

SECTION 220—PREPARING AND SUBMITTING PERFORMANCE BUDGETS

Highlights for the Preparation and Submission of Performance Budgets

Improving the practice started with the FY 2005 Budget, agencies will prepare a performance budget, fully integrating their annual performance plan for FY 2006 with their budget submission to OMB and the Congress. The performance budget should satisfy all statutory requirements for the annual performance plan which are summarized in this section.

(a) *In general.*

Improving the practices started with the FY 2005 Budget, agencies will prepare a performance budget for OMB in September and the agency congressional justification in February, fully integrating the annual performance plan required by the Government Performance and Results Act (GPRA) with other elements of the agency budget request. *Your agency should consult with your congressional committees beforehand* to ensure their awareness of modifications to the format of your agency budget documents.

(b) *What is in a performance budget?*

A performance budget is a presentation that clearly links performance goals with costs for achieving targeted levels of performance. In general, a performance budget links strategic goals with related long-term and annual performance goals and with the costs of specific activities that contribute to the achievement of those goals.

A performance budget starts from an overview of what the agency intends to accomplish in the budget year, structured by the goals in the agency's strategic plan. For each strategic goal, the overview would provide background on what has been accomplished, analyses of the strategies the agency uses to influence outcomes and how they could be improved, analyses of the programs that contribute to that goal, including their relative roles and effectiveness, using Program Assessment Rating Tool (PART) assessments when available. The overview should include expected outcomes for each strategic goal, and performance targets for the supporting programs. It should summarize how the agency expects to manage the "portfolio" of programs for each strategic goal together to maximize the larger strategic outcome.

Summary tables and text would show the "pyramid" of how program outcomes and targets support the outcomes for the strategic goals and objectives. Tables would also show the full cost paid by the agency toward each strategic goal and for each program. Because the plan would be integrated into the performance budget, a separate annual performance plan would not be need to satisfy GPRA requirements. (See section [200](#) for further definitions of performance terms.)

The remainder of the budget may be presented by bureau or other organization, but each entity should start by analyzing its contributions to strategic goals, followed by a detailed analysis of supporting programs, based on PART information whenever possible. Your budget request should be justified on the basis of resources needed to make planned progress toward the strategic goals.

The resources requested for each program should be the amount needed to achieve the target levels for the performance goals for the program. At a minimum, resources are aligned at the program level within this framework, and agencies are encouraged to align resources at the performance goal level. Resources should be fully costed, with centrally funded administrative services and support costs allocated to the each program.

The performance budget also includes other information needed to justify the agency budget request. Section [51](#) specifies the basic justification requirements for the performance budget sent to OMB. Your agency's congressional committees may require additional information for the justification of the performance budget submitted to the Congress.

Best practice last year showed that good performance budgets are often shorter than the sum of the previous plan and budget volumes. They are more analytical and add value by explaining the relationships between past and future performance and budget cost. To make the case that they support improved management, they need to be grounded in the reality of how program are run and the agency is organized. This is possible even when programs in different components of an agency work on the same strategic goal. Well-organized and well-written justifications got notably better reception.

(c) *What performance data should be included in the performance budget?*

The performance budget includes performance goals (performance measures with targets and time frames) validated for programs assessed by the Program Assessment Rating Tool (PART). Every performance measure documented in an agency's PARTs does not need to be included in the agency's performance budget; however all measures included in the performance budget should meet the standards of the PART guidance. The same is true for programs not yet assessed by the PART; measures and targets included in the performance budget should meet the standards set by the PART guidance. See PART guidance for question 2.1 at: http://www.omb.gov/part/2006_part_guidance.pdf.

The performance budget displays up to six years of data for every performance goal, including for the budget year, current year, past year, and three additional past years of data. Only three years of resource data are required. Agencies need not include historical performance data for newly established goals.

As noted in [section 51](#), the means and strategies the agency intends to use to help achieve the performance goals should also be included.

The PART assessments are conducted every year on a subset of agency programs prior to agency submission of its performance budget to OMB. Subsequently, OMB will use the current and past years' PART assessments to help make decisions as the President's Budget is formulated. The performance targets included in the PARTs and congressional justifications will need to be updated to reflect the budgetary resources and associated performance targets decided for the President's Budget.

(d) *How does the performance budget relate to the strategic plan and the annual performance and accountability report?*

The performance budget is organized as a hierarchy of goals structure like the agency's strategic plan. At the top of the pyramid are strategic goals, which are statements of aim or purpose that are set out in the agency strategic plan. Several agency programs may contribute to achievement of a strategic goal. If programs in different agency components contribute to the same strategic goal, the performance budget should describe how a portfolio of inter-agency programs will help attain the broadly stated aims of a strategic goal.

For each strategic goal, there are usually several outcome goals, and for each outcome goal, there typically are several output goals. The outcome and output goals for programs are the performance measures and targets validated through the PART process and included in the performance budget.

The annual performance report presents information on how well the agency achieved the target levels for its goals in the past year. Some of this past year information is included in the performance budget with the data for program performance measures and targets. Beginning with the report for FY 2004, all

agencies will prepare an annual performance and accountability report which will satisfy all of the past-year requirements for the annual performance report. (See sections [26](#) and [230](#) for more information on the performance and accountability report.) Therefore, the strategic plan, performance budget and performance and accountability report together satisfy the GPRA requirements for a strategic plan, annual performance plan and annual performance report.

The congressional justification may include additional and updated past year performance data. If additional performance data is used, you should take special care in the design of your congressional justification to identify those performance goals against which actual performance will be compared in your annual performance and accountability report.

(e) *Ensuring that the performance budget is publicly available.*

Release of the performance budget and agency justification and underlying materials concerning presidential decisions must be done in accordance with the requirements of section [22](#). After the performance budget is submitted to the Congress, it should be made available to the public.

