MEMORANDUM FOR EXECUTIVE DEPARTMENTS AND AGENCIES

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SUBJECT: Performance Improvement Guidance: Management Responsibilities and Government Performance and Results Act Documents

Overview

This memorandum provides guidance to all Federal agencies on their Government Performance and Results Act (GPRA) and other performance management activities for the next year. The Office of Management and Budget (OMB) is working with the Performance Improvement Council (PIC) to improve outcomes and transparency by strengthening each aspect of the performance improvement dynamic – from leadership, management, and action to measurement, analysis, and transparency. Toward that end, the Administration is transitioning from a planning and reporting approach focused primarily on the supply of performance information to three performance improvement strategies that place greater emphasis on:

- Using performance information to lead, learn, and improve outcomes;
- Communicating performance coherently and concisely for better results and transparency; and
- Strengthening problem-solving networks, inside and outside government, to improve outcomes and performance management practices.

Agencies should consider this year a transition year during which OMB and the PIC will move to a more dynamic performance planning, management, improvement, and reporting framework that is useful, streamlined, and coherent. Key objectives for this upcoming year include:

- Unrelenting attention to achieve the ambitious, near-term performance goals that agency leaders identified as High Priority Performance Goals (“Priority Goals”) in the President’s FY 2011 Budget;
• Establishing constructive performance review processes in agencies that are sustained over time; and
• Making Government Performance and Results Act documents useful.

  o An agency strategic plan with a limited number of measurable long-term outcome-focused goals and a description of the strategies an agency plans to follow to reach performance targets related to its goals;
  o An FY 2012 performance budget/annual performance plan that establishes FY 2012 performance expectations to be achieved with the FY 2012 budget request, clearly identifies performance targets that are high priorities, describes the strategies an agency plans to follow to reach its targets, and, to the extent allowed by law, shifts funding resources to approaches likely to be more effective and efficient based on the evidence; and
  o An FY 2010 performance report that coherently displays performance trends and progress toward targets, explains key causal factors affecting trends, aligns actions with outcomes, and links (via the web) to more detailed explanatory analyses of the data, evaluations, and relevant studies (e.g., about the size and characteristics of a problem, of the regulated community to be influenced, and/or of the population eligible to be served.)

The following sections provide general direction on expectations for management accountability and GPRA documents. Recognizing that agencies are at various stages in each of these activities, agencies should contact OMB for additional guidance if they have specific questions. This is particularly true for small agencies and agencies that did not have High Priority Performance Goals published in the FY 2011 Budget.

**Management Responsibilities**

Agencies are currently working to achieve the near-term High Priority Performance Goals announced in the President’s FY 2011 budget, which should be integrated as a priority into their strategic and annual performance plans.

Senior agency leaders are expected to hold goal-focused, data-driven reviews at least once every quarter to review progress on their Priority Goals and to assure that follow-up steps are taken to increase the likelihood of achieving better outcomes and higher productivity. In most cases, agencies are encouraged to identify the senior accountable official responsible for each goal prior to the meeting, although goal-focused, data-rich meetings can be useful for clarifying who needs to do what by when for issues requiring attention from multiple offices.
Discussions during these meetings should be guided by analyses of performance and related (e.g., problem characteristics, employee viewpoints, cost, agency skills, delivery partner capacity) data and evaluation findings relevant to the goals being discussed. They should focus on progress toward desired outcomes, explore the reasons why variations between performance targets and actual outcomes occurred, and prompt quick adjustments to agency strategies and action when needed. Over time, we expect all agencies to establish review processes that strengthen performance management across their agencies, regularly using analysis of performance and other relevant data to improve results and productivity.

Leaders of small and independent agencies and major bureaus should also hold quarterly reviews of their progress in achieving outcomes and follow the principles of the Administration’s High Priority Performance Goal effort, where senior officials identify near-term Priority Goals they want to achieve even without new legislation or funding.

Managers are accountable for setting specific outcome-focused goals, measuring progress toward meeting the goals, tracking completion of key milestones, comparing progress among peers to identify better practices, looking for factors that government can influence and that affect trends, adopting and implementing cogent strategies based on analysis of performance and other relevant data, using performance data to confirm achievement of intended outcomes, making quick adjustments to strategies when they are not working, and reporting to the public in useful and accessible ways – candidly, coherently, and concisely.

**Government Performance and Results Act Documents**

This section describes elements that should be included in GPRA documents to make them more useful to agency leadership, managers, employees, Congress, delivery partners, and the public.

**Strategic Plans.** GPRA and OMB Circular A-11 provide agencies with an outline of the elements currently expected to be included in a strategic plan. These include a mission statement, general goals and objectives, a limited number of long-term outcome-focused performance goals with targets, description of strategies and means for achieving goals, external risk factors, discussion of relevant past evaluations, and a schedule for future evaluations. In addition, the plan should discuss how near-term Priority Goals contribute to the strategic goals. The strategic plan should also provide sufficient context to explain why specific goals and strategies were chosen.

OMB expects that most agencies will have completed their strategic plan updates in time for FY 2012 budget development. An agency’s strategic plan should provide the context for decisions about annual and biennial priorities, targets, strategies, operational performance,
employee performance expectations, and budget planning. Agencies need to translate the goals in their strategic plans to annual performance targets. Agencies should update their FY 2011 targets and set FY 2012 performance targets as part of their budget submissions that keep them on track to achieve the long-term targets in their strategic plan.

An agency’s strategic plan is a valuable tool for communicating to agency managers, employees, delivery partners, suppliers, Congress, and the public a common vision for the future. It should inform agency decision-making about the need for major new acquisitions, updated information technologies, hiring, skill development, and evaluations. Strategic plans can also help agencies invite ideas and stimulate innovation to advance agency goals. Above all, an agency’s strategic plan should be used to align resources and guide decision-making to accomplish priorities and improve outcomes.

**FY 2012 Performance Budget/Annual Performance Plan Submissions.** OMB’s review of each agency’s FY 2012 budget submission will begin by examining how the budget request will advance the goals in the agency’s strategic and annual plans, including its near-term Priority Goals. The FY 2012 budget submission should reflect the amount needed to meet FY 2012 performance targets, and be informed by the analyses and discussions that have occurred during the constructive performance reviews. As highlighted in the OMB Director’s June 8, 2010 memo with the FY 2012 budget guidance, agencies should seek to achieve better performance with available resources. The memorandum provides specific guidance on several aspects of agency budget submission and specific actions required for a number of government-wide initiatives, highlighting that agencies should not simply reduce spending across the board, but instead aim to restructure their operations strategically to improve outcomes. The annual performance plan should be specific in describing the strategies the agency will follow and explaining why those strategies have been chosen, identifying specific performance targets and key milestones that will be accomplished in FY 2012.

Given that near-term High Priority Performance Goals have only recently been established, the expectation is that most agency Priority Goals will continue into FY 2012, funded within agency discretionary budget targets. FY 2012 budget submissions should include specific FY 2012 performance targets for Priority Goals and the budget authority required, by program, for the achievement of each FY 2012 Priority Goals goal. In limited cases where agency priorities or circumstances have changed significantly (e.g. new legislation has been enacted or a goal has been accomplished), agencies may propose adding or deleting Priority Goals. In addition, agencies should provide information about the FY 2010 and FY 2011 budget needed to achieve its Priority Goals, consulting with their OMB Resource Management Office as needed. If achievement of the Priority Goals requires resources or support from programs in another agency, this should be indicated but budget estimates for actions by other agencies do not need to be provided.
**FY 2010 Performance Reports.** Annual performance reports should provide information about an agency’s progress in achieving its GPRA long-term and annual goals, clearly indicating goals identified as a high priority, and showing long-term trends, wherever possible, along with contextual indicators. The report should explain where and why progress is being made and where and why problems have been encountered. In addition, agency annual performance reports should make clear the link between agency output targets (when it was not feasible to set outcome targets) and longer-term outcome goals. Agencies can combine their annual performance report with their annual performance plan/budget to make it easier to see future plans in the context of previous experience.

Agencies should integrate their former Program Assessment Rating Tool (PART) performance measures into their annual performance reports. If an agency wants to eliminate PART or GPRA measures it feels are not useful, it should propose the list of measures for deletion and discuss their deletion with key stakeholders, Congress, and their OMB Resource Management Office before dropping the measures. The list of dropped measures and reasons for their deletion should be included in the annual performance report.

OMB is currently working with agencies to show progress on their near-term Priority Goals to the public via a single Federal performance website. After progress is made reporting on Priority Goals, OMB will work with the PIC to expand the site to include GPRA performance information from all agencies. In the future, all agencies, including those that do not have Priority Goals listed in the President’s FY 2011 budget, will be expected to report via this site. In the interim, every agency should make its annual performance report available on-line in a downloadable and machine-readable format. Agencies can opt to deliver only an on-line version of their report provided that they have confirmed that key stakeholders, including key Congressional committees, do not want a printed version.

**Next Steps**

OMB and agencies are working together to enhance transparency and accountability, improving performance across the federal government. Agencies with High Priority Performance Goals are already devoting more leadership attention to these goals, supporting agency progress reviews with data-driven discussions, searching for successful practices they can use and factors they can influence to improve outcomes, and engaging in more cross-office collaboration. Over time, we expect all agency leaders to apply these performance management practices at the bureau level and across all agencies to deliver improved outcomes and higher returns on the taxpayer dollar.

Agencies are also encouraged to strengthen their problem-solving networks by reaching out to other potential goal contributors and to those trying to tackle similar performance
management challenges, including delivery partners such as state and local governments and other agencies. In addition, agencies are encouraged to collect, analyze, and share data in ways that make it easier to learn from their own and others’ experience, returning data to data suppliers with value added through analysis.

For further information, contact your OMB Resource Management Office or the OMB Office of Performance and Personnel Management.

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