August 3, 2005

BUDGET PROCEDURES MEMORANDUM NO. 879, ADDENDUM 2

TO: Program Associate Directors
               Program Deputy Associate Directors

FROM: Philip R. Dame
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SUBJECT: Additional Guidance to Improve Consistency in PART Assessments and Updated
               2005 PART Process Schedule

1. Scope/Purpose. This Addendum provides Resource Management Offices (RMOs) with additional guidance on using the Program Assessment Rating Tool (PART) to assess Federal programs, based on the findings of a consistency check conducted by a cross-divisional team of OMB staff. This guidance supplements the overall PART guidance which is available at http://www.whitehouse.gov/omb/part/2006_part_guidance.pdf. The Addendum also includes an updated PART process schedule. **This BPM should be shared with agencies.**

2. Required actions. Each RMO is responsible for reviewing all of the 2005 new assessments and reassessments completed in its program areas and making necessary revisions to ensure that the completed PARTs adhere to the overall guidance and the clarifications contained in this BPM. In addition to question-specific supplemental guidance, this BPM also contains a list of general areas where inconsistencies in application of the guidance have been identified. RMOs should focus special attention on these areas.

RMO must finalize PARTs and submit them to agencies by August 5th. Agency appeals are due to OMB by August 12th. (Note: PART questions related to results on approved performance measures (questions 4.1, 4.2, and 4.3) will be revised in late November to reflect actual performance information due from agencies by November 15th.

3. Background. A key component of the PART process is ensuring that the PART guidance is applied as intended. As in past years, OMB completed a consistency check of the 2005 PARTs to determine if the guidance was being applied consistently and where guidance might be clarified or enhanced to improve consistency.

The 2005 consistency check was more comprehensive and had a greater focus on performance measures than in past years. The consistency check was conducted by a group of OMB staff,

including members of the Performance Evaluation Team that drafted the PART guidance and other representatives from various divisions of OMB. All new and reassessed PART drafts available as of July 18th received some level of review. The group was broken into teams and each team was assigned a set of questions to review for a certain number of PARTs. In addition, all measures-related questions in all PARTs were reviewed. It is important to note that because the PARTs were in draft form when reviewed, some of the inconsistencies discovered by the teams might not have existed had the PARTs been closer to completion.

Teams determined if the answer, explanation, and evidence provided appeared to be consistent with the guidance. They also assessed whether the explanation and evidence supported the answer of "yes", "no", or "N/A". For the measures-related questions in every PART, teams evaluated the level of consistency with the guidance, such as how the measures related to the purpose of the program and whether they were outcome-oriented. Teams also provided an overall assessment of the completeness and quality of the PARTs they reviewed.

4. General Issues. Based on observations from the consistency check, below are some general reminders on how to answer PART questions.

The explanation must clearly address all elements and requirements listed in the guidance for the question. Many of the PART questions have multiple elements that must be addressed to earn a Yes answer. When a question specifies two or more criteria that are joined by the word "and", the program must achieve all of the criteria to earn a Yes answer. Accordingly, the explanation must address each of the criteria. For instance, for a program to earn a Yes for question 3.1, it must not only *collect* the subject performance information, but also *use* it to manage and improve performance. And, evidence of that use must be cited in the answer.

On the other hand, when a question proposes different options for satisfying the criteria, typically different conditions joined by the word "or," the program need only achieve one criterion to earn a Yes. In these cases, the explanation must address only the criteria that have been met. For instance, to earn a Yes for question 1.2, a program can address a problem *or* an interest *or* a need. In all cases, the problem, interest or need should be specific *and* must currently exist.

The explanation should first and foremost support the answer given. Many of the identified inconsistencies may be attributed to explanations and evidence that did not adequately justify an answer. On occasion, responses to the PART questions try to present a balanced assessment of positive and negative aspects of performance, and as a result the explanation becomes unclear. Explanations may present information on both strengths and weaknesses, but also must state clearly the principal justification for the answer.

The evidence must directly support the explanation. The description of evidence should provide information on both the source and basis for the judgment used to determine the answer. Discussion of evidence should summarize the content of the evidence and provide a context for the explanation (e.g., for performance measurement questions compare actual performance to the baseline). Since PARTs are available to the public, they should be written for a wider audience than agency and OMB staff. See item (6) below on readability issues.

Specified links between questions must be applied. Several of the questions in the PART are explicitly linked to related questions so that the answer to one question may limit the options for another question.

To ensure consistency across programs, RMOs should ensure that all answers follow the linkages contained in the guidance. The new PARTWeb system currently cannot alert users to linkage problems or prevent incorrect answers to linked questions. Therefore users must make sure linkages are followed as they revise their PARTs. The matrix below shows how PART questions are linked and outlines how answers to one question either prescribes or limits the answers to others.

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

5. **Specific Questions.** Inconsistencies were more prevalent in certain questions. Below are clarifications and reminders on how the guidance should be interpreted for specified questions**.**

Performance Measures Questions (2.1-2.4, 4.1 and 4.2)
There are several key points related to performance measures that need to be more clearly addressed when answering questions related to performance measures. The following is a summary of the requirements that tend to be applied inconsistently.

__Justifying the use of output measures.__ Many PARTs were identified as having output performance measures instead of outcome measures. In some instances, this was due to mislabeling of the measure in PARTWeb. Users should ensure that the proper categorization is selected when they input performance measure into the Measures section of PARTWeb. In many other cases, the measures were outputs (i.e., number of permits or plans completed, percentage of sites inspected) and not outcomes (i.e., improved compliance, fewer poisonings). The guidance requires that programs use outcome measures in the vast majority of cases. In the rare case where an outcome is truly not possible, an output measure can be used. In these cases, the explanation and evidence must include a clear and adequate justification for why an output measure is the only option. Most PARTs listing only output measures lacked adequate justification for not having outcome measures.

__No credit for "measures under development"__. Given that this is the fourth PART cycle, it is expected that programs should have performance measures that meet PART guidance. The guidance for acceptable performance measures has not changed substantially and because the PART has been used extensively, even programs that have never gone through a PART assessment should have been aware of the performance measure requirements. If the agency and OMB have not reached agreement on measures that meet PART guidance, questions 2.1 and 2.3 must be No. Because 2.1 and 2.3 are explicitly linked to 4.1 and 4.2, the program would also have to receive a No for 4.1 and 4.2. (These same principles apply to questions 3.4 and 4.3. See below.) No partial credit can be given in 4.1 and 4.2 if acceptable measures have not been established.

__No credit for progress on measures that do not meet PART guidance requirements.__ In order to get credit in questions 4.1 and 4.2, programs must be able to demonstrate that they have made progress in meeting targets for the measures approved in questions 2.1 and 2.3. No credit can be given for progress made on existing measures that are not approved under 2.1 or 2.3 or for any other actions that address the purpose of the program. The Small and Large Extent options for 4.1 and 4.2 should not be used to give credit on unapproved measures for any other progress not specifically related to goals approved in 2.1 or 2.3. All (and only) approved measures must be listed in the Measures section of PARTWeb and these are the measures that should be considered in 4.1 and 4.2. (The same principles apply to 3.4 and 4.3. See below.)

__Actual data for approved measures must be presented.__ In order to get credit in questions 4.1 and 4.2, programs must be able to demonstrate that they have made progress in meeting targets for the measures approved in questions 2.1 and 2.3. To demonstrate this, actual data

for past years or the current year must be entered into the Measures section. If no actual data is available, the answer to 4.1 or 4.2 should be No. Small or Large Extent should be used when past targets have not been consistently met or if newly approved measures have only partial data available to demonstrate progress for the current year. (Note: Some have experienced technical difficulties entering historical data into PARTWeb. For the data to print, all the measures boxes must have something entered in them. Until this issue is resolved, a work–around is to enter text in the box designated for the target. If you enter the word "baseline" or "actual", as appropriate, your actual data should print.)

Efficiency Measures Questions (3.4 and 4.3)
This year the efficiency measures guidance was changed and clarified to reflect the expectation that all programs have at least one approved efficiency measure *in place*. This means that programs must already have implemented and be collecting data on an efficiency measure that meets PART guidance requirements. If a program will have 2005 data for a measure and will use that as the baseline and to establish targets, credit can be given.

Efficiency measures should be considered in 3.4 NOT 2.3. One significant change in the PART guidance this year was to move consideration of efficiency measures from 2.3 to 3.4. The explanation and evidence relating to efficiency measurement must be included in 3.4. If a program has an efficiency measure in place then that would contribute to a Yes in 3.4 (note that there are additional criteria in 3.4 that must also be met in order to receive a Yes) it should be listed on the measures page as well. If the program does not have an efficiency measure in place, the program would have to receive a No in 3.4. Efficiency measures are likely to be annual measures since they relate to costs.

Must demonstrate the presence of regular procedures to achieve efficiency. In addition to having an efficiency measure in place, programs must produce evidence that *regular* procedures exist for achieving efficiency and effectiveness. For instance, if competitive sourcing were cited as evidence of a regular procedure, the program would need to show that it regularly reviews positions to determine their suitability for competition, conducts competitions when appropriate, and monitors the performance of the winning bidder.

It should be noted that the guidance provides examples of procedures that a program might use to improve efficiency. To earn a Yes, a program is not required to conduct all the activities listed. Depending on the nature and needs of the program, one could be sufficient.

Question 2.7 - Budget and Performance Integration.
This question evaluates how well a program integrates its budget and performance information. To receive a Yes, a program must demonstrate the following:
- The program must have a transparent budget structure that explicitly links program resources to the long-term *and* annual performance *targets* associated with the program's performance measures. For example, from the information presented one should be able to answer questions such as "If grant funding were increased by X, this program would be able to achieve Y more outcomes" and explain the relationship between the dollars and the outcome. It is understood that the precision of these relationships may vary depending on the nature of the program.

- The budget structure for the program (which includes the full spectrum from formulation to execution) must also make clear how changes in policy or legislation would impact the program's ability to meets its defined long-term and annual targets. For example, a mandatory program should be able to explain how a legislative change impacts its performance targets.

- The budget documents should show that all direct *and* indirect costs needed to meet performance targets are adequately incorporated.

When providing evidence for question 2.7, it is insufficient to only cite Congressional Justification (CJ) as the source; the evidence must also describe what information is provided in the CJ that meets the criteria. In addition, the CJ is acceptable evidence only when it includes detailed evidence on the particular program.

Question 3.3 – Obligation schedules and links to program plan.
The intent of this question is to evaluate a program's obligation practices and procedures. When answering the question, addressing whether funds are obligated consistently with the plan or that there are limited unobligated balances is necessary but not sufficient. Answers must also specifically discuss whether proper obligation schedules are established for both the program *and* for program partners; identify procedures that the program uses for managing and tracking expenditures *and* for taking action when problems arise. Answers need to clearly address all elements of the PART guidance for this question.

Question 3.CO1 – Adequacy of competitive grant award process.
This question covers both the initial competitive grant awards process as well as the grant renewal process. The grants renewal process must be addressed in the answer for this question. Answers must also cover the fairness and openness of the competition process and the adequacy of the program's outreach to potential grantees. Answers need to clearly address all elements of the PART guidance for this question.

Question 3.RD1 – Adequate processes to maintain quality of Research & Development programs.
To be eligible for a Yes on this question, explanations and evidence must address the following:
- For programs that award funding through a mix of mechanisms, an accounting of how funds are allocated should be presented (e.g., percent of funds awarded competitively, non-competitively, earmarks).
- For any funding allocated through means other than unlimited competition, the awards process for the funds must be discussed.
- Where funds are allocated through non-competitive processes, the unique capabilities of Research & Development project performers must be covered.

Question 4.4 – Comparisons made with similar programs.
Question 4.4 considers the similarity of the PARTed program to other Federal and non-federal programs. The comparison should be of programs that engage in similar activities or have similar purposes or goals in a broad context. The evidence of comparison does not have to be a

formal evaluation but must rely on data that are collected in a systematic fashion (e.g., regular annual comparisons). Comparisons must include an assessment of the most significant aspects of the program's performance.

Also, there are only two reasons a program could receive a Not Applicable (N/A) for this question. Either 1) there are no other programs anywhere that are comparable or 2) the comparison would be too difficult or costly to undertake. If an N/A is given, there must be a clear discussion of why an N/A is appropriate in the explanation.

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

Below is a summary of key guidelines:
- Keep explanations as short as possible while maintaining an adequate level of information to justify the answer.
- Provide evidence of the judgment used in determining the answer instead of just citing reports, legislation, or regulations in the evidence sections. Explanation should link to the evidence, meaning together they should include context and describe the relevant components of the cited documents that support the question response.
- Where possible, present specific programmatic details and outcomes that help clarify responses given, rather than using generalities.
- Be careful not to over-use acronyms. At a minimum, state the full title at least the first time an acronym is used. Since PARTs are multi-page documents, it is helpful to spell out acronyms more frequently, such as in every question or section.
- Avoid the use personal pronouns ("we", "us", "they", etc).
- When inputting data into the Measures section of PARTWeb, be clear what the units are.
  → Do not put "FY" in front of year.
  → Present the measure in as plain English as possible with unit specified. For example, "Percentage of program participants …"
  → For measures that are more technical in nature, provide an explanation of the measures in plain English and/or provide an explanation of why the measure is useful or important in the program context, as appropriate.

7. Updated PART process schedule. Attachment A is a revised schedule reflecting adjustments that were necessary to accommodate the addition of a formal appeals process. This revised schedule was distributed earlier in draft form. Guidance on the appeals process will be distributed under separate cover (BPM 879, Addendum 3).

8. Contacts for this BPM. Agency questions regarding this BPM should be directed to the agency's RMO representative. RMOs should contact their division's Performance Evaluation Team representative.

PART CONSISTENCY CHECK AND APPEALS SCHEDULE

(Note: The schedule below has been modified from the original schedule included in BPM No. 879 to allow additional time for a formal appeals process. Changes are identified with an asterisk.)

Agencies submit final PARTs to OMB... **June 30**

OMB uploads PARTs into PARTWeb.. **June 30**

OMB finalizes PARTs.. **July 15**

PART consistency check...**July 18 – July 29**

OMB revises PARTs to respond to consistency check findings........................**August 1-5***

OMB passes back final PARTs to agencies .... **August 5***

Agencies submit PART appeals to OMB.. **August 12***

OMB reviews appeals .... **August 12 – 19***

Appeals Board meets ....**September 1***

Appeals Board issues decisions letters to agencies..**September 2***

OMB revises PARTs to reflect Appeals Board decisions........................**September 2 – 9***

OMB locked out of PARTWeb ....**September 9***