowed by statute in order to get a *Yes.*

Evidence/Data: Evidence can include regulatory impact analyses, regulatory flexibility analyses, and cost-benefit and cost effectiveness analyses for the program's significant and economically significant rules. Evidence should include a comparison of significant programs rules with other alternatives the program has considered on the basis of net expected benefits and cost-effectiveness.

3.CA1: Is the program managed by maintaining clearly defined deliverables, capability/performance characteristics, and appropriate, credible cost and schedule goals? (Capital Assets and Service Acquisition)

Question 3.CA1: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether the agency has clearly identified and defined the required quality, capability, and performance characteristics or objectives expected of the end product/result of the asset or service acquisition. This element is critical because it assures that all parties (government, contractor, etc.) are working toward the same end-product and result.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ If acquiring a capital asset, the program validates planning decisions (procurement phase step III.1 of the *Capital Programming Guide*, http://www.whitehouse.gov/omb/circulars/a11/cpgtoc.html), documents the capabilities or characteristics that are expected, and makes management decisions based on whether milestones are being met. For example, a weapon system that has defined key performance parameters and operational requirements would get a *Yes,* one that is proceeding without such definition should receive a *No.*
- ✓ If acquiring services, the program makes adequate use of performance-based and fixed-priced type contracts.

Elements of *No*: A program that acquires services through other than performance-based and fixed-priced type contracts should receive a *No*, unless there is a legitimate reason for not using such contracts.

Evidence/Data: Evidence can include program documentation of planning decision validation for asset acquisitions, and documentation describing key performance characteristics and/or deliverables and demonstration that this information is used appropriately in management decisions.

3.CR1: Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled? (Credit)

Question 3.CR1: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether the program agency and its partners effectively manage and report on the risk and financial performance of the program.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program would require effectively screen the risk of new borrowers, monitor borrowers and guaranteed loan lenders, prevent default, and resolve defaulted loans in a timely manner.

- ✓ It should also include collection and analysis of borrower repayments, and use of best practices in reducing default rates and maximizing collections and recoveries.

Evidence/Data: Financial reports and evaluations documenting favorable and/or improving loan performance relative to other programs or private lenders serving similar borrowers, thorough records, and evidence of close cooperation with, and oversight of, private-sector partners.

3.CR2: Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government? (Credit)

Question 3.CR1: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether the program uses a reliable method for estimating program costs.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The agency employs a rigorous cost-estimation model that adequately accounts for the government's risk and generates dependable cost estimates for each cohort.
- ✓ The agency should utilize state-of-the-art methods used in the private sector for the estimation of similar risks.

Elements of *No*: The answer should be *No* if the agency's data are not comprehensive or detailed enough to apply a rigorous model, if the estimation model is analytically flawed, or if the model has poorly predicted the actual cost for an extended period.

Evidence/Data: The initial result should be reasonably close to the actual result most of the time, although not always. In addition, the model should be capable of explaining prediction errors. For example, a model that relates the loan default rate to economic growth may be considered good if a higher default rate is explained by slower than predicted growth.

3.RD1: For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality? (R&D)

Question 3.RD1: Quick Tips	
Answer Options	*Yes, No, NA*

Purpose: To determine whether the program uses a clearly stated, defensible method for allocating its R&D funding. This question is central to addressing the R&D "quality" criterion (see Appendix C).

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program allocates funding using a broadly competitive process based on merit, or that it has compelling justifications for R&D funding allocated through other means. Interpretations of competition and merit review should be consistent with the

definitions in Circular A-11: "…intramural and extramural research programs where funded activities are competitively awarded following review for scientific and technical merit."

- ✓ All program funds allocated through means other than unlimited competition must describe and document the processes they use to distribute funds to each type of R&D performer (e.g., Federal laboratories, Federally-funded R&D centers, universities, etc.).
- ✓ Programs are encouraged to use external assessment of the methods they use to allocate R&D and maintain program quality.
- ✓ Programs must justify the unique capabilities of each project performer (Federal lab, FFRDC, or other) that was allocated or awarded funds through a non-competitive process.

Evidence/Data: Evidence should include a description of the awards process and results of external assessments of project performers, if available. Evidence should also include a description of the unique capabilities of project performers awarded funds through non-competitive processes. If the program allocates funds through a mix of competitive and non-competitive processes (including earmarks), then the explanation or evidence must include a full accounting of the allocation of funding for the most recent year available, at a minimum (e.g., percent of funds awarded competitively, non-competitively, earmarks, etc.).

R&D programs must complete question 3.RD1 if they allocate funding for intramural research, or if they allocate funds to Federally-funded R&D Centers (FFRDCs) or other project performers without using a competitive process. For government-owned contractor-operated facilities (e.g., many FFRDCs), competitive selection of a maintenance and operation contractor does not constitute allocation of R&D funds via a competitive process.

R&D programs that use only competitive grants to allocate funds should not answer 3.RD1. However, R&D programs that use competitive grants, contracts, cooperative agreements or other transactions as well as intramural and/or noncompetitive processes should answer both the Competitive Grants questions (3.CO1, CO2, CO3) and 3.RD1.

R&D programs addressing the acquisition, construction or operation of facilities or other capital assets should answer the Capital Assets and Service Acquisition question (3.CA1).

SECTION IV.
PROGRAM RESULTS/ACCOUNTABILITY

This section considers whether a program is meeting its long-term and annual performance goals. This section also assesses how well the program compares to similar programs and how effective the program is based on independent evaluations. Potential source documents and evidence for answering questions in this section include GPRA performance reports, evaluations, GAO reports, IG reports and other agency documents. Assessments of program results should be based on the most recent reporting cycle or other relevant data. PARTWeb contains data fields for a performance targets and results, and should be completed to the greatest extent possible for all measures agreed to by OMB and the agency for Section II.

Answers in this section are rated as *Yes*, *Large Extent*, *Small Extent*, and *No*. In some cases, *Not Applicable* may also be an option. Like Sections I-III, the scoring system in this section remains on a 0 to 1 point scale. Scoring for this section differs by including the option of partial credit between 0 and 1 in increments of 0, .33, .67, and 1.

In general, *Not Applicable* answers are not appropriate for Questions 4.1, 4.2, 4.3, and 4.5. While it is recognized that some programs may have great difficulty developing quantitative performance goals, programs are strongly encouraged to have some meaningful and appropriate methods for demonstrating results. OMB and agencies should work together to develop approaches for programs where it is difficult to develop quantitative measures, and where qualitative, expert-review, or other measures are more appropriate.

For R&D programs, most of the questions in this section help address the *retrospective* aspects of the R&D Investment Criteria, with emphasis on the "performance" criterion; see Appendix C.

4.1: Has the program demonstrated adequate progress in achieving its long-term performance goals?

Purpose: To determine whether the program is meeting or making measurable progress toward meeting the long-term performance goals evaluated in Questions 2.1 and 2.2. The question also seeks to determine whether the program's partners are meeting long-term goals evaluated in Question 2.5, if partner performance is critical to the program achieving its goals. Examples of partners can include grantees, participating financial institutions, regulated bodies, or suppliers.

Question 4.1: Quick Tips	
Answer Options	*Yes, Large Extent, Small Extent, No*
Question Linkages	If *No* on 2.1, *No* on 4.1.
	If *Yes* on 2.1 and *No* on 2.2, no higher than *Small Extent* on 4.1.

Elements of *Yes*: A *Yes* answer (i.e., full credit) needs to clearly explain and provide evidence of each of the following:

- ✓ The program must be on track to meet all the long-term performance goals – including ambitious targets and timeframes – evaluated in Questions 2.1 and 2.2. A program would not receive a *Yes* answer by simply meeting any one of its long-term targets, or by having performance measures but no ambitious targets and timeframes.
- ✓ Where applicable, partners commit to long-term outcome targets and achieve them as well.
- ✓ Where relevant, the program should have addressed appropriately any predefined end targets.

Partial credit, such as *Large Extent* or *Small Extent*, should be given in cases where there is partial, but notable, achievement of long-term targets. A program could receive a *No* if it had received a *Yes* for achieving its annual targets (Question 4.2), but is not making progress toward meeting its long-term goals.

Any answer other than *No* requires that actual measures, targets, and data be entered in the Measures section.

Not Applicable: *Not Applicable* is not an option for this question.

Additional Rating Guidance

No credit can be given for progress made toward measures, goals, or targets that are not approved in Question 2.1.

Question Linkages

If the program received a *No* in Question 2.1, the program must receive a *No* answer to this question.

If the program received a *Yes* in Question 2.1 and a *No* in Question 2.2, then the program cannot receive a rating higher than *Small Extent*.

Evidence/Data: To support a *Yes* or *Large Extent,* the Measures screen in PARTWeb must include historical performance data showing the program's successful progress in meeting its long-term performance goals. Evidence can also include data from the agency's GPRA performance report, a strategic plan, or other Administration goals and objectives. Reports detailing customer satisfaction with program performance, program reports detailing rates of utilization or participation, or independent evaluations of the program's performance may also be considered as relevant evidence. In cases where targets are not met, additional evidence can include an explanation of the main reasons.

Measures and PARTWeb

Space is provided in the Measures screen in PARTWeb to list and document goals, targets and achieved results. Only measures that meet the standards for a *Yes* should be entered in the PART.

4.2: Does the program (including program partners) achieve its annual performance goals?

Question 4.2: Quick Tips	
Answer Options	*Yes, Large Extent, Small Extent, No*
Question Linkages	If *No* on 2.3, *No* on 4.2.
	If *Yes* on 2.3 and *No* on 2.4, no higher than *Small Extent* on 4.2.

Purpose: To determine whether the program is meeting the targets evaluated in Question 2.4. The question also seeks to determine whether the program's partners are meeting annual targets evaluated in Question 2.5, if partner performance is critical to the program achieving its overall targets. Examples of partners can include grantees, contractors, participating financial institutions, regulated bodies, or suppliers.

Elements of *Yes*: A *Yes* answer (i.e., full credit) needs to clearly explain and provide evidence of each of the following:

- ✓ The program meets all the annual performance targets evaluated in Question 2.4.
- ✓ The program received a *Yes* for Questions 2.1 and 2.3, and a *Yes* or *Not Applicable* for Question 2.5. A program would not receive a *Yes* answer by simply meeting any one of its annual targets.
- ✓ Where applicable, partners commit to annual targets and achieve them as well.

Partial credit such as *Large Extent* or *Small Extent* should be given in cases where there is partial, but notable, achievement of targets. Any answer other than *No* requires that actual measures, targets, and data be entered in the Measures section.

Not Applicable: *Not Applicable* is not an option for this question.

Additional Rating Guidance

No credit can be given for progress made toward measures, goals, or targets that are not approved in Question 2.3.

Question Linkages

If a program received a *No* in Question 2.3, the program must receive a *No* answer to this question.

If the program received a *Yes* in Question 2.3 and a *No* in Question 2.4, then the program cannot receive a rating higher than *Small Extent*.

Evidence/Data: To support a *Yes* or *Large Extent,* the Measures section in PARTWeb must include historical performance data showing the program's success in meeting its annual performance goals. Evidence can also include data from the agency's annual GPRA performance report, a strategic plan, or other Administration goals and objectives. In cases

where targets are not met, additional evidence can include an explanation of the main reasons.

> **Measures and PARTWeb**
> Space is provided in the Measures screen in PARTWeb to list and document goals, targets and achieved results. Only measures that meet the standards for a *Yes* should be entered in the PART.

4.3: Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Question 4.3: Quick Tips	
Answer Options	*Yes, Large Extent, Small Extent, No*
Question Linkages	If *No* on 3.4, *No* on 4.3.

Purpose: To determine whether management practices have resulted in efficiency gains over the past year.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program demonstrated improved efficiency or cost effectiveness over the prior year. When possible, the explanation should include specific information about the program's annual savings over the prior year as well as what the program did to achieve the savings.

Efficiency improvements should generally be measured in terms of dollars or time. For example, programs that complete an A-76 competition – an indicator of cost-efficient processes – would contribute to a *Yes* answer, provided that the competition resulted in savings.

Not Applicable: *Not Applicable* is not an option for this question.

> **Question Linkages**
> If a program received a *No* in Question 3.4, the program must receive a *No* answer to this question.

Evidence/Data: Evidence can include meeting performance targets to reduce per unit costs or time, meeting production and schedule targets; or meeting other targets that result in tangible productivity or efficiency gains. Efficiency measures may also be considered in Questions 4.1 and 4.2.

4.4: Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Question 4.4: Quick Tips	
Answer Options	*Yes, Large Extent, Small Extent, No, NA*
Additional Guidance	• Capital Assets and Service Acquisition

Purpose: To determine how well the program performs relative to other programs engaged in a similar activity or with similar purposes or goals.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program compares favorably to other programs with similar purpose and goals. Programs are not limited to Federal government and can include State and local government and the private sector. The user should consider relevant evaluations and/or data that are collected in a systematic fashion that allow a comparison of programs with similar purpose and goals. Comparisons must include an assessment of the most significant aspects of the program's performance.

Not Applicable: A *Not Applicable* rating is appropriate if 1) no comparable Federal, state, local government, or private sector programs exist, or 2) the comparison would be too inherently difficult and costly to perform for the foreseeable future. The explanation for *Not Applicable* must explain why the comparison is inherently too difficult to perform.

This question is not limited to comparisons of programs with explicitly coordinated "common measures" such as job training programs.

Additional Guidance: For Capital Assets and Service Acquisition programs, there are a few additional considerations.

- ⇨ **For Capital Assets and Service Acquisition programs,** review of performance should include cost/schedule adherence, quality, and quantity of deliverables.

Evidence/Data: Evidence can include comparative performance data for common performance measures, as well as evaluations and documentation comparing similar programs.

4.5: Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Question 4.5: Quick Tips	
Answer Options	*Yes, Large Extent, Small Extent, No*

Purpose: To determine whether the program is effective based on independent and comprehensive evaluations. This question may be particularly important for programs that have substantial difficulty formulating quantitative performance measures.

For R&D programs, this question is central to retrospective assessment of all of the R&D criteria (see Appendix C).

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ Independent program evaluations of sufficient scope and quality indicate that the program is effective. An evaluation, or set of evaluations, must meet the quality, scope, and independence criterion as defined in Question 2.6 to be considered evidence for this question. If this response relies on different evaluations than those used for 2.6, the explanation must address the scope, quality, and independence criteria.

To provide evidence of results an evaluation must have been completed or at a minimum have produced some interim findings. Unlike in Question 2.6, a program cannot receive credit in this question for planned evaluations.

Relevant evaluations would be at the national program level, rather than evaluations of one or more program partners, and would not focus only on process indicators such as the number of grants provided, or hits on a web site.

Not Applicable: *Not Applicable* is not an option for this question. Given the flexibility in determining what constitutes an evaluation, all programs should undergo an evaluation that meets the elements of quality, scope, and independence detailed in Question 2.6.

Evidence/Data: Evidence should include a summary discussion of the findings of an evaluation conducted by academic and research institutions, agency contracts, other independent entities, the Government Accountability Office, or Inspectors General.

SPECIFIC RESULTS QUESTIONS BY PROGRAM TYPE

4.RG1: Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits? (Regulatory)

Question 4.RG1: Quick Tips	
Answer Options	*Yes, Large Extent, Small Extent, No, NA*

Purpose: To determine whether the program met its goals in the most efficient way possible. It should be determined whether the program achieved the anticipated benefits through implementation of its significant regulatory actions (as opposed to regulatory development). In calculating the incremental costs and benefits of regulations, these costs should be compared to a baseline or, in a small number of cases, a less stringent alternative. This question deals with the actual implementation of the regulatory action, not just the conception and promulgation of the regulatory action.

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of each of the following:

- ✓ The program conducts an analysis on a periodic basis (e.g., every five years) of the actual effects of all significant regulations or a subset thereof (e.g., economically significant regulatory actions) and that the findings meet or exceed the program's original estimates of the net benefits. Programs that periodically evaluate the effects of their regulations or rely on external evaluations and find that actual effects are consistently less beneficial than anticipated should get a *Small Extent* to *Large Extent*.

Evidence/Data: Evidence can include:

- A program plan or process to conduct this exercise on a regular basis such as the periodic review of rules that impact small businesses as required by the Regulatory Flexibility Act, Section 610;
- Documentation (such as assessments, independent evaluations, or additional impact analyses using retrospective data) generated as a result of the above processes or plans; and
- Any changes made to or eliminations from the program or its regulations, or a justification that no change is needed, resulting from this type of systematic review.

4.CA1: Were program goals achieved within budgeted costs and established schedules? (Capital Assets and Service Acquisition)

Question 4.CA1: Quick Tips	
Answer Options	*Yes, Large Extent, Small Extent, No, NA*

Purpose: To determine whether valid program goals were achieved within budgeted costs and established schedules and whether the program spends funds as planned and budgeted. For capital assets procured and in operation, this question also addresses management-in-use (i.e., the operations and disposal costs).

Elements of *Yes*: A *Yes* answer needs to clearly explain and provide evidence of the following:

- ✓ The program achieved the goals evaluated in Section II on budget and on schedule.

An example of a program that could receive a *No* rating could be an acquisition program that has experienced 60 percent cost growth and is behind schedule. If a program's cost and schedule targets were changed in the last 12 months specifically due to failure to achieve previous goals, the program should get a *No*.

Evidence/Data: Evidence can include a comparison of the contract schedule, deliverables, and costs with the final outcomes for that fiscal year.

FINALIZING THE PART

ENTERING INFORMATION IN PARTWEB

PARTWeb is a centralized, web-based tool that allows for governmentwide collection and reporting of PART data, including management recommendations based on the PART assessments. The PARTWeb User Manual can be found online (http://www.whitehouse.gov/omb/part/partweb/user_manual_feb_2006.pdf) and specific directions for PARTWeb are issued throughout the year as needed.

Information on registering for PARTWeb access can be found at http://www.omb.gov/part.

DETERMINING THE RATING

The answers to specific questions in the PART translate into section scores which are weighted to generate an overall score. The section scores are weighted as follows to generate an overall score: program purpose/design, 20 percent; planning, 10 percent; management, 20 percent; and results/accountability, 50 percent. PART scores are translated into qualitative ratings based on the ranges below. Because overall scores could suggest a false degree of precision, only the overall ratings are made available to the public.

Rating	**Range**
Effective	85 - 100
Moderately Effective	70 - 84
Adequate	50 - 69
Ineffective	0- 49

Results Not Demonstrated

Regardless of overall score, a rating of Results Not Demonstrated is given when programs do not have acceptable long-term *and* annual performance measures. A program also gets a rating of Results Not Demonstrated when it lacks baselines and performance data to indicate how it has been performing.

Generally, a program that has a *No* on question 2.1 or question 2.3 should receive a Results Not Demonstrated rating. A program that received *Yes* to these questions, but has a *No* on question 4.1 and 4.2 because it does not have data on its performance measures (as opposed to receiving a *No* due to failure to meet its goals) should also receive a Results Not Demonstrated rating.

Final Ratings

PART ratings are final in the first quarter, after changes from the consistency check and appeals processes have been made and agencies have submitted final year-end data.

DEVELOPING AN AGGRESSIVE IMPROVEMENT PLAN

In response to each PART assessment, the agency and OMB work together to identify follow-up actions (also known as an improvement plan) to improve performance. These actions can include management actions the agency will take, funding proposals included in the President's Budget, and legislative proposals. Agency efforts to complete these actions and improve program performance are tracked through in the President's Management Agenda scorecard for Budget and Performance Integration, as well as through PART updates each year.

Rigorous follow-up actions to PART findings will accelerate improvements in Federal programs. This will ensure that the hard work done through the PART produces performance and management improvements.

In general, OMB and the agency should agree upon follow-up actions that can be completed within a year. If the planned action will take longer than a year, such as a legislative recommendation to combine the program with others, a comment to that effect should be added to that action on the Follow-Up Actions screen in PARTWeb.

Each PART follow-up action should be discrete, and OMB and the agency should agree in advance to how they will know the action has been completed. As follow-up actions are completed, there will be periodic opportunities to update the status in PARTWeb to reflect this accomplishment.

In addition, as programs complete their follow-up actions, they should be identifying additional steps they will take to continue improving the performance of their programs. The updated status of the improvement plans will be published on ExpectMore.gov periodically. More detailed guidance on updating a program's improvement plan in PARTWeb and on ExpectMore.gov forthcoming.

PREPARING PART INFORMATION FOR PUBLICATION

ExpectMore.gov

ExpectMore.gov was launched in February 2006. It is a new website to inform the public about program performance. It conveys to the American people how the programs they fund are performing and what we are doing to improve their performance.

ExpectMore.gov identifies which programs are performing and which are not. It has basic search capability that facilitates comparing similar programs. Each program has a PART summary page that describes the program's purpose and provides key findings and follow-up actions. From the

summary, visitors are able to link to the complete PART (answers, explanations, evidence, and performance information), as well as the information on the status of improvement plans and funding information.

Naming Programs

Program names should be able to stand alone and be understood independently. Below are some guidelines for program names to make them easier for the public to understand.

- Avoid using acronyms in the program name. If the program name must use an acronym, it should be introduced in the "Program Description" section.
- Do not include section numbers from legislation in the program name.
- If the program is a part of a larger agency, do not state the agency name in the program name unless the agency name is necessary to differentiate the program from other agencies' similar programs and unless the agency name is commonly understood. Examples of agencies that are commonly understood are CDC (Centers for Disease Control and Prevention), FBI (Federal Bureau of Investigation), and FAA (Federal Aviation Administration).
- When differentiating between programs with similar names, it is usually more informative to include some words to describe how what one does is different from the other, rather than just stating they are managed by different agencies.

General Readability

Since the individual program assessments are available to the public and other interested parties through ExpectMore.gov, PART summaries and the complete PARTs must be written in clear, plain English. Acronyms and jargon must be avoided and explanations should be simple and concise enough that a person unfamiliar with the program would understand exactly what the program is getting or not getting credit for. Evidence must also be listed in a clear and understandable way.

Below is a summary of key guidelines:

- Keep explanations as short as possible while maintaining an adequate level of information to justify the answer.
- Provide evidence of the judgment used in determining the answer instead of just citing reports, legislation, or regulations in the evidence sections. Explanation should link to the evidence, meaning together they should include context and describe the relevant components of the cited documents that support the question response.
- Where possible, present specific programmatic details and outcomes that help clarify responses given, rather than using generalities.
- Be careful not to over-use acronyms. At a minimum, state the full title at least the first time an acronym is used. Since PARTs are multi-page documents, it is helpful to spell out acronyms more frequently, such as in every question or section.
- Avoid the use personal pronouns ("we," "us," "they," etc).

When you cite a web-based resource or website, include the full URL (http://...), verify that the address works, and be as specific as possible about what you are referencing (including the page number, where possible). Web addresses are hyperlinked in ExpectMore.gov, allowing the reader to click on the link and review the evidence.

Drafting Summaries

PART summaries include the rating, description, findings, and set of follow-up actions (an "improvement plan"). When you enter the content for summaries in PARTWeb, it automatically formats the text for ExpectMore.gov. Additional guidance on drafting PART summaries for publication with the Budget will be provided later in the year.

To view a draft of the summary as it will appear on ExpectMore.gov, click the "PART Summary" view button on the right side of the screen. The button called "Publishable View" will show you the detailed PART information that will be made available to the public.

Presenting Measures in the PART

The Measures screen in PARTWeb must be completed for all PARTs, and measures data should support questions 4.1-4.3. While the detailed performance information need not be included in the explanation and evidence as well, any performance information that accompanies the answer should be consistent with the measures saved in PARTWeb. Programs cannot receive credit for measures that are not included in PARTWeb; measures that are deemed unacceptable should not be listed in PARTWeb.

> For more information on using PARTWeb, see the user's manual (http://www.whitehouse.gov/omb/part/partweb/user_manual_feb_2006.pdf).

You should ensure that the proper categorization is selected when inputting performance measures into the Measures page in PARTWeb. When entering data into PARTWeb:

- Be clear what the units are.
- Enter whole numbers instead of increments to give a better perspective of the change.
- Do not put "FY" in front of year.
- Present the measure in as plain English as possible with unit specified. For example, "Percentage of program participants …"
- For measures that are more technical in nature, provide an explanation of the measures in plain English and/or provide an explanation of why the measure is useful or important in the program context, as appropriate.

In addition, you must set targets for the upcoming budget year for each annual measure (i.e., this year's annual measures must have FY 2008 targets).

The PART summaries posted on ExpectMore.gov will reflect performance information, inclusive of these measures, and will link to the full PART details including each of the measures. Performance data and targets will be updated at least once a year to ensure information is available to the public in the timeliest fashion.

SUPPORTING INFORMATION

REASSESSING PROGRAMS

The Administration has set the goal of assessing all Federal programs over five years. All agencies have been working to assess approximately 20 percent of their programs each year, and to date (after four complete years) approximately 80 percent of Federal programs have been assessed. After completing the first five-year cycle, all programs will be reassessed at least once every five years.

When a program provides evidence of significant improvement, it has the opportunity to be reassessed so that it may also improve its rating. A program may be eligible for an abbreviated reassessment if it meets certain requirements discussed below.

OMB and agencies agree on which programs will be reassessed during February when they are identifying which programs will be reviewed with the PART that year.

General Requirements for Reassessments

The requirements below apply to both full and abbreviated reassessments:

- Programs may be reassessed when there is evidence of significant change. Examples of significant changes include those that would warrant changes to the answers of multiple PART questions and implementation of improved performance measures (i.e., new measures meet the standards of the PART and there are adequate data to set targets and demonstrate results).

- When requesting reassessments, Agencies must provide both of the following for the questions they believe show significant improvement:
    - draft text for the explanation and evidence
    - copy of or link to the relevant evidence to support their request

- Current information on program performance should be presented whenever possible. A full reassessment is preferred over an abbreviated one since it involves updating information in the entire PART.

- Every program must be reassessed (either full or abbreviated) at least once every five years.

Abbreviated Reassessments

While some portions of the reassessment process can be abbreviated, the overall process will maintain the standards of the PART. To improve from a Results Not Demonstrated rating, a

program must have acceptable long term and annual performance measures in place (i.e., receive *Yes* to questions 2.1 and 2.3). This program must also have performance data documenting some results (i.e., receive credit – *Yes*, *Large Extent*, or *Small Extent* – for at least question 4.1 or 4.2).

Requirements for completing an abbreviated PART reassessment:

- Abbreviated PART reassessments may only be completed for programs that are currently rated Results Not Demonstrated.

- You must receive prior approval from the BPI lead at OMB to complete an abbreviated reassessment. See section below for more information on the approval process.

- All of the following questions must be answered: 2.1 – 2.4, 3.4, and 4.1 – 4.3. No additional questions should be answered. If there is evidence of significant change in areas covered by other questions, a full reassessment should be completed.

- An abbreviated PART reassessment cannot be completed for a program that was last assessed in 2002 or one that was last reassessed in 2003 using the 2002 PART questions. For these programs, only full reassessments can be completed.

- A program must have trend data for 4.1, 4.2, and 4.3 to get credit for these questions. A program must have at least two years of actual data to earn credit, including data for the most recent year available.

- An abbreviated PART reassessment can only be used for the same exact program configuration that was assessed the first time. For example, if two programs that were previously assessed separately are combined for reassessment, a full reassessment must be completed. Likewise, if the reassessment will cover a larger scope than the original program reviewed, a full reassessment must be completed.

Approval process for completing abbreviated PART reassessments. All requests to complete abbreviated PARTs must be approved by the Budget and Performance Integration Lead, Robert Shea. The OMB RMO's submission of its program list will trigger the review process. **This is the only opportunity to request approval to conduct abbreviated reassessments.** OMB RMOs and agency staff should agree to those programs for which they would like to complete an abbreviated reassessment and make sure it is noted on the list.

The approval process involves reviewing the current version of the PART to ensure that it is consistent with the PART guidance. If inconsistencies are detected, an abbreviated reassessment will not be permitted.

You should expect to receive a response to your request for an abbreviated reassessment within a week. If your request is not approved, the OMB RMO and Agency will have approximately one week to determine if they want to proceed with a full PART reassessment for the program.

PART reassessments, both full and abbreviated, are subject to the same deadlines as other PARTs. While the approval process may delay initiating a PART reassessment by one or two

weeks, it is anticipated that a reassessment will not take as long to complete as a new PART since drafts of some answers and supporting evidence had already been submitted by the agency.

PART CROSSCUTTING ANALYSIS

Crosscutting analyses are conducted to look for new ways to improve the performance of programs with similar purpose or design. Such reviews improve coordination and communication, and enable program managers to agree to common goals and address common challenges.

Instead of combining **interdependent** programs into a single PART, OMB and agencies may compare **independent** programs that have similar purposes or goals through a crosscutting analysis. An internal crosscut (programs within the same agency) or external crosscut (programs across multiple agencies) would identify exemplary goals and practices, common measures of performance, possible tradeoffs in management and budget decisions, and/or opportunities for better coordination among programs.

Unlike a combined PART of interdependent programs, a crosscutting analysis would examine programs in individual PARTs. Individual assessments allow recognition of the distinctive features among programs while a crosscut enables similar programs to explore common themes:

- What is the target population for each program?
- What products and services are provided (common output measures as appropriate)?
- How well are products and services provided (common output efficiency measures as appropriate)?
- What impact have the programs achieved (common outcome measures and common outcome efficiency measures as appropriate)?

An internal crosscut need not require production of additional materials, as each of the aforementioned corresponds to questions already posed in the PART. Individual PART summaries and improvement plans would reference results of crosscutting issues as appropriate.

The results of external crosscutting analyses, however, would summarize common strengths and opportunities for improvement, drawing upon the individual PART assessments. Ultimately, the analysis could lead to a common framework of performance measures and accountability if one does not already exist. See the *Analytical Perspectives* for examples of crosscutting analyses that have been completed in previous years (http://www.whitehouse.gov/omb/budget/fy2007/pdf/spec.pdf).

OMB and agencies are encouraged to identify opportunities to conduct internal and external crosscutting analyses.

BUDGET AND PERFORMANCE INTEGRATION AND THE GOVERNMENT PERFORMANCE AND RESULTS ACT

PART and the BPI Initiative

The role of the Budget and Performance Integration (BPI) Initiative is to ensure that Federal dollars produce the greatest results. To accomplish this, agencies and OMB identify which programs work, which are deficient, and what can be done to improve the performance of them all. This is done through the PART.

The BPI Initiative aims to achieve two key goals:

1. *Improved Program Performance:* Through the use of PART performance assessments, programs will have the information they need to improve their performance every year. The initiative requires each agency to identify opportunities to improve program management and design, and then develop and implement clear, aggressive plans to get more for tax dollars every year.

2. *Greater Investment in Successful Programs:* Overall, scarce resources need to be allocated to programs that benefit the Nation most effectively and efficiently. Program performance will not be the only factor in decisions about how much funding programs receive. However, the Congress and the President, equipped with information about program performance can consider performance to a greater degree in their decision-making and invest primarily in programs that provide the greatest return on investment of taxpayer dollars. If poor performing programs are unable to demonstrate improved results, then that investment may be reallocated to programs that can demonstrate greater success.

The BPI Initiative scorecard standards are in Appendix A.

PART and the Government Performance and Results Act

The PART is a vehicle for achieving the goals of the Government Performance and Results Act (GPRA). Section 2(b) of the Government Performance and Results Act of 1993 identified the following purposes of the Act:

1. Improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results;
2. Initiate program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting publicly on their progress;
3. Improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction;

4. Help Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality;
5. Improve Congressional decision-making by providing more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of Federal programs and spending; and
6. Improve internal management of the Federal Government.

The PART aims to achieve all these purposes. For example, the FY 2007 Budget launched ExpectMore.gov, a website aimed specifically at making performance information transparent and readily available to the American people (i.e., the first purpose).

The PART strengthens and reinforces performance measurement under GPRA by encouraging careful development of performance measures according to the outcome-oriented standards of the law and by requiring that agency goals be appropriately ambitious. **Performance measures included in GPRA plans and reports and those developed or revised through the PART process must be consistent.**

The PART process should also help agencies develop and identify meaningful performance measures to support their GPRA reporting. When developing performance measures, agencies should consult with stakeholders, as appropriate.

Agency performance plans and reports vary in their level of detail and how they address the different programs the agency operates. When annual plans and reports include programs that have been assessed in the PART, the measures used for GPRA should be the same as those included in the PART. In all cases, performance measures included in GPRA plans and reports should meet the standards of the PART – they must be outcome oriented, relate to the overall purpose of the program, and have ambitious targets.

Agencies that use performance information to manage necessarily rely on numerous types of data and measures to inform and monitor their actions. While output measures are useful for day to day measurement, they are generally not acceptable for the PART.

While the PART process provides a useful vehicle for developing new performance measures, agencies need not wait until a program is being assessed to develop or improve its performance measures and begin collecting data.

APPENDIX A: BUDGET AND PERFORMANCE INTEGRATION INITIATIVE CRITERIA

Progress on the President's Management Agenda (PMA) is assessed quarterly using a scorecard. The Executive Branch Management Scorecard tracks how well the departments and major agencies are executing the five government-wide management initiatives, including Budget and Performance Integration (BPI).

The PART is central to the Administration's BPI Initiative because it drives a sustained focus on results. To earn a high PART rating, a program must use performance to manage, justify its resource requests based on the performance it expects to achieve, and continually improve efficiency – all goals of the BPI Initiative.

The 2006 BPI scorecard standards for success follow. The standards for all PMA Initiatives, including BPI can be seen online: http://www.whitehouse.gov/results/agenda/standards.pdf.

BUDGET AND PERFORMANCE INTEGRATION

Agency: • Senior agency managers meet at least quarterly to examine reports that integrate financial and performance information that covers all major responsibilities of the Department. Agency achieves planned improvements in program performance and efficiency in achieving results each year; • Strategic plans contain a limited number of outcome-oriented goals and objectives. Annual budget and performance documents incorporate measures identified in the PART and focus on the information used in the senior management report described in the first criterion; • Demonstrates that it has performance appraisal and awards systems for all SES and managers, and more than 60% of the workforce, that effectively: link to agency mission, goals, and outcomes; hold employees accountable for results appropriate for their level of responsibility; differentiate between various levels of performance (i.e., multiple performance levels with at least one summary rating above Fully Successful); and provide consequences based on performance. In addition, at a beta site, there is evidence that clear expectations are communicated to employees; rating and awards data demonstrate that managers effectively planned, monitored, developed and appraised employee performance; and the site is ready to link pay to the performance appraisal systems. The agency is working to include all agency employees under such systems; • Reports the full cost of achieving performance goals accurately in budget and performance documents and can accurately estimate the marginal cost of changing performance goals; • Has at least one efficiency measure for all PARTed programs; **AND** • Uses PART evaluations to direct program improvements, and PART ratings and performance information are used consistently to justify funding requests, management actions, and legislative proposals. Less than 10% of agency programs receive a Results Not Demonstrated rating for two years in a row.	Agency: • Senior agency managers meet at least quarterly to examine reports that integrate financial and performance information that covers some of the major responsibilities of the Department. Agency can demonstrate information is used to improve performance of agency programs; • Strategic plans contain a limited number of outcome-oriented goals and objectives. Annual budget and performance documents incorporate measures identified in the PART process; • Implemented merit-based appraisal plans and awards programs that link to agency mission, goals and outcomes; hold employees accountable for results appropriate for their level of responsibility; differentiate between various levels of performance; and provide consequences based on performance for all SES and managers. Implementing, at a beta site, performance appraisal and awards systems that are fair, credible and transparent; assure managers are competent in their role as managers; hold managers accountable for managing employee performance, as reflected in their performance plans and ratings; and include employee involvement and feedback. The agency is working to include all agency employees under such systems; • The full cost of achieving performance goals is accurately reported in budget and performance documents; • At least 50% of agency programs rated by the PART have at least one efficiency measure; AND • PART ratings and performance information are used to justify funding requests, management actions, and legislative proposals. No more than 50% of agency programs receive a Results Not Demonstrated rating for two years in a row.	Agency: • Senior agency managers do not have a regular process for considering financial and performance information when making decisions regarding the management of Agency programs; • Strategic plans contain too many goals and objectives to provide a clear focused statement of Agency priorities. Performance measures included in annual budget and performance documents do not meet the standards of the PART; • Performance appraisal plans do not link to agency mission, goals, and outcomes, effectively differentiate between various levels of performance, or provide consequences based on performance; • Does not have a systematic way to estimate the full cost of achieving performance goals reported in budget and performance documents; • Less than 50% of agency programs rated by the PART have at least one efficiency measure; OR • Agency does not consistently use PART ratings to justify funding requests, management actions, and legislative proposals. More than 50% of agency programs receive a Results Not Demonstrated rating for two years in a row.

APPENDIX B: ADDITIONAL RESOURCES ON RIGOROUS PROGRAM EVALUATIONS

The following are several links to resources on program evaluation located on the internet that may be helpful. This is not intended to be an exhaustive list.

- Coalition for Evidence-Based Policy; Evidence-Based Policy Help Desk. (a web site) http://www.evidencebasedpolicy.org/

- Program Evaluation Methods: Measurement and Attribution of Program Results; Treasury Board of Canada, Secretariat; 1998. (a book available online) http://www.tbs-sct.gc.ca/eval/pubs/meth/pem-mep_e.pdf

- Understanding Impact Evaluation; The World Bank Group. (a web site) http://www.worldbank.org/poverty/impact/index.htm

- "Program Evaluation: An Evaluation Culture and Collaborative Partnerships Build Agency Capacity;" GAO-03-454; Government Accountability Office; May 2003. http://www.gao.gov/docdblite/summary.php?recflag=&accno=A06797&rptno=GAO-03-454

- "Performance Measurement and Evaluation: Definitions and Relationships;" GAO/GGD-98-26; Government Accountability Office; April 1998. http://www.gao.gov/docdblite/summary.php?recflag=&accno=160204&rptno=GGD-98-26

- "Designing Evaluations;" GAO/PEMD-10.1.4; Government Accountability Office; May 1991. http://161.203.16.4/t2pbat7/144040.pdf

- Research Methods Knowledge Base; Trochim, William M.; Cornell University. (a web site) http://www.socialresearchmethods.net/kb/

- "Identifying and Implementing Educational Practices Supported By Rigorous Evidence: A User Friendly Guide;" U.S. Department of Education; December 2003. http://www.ed.gov/rschstat/research/pubs/rigorousevid/rigorousevid.pdf

APPENDIX C: RESEARCH AND DEVELOPMENT PROGRAM INVESTMENT CRITERIA

As another initiative of the President's Management Agenda, the development of explicit R&D investment criteria builds on the best of the planning and assessment practices that R&D program managers use to plan and assess their programs. The Administration has worked with experts and stakeholders to build upon lessons learned from previous approaches.

Agencies should use the criteria as broad guidelines that apply at all levels of Federally funded R&D efforts, and they should use the PART as the instrument to periodically evaluate compliance with the criteria at the program level. To make this possible, the R&D PART aligns with the R&D criteria. The R&D criteria are reprinted here as a guiding framework for addressing the R&D PART.

The R&D criteria address not only planning, management, and prospective assessment but also retrospective assessment. Retrospective review of whether investments were well-directed, efficient, and productive is essential for validating program design and instilling confidence that future investments will be wisely invested. Retrospective reviews should address continuing program relevance, quality, and successful performance to date.

While the criteria are intended to apply to all types of R&D, the Administration is aware that predicting and assessing the outcomes of *basic* research in particular is never easy. Serendipitous results are often the most interesting and ultimately may have the most value. Taking risks and working toward difficult-to-attain goals are important aspects of good research management, and innovation and breakthroughs are among the results. However, there is no inherent conflict between these facts and a call for clearer information about program goals and performance toward achieving those goals. The Administration expects agencies to focus on improving the management of their research programs and adopting effective practices, and not on predicting the unpredictable.

The R&D investment criteria have several potential benefits:

- Use of the criteria allows policy makers to make decisions about programs based on information beyond anecdotes, prior-year funding levels, and lobbying of special interests.
- A dedicated effort to improve the process for budgeting, selecting, and managing R&D programs is helping to increase the return on taxpayer investment and the productivity of the Federal R&D portfolio.
- The R&D investment criteria will help communicate the Administration's expectations for proper program management.
- The criteria and subsequent implementation guidance will also set standards for information to be provided in program plans and budget justifications.

- The processes and collected information promoted under the criteria will improve public understanding of the possible benefits and effectiveness of the Federal investment in R&D.

DETAILS ON THE CRITERIA

The Relevance, Quality, and Performance criteria apply to all R&D programs. Industry- or market-relevant applied R&D must meet additional criteria. Together, these criteria can be used to assess the need, relevance, appropriateness, quality, and performance of Federal R&D programs.

I. Relevance

R&D investments must have clear plans, must be relevant to national priorities, agency missions, relevant fields, and "customer" needs, and must justify their claim on taxpayer resources. Programs that directly support Presidential priorities may receive special consideration with adequate documentation of their relevance. Review committees should assess program objectives and goals on their relevance to national needs, "customer" needs, agency missions, and the field(s) of study the program strives to address. For example, the Joint DOE/NSF Nuclear Sciences Advisory Committee's Long Range Plan and the Astronomy Decadal Surveys are the products of good planning processes because they articulate goals and priorities for research opportunities within and across their respective fields.

OMB will work with some programs to identify quantitative metrics to estimate and compare potential benefits across programs with similar goals. Such comparisons may be within an agency or among agencies.

A. Programs must have complete plans, with clear goals and priorities.
Programs must provide complete plans, which include explicit statements of:
- specific issues motivating the program;
- broad goals and more specific tasks meant to address the issues;
- priorities among goals and activities within the program;
- human and capital resources anticipated; and
- intended program outcomes, against which success may later be assessed.

B. Programs must articulate the potential public benefits of the program.
Programs must identify potential benefits, including added benefits beyond those of any similar efforts that have been or are being funded by the government or others. R&D benefits may include technologies and methods that could provide new options in the future, if the landscape of today's needs and capabilities changes dramatically. Some programs and sub-program units may be required to quantitatively estimate expected benefits, which would include metrics to permit meaningful comparisons among programs that promise similar benefits. While all programs should try to articulate potential benefits, OMB and OSTP recognize the difficulty in predicting the outcomes of basic research. Consequently, agencies may be allowed to relax this as a requirement for basic research programs.

C. **Programs must document their relevance to specific Presidential priorities to receive special consideration.**
Many areas of research warrant some level of Federal funding. Nonetheless, the President has identified a few specific areas of research that are particularly important. To the extent a proposed project can document how it directly addresses one of these areas, it may be given preferential treatment.

D. **Program relevance to the needs of the Nation, of fields of Science & Technology, and of program "customers" must be assessed through prospective external review.**
Programs must be assessed on their relevance to agency missions, fields of science or technology, or other "customer" needs. A customer may be another program at the same or another agency, an interagency initiative or partnership, or a firm or other organization from another sector or country. As appropriate, programs must define a plan for regular reviews by primary customers of the program's relevance to their needs. These programs must provide a plan for addressing the conclusions of external reviews.

E. **Program relevance to the needs of the Nation, of fields of S&T, and of program "customers" must be assessed periodically through retrospective external review.**
Programs must periodically assess the need for the program and its relevance to customers against the original justifications. Programs must provide a plan for addressing the conclusions of external reviews.

II. Quality

Programs should maximize the quality of the R&D they fund through the use of a clearly stated, defensible method for awarding a significant majority of their funding. A customary method for promoting R&D quality is the use of a competitive, merit-based process. NSF's process for the peer-reviewed, competitive award of its R&D grants is a good example. Justifications for processes other than competitive merit review may include "outside-the-box" thinking, a need for timeliness (e.g., R&D grants for rapid response studies of *Pfisteria*), unique skills or facilities, or a proven record of outstanding performance (e.g., performance-based renewals).

Programs must assess and report on the quality of current and past R&D. For example, NSF's use of Committees of Visitors, which review NSF directorates, is an example of a good quality-assessment tool. OMB and OSTP encourage agencies to provide the means by which their programs may be benchmarked internationally or across agencies, which provides one indicator of program quality.

A. **Programs allocating funds through means other than a competitive, merit-based process must justify funding methods and document how quality is maintained.**
Programs must clearly describe how much of the requested funding will be broadly competitive based on merit, providing compelling justifications for R&D funding allocated through other means. (See OMB Circular A-11 for definitions of competitive merit review and other means of allocating Federal research funding.) All program funds allocated through means other than unlimited competition must document the processes they will use to distribute funds to each type of R&D performer (e.g., Federal laboratories, Federally-funded R&D centers, universities, etc.). Programs are encouraged

to use external assessment of the methods they use to allocate R&D and maintain program quality.

B. **Program quality must be assessed periodically through retrospective expert review.** Programs must institute a plan for regular, external reviews of the quality of the program's research and research performers, including a plan to use the results from these reviews to guide future program decisions. Rolling reviews performed every 3-5 years by advisory committees can satisfy this requirement. Benchmarking of scientific leadership and other factors provides an effective means of assessing program quality relative to other programs, other agencies, and other countries.

III. Performance

R&D programs should maintain a set of high priority, multi-year R&D objectives with annual performance outputs and milestones that show how one or more outcomes will be reached. Metrics should be defined not only to encourage individual program performance but also to promote, as appropriate, broader goals, such as innovation, cooperation, education, and dissemination of knowledge, applications, or tools.

OMB encourages agencies to make the processes they use to satisfy the Government Performance and Results Act (GRPA) consistent with the goals and metrics they use to satisfy these R&D criteria. Satisfying the R&D performance criteria for a given program should serve to set and evaluate R&D performance goals for the purposes of GPRA. OMB expects goals and performance measures that satisfy the R&D criteria to be reflected in agency performance plans.

Programs must demonstrate an ability to manage in a manner that produces identifiable results. At the same time, taking risks and working toward difficult-to-attain goals are important aspects of good research management, especially for basic research. The intent of the investment criteria is not to drive basic research programs to pursue less risky research that has a greater chance of success. Instead, the Administration will focus on improving the management of basic research programs.

OMB will work with some programs to identify quantitative metrics to compare performance across programs with similar goals. Such comparisons may be within an agency or among agencies.

Construction projects and facility operations will require additional performance metrics. Cost and schedule earned-value metrics for the construction of R&D facilities must be tracked and reported. Within DOE, the Office of Science's formalized independent reviews of technical cost, scope, and schedule baselines and project management of construction projects ("Lehman Reviews") are widely recognized as an effective practice for discovering and correcting problems involved with complex, one-of-a-kind construction projects.

A. **Programs may be required to track and report relevant program inputs annually.**
Programs may be expected to report relevant program inputs, which could include statistics on overhead, intramural/extramural spending, infrastructure, and human capital. These inputs should be discussed with OMB.

B. **Programs must define appropriate output and outcome measures, schedules, and decision points.**
Programs must provide single- and multi-year R&D objectives, with annual performance outputs, to track how the program will improve scientific understanding and its application. Programs must provide schedules with annual milestones for future competitions, decisions, and termination points, highlighting changes from previous schedules. Program proposals must define what would be a minimally effective program and a successful program. Agencies should define appropriate output and outcome measures for all R&D programs, but agencies should not expect fundamental basic research to be able to identify outcomes and measure performance in the same way that applied research or development are able to. Highlighting the results of basic research is important, but it should not come at the expense of risk-taking and innovation. For some basic research programs, OMB may accept the use of qualitative outcome measures and quantitative process metrics. Facilities programs must define metrics and methods (e.g., earned-value reporting) to track development costs and to assess the use and needs of operational facilities over time. If leadership in a particular field is a goal for a program or agency, OMB and OSTP encourage the use of benchmarks to assess the processes and outcomes of the program with respect to leadership. OMB encourages agencies to make the processes they use to satisfy GPRA consistent with the goals and metrics they use to satisfy these R&D criteria.

C. **Program performance must be retrospectively documented annually.**
Programs must document performance against previously defined output and outcome metrics, including progress toward objectives, decisions, and termination points or other transitions. Programs with similar goals may be compared on the basis of their performance. OMB will work with agencies to identify such programs and appropriate metrics to enable such comparisons.

IV. Criteria for R&D Programs Developing Technologies That Address Industry Issues

The purpose of some R&D and technology demonstration programs and projects is to introduce some product or concept into the marketplace. However, some of these efforts engage in activities that industry is capable of doing and may discourage or even displace industry investment that would occur otherwise. For the purposes of assessing Federal R&D investments, the following criteria should be used to assess industry-relevant R&D and demonstration projects, including, at OMB discretion, associated construction activities.

OMB will work with programs to identify quantitative metrics to measure and compare potential benefits and performance across programs with similar goals, as well as ways to assess market relevance.

A. Programs and projects must articulate public benefits of the program using uniform benefit indicators across programs and projects with similar goals.
In addition to the public benefits required in the general criteria, *all* industry-relevant programs and projects must identify and use uniform benefit indicators (including benefit-cost ratios) to enable comparisons of expected benefits across programs and projects. OMB will work with agencies to identify these indicators.

B. Programs and projects must justify the appropriateness of Federal investment, including the manner in which the market fails to motivate private sector investment.
A lack of market incentives discourages private firms from investing in research where the benefits may occur far in the future, the risks may be too great for non-Federal participants, or the benefits accrue to the public rather than private investors. Programs and projects must demonstrate that industry investment is sub-optimal and explain in what way the market fails that prevents the private sector from capturing the benefits of developing the good or service.

C. Programs and projects must demonstrate that investment in R&D and demonstration activities is the best means to support the Federal policy goals, compared to other policy alternatives.
When the Federal government chooses to intervene to address market failures, there may be many policy alternatives to address those failures. Among the other tools available to the government are legislation, tax policy, regulatory and enforcement efforts, and an integrated combination of these approaches. In this context, projects to address issues of genuine Federal concern should be able to illustrate how R&D and demonstration activities are superior to other policy tools in addressing Federal goals, either by themselves or as part of an integrated package.

D. Programs and projects must document industry or market relevance, including readiness of the market to adopt technologies or other outputs.
Programs must assess the likelihood that the target industry will be able to adopt the technology or other program outputs. The level of industry cost sharing is one indicator of industry relevance. Before projects move into demonstration or deployment stages, an economic analysis of the public and private returns on the public investment must be provided.

E. Program performance plans and reports must include "off ramps" and transition points.
In addition to the schedules and decision points defined in the general criteria, program plans should also identify whether, when, and how aspects of the program may be shifted to the private sector.

GLOSSARY

Actuals: A common term used to refer to data on actual performance compared to goals.

Annual performance goals: The measures and targets affected by an activity in a particular (generally near-term) year.

Baselines: The starting point from which gains are measured and targets are set.

Beneficiaries: Those who benefit from the favorable outcome of the program.

Benefits: The outcomes of program efforts or direct assistance such as grant funding.

Block/Formula Grant programs: Programs that provide funds to State, local and tribal governments and other entities by formula or block grant, such as the Department of Energy's (DOE) Weatherization Assistance program and HHS' Ryan White/AIDS program.

Capital Assets and Service Acquisition programs: Programs that achieve their goals through development and acquisition of capital assets (e.g. land, structures, equipment, and intellectual property) or the purchase of services (e.g. maintenance, and information technology). Program examples include Navy Shipbuilding and the Bonneville Power Administration.

Competitive Grant program: Programs that provide funds to State, local and tribal governments, organizations, individuals and other entities through a competitive process, such as Health Centers at the Department of Health and Human Services (HHS).

Credit programs: Programs that provide support through loans, loan guarantees and direct credit, such as the Export Import Bank's Long Term Guarantees program.

Crosscutting analysis

External crosscutting analysis: A comparison between programs across multiple agencies.
Internal crosscutting analysis: A comparison between programs within the same agency.

Direct Federal programs: Programs where services are provided primarily by employees of the Federal Government, like the State Department's Visa and Consular Services program.

Long-term goals: Goals that cover a multi-year period of time. Duration may vary by program but should consider the nature of the program and be consistent with the periods for strategic goals used in the Agency Strategic Plan.

Outcome efficiency measures: A measure that captures improvements in program outcomes for a given level of resource use. Generally considered the best type of efficiency measure for assessing the program overall.

Outcome measure: A measure of the intended result or impact of carrying out a program or activity. They define an event or condition that is external to the program or activity and that is of direct importance to the intended beneficiaries and/or the general public.

Output Efficiency measures: Measures that capture improvements in program outputs for a given level of resource use. Because it may be difficult to express efficiency measures in terms of outcomes, efficiency measures could focus on how to produce a given output level with fewer resources until the time an outcome-based efficiency measure is developed.

Output measures: Outputs describe the level of activity that will be provided over a period of time, including a description of the characteristics (e.g., timeliness) established as standards for the activity. Outputs refer to the internal activities of a program (i.e., the products and services delivered).

Performance goal: A target level of performance over time expressed as a tangible, measurable objective, against which actual achievement can be compared. Performance goals are expressed as a quantitative standard, value or rate. A performance goal is comprised of a performance measure with targets and timeframes.

Performance measures: Indicators, statistics or metrics used to gauge program performance.

Program: An activity or set of activities intended to help achieve an outcome that benefits the public.

Program Assessment Rating Tool (PART): A diagnostic tool used to assess the performance of program activities systematically across the Federal government and to improve program performance.

Reach: The distribution of program benefits (i.e. program outcomes, grant funding, etc.).

Regulatory-Based programs: Programs that accomplish their mission through rulemaking that implements, interprets or prescribes law or policy, or describes procedure or practice requirements, such as the U.S. Environmental Protection Agency's Mobile Source Air Pollution Standards and Certification program.

Research and Development programs: Programs that focus on knowledge creation or its application to the creation of systems, methods, materials, or technologies, such as DOE's Solar Energy and NASA's Solar System Exploration programs.

Results Not Demonstrated: This rating is given when programs do not have acceptable performance measures or lack baselines and performance data. Specifically, a program that has not been able to establish long-term *and* short-term performance measures or does not have data to indicate how it has been performing under measures that have been established.

Strategic goal: A statement of aim or purpose included in a strategic plan (required under GPRA). In a performance budget/performance plan, strategic goals should be used to group

multiple program outcome goals. Each program outcome goal should relate to and in the aggregate be sufficient to influence the strategic goals or objectives and their performance measures. Also called "strategic objective."

Strategic objective: See "strategic goal."

Strategic plan: Pursuant to GPRA, a five-year plan that includes a comprehensive mission statement; outcome-related goals and objectives, for the major functions and operations; a description of how the goals and objectives are to be achieved; and other elements.

Target: Quantifiable or otherwise measurable characteristic that tells how well a program must accomplish a performance measure.

LIST OF ACRONYMS

Program Type

BF	Block/Formula Grant Programs
CA	Capital Assets and Service Acquisition Programs
CO	Competitive Grant Programs
CR	Credit Programs
RD	Research and Development
RG	Regulatory Programs

General

BPI	Budget and Performance Integration
CDC	Centers for Disease Control and Prevention
CFDA	Catalog of Federal Domestic Assistance
CFO	Chief Financial Officer
DOE	Department of Energy
EO	Executive Order
FAA	Federal Aviation Administration
FAADS	Federal Assistance Award Data Systems
FBI	Federal Bureau of Investigation
FFRDC	Federally Funded Research and Development Center
FOIA	Freedom of Information Act
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	Government Performance and Results Act of 1993
HHS	Department of Health and Human Services
IG	Inspector General
IT	Information Technology
LE	Large Extent
NA	Not Applicable
NASA	National Aeronautics and Space Administration
OFFM	Office of Federal Financial Management
OIRA	Office of Information and Regulatory Affairs
OMB	Office of Management and Budget
OSTP	Office of Science and Technology Policy
PART	Program Assessment Rating Tool

PMA	President's Management Agenda
R&D	Research and Development
RFA	Regulatory Flexibility Act
RIA	Regulatory Impact Analyses
RMO	Resource Management Office
RND	Results Not Demonstrated
SBREFA	Small Business Regulatory Enforcement Fairness Act
SE	Small Extent
UMRA	Unfunded Mandates Reform Act