Technical Report

Exploring the Feasibility of Adapting the USG/OMB Performance Assessment Rating Tool (PART) to the Philippines Department of Budget and Management (DBM)

by John R. Pfeiffer

Prepared for

Undersecretary Laura B. Pascua
Department Budget and Management
Republic of the Philippines

Submitted for review to

USAID/Philippines OEDG

May 31, 2007

EMERGE
A GRP project supported by USAID

Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation, Nathan Associates Inc. and The Peoples Group (TRG) to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-00-03-00020 Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

This consultancy was requested by Undersecretary Laura B. Pascua, Department of Budget and Management (DBM), to explore the feasibility of adapting the Performance Assessment Rating Tool (PART) of the U.S. Government Office of Management and Budget (OMB) to the Government of the Philippines DBM. OMB permitted Mr. John R. Pfeiffer, an in-house expert on the subject, to spend three weeks explaining PART to DBM leadership and staff and discussing with them how certain parts of it could be usefully incorporated into their on-going efforts to improve their efficiency and effectiveness. This is his trip report.

The views expressed and opinions contained in this publication are those of the author and are not necessarily those of OMB, USAID, the GRP, EMERGE or the latter's parent organizations.

<u>Trip Report</u>

Exploring the feasibility of adapting the Performance Assessment Rating Tool (PART) of the OMB/USG
to the Government of the Philippines Department of Budget and Management (DBM)
Manila, the Philippines

Advisor:

John R. Pfeiffer/Consultant

Travel Dates: 08-29 March, 2007

May 31, 2007

PURPOSE

The overall purpose of the technical assistance was to study how PART could help integrate the public expenditure management reform initiatives being undertaken by the Department of Budget and Management (DBM) of the Philippine Government and identify incentive and accountability mechanisms that could drive line agencies to seriously and effectively implement them.

Specifically, the technical assistance activity aimed to:

a. provide officials and staff of DBM and other concerned government agencies with a better appreciation and understanding of the PART—its purpose and rationale, how it is carried out, its requirements, implementation issues and challenges, and critical success factors;
b. evaluate the usefulness of PART in conjunction with the different public expenditure management reform initiatives of the Philippine Government; and
c. design a road map or strategy for the adaptation of PART to the Philippine context.

LOCATIONS VISITED AND DATES

March 12-27, 2007. Philippine Department of Budget and Management, Manila.

March 13, 2007. Philippine Department of Trade and Industry, Manila.

March 14. Philippine Department of Agrarian Reform, Manila.

March 28, 2007. USAID offices, Manila.

ACTIVITIES AND ACCOMPLISHMENTS

On March 12th, Mr. Pfeiffer met with Under Secretary Laura Pascua of the Philippine Department of Budget and Management (DBM) and other DBM senior staff for a three hour overview briefing (attached) and discussion of the Program Assessment Rating Tool (PART). Besides Under Secretary Pascua, participants included DBM Assistant Secretary Verbo Bonilla and Budget and Management Bureau Directors Arturo Bumatay, Gil Montalbo, Jocelyn Isidro, Gisela Lopez, and Myrna Chua, as well as EMERGE Fiscal Sustainability Team Leader Dr. Romulo Miral, Jr. Usec Pascua suggested a schedule for learning about DBM initiatives, including the Organizational Performance Indictors Framework (OPIF) and the DBM's "rationalization initiative" for reorganizing government departments. Mr. Pfeiffer gave Usec Pascua several copies of the OMB PART guidance (http://www.whitehouse.gov/omb/part/fy2007/2007_guidance_final.pdf).

On Under Secretary Pascua's recommendation, Mr. Pfeiffer then held a series of individual meetings with senior DBM office directors, staff, and consultants from the Australian Federal Government to learn more about the work of the DBM, in particular the DBM's principal budget reform initiative, the Organizational Performance Indicator

Framework (OPIF). Among those at DBM with whom Mr. Pfeiffer met with individually to discuss DBM, OPIF and PART were Assistant Secretary Bonilla and Australian consultants to DBM on OPIF, Director Nora Oliveros and Assistant Director Jocelyn Isidro, Director Lopez, and two of Director Montalbo's senior staff. He also attended two all-day workshops that DBM conducted for leaders of the Department of Trade and Industry and the Department of Agrarian Reform, and met with Australian advisors on the OPIF initiative Tony Higgins, Paulette Quang, Dean Wallace, and Thomas Phillips, and Philippine consultant to DBM Rosario Manasan about their work with DBM and OPIF.

At Under Secretary Pascua's request, Mr. Pfeiffer prepared an analysis (attached) of a white paper on OPIF prepared for DBM by Ms. Quang, commenting on that paper's implications for PART implementation in the Philippines. Together with Dr. Miral, he also met each weekend with Under Secretary Pascua to discuss in more detail how OMB manages implementation of the PART and other Presidential budget and management reforms and to plan for a major final briefing on PART for DBM senior staff.

On March 27th, Mr. Pfeiffer made a final presentation (attached) to DBM senior staff on the OMB PART, its implementation by the U.S. Office of Management and Budget (OMB) in the context of other Presidential management reforms, and ways that the PART might be adapted by DBM and used to support its ongoing fiscal reform initiatives.

DBM Reform Initiatives

For a number of years through the OPIF initiative, DBM has been attempting to transition from input-oriented, incremental budgeting to output and outcome-oriented budgeting. OPIF seeks to impose a common framework, terms, and methodology on the governmentwide budget formulation process. Having trained its own senior staff in the OPIF concept and methodology, DBM is now undertaking to train 20 national government departments and 30 executive offices to use the OPIF as the basis for resource allocation proposals and budgets. OPIF seeks to enhance the transparency of budget decisions and the accountability of agencies for results. As one DBM background paper on OPIF noted, "a key focus of the OPIF is the transparency and accountability of agencies for their performance in using public money to deliver outputs to achieve (or make a significant contribution to) desired government outcomes; and the transparency and accountability is aimed at benefiting the two major levels of government - the Executive Government (headed by the President) and the Legislature or Congress (and, through Congress, the general public)."

OPIF is focused principally on identifying *outputs* at the *Departmental* level. As a result, it does not go as far as it might to foster accountability for results, while allowing managerial flexibility in implementation, and it does not directly match its products with the central concern of budget decision makers and other stakeholders, i.e., individual programs and clusters of activities. In contrast, the U.S. PART initiative focuses on *outcomes* at the *program or activity* level within Departments, which is the primary focus

of Executive Branch and Congressional decision making in the annual Federal budget process.

How the PART can enhance the effectiveness of OPIF

The PART is a highly structured, comprehensive method of:

- Periodically assessing (every 5 years) the goals, strategy, management and performance of every government program;
- Annually measuring each program's performance on key measures against longer-term outcome, output, and efficiency goals and annual targets;
- Annually assessing each program's progress in correcting program deficiencies,
- Informing annual budget decision-making, program by program, in the Executive Branch departments, as well as OMB, and by Congressional appropriators;
- Increasing management accountability; and
- Educating other stakeholders and the public in a straightforward, systematic way (through the Internet) about every government program.

Implementing the PART in the Philippines could strengthen the OPIF effort in the following ways:

- PART focuses directly on the performance of the individual programs, projects, and activities that are the most immediate concern of Executive Branch and Congressional decision-making.

- PART provides a comprehensive review of all the major program issues and dimensions (i.e., goals, strategy, management and performance) that analysts and policy officials should investigate in making budgetary decisions.

- PART assessments are developed by program officials with oversight and aid from their departments in collaboration with DBM staff analysts.

- Complete PART assessments are done only periodically (e.g., once every five years), but actual performance on key performance indicators is assessed annually, as are program efforts to correct strategic deficiencies.

- Complete assessments and annual updates are readily available to all stakeholders through the Internet prior to budgetary decisions in the Executive Branch and the Congress. Problems needing attention and what the agency is doing about them in the current and coming year are clear.

- Progress toward larger societal and organizational goals are the sum of the PART results and show clearly the individual contributions of each program within a Department, thereby providing a clear focus for concrete actions to improve performance and adjust budgets.

- To a large extent, Departmental assessments are the aggregate of the individual PART assessments. By asking the same questions of every program, comparisons across PARTs within a Department or across the government as a whole show where systematic improvements are more appropriately pursued at those higher levels, e.g., financial management systems.

- PART focuses attention on the most important performance issue — outcomes — wherever possible, not inputs or outputs, and enhances the accountability of program managers, while allowing them flexibility in determining the most effective and efficient means of implementing their programs.

- PART results do not dictate a particular budget decision, but they provide the means to make any decision much better informed and its logic transparent.

Implementation issues

Unlike the U.S. OMB, DBM has major responsibilities not only for budget preparation but also for expenditure management. DBM staff already are feeling burdened by the increased responsibilities associated with implementing the OPIF initiative. In addition, it is questionable whether the Philippine Departments' financial management and information systems are capable of producing the consistent quality of financial and program information on which effective implementation of OPIF and/or PART rely.

One option for DBM to consider in addressing these issues is the approach adopted by OMB. In the United States, financial management is largely the responsibility of the individual departments and agencies. The Treasury (equivalent to the Philippine Finance Department) provides some central administrative and cash management support, and OMB approves agency access to annual appropriations. Otherwise, OMB plays only a policy and oversight role in areas of financial management and information systems, and separate, statutorily-established units of OMB largely perform that work, not the line program examiners. Those small, independent, expert staff units sets rigorous standards for agency financial management and information system practices, directs and oversees the development and implementation of agency capital budgets and improvement plans, and provides input to the PART assessments and the annual budget for these important functional areas. The OMB program budget examiners rely heavily on expert advice from these separate units, but the program budget examiners play no day to day role in the operations of these specialized strategic planning and oversight units, just as they play no role in the actual financial management activities of the agencies and departments whose budgets they oversee.

Based on OMB's experience, DBM might consider separating the budget oversight and preparation duties of its budget analysts from the financial management ones with the goal of improving the effectiveness of both efforts. In addition, DBM might consider delegating the actual financial management activities of the government to its departments, agencies, and Department of Finance, which are an enormous administrative responsibility, while retaining responsibility for financial management

policy and strategic oversight. Similarly, DBM might consider establishing an independent unit to oversee and guide improvements in Departmental information systems. Finally, if DBM chose to implement the PART in the context of its OPIF initiative, it might consider providing a small increment (3-4) of dedicated staff resources to the existing OPIF implementation group, chosen from among DBM's best career staff, to provide strategic guidance and implementation support to the effort. At the same time, DBM should recognize that a key to the successful implementation of the OMB PART effort, including its integration with the overall budget process and agency willingness to participate, has been to place principal responsibility for implementation in the Departments and programs, guided by OMB's career program examiners. OMB's program examiners are capable of taking on this added responsibility because it is largely consistent with their current analytical assignments and because they are not burdened with the kinds of operational responsibilities held by DBM's line staff.

DBM will develop and implement its own strategy for budget reform, reflecting its own vision and capabilities. DBM does not need to adopt the PART to be successful, but it can benefit from considering how the PART concepts could be adapted to support and enhance the chance for success of its efforts. Lessons from OMB's experience with PART and managing it and other government reform initiatives could be applied in many areas of DBM interest and activity, including:

- Improving budget formulation and assessment, both in DBM and the agencies.
- Providing criteria for program evaluation and new proposal assessment.
- Measuring performance and linking outcomes, outputs, and inputs in the budget.
- Annual program performance reviews.
- Creating a performance-based budget and integrating performance data into the budget.
- Making program outcomes, management and improvement the central focus for budget decisions.
- Making departmental assessments largely the aggregate of individual program assessments.
- Separating budget analysis from execution.
- Planning and leading government-wide management reforms.
- Creating an action agenda for agency-specific and program-specific program and management reforms with consistent oversight and follow-up.
- Staff training and development.
- Enhancing DBM and agency collaboration.
- Increasing agency and manager accountability.
- Improving staff organization within DBM and divisions of authority and responsibility between DBM and the departments.
- Improving budget transparency and stakeholder understanding.
- Clarifying program problems needing attention and setting priorities for addressing them.

ATTACHMENTS

Initial PART Presentation
Comments on OPIF Paper
Final PART Presentation

KEY COUNTERPARTS MET OR INVOLVED IN DELIVERABLE

Charles Stuart Callison, Chief of Party, Emerge

Romulo Miral, Jr. Team Leader, Fiscal Sustainability, Emerge

Hon. Laura B. Pascua, Undersecretary, Department of Budget and Management

SIGNATURE AND DATE

John R. Pfeiffer
May 31, 2007

Presentation for
Department of Budget and Management

Office of Management and Budget

Program Assessment

Rating Tool (PART)

March 12 2007

Overview

- **Why PART?**

- **Where We Are Now**

- **PARTWeb and ExpectMore.gov**
- **The PART Guidance**

- **Schedule**

Why PART?

- **Evaluate programs in a systematic, consistent, and transparent manner.**

- **Inform agency and OMB decisions on resource allocations.**

- **Focus on program improvements that can include specific actions related to management, legislative or regulatory improvements, and funding.**

- **Establish accountability for performance.**

- **PART strengthens and reinforces GPRA-mandated performance reporting.**
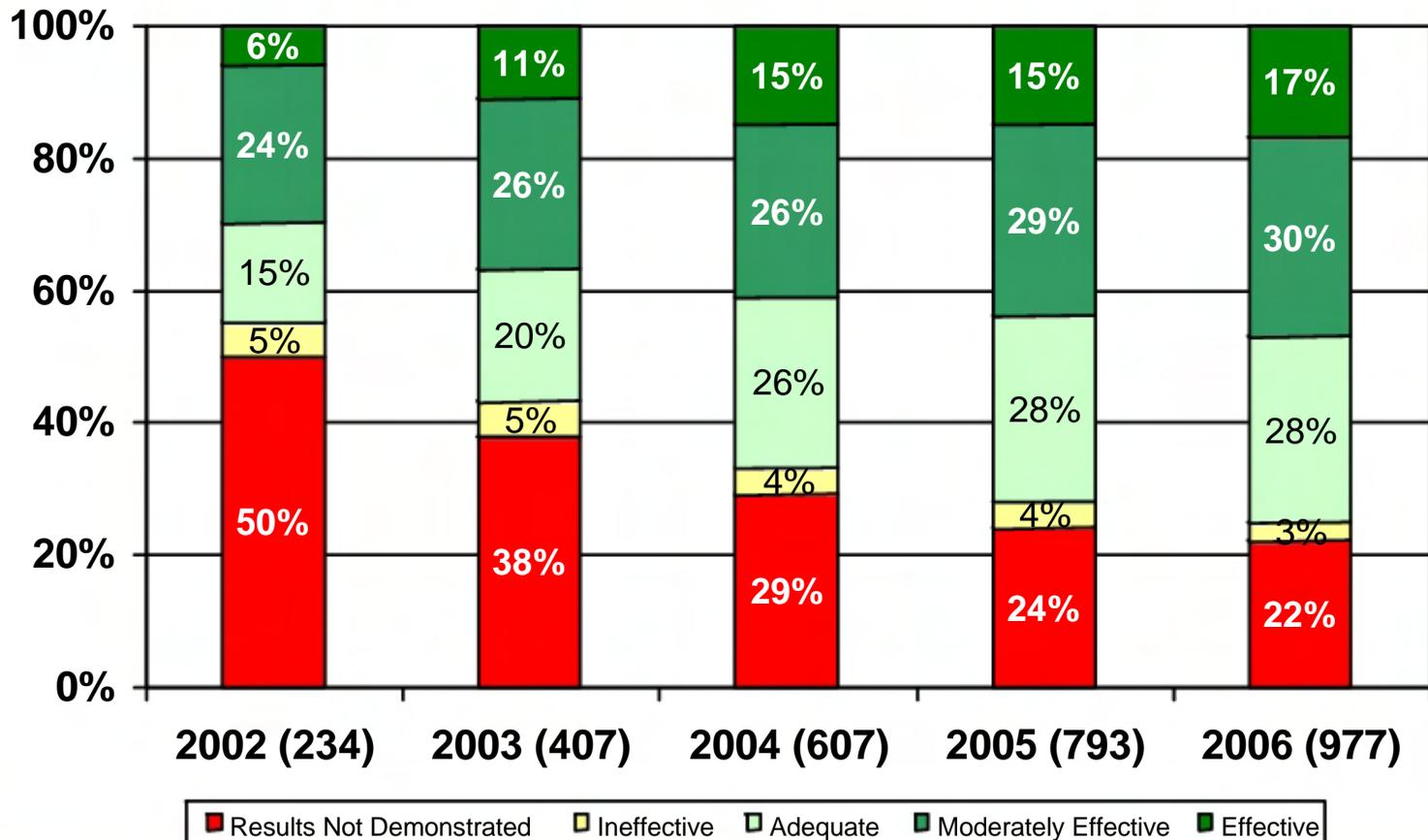
PART Scores and Ratings (p. 62)(p.

- **Answers to questions generate scores which are weighted to tally a total score.**

- **Ratings based on total scores: Effective, Moderately Effective, Adequate, Ineffective.**

- **Results Not Demonstrated assigned to programs that do not have performance measures or data, regardless of overall score.**

How is an Assessment completed?

- **Close, cooperative OMB and Agency Staff participation.**

- **Process for completing PART questionnaire varies from agency to agency**
  - **Kick-Off**

  - **Review of Agency Draft Responses**
  - **Iterative/Collaborative Process**

- **Evidence is required for "Yes" answers**

PARTWeb is the online system used to enter PART answers and evidence, performance data, and follow-up actions.

ExpectMore.gov provides the public access to PARTs and PART Summaries.

PARTWeb generates PART Summaries for ExpectMore.gov.

PARTWeb Answers Entry Screen

PARTWeb Performance Measures Entry Screen

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Expect**More**.gov

EXPECT FEDERAL PROGRAMS TO PERFORM WELL, AND BETTER EVERY YEAR.

The Federal Government is working to ensure its **programs perform well.** Here we provide you information about where we're **successful** and where we **fall short**, and in both situations, what we're doing to **improve our performance** next year.

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▶ Show me programs that are **NOT PERFORMING** GO

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Type name or keyword

▶ Show me programs by **TOPIC** GO
Select a topic

▶ Show me programs by **AGENCY** GO
Select an agency

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ExpectMore.gov Summary

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PROGRAM ASSESSMENT

PROGRAM
View Assessment Details

Early Reading First

The Early Reading First (ERF) program is designed to implement research-based early literacy programs in already existing preschool programs to enhance the early language, literacy, and prereading development of preschool-aged children.

RATING
What This Rating Means

PERFORMING
✪✪ Moderately Effective

- **The program addresses a compelling need.** Studies show that a high percentage of children from low-income families attend preschools that often fail to provide the language, cognitive, and early reading instruction and activities needed. The Early Reading First program is intended to address the gaps in quality between low-income children and their peers of higher socioeconomic status.

- **The program is reaching its original performance targets.** The percentage of preschool-aged children participating in ERF programs who demonstrated age-appropriate oral language skills increased from 56 percent in 2004 to 67.9 percent in 2005.

- **The Department of Education has recently established new performance measures in the areas of significant literacy gains and program efficiency.**

IMPROVEMENT PLAN
About Improvement Plans

We are taking the following actions to improve the performance of the program:

- Collecting data for the new measures: significant gains in early literacy skills, and the cost per preschool-aged child participating in Early Reading First programs who achieves significant gains.
- Implementing a measure of kindergarten readiness by requiring entities that receive a grant for a second three-year period to collect former participants' academic achievement in kindergarten.
- Updating the recent performance data on the program's website as they become available.

LEARN MORE
- **View Similar Programs.**
- How all Federal programs are assessed.
- Learn more about Early Reading First.

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ExpectMore.gov Assessment Details

ExpectMore.gov

DETAILED INFORMATION ON THE EARLY READING FIRST ASSESSMENT

- View this program's assessment summary.
- Visit ExpectMore.gov to learn more about how Federal Government programs are assessed and their plans for improvement.
- Learn more about detailed assessments.

Program Code	10003322
Program Title	Early Reading First
Department Name	Department of Education
Agency/Bureau Name	Department of Education
Program Type(s)	Competitve Grant Program
Assessment Year	2006
Assessment Rating	**Moderately Effective**

Assessment Section Scores

Section	Score
Program Purpose & Design	100%
Strategic Planning	83%
Program Management	100%
Program Results/Accountability	53%

Program Funding Level (in millions)

FY2006	$103
FY2007	$103
FY2008	$118

- Program Improvement Plans
- Program Performance Measures
- Questions/Answers (Detailed Assessment)

Program Improvement Plans

Year Began	Improvement Plan	Status	Comments
2006	Collecting data for the new measures: significant gains in early literacy skills, and the cost per preschool-aged child participating in Early Reading First programs who achieves significant gains.	Action taken, but not completed	
2006	Implementing a measure of kindergarten readiness by requiring entities that receive a grant for a second three-year period to collect former participants' academic achievement in kindergarten.	No action taken	
2006	Updating the grantee performance data on the program's website as data become available.	Action taken, but not completed	

Program Performance Measures

PART Questions

- **Grouped into four sections**

  - **I.   Program Purpose and Design** (20%) - **II.   Strategic Planning**   (10%)

  - **III. Program Management** (20%)
  - **IV. Results**   (50%)

Section I: Program Purpose and Design
(pp. 16--22)22)

•20% weight of the total PART score •
Clarity and relevance of program purpose •
Soundness of program design

• Addresses program's structural issues •
Clear design and purpose an essential for
identifying performance measures •
Question 1.4 (Design Flaws) requires
evidence to justify a "No" (p. 18)

Section II: Strategic Planning
(pp. 23--37)37)

- **10% weight on the total PART score with linkages to Section IV questions**

- **Addresses program's plans and approach to achieve specific long-term goals**

- **Programs must have long-term and annual performance measures**

- **Programs must have ambitious targets • Evaluation of program effectiveness and to support performance improvement**

Section III: Program Management
(pp. 38--54)54)

- **Addresses elements related to managing a program to achieve performance goals**
  - Accountability of managers, performance of partners
  - Coordination with related programs - Financial management, improving efficiency - Addressing deficiencies

- **To get a "Yes" on Question 3.4, programs must have procedures in place to measure and achieve efficiencies and cost effectiveness**

- **20% weight on the total PART score**

20

Section IV:
Program Results/Accountability
(pp. 55--61)61)

- **Assesses the extent to which a program is achieving its long-term and annual performance goals and efficiency goals**

- **Reporting of actual performance compared to targets (identified in Sections II and III) • Effectiveness in achieving goals based on independent evaluations**

- **Comparison of performance with similar programs**

- **50% weight on the total PART score**

2007 PART Schedule (p. vii)(p. vii

- **Agencies Complete PART Drafts by March 30th.**
- **Consistency Check and Review of Performance Measures - April 30th to May 4th.**

- **Appeals due by May 25th.**

- **Complete PART Summaries & Improvement Plans for ExpectMore.gov July 9th.**

- **Data Entry Locked on August 3rd.**

- **PARTs published on ExpectMore.gov in mid-August.**

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Performance Measures (pp. 7(pp. 7--11)
(Questions 2.1-2.4, 4.1-4.2)

- **Outcome**

- **Output**

- **Efficiency(**In addition questions 3.4, 4.3) - Outcome efficiency

  -**Output efficiency - Input productivity**

Outcome & Output Performance Measures (pp. 7(pp. 7--8)8)

Outcomes - Events or conditions external to the program and of direct importance to the public, beneficiaries and/or customers. They relate to the program's mission, purpose and strategic goals.

Outputs - Internal program activities; products and services delivered to the public, beneficiaries.

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Efficiency Measures

- **Reflect economical and effective acquisition, utilization, and management of resources to achieve program outcomes or produce program outputs.**

- **Can also reflect improved design, creation, and delivery of goods and services.**

Performance Goals (pp. 11--1

- **Targets - Improved level of performance needed to achieve stated goals.**

- **The PART requires programs to have ambitious but realistic, achievable targets and timeframes for performance measures.** (also Questions 2.2, 2.4, 3.4)

- **Together, the measures, targets and timeframes establish the program's performance goals.**

Performance Goals (pp. 11(pp.

11--12)12) Performance
Goal = Performance Measure + Ambitious Target

- **Considerations for target-setting** -Past performance (baseline) -Legislative changes
  -Funding
  -External factors

Program Evaluations

- **Scope - Examine the underlying cause and effect relationship between the program and achievement of performance targets.**

- **Independence - Performed by non-biased parties with no conflict of interest should conduct the evaluations. (TBD by agency and OMB staff.)**

- **Quality**
  - **Applicability - All programs expected to undergo some type of evaluation.**
  - **Impact - Prefer effectiveness evaluations consider a program's impact (outcome, e.g., whether the Federal intervention makes a difference).**
  - **Rigor - Provide the most rigorous evidence that is appropriate and feasible for that program.**

Does It Ever End?

- **Steps after PARTs are completed -**

  Draft summaries for ExpectMore.gov -

  Spring Updates in PARTWeb

  - **Complete Improvement Plans**
    - **All programs must have regardless of PART rating**
    - **Focus on the findings in the PART assessment •** **Implement plans and report on progress**

  - **ExpectMore.gov release mid-August**

Lessons to Learn Quickly

- **Share drafts, communicate frequently to plan and coordinate.**

- **Use clear, direct language in explanations and evidence.**

- **Stick to the deadlines.**

- **Don't take the PART personally.** •

Rely on evidence, not anecdotes.

- **Speed the process -- don't flood OMB with mounds of "evidence". Point out exactly where the evidence is any document.**

Resources on PART

- **www.omb.gov/part**

  - **Information on process and schedule**
  - **Guidance for completing PART - PARTWeb link, user's manual - Supporting materials**

- **www.ExpectMore.gov**

Date	Event
April 2002	Draft PART Tested on 67 Programs / Public Input Requested
May 2002	External Review of PART - NAPA/PCIE/PMAC*
July 2002	PMC Approves Final PART/First List of Programs to be Assessed*
Aug. 2002	PART Assessments Conducted with Agencies**
Sept. 2002	First Congressional Hearing Held / PMAC Met
Nov. 2002	First Interagency Review Panel Conducted / Consistency Audit & Appeals Review
Feb. 2003	Published First Set of PARTs
June 2003	Established Annual OMB Consistency Check
Jan. 2004	GAO Conducted Latest Review of PART
July 2005	PART received Harvard's Innovations in American Government Award / Online Tool - PARTWeb Launched
Aug. 2005	Established Formal Annual Appeals Process
Feb. 2006	Online Tool - ExpectMore.gov Launched / Established Annual Consultation with Congress

*NAPA = National Academy of Public Administration

PCIE = President's Council on Integrity and Efficiency

PMAC = Performance Measurement Advisory Council

PMC = President's Management Council

**20% of Programs Assessed in each Spring/Summer 2002 - 2006
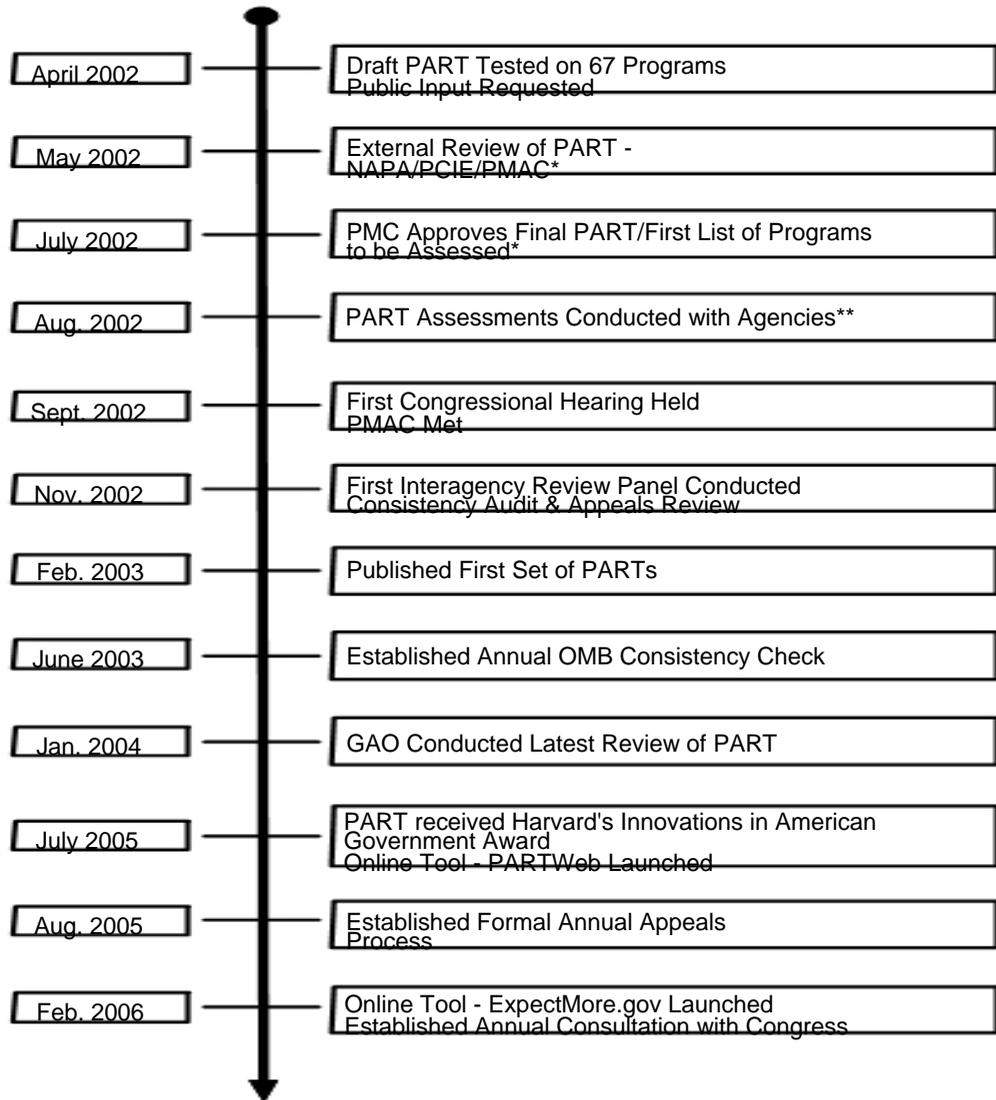
<u>Comments on "Ex-Post Performance Evaluation — Now and in the Medium Term"</u>

The paper reviews several inter-related topics, including:
- Benefits of introducing the Organizational Performance Indictor Framework (OPIF);
- The characteristics of a similar reform initiative in Australia;
- Characteristics of current financial and operational performance monitoring in the Philippines;
- Proposed medium-term improvements in performance monitoring and financial management in the Philippines.

The heart of the paper consists of its "Proposed Medium-Term Improvements" for introducing the OPIF and improving financial management.

<u>Enhanced Performance Evaluation</u>

With regard to improving performance monitoring, the paper recommends annual reporting by agencies in a consistent manner against MFOs and Performance Indicators (PIs):

- Institutionalizing performance review;
- Biannual or annual Executive Branch performance reports to the Congress and the public;
- Basing the assessments on OPIF results and reviews of agency performance relative to the MFOs;
- Deferring exploring connections between MFOs and organizational outcomes;
- Using the reviews as an input to budget preparation; and
- Conducting the reviews on a rolling annual basis.

The paper does not detail concrete means of accomplishing these objectives, however, which is where the US Office of Management and Budget's (OMB's) experience with the Program Assessment Rating Tool (PART) may be most helpful. The PART is a highly structured, comprehensive method of:

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- To a large extent, Departmental assessments are the aggregate of the individual PART assessments. By asking the same questions of every program, comparisons across PARTs within a Department or across the government as a whole show where systematic improvements are more appropriately pursued at those higher levels, e.g., financial management systems.

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Strengthened Financial Performance Monitoring

The paper describes DBM's current substantial responsibilities in the area of financial management and the need for significant improvements across the government. With its reponsibilities not only for preparing the government's budget but also for managing its

expenditures, it is no wonder that DBM staff frequently comment on the overwhelming nature of their workload.

In the United States, financial management is largely the responsibility of the individual departments and agencies. The Treasury (equivalent to the Philippine Finance Department) provides some central administrative and cash management support, and OMB approves agency access to annual appropriations. Otherwise, OMB plays only a policy and oversight role in this area, and a separate, statutorily-established unit of OMB called the Office of Federal Financial Management largely performs that work — http://www.whitehouse.gov/omb/financial/index.html. That group sets rigorous standards for agency financial management practices, directs and oversees the development and implementation of agency financial management improvement plans, and provides input to the PART assessments and the annual budget for this important functional area. The OMB program budget analysts rely heavily on their expert advice, but they play no day to day role in the operations of this strategic planning and oversight unit, just as they play no role in the actual financial management activities of the agencies and departments whose budgets they oversee.

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Presentation on OMB PART
for the
Department of Budget and Management

March 27, 2007

AGENDA

- **Introduction to the PART**

- **The PART Questionnaire**

- **How OMB manages the PART Initiative**

Introduction to the PART

Why PART?

Evaluate programs in a systematic, consistent, and transparent manner.

Inform agency and OMB decisions on resource allocations.

Focus on program improvements that can include specific actions related to management, legislative or regulatory improvements, and funding.

Establish accountability for performance.

OVERVIEW OF THE PART PROCESS

PART is a tool to assess program performance and to drive improvement.

- Reviews help inform budget decisions and identify action to improve results.
- Agencies are held accountable for follow-up improvement plans for each program.

PART provides a consistent approach to assessing programs across the government.

- PART assesses overall program effectiveness, from design to implementation and results.

PART examines factors the program may not directly control but may be able to influence.

- E.g., a PART follow-up action may propose legislative change.

Answers to questions generate scores which are weighted to tally a total score.

Ratings based on total scores: Effective, Moderately Effective, Adequate, Ineffective.

Results Not Demonstrated assigned to programs that do not have performance measures or data, regardless of overall score.

OVERVIEW OF THE PART PROCESS (cont'd)

Answers must be clearly explained and cite 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.

- To earn a high PART rating, a program must use performance data to manage, base resource requests on expected performance, and continually improve efficiency.

Completed PARTs are available to the public at www.ExpectMore.gov, thereby increasing transparency of the PART process and accountability for program improvement.

Expect**More**.gov

EXPECT FEDERAL PROGRAMS TO PERFORM WELL, AND BETTER EVERY YEAR.

The Federal Government is working to ensure its **programs perform well.** Here we provide you information about where we're **successful** and where we **fall short**, and in both situations, what we're doing to **improve our performance** next year.

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EXPECT FEDERAL PROGRAMS TO PERFORM WELL, AND BETTER EVERY YEAR.

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PROGRAM ASSESSMENT

Early Reading First

The Early Reading First (ERF) program is designed to implement research-based early literacy programs in already existing preschool programs to enhance the early language, literacy, and prereading development of preschool-aged children.

PROGRAM
View Assessment Details

PERFORMING
✪✪ **Moderately Effective**

RATING
What This Rating Means

- **The program addresses a compelling need.** Studies show that a high percentage of children from low-income families attend preschools that often fail to provide the language, cognitive, and early reading instruction and activities needed. The Early Reading First program is intended to address the gaps in quality between low-income children and their peers of higher socioeconomic status.

- **The program is reaching its original performance targets.** The percentage of preschool-aged children participating in ERF programs who demonstrated age-appropriate oral language skills increased from 56 percent in 2004 to 67.9 percent in 2005.

- **The Department of Education has recently established new performance measures in the areas of significant literacy gains and program efficiency.**

IMPROVEMENT PLAN
About Improvement Plans

We are taking the following actions to improve the performance of the program:

- Collecting data for the new measures: significant gains in early literacy skills, and the cost per preschool-aged child participating in Early Reading First programs who achieves significant gains.

- Implementing a measure of kindergarten readiness by requiring entities that receive a grant for a second three-year period to collect former participants' academic achievement in kindergarten.

- Updating the recent performance data on the program's website as they become available.

LEARN MORE

- **View Similar Programs.**
- How all Federal programs are assessed.
- Learn more about Early Reading First.

ExpectMore.gov Assessment Details

ExpectMore.gov

DETAILED INFORMATION ON THE EARLY READING FIRST ASSESSMENT

- View this program's assessment summary.
- Visit ExpectMore.gov to learn more about how Federal Government programs are assessed and their plans for improvement.
- Learn more about detailed assessments.

Program Code	10003322
Program Title	Early Reading First
Department Name	Department of Education
Agency/Bureau Name	Department of Education
Program Type(s)	Competitive Grant Program
Assessment Year	2006
Assessment Rating	**Moderately Effective**

Assessment Section Scores

Section	Score
Program Purpose & Design	100%
Strategic Planning	88%
Program Management	100%
Program Results/Accountability	58%

Program Funding Level (in millions)

FY2006	$103
FY2007	$103
FY2008	$118

- Program Improvement Plans
- Program Performance Measures
- Questions/Answers (Detailed Assessment)

Program Improvement Plans

Year Began	Improvement Plan	Status	Comments
2006	Collecting data for the new measures: significant gains in early literacy skills, and the cost per preschool-aged child participating in Early Reading First programs who achieves significant gains.	Action taken, but not completed	
2006	Implementing a measure of kindergarten readiness by requiring entities that receive a grant for a second three-year period to collect former participants' academic achievement in kindergarten.	No action taken	
2006	Updating the grantee performance data on the program's website as data become available.	Action taken, but not completed	

Program Performance Measures

Where We Are Today
Distribution of Cumulative Ratings 2002 - 2006
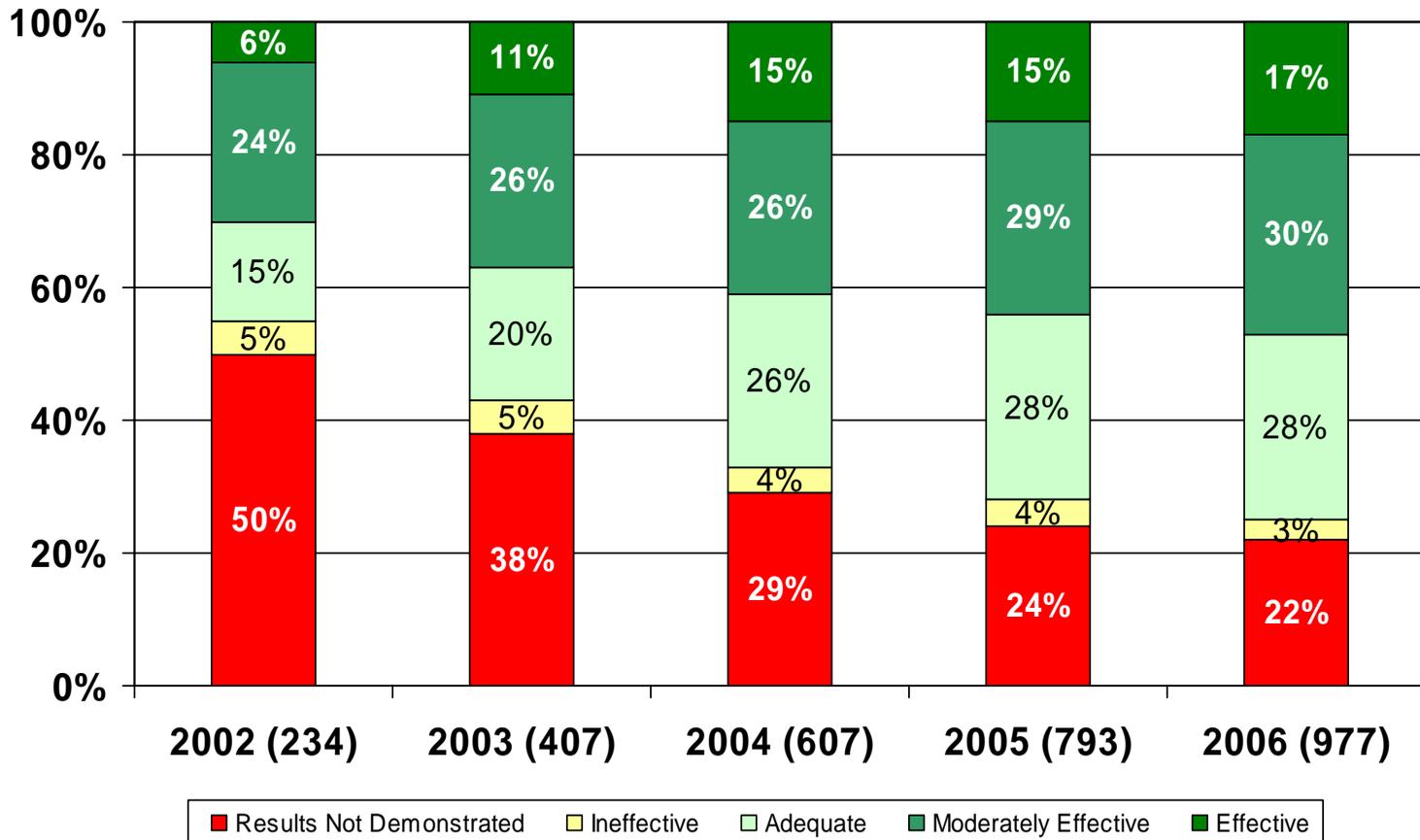
2007 PART SCHEDULE

List of programs to be PARTed in 2007 complete . . . . January 19

PARTWeb available for data entry . . . . January 22

Revised guidance on answering PART question available . . . . January 29

PART Training . . . . February 13 – 21

Agencies give OMB access to PART draft. . . . . March 30

PARTs Consistency check and review of performance measures . . . . April 27– May 9

OMB RMOs revise PARTs, as necessary, and pass back PARTs to Agencies . . . . May 18

Agencies submit PART Appeals . . . . May 25

OMB RMOs and Agencies work out issues . . . . May 28 – June 1

Agency Spring Update of PARTs completed in previous years . . . . June 1 – June 29

Appeals Board meets and provides decision . . . . June 11

PARTs updated to reflect appeals board decisions . . . . July 9

RMOs complete draft summaries, including improvement plans on new PARTs . . . . July 9

PARTWeb data entry locked . . . . August 3

Guide to the Program Assessment Rating Tool (PART)

Table of Contents

PARTWeb Answers Entry Screen

PARTWeb Performance Measures Entry Screen

OVERVIEW OF THE PART PROCESS (cont'd)

Participants

PART is a collaborative process involving both agencies and OMB participants

- Agencies contribute personnel from both the program and from central offices, including:
  - 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, Office of Federal Financial Management, and the Office of Federal Procurement Policy.

PARTs are completed using an online application called PARTWeb.

PROCESS FOR COMPLETING THE PART

SELECTING THE PROGRAM AND DETERMINING THE UNIT OF ANALYSIS

A "program" is usually a group of activities recognized and managed as one entity with common goals. PARTs may combine units across programs.

Criteria to consider:

1. <u>Common Program Purpose and Mission</u>.
2. <u>Similar Program Design/Administration</u>
3. <u>Budgeting</u>. Identification of programs should relate to budget decisions. If programs chosen are not aligned with the budget structure, budget justifications must include a cross-walk.
4. <u>Performance</u>. Program should support similar long-term outcome goals.

Where a PART encompasses multiple programs, each program must:

1. be addressed by each question.

2. have related long-term outcome measures, as well as 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.

PROCESS FOR COMPLETING THE PART (cont'd)

ASSIGNING QUESTION WEIGHTS

Questions usually get equal weighting; significant changes must be explained
A question Not Applicable must be assigned a weight of a zero and explained.

SELECTING PERFORMANCE MEASURES

The quality of the performance goals and actual performance against those goals are the primary determinants of an overall PART rating.

PARTs must measure the right things, not just aspects for which there are data.

- Performance measures must reflect mission and priorities, be few in number, and provide information to aidm resource allocation and management decisions.

- Measures should reflect desired outcomes.

- Where outcome measures are not available, comprehensive, or of sufficient quality, then output measures, interim milestone outcomes, or proxy outcome measures may be acceptable .

You must clearly justify and explain why measures are appropriate. Non-experts should understand.

PROCESS FOR COMPLETING THE PART (cont'd)

PART distinguishes among outcome, output, and efficiency measures – each valuable.

Outcome Measures = intended external results of carrying out a program or activity

Output Measures = level of products and services provided, including a description of the characteristics, e.g., timeliness, established as standards for the activity.

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

PROCESS FOR COMPLETING THE PART (cont'd)

Efficiency Measures show economic and effective use and management of resources.

Unless an efficiency measure is directly tied to a program's strategic goals, it is considered an annual rather than outcome measure.

Outcome efficiency measures improve outcomes for a given level of resource use.

- Example: a program within outcome goal of increasing the participation of low-income individuals in advanced placement educational programs through federal payment or partial payment of test fees may have cost per passage of an advanced placement test per low-income student participant as an outcome efficiency measure.

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 degrade program effectiveness and desired outcomes.

A useful approach to identifying efficiency measures is to calculate the productivity of an input, defined as the ratio of an outcome or output to an input.

PROCESS FOR COMPLETING THE PART (cont'd)

Targets and Baselines

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

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

- The baseline year shows actual program performance or condition for a specified prior year.

Targets = improved levels of performance needed to achieve the stated goal. Targets should:

- Be ambitious, i.e., set at a level that promotes continued improvement, and achievable.

- Have a timeframe, e.g., years in which the target level is to be achieved.

- Consider circumstances, e.g., funding levels, changing legislative constraints, past performance.

- Be considered for adjustment as circumstances change.

- Be quantifiable in most instances. When not, it must still be verifiable.

PROCESS FOR COMPLETING THE PART (cont'd)

Long-term vs. Annual Performance Goals

<u>Long-term</u> means covering a multi-year period of time, which may vary by program.

<u>Annual</u> performance goals are the measures and targets affected by an activity in a particular year.

Long-term and annual measures should be linked.

A long-term performance goal could be an annual performance goal in the future, e.g., a program may have a goal 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.

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.

The PART Questionnaire

ANSWERING THE QUESTIONS

The PART questions are generally written in a *Yes/No* format, but answers must be explained. A *Yes* must reflect a high standard of performance.

Standards of a Yes. A Program must satisfy all the requirements of a question to earn a *Yes*. Evidence must address every element of the question, be credible, and be current.

Explanations. An explanation must clearly justify an answer and address all aspects of the requirements, even where a program receives a No.

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

Use of Not Applicable (NA).

NA should be used 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 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*.

ANSWERING THE QUESTIONS

SECTION I. PROGRAM PURPOSE AND DESIGN

A clear understanding of program purpose is essential to setting program goals, measures, and targets, maintaining focus. and managing the program.

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

1.1: Is the program purpose clear?

Element of Yes:

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

Element of No:

A No answer would be appropriate if the program has multiple conflicting purposes.

Evidence/Data: Evidence can include a statement of the purpose and supporting objectives from the program's authorizing legislation, program documentation, or mission statement.

ANSWERING THE QUESTIONS

1.2: Does the program address a specific existing problem?

Element of Yes:

A well-defined interest, problem or need exists that the program is clearly designed to address.

The problem the program was created to address still exists.

The explanation should describe the problem, interest, or need the program is designed to address.

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

Evidence/Data: documentation and data that demonstrate the existence of the problem, interest or need, e.g., the number and income levels of uninsured individuals for a program that provides care to those without health insurance

ANSWERING THE QUESTIONS

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

<u>*Element of Yes*</u>*:*

Does not excessively overlap with other Federal or non-Federal efforts. If there are no similar programs, 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., multiple laboratories) or if more than one service delivery mechanism is appropriate (e.g., block grants for basic activities and competitive grants for demonstration projects).

<u>*Element of No*</u>*:* 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.If programs partially overlap with others, give a No when major aspects are duplicative.

<u>*Evidence/Data*</u>*:* 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.

ANSWERING THE QUESTIONS

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

<u>*Element of Yes*</u>:

Free from major design flaws that prevent meeting defined objectives and performance goals.

No strong evidence that another approach or mechanism would be more efficient or effective.

<u>*Element of No*</u>: Unlike other PART questions that require evidence to justify a Yes answer, the burden 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.

<u>*Evidence/Data*</u>: 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).

ANSWERING THE QUESTIONS

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

<u>*Element of Yes*</u>:

Design ensures resources are being used directly and effectively.

Design ensures that resources or outcomes will reach intended beneficiaries.

Program can demonstrate that the right beneficiaries are being targeted and that activities that would have occurred without the program are not subsidized (or receive only limited subsidies).

<u>*Evidence/Data*</u>:

Shows adequate process exists to target resources to program's purpose or beneficiaries.

Shows 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.

Programs likely to result in significant levels of erroneous payments should get a No.

ANSWERING THE QUESTIONS

SECTION II. STRATEGIC PLANNING

Section focuses on program planning, priority setting, and resource allocation.

Assesses whether program has limited performance measures with ambitious and achievable targets to ensure planning, management, and budgeting are strategic and focused.

Potential sources of documents and evidence: strategic plans, agency performance plans and performance budgets and reports, reports from program partners, and evaluation plans.

ANSWERING THE QUESTIONS

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?

"Long-term" means likely 5-10 years.

Output measures can only get Yes with sound justification for not adopting outcome measures.

Program must clearly show how output measures reflect progress toward desired outcomes.

<u>*Element of No:*</u> Long-term measures that do not directly and meaningfully relate to the program's purpose or focus only on outputs and lack solid justification.

Iif the agency and OMB have not reached agreements on measures that meet PART requirements.

<u>*Evidence/Data:*</u>

In the case of new measures, if targets and baselines are not defined, OMB must approve a plan for their development (i.e., timeline, methods for data collection, responsible office and/or staff).

ANSWERING THE QUESTIONS

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

<u>*Elements of Yes:*</u>

Must have specific quantified, or at least verifiable, targets for measures evaluated in Question 2.1. (Verifiable means through a clean audit or outstanding ratings by an expert panel).

Should have clear baselines from which to measure targets and changes in performance. Targets are long term, likely 5-10 years.

Must have baseline outputs measures.

"Ambitious" means that they are set at a level that promotes continued improvement and achievable efficiencies.

Where relevant, the program must define an appropriate end target.

ANSWERING THE QUESTIONS

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?

Measures should be logically linked to long-term goals (Questions 2.1 and 2.2), so that they can demonstrate progress toward achieving them.

Program must have at least one annual efficiency measure.

Element of Yes:

A limited number of discrete, quantifiable, and measurable annual performance measures

Clear baselines from which to measure targets and changes in performance

The program must have baseline outputs measures.

Targets and timeframes must be ambitious, I.e., promotes continued improvement
.
Where relevant, the program must define an appropriate end target.

ANSWERING THE QUESTIONS

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

<u>*Element of Yes*</u>*:*

Baselines have been established for most annual measures evaluated in Question 2.3.

Specific annual targets for most annual measures evaluated in Question 2.3 with which performance can be compared.

At a minimum, targets for two years beyond the one in which the PART was completed.

Targets are ambitious – set at levels that ensure continued improvement and realization of efficiencies.

Targets within reason for the program to achieve.

ANSWERING THE QUESTIONS

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?

Examples: an entity receiving program funding. A program requiring all grant agreements and contracts to include performance measures that will help the program achieve its goals and monitor those measures would get *Yes*.

Program cannot always control partners, but can influence them.

Must link partners' activities to program goal through a performance requirement or some other means.

If No on 2.1and No on 2.3, must answer No on 2.5.

ANSWERING THE QUESTIONS

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?

Elements of Yes:

High Quality: The most significant aspect of program effectiveness is impact – the program outcome that otherwise would not have occurred.

Must be appropriate to the type and size of the program. Consult experts as appropriate.

Independent: Conducted by non-biased parties with no conflict of interest, not program staff.

Sufficient Scope: Must provide information on the effectiveness of the entire program.

Conducted regularly.

ANSWERING THE QUESTIONS

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?

<u>*Elements of Yes:*</u>

Shows relationship between annual and long-term performance targets and resources, or for mandatory programs, defines relationship between legislative policy and performance.

Clarifies impact of requested funding, policy, or legislative decisions on expected performance.

Shows that "If funding were increased by X, program could achieve Y more outcomes."

Must show <u>all</u> direct and indirect costs needed to meet performance targets, including applicable agency overhead, retirement, and other costs that might be budgeted elsewhere.

ANSWERING THE QUESTIONS

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

Elements of Yes:

Acted to correct identified strategic planning deficiencies.

Addresses timetable for achievement of changes.

ANSWERING THE QUESTIONS

SECTION III. PROGRAM **MANAGEMENT**

Includes :

financial oversight,

evaluation of program improvements,

performance data collection, and

program manager accountability.

Potential source of documents and evidence for answering questions in this section include financial statements, General Accountability Office (GAO) reports, Inspector General (IG) reports, performance plans, budget execution data, IT plans, and independent program evaluations.

ANSWERING THE QUESTIONS

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?

Partners are other entities responsible for different aspects of the program e.g., agencies, grant recipients, financial institutions, regulated bodies, and contractors.

Elements of Yes:

Considers partners' performance when assessing program progress.

Has baseline performance data necessary to set meaningful ambitious performance targets.

Data is collected through a systematic process with quality controls to confirm validity.

ANSWERING THE QUESTIONS

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?

<u>*Elements of Yes:*</u>

Identifies managers responsible for key program results.

Managers have clearly defined or quantifiable performance standards and accountability.

Same for program partners who contribute to program goals.

<u>*Evidence/Data:*</u>

*Ca*n include use of performance management contracts or other means of incorporating program performance into personnel performance evaluation criteria, with clear targets.

Evidence of accountability can include requiring grant and contract awards and renewals to consider past performance.

ANSWERING THE QUESTIONS

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

<u>*Element of Yes*</u>*:*

Obligations consistent with program plan; limited unobligated funds at year end.

Obligation schedules correspond to resource needs of program plan.

Adequate procedures for reporting actual expenditures, comparing them against the intended use, and timely and appropriate action to correct single audit findings.

Program awards are reported promptly and accurately.

<u>*Evidence/Data:*</u> *P*eriodic and year-end spending reports.

ANSWERING THE QUESTIONS

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?

A program that regularly uses competitive sourcing to determine best value for the taxpayer or invests in IT to improve efficiency could get a Yes.

Empowering line managers and using competitive sourcing (if necessary) would contribute to a Yes answer.

Not required to employ all strategies, but should show that efforts to improve efficiency are a regular part of program management.

Evidence/Data: 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.

ANSWERING THE QUESTIONS

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

For programs with interrelated, but separately budgeted, effortse.g., shared effort of Department of Veterans Affairs and Medicare to aid aging veterans.

Element of Yes:

Collaborates with related Federal programs and, if appropriate or possible, related State, local, and private programs.

Shows evidence of collaborating on management and resource allocation.

A coordinating council alone would not be meaningful collaboration. Meetings, discussion groups, and task forces are not sufficient for a Yes.

Evidence/Data: Joint grant announcements, planning documents, performance goals, or referral systems.

ANSWERING THE QUESTIONS

3.6: Does the program use strong financial management practices?

Element of Yes: Free of material internal control weaknesses reported by auditors. May require:

- Procedures in place to ensure that payments are made properly.
- Financial management systems meet statutory requirements.
- Financial information is accurate and timely.
- Integrated financial and performance system supports day-to-day operations.
- Financial statements receive a clean audit opinion with no material internal control weaknesses.
- No other non-compliances with financial management laws and regulations.

If an agency-wide material weakness exists that is unrelated to the program, the program could get a Yes; however, if an agency-wide material weakness has a direct relation (e.g., a lack of systems that support day-to-day operations), then No.

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.

ANSWERING THE QUESTIONS

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

<u>*Element of Yes*</u>:

Has a system to identify and correct management deficiencies and uses it to make necessary corrections within agreed-upon timeframes.

ANSWERING THE QUESTIONS

This section considers whether a program is meeting its long-term and annual performance goals and assesses how well it compares to similar programs and how effective it is based on independent evaluations.

Answers in this section are rated as Yes, Large Extent, Small Extent, and No. In some cases, Not Applicable may also be an option.

Explain the basis for determining the amount of credit given.

Despite difficulty in developing quantitative performance goals, programs should 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.

ANSWERING THE QUESTIONS

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

<u>*Element of Yes*</u>:

The program must be on track to meet all 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.

ANSWERING THE QUESTIONS

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

Element of Yes:

The program meets all 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.

Additional Rating Guidance:

No credit for progress made toward measures, goals, or targets not approved in Question 2.3.

Question Linkages:

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

If received a Yes in Question 2.3 and a No in Question 2.4, cannot receive a rating above Small Extent.

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ANSWERING THE QUESTIONS

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

When possible, the explanation should include specific information about annual savings over prior year as well as what program did to achieve savings.

Results of efficiency improvements should be measured in dollars as much as possible.

If No in Question 3.4, must receive a No here.

Evidence/Data: Can include meeting efficiency measures targets to reduce per unit costs or other targets that resulted in tangible productivity or efficiency gains. Efficiency measures may also be considered in Questions 4.1 and 4.2.

ANSWERING THE QUESTIONS

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

Element of Yes:

Compares favorably to other programs with similar purpose and goals. Not limited to Federal government and can include State and local government and the private sector.

Should consider relevant evaluations and/or systematically collected data that allow 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*ppropriate if 1) no comparable Federal, state, local government, or private sector programs exist, or 2) comparison would be too inherently difficult and costly to perform for foreseeable future. Must explain why comparison is inherently too difficult.

ANSWERING THE QUESTIONS

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

<u>*Elements of Yes:*</u>

Must meet quality, scope, and independence criteria as defined in Question 2.6.

Must have been completed or produced some interim findings. Unlike in Question 2.6, a program cannot receive credit for planned evaluations.

Relevant evaluations are at national program level, not of one or more program partners, and do not focus only on process indicators, such as number of grants or hits on a web site.

<u>*Evidence/Data:*</u>

A summary discussion of findings by academic and research institutions, agency contractors, other independent entities, GAO, or Inspectors General.

Lessons to Learn Quickly

Share drafts, communicate frequently to plan and coordinate.

Use clear, direct language in explanations and evidence.

Stick to the deadlines.

Don't take the PART personally.

Rely on evidence, not anecdotes.

Speed the process -- don't flood OMB with mounds of "evidence". Point out exactly where the evidence is any document.

How OMB manages the PART Initiative

White House Organizations

White House Office

Domestic Policy Council

Homeland Security Council

Office of Faith-Based Initiatives

Office of the First Lady

Office of National AIDS Policy

Privacy and Civil Liberties Oversight Board

USA Freedom Corps

White House Fellows Office

White House Military Office

The Executive Office of the President

Council of Economic Advisers

Council on Environmental Quality

Office of Administration

Office of Management and Budget

Office of National Drug Control Policy

Office of Science and Technology Policy

President's Foreign Intelligence Advisory Board

United States Trade Representative

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Executive Associate Director
(202) 395-4844

Robert Lehman
Chief of Staff
(202) 395-4561

OMB-WIDE SUPPORT OFFICES
General Counsel (395-5044)
Legislative Affairs (395-4790)
Communications (395-7254)
Administration (395-7250)
Economic Policy (395-5873)
Legislative Reference Division (395-4864)
  Economics, Science, Gen. Govt. Branch (395-3454)
  Labor, Welfare, Personnel Branch (395-7362)
  Resources, Defense, International Branch (395-6194)
Budget Review (395-4630)
  Budget Analysis & Systems Division (395-6953)
  Budget Review & Concepts Division (395-4632)

STATUTORY OFFICES
Office of Federal Financial Management (395-3993)
  Financial Integrity and Analysis Branch (395-3993)
  Financial Standards and Grants Branch (395-3993)
Office of Federal Procurement Policy (395-5802)
Office of E-Government & Information Technology (395-1181)
Office of Information & Regulatory Affairs (395-4852)
  Health, Transportation and General Government (395-7316)
  Information Policy and Technology Branch (395-3785)
  Natural Resources, Energy & Agriculture Branch (395-3084)
  Statistical & Science Policy Branch (395-3093)

RESOURCE MANAGEMENT OFFICES

NATURAL RESOURCE PROGRAMS
(202) 395-3120
Energy, Science & Water Division (395-3404)
  Energy Branch (395-3634)
  Science & Space Branch (395-3935)
  Water and Power Branch (395-4590)
Natural Resources Division (395-4586)
  Agriculture Branch (395-3446)
  Environment Branch (395-6827)
  Interior Branch (395-4806)

HUMAN RESOURCE PROGRAMS
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Health Division (395-4922)
  Health Financing Branch (395-4930)
  Public Health Branch (395-4926)
  Health & Human Services Branch (395-4925)
Education & Human Resources Div. (395-6150)
  Education Branch (395-5880)
  Income Maintenance Branch (395-4686)
  Labor Branch (395-3262)

GENERAL GOVERNMENT PROGRAMS
(202) 395-4561
Transportation, Homeland, Justice &
Services Division (395-4892)
  Transportation/GSA Branch (395-5704)
  Homeland Security Branch (395-5090)
  Justice Branch (395-7241)
Housing, Treasury, & Commerce Div. (395-4516)
  Housing Branch (395-4610)
  Treasury Branch (395-3388)
  Commerce Branch (395-3914)

NATIONAL SECURITY PROGRAMS
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International Affairs Division (395-4770)
  State Branch (395-6124)
  Economics Affairs Branch (395-4594)
National Security Division (395-3884)
  Command, Control, Communications,
    Computers & Intelligence Branch (395-4802)
  Operations & Support Branch (395-3671)
  Force Structure & Investment Branch (395-3879)
  Veterans Affairs & Defense Health
    Branch (395-4500)

* All media inquiries should be directed to the Communications Office at (202) 395-7254 *

OMB Budget Responsibilities

Sets rules for preparation of departmental budgets (OMB Circular A-11).

Provides budget targets to departments and agencies.

Reviews department budget requests and proposes alternatives.

Works with Council of Economic Advisors and Treasury on economic assumptions.

Prepares the President's Budget for submission to Congress.

Reviews and clears departmental budget justification documents and testimony.

Negotiates with committees of Congress over funding levels for appropriations bills.

Prepares Statement of Administration Policy on each bill considered by Congress.

Informs President of agency views on bills Congress passes.

Clears Administration legislative proposals and coordinates Administration position.

Apportions appropriated funds to departments and agencies.

Prepares messages for President to send Congress on proposed rescissions and deferrals.

President's Management Agenda

A strategy for improving Federal management and performance with five government-wide and nine agency-specific goals.

Strategic Management of Human Capital

Competitive Sourcing

Improved Financial Performance

Expanded Electronic Government

Budget and Performance Integration

President directed Cabinet Secretaries and agency heads to designate a "chief operating officer" for day-to-day operations.

Re-established the President's Management Council (PMC) consisting of the COOs, an integrating mechanism for policy implementation within agencies and across government.

Executive Branch Management Scorecard

	Current Status as of Dec 31, 2006					Progress in Implementing the President's Management Agenda				
	Human Capital	Competitive Sourcing	Financial Perf.	E-Gov	Budget/Perf. Integration	Human Capital	Competitive Sourcing	Financial Perf.	E-Gov	Budget/Perf. Integration
AGRICULTURE	Green	Green	Red	Yellow ↑	Green ↑	Yellow	Green	Green	Yellow	Green
COMMERCE	Green ↑	Yellow	Green	Yellow	Green	Green	Green	Green	Green	Green
DEFENSE	Yellow	Yellow	Red	Yellow ↑	Yellow	Green	Yellow	Yellow	Green	Green
EDUCATION	Yellow	Green	Green	Yellow ↓	Green	Green	Green	Green	Green	Green
ENERGY	Green	Green	Red	Yellow	Green	Green	Yellow	Green	Green	Yellow
EPA	Yellow	Green	Green	Green	Yellow	Green	Green	Green	Green	Green
HHS	Green	Green	Red	Red	Yellow	Green	Green	Green	Red	Green
DHS	Yellow	Red ↓	Red	Red	Yellow	Green	Red	Red	Green	Green
HUD	Yellow	Yellow	Yellow ↑	Green	Yellow	Green	Red	Green	Green	Green
INTERIOR	Green	Green	Red	Yellow	Green	Green	Red	Green	Green	Green
JUSTICE	Green	Green ↑	Red	Green ↑	Green	Green	Green	Green	Green	Green
LABOR	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
STATE	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Yellow
DOT	Green	Green	Red	Yellow ↓	Green	Green	Yellow	Yellow	Yellow	Green
TREASURY	Green	Green	Red	Yellow	Yellow	Green	Yellow	Green	Red	Green
VA	Green	Red	Red	Red	Red	Green	Red	Yellow	Yellow	Yellow

STRATEGIC MANAGEMENT OF HUMAN CAPITAL (GREEN)

- Analyzed existing organizational structures from service and cost perspectives and is implementing a plan to effectively deploy, restructure, delayer and use competitive sourcing, E-Gov solutions, as necessary; and has process(es) in place to address future changes in business needs;

- Succession strategies, including structured leadership development programs, result in a leadership talent pool and agency meets its targets for closing leadership competency gaps;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 has significantly increased the size of the beta site and is working to include all agency employees under such systems;

- Reduced under representation, particularly in mission-critical occupations and leadership ranks; established processes to sustain diversity;

- Meets targets for closing competency gaps in mission critical occupations (i.e., agency-specific, human resources management, information technology, and leadership), and integrates appropriate competitive sourcing and E-Gov solutions into gap closure strategy;

- Meets 45-day time to hire standard, 45-day standard to notify applicants of hiring decision for 50% of hires, targets for hiring process improvements based on CHCO Council criteria;

- Sets and meets aggressive SES hiring timelines progressing toward a 30-day average; and

- Periodically conducts accountability reviews with OPM participation, taking corrective and improvement action based on findings and results, and providing annual report to agency leadership and OPM for review and approval.

COMPETITIVE SOURCING (GREEN)

Has an OMB approved "green" competition plan to compete commercial activities available for competition;

Publicly announces standard competitions in accordance with the schedule outlined in the agency "green" competition plan;

Since January 2001, has completed at least 10 competitions (no minimum number of positions required per competition) or has completed a sufficient number of large competitions to demonstrate meaningful use of competitive sourcing;

In the past four fiscal quarters, completed 90% of all standard competitions in a 12-month timeframe or timeframe otherwise approved in accordance with the Circular;

In the past four fiscal quarters, completed 95% of all streamlined competitions in a 90-day timeframe or timeframe otherwise approved in accordance with the Circular;

In the past year, canceled fewer than 10% of publicly announced standard and streamlined competitions;

Has OMB reviewed written justifications for all categories of commercial activities determined to be unsuitable for competition;

Structures competitions in a manner to encourage participation by both private and public sectors as typically demonstrated by receipt of multiple offers and/or by documented market research, as appropriate;

Regularly reviews work performed once competitive sourcing studies are implemented to determine if performance standards in contract or agreement with agency provider are met and takes corrective action when provided services are deficient.

Submits quarterly reports to OMB's competitive sourcing tracking system regarding status of pending competitions and results achieved; and

Has positive anticipated net savings and/or significant performance improvements from competitions completed either in last fiscal year for which data has been officially reported to Congress by OMB or in the past three quarters.

To main green status, agency:

Has expressly coordinated "green" competition plan annual updates with agency's Chief Human Capital Officer; and

Through sampling, independently validates that savings to be achieved for the prior fiscal year were realized.

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IMPROVED FINANCIAL PERFORMANCE (Green)

Meets all Yellow Standards for Success;

Currently produces accurate and timely financial information that is used by management to inform decision-making and drive results in key areas of operations;

Is implementing a plan to continuously expand the scope of its routine data use to inform management decision-making in additional areas of operations.

EXPANDED ELECTRONIC GOVERNMENT (GREEN)

Has an Enterprise Architecture with a score of 4 in the "Completion" section and 3 in both the "Use" and "Results" sections;

Has acceptable business cases for all major systems investments and no business cases on the "management watch list;"

Has demonstrated appropriate planning, execution, and management of major IT investments, using EVM or operational analysis and has portfolio performance within 10% of cost, schedule, and performance goals;

Inspector General or Agency Head verifies the effectiveness of the Department-wide IT security remediation process and rates the agency certification and accreditation process as "Satisfactory" or better;

Has 90% of all IT systems properly secured (certified and accredited); and

Adheres to the agency-accepted and OMB-approved implementation plan for all of the appropriate E-Gov/Lines of Business/SmartBuy initiatives and has transitioned and/or shut down investments duplicating these initiatives in accordance with the OMB-approved implementation plan.

 To maintain green status, agency:

Has ALL IT systems certified and accredited;

Has IT systems installed and maintained in accordance with security configurations;

Has demonstrated for 90% of applicable systems a Privacy Impact Assessment has been conducted and is publicly posted; and

Has demonstrated for 90% of systems with personally identifiable information a system of records has been developed and published.

BUDGET AND PERFORMANCE INTEGRATION(GREEN)

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 works to improve program performance and efficiency 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;

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;

Uses PART evaluations to direct program improvements and hold managers accountable for those improvements, and PART findings and performance information are used consistently to justify funding requests, management actions, and legislative proposals; and

Less than 10% of agency programs receive a Results Not Demonstrated rating for two years in a row.
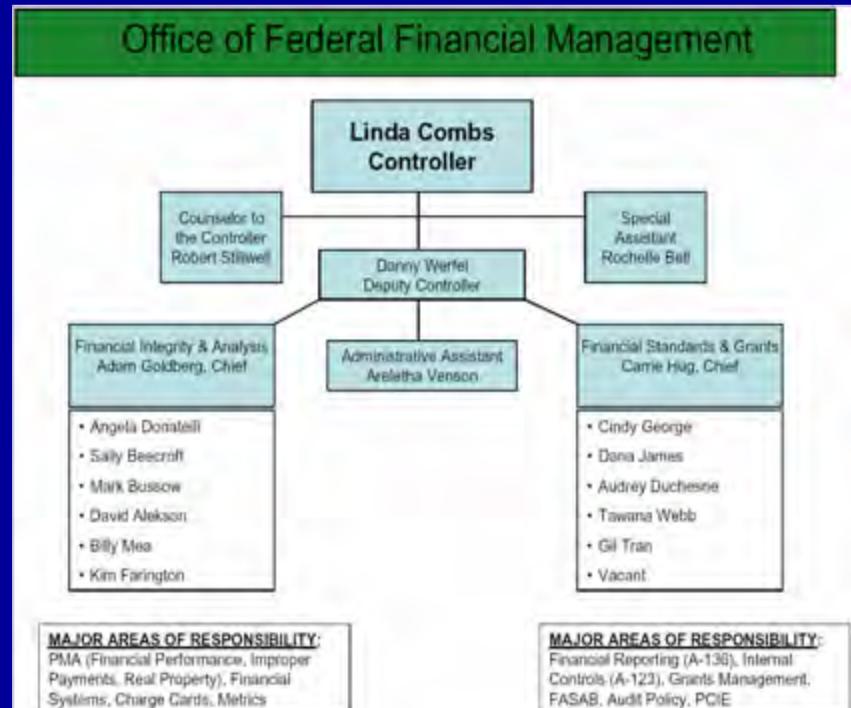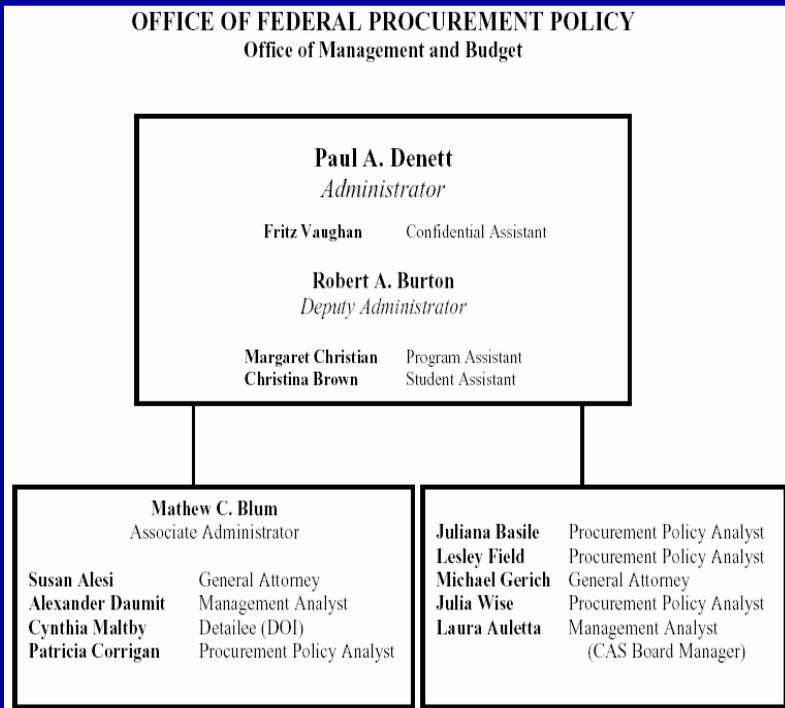
To maintain green status, agency:

Improves program performance and efficiency each year; and

Uses marginal cost analysis to inform resource allocations, as appropriate.

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Deputy Director for Management and the Statutory Offices

OMB's DDM oversees the Federal government's general management functions, including information, procurement and financial management policy, and productivity improvement, i.e., the President's Management Agenda and the PART.

OFFICE OF FEDERAL PROCUREMENT POLICY
Office of Management and Budget

Paul A. Denett
Administrator

Fritz Vaughan — Confidential Assistant

Robert A. Burton
Deputy Administrator

Margaret Christian — Program Assistant
Christina Brown — Student Assistant

Mathew C. Blum
Associate Administrator

Susan Alesi — General Attorney
Alexander Daumit — Management Analyst
Cynthia Maltby — Detailee (DOI)
Patricia Corrigan — Procurement Policy Analyst

Juliana Basile — Procurement Policy Analyst
Lesley Field — Procurement Policy Analyst
Michael Gerich — General Attorney
Julia Wise — Procurement Policy Analyst
Laura Auletta — Management Analyst
(CAS Board Manager)

Office of Federal Financial Management

Linda Combs
Controller

Counselor to the Controller
Robert Stillwell

Special Assistant
Rochelle Bell

Danny Werfel
Deputy Controller

Financial Integrity & Analysis
Adam Goldberg, Chief

Administrative Assistant
Areletha Venson

Financial Standards & Grants
Carrie Hug, Chief

- Angela Donatelli
- Sally Beecroft
- Mark Bussow
- David Alekson
- Billy Mea
- Kim Farington

- Cindy George
- Dona James
- Audrey Duchesne
- Tawana Webb
- Gil Tran
- Vacant

MAJOR AREAS OF RESPONSIBILITY:
PMA (Financial Performance, Improper Payments, Real Property), Financial Systems, Charge Cards, Metrics

MAJOR AREAS OF RESPONSIBILITY:
Financial Reporting (A-136), Internal Controls (A-123), Grants Management, FASAB, Audit Policy, PCIE

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Office of Federal Procurement Policy

Oversees development of acquisition regulations. Reviews approximately 200 rules per year, and plays a key role in resolving differences among the agencies.

Formulates and coordinates acquisition legislation.

Leads Chief acquisition Officers Council to monitor and improve Federal acquisition system.

Manages government-wide procurement data system.

Working to move from a static database into a management information system that collects and disseminates business information in real time to federal managers to evaluate the effectiveness of their acquisition programs and shape future acquisitions.

Also working to collect information on contractor performance and ensure the dissemination of information on contracting opportunities through a single point of entry known as FedBizOpps.

Directs the Federal Acquisition Institute (FAI) to improve staff quality and professionalism.

Promotes maximum participation of small businesses in government contracting.

Chairs and supports the Cost Accounting Standards Board, which establishes standards for use by contractors and subcontractors to achieve uniformity and consistency in the measurement, assignment, and allocation of costs to government contracts.

Office of Federal Financial Management's

Framework for Improving Financial Performance
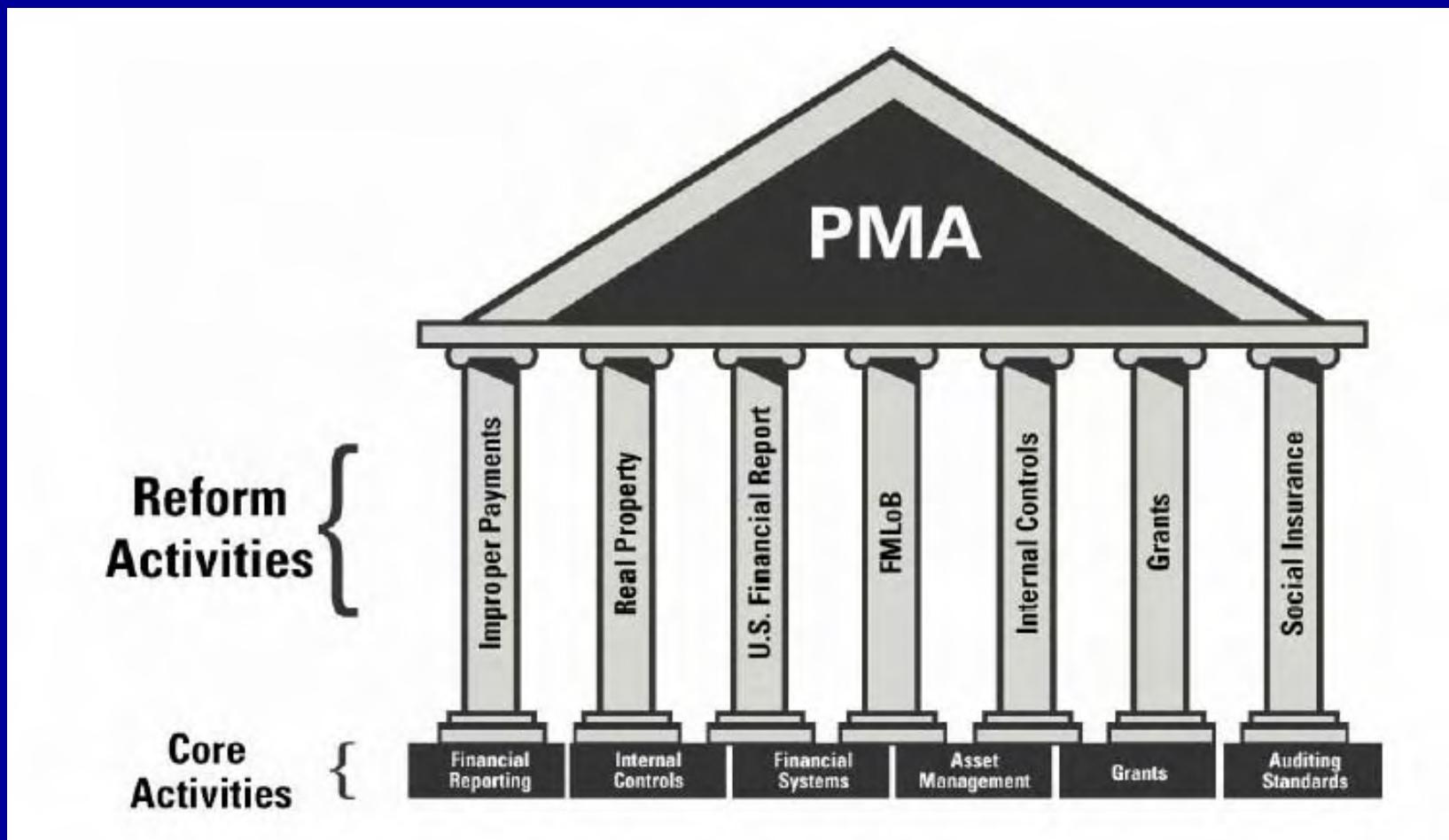
The Framework helps identify:

the ultimate objective (or "apex") of the government's financial management improvement efforts (i.e., the financial management goals of the President's Management Agenda (PMA);

the priority projects currently underway in the Federal financial community to help support and facilitate PMA goals (i.e., current government-wide financial management reform activities); and

the day to day financial management activities or core activities that help ensure a strong foundation is in place for achieving the PMA's success.

The PMA provides clear and measurable financial management performance goals, including:

- achievement of clean audit opinions,

- elimination of material weaknesses in internal control,

- timely financial reporting, disposal of excess real property,

- elimination of improper payments, and

- reduction in government costs through the strategic use of financial data.

Core activities – the Foundation of Effective Financial Management. The core activities represent the universe of day-to-day actions that the Federal financial community must take to effectively manage the resources of the Federal government. The core activities further represent each major area wherein OFFM has the responsibility to issue government-wide policies and requirements.

Areas where OMB's experience with PART and management reform may be relevant to DBM

Improving budget formulation and assessment, both in DBM and the agencies

Providing criteria for program evaluation and new proposal assessment

Measuring performance and linking outcomes, outputs, and inputs in the budget

Annual performance reviews

OPIF implementation

Creating a performance-based budget and integrating performance data into the budget

Making program outcomes, management and improvement the central focus, provides a clear focus for budget decisions

Making departmental assessments largely the aggregate of individual program assessments.

Separating budget analysis from execution

Planning and leading government-wide management reforms

Creating an action agenda for agency-specific and program-specific program and management reforms with consistent oversight and follow-up

Building on existing DBM leadership and organization

Staff training and development

Enhance productive DBM and agency collaboration

Increasing agency and manager accountability

Staff organization within DBM and division of authority and responsibility between DBM and the departments

Improving budget transparency and stakeholder understanding

Clarifying problems needing attention and how the agency is addressing them now and in the coming year