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

March 22, 2003

BUDGET DATA REQUEST NO. 04-31

TO: PROGRAM ASSOCIATE DIRECTORS
PROGRAM DEPUTY ASSOCIATE DIRECTORS

FROM: Clay Johnson, III
Deputy Director for Management

SUBJECT: Completing the Program Assessment Rating Tool (PART) for the FY 2006 Review Process

1. **Scope/Purpose:** This BDR provides instructions and guidance to OMB Resource Management Offices (RMOs) on working with agencies to complete PARTs for the programs selected for evaluation for the 2006 Budget. **This BDR should be shared with the agencies.**

2. **Background:** This spring marks the third year the PART will be used to assess program performance, help link performance to budget decisions, and make recommendations to improve program results. Together in the 2004 and 2005 Budgets, approximately 40 percent of programs were assessed using the PART. For the 2006 Budget, an additional 20 percent of programs will be assessed. For 2006, the most notable changes to the PART and PART process will be to:

- Distribute updated guidance earlier so that agencies and OMB will have more time to incorporate PART findings into budget development.
- Increase consistency in PART responses by clarifying guidance, sharing more specific examples of success, and strengthening outreach to RMOs and agencies.
- Establish a formal PART crosscut to compare performance of federal programs with similar purposes.

The precise presentation of the PART results in the 2006 Budget is not yet determined, but is likely to be similar to past years; summary sheets with narratives including recommendations would be made public with the formal budget documents and assessment details would be available on the Internet.

3. **Changes to the 2005 PART:** There have been no changes to the PART questions for the 2006 process. The guidance has been improved based on consistency audits from the 2005 process, and feedback from Federal agencies, the General Accounting Office, Center for Excellence in Government, National Academy of Public Administrators, and the public. The changes to the guidance focus on improving consistency in application of the PART across programs, agencies, and examiners.
Significant changes include:

- Expanded guidance on performance measures, including a definition of efficiency measures.
- Clarification of the relationship between PART and The Government Performance and Results Act (GPRA).

- Clarification of standards for rigorous evidence in program evaluations.
- Further guidance on combining programs for PART analysis and conducting cross cut analyses.

4. **Training**: The PET will hold training session(s) on the PART, providing an overview of the PART and focus on changes in guidance from last year's PART. The training is two and a half hours long. To accommodate all those interested, we will offer the training on the following dates: March 23rd, 25th, 26th, and 31st. You only need to attend one session. All agency staff working on the PART process is invited to attend. **Due to security and logistic concerns, attendance is limited to Federal government agency pass holders.** Training will be held at the Department of Commerce Auditorium, Main Entrance, 1401 Constitution Ave. NW, Washington, D.C. Please RSVP to Margaret Christian via e-mail at Margaret_B._Christian@omb.eop.gov

5. **Program selection:** A list of programs to be assessed for the 2006 Budget was requested in BPM 869, due on March 31st. As previously noted, approximately 20 percent programs should be evaluated this year, or at least 60 percent of programs over the past 3 years. The 20 and 60 percent figures may be based on funding levels <u>or</u> on the number of programs, but in either case should seek to cover all programs over the five year cycle represented by the 2004-2008 Budgets. Further information on defining a unit of analysis for the PART assessment is contained in the PART instructions in Attachment C.

6. **Crosscuts:** This year OMB will conduct a crosscutting analysis of "community and economic development programs" and "rural water programs" across multiple agencies. This effort will use the PART to look at programs with similar missions in order to identify exemplary goals and practices, common measures of performance, and opportunities for better coordination. Specific guidance for affected RMOs will be provided throughout the process.

Guidance on internal crosscuts is provided in the attached PART instructions (Attachment C).

7. **Reassessments and updates**: Programs assessed in previous years should continue to receive attention to ensure that recommendations made as a result of the assessment are being implemented. As was the case last year, programs should only be formally reassessed if agencies provide substantial evidence of improvement**. *Any reassessments must be done using the 2006 guidance and worksheet.*** It is up to the RMO to decide whether the evidence warrants the time and resources required of a reassessment, and which PART questions should be re-considered. RMOs and agencies are encouraged to first focus on providing evidence for reassessing programs that were rated Results Not Demonstrated as progress on those is taken into account in PMA scorecards. Questions that determine a Results Not Demonstrated rating are 2.1, 2.3, 4.1, and 4.2. (Specific criteria for a Results Not Demonstrated rating are contained within the PART Instructions in Attachment C.)

For programs last assessed with the 2005 version of the PART questions, this year's worksheet template can be populated with details from the database to save examiners cutting and pasting. Email Krista Tibbs with the program name and ID number if you want this to be done.

For all programs newly and previously assessed by PART, current budget data (accounts and program funding levels) will be required for the 2006 Budget. Instructions for collecting budget data will be provided in OMB circular A-11.

8. **Completing the PART questionnaire:** Attachment C contains comprehensive instructions on responding to questions, including the elements of a *Yes* response as well as guidelines for evidence and explanation of responses. These instructions will also be posted to the OMB website at http://www.omb.gov/part/ .

9. **PART worksheet templates:** Electronic versions of the seven worksheet templates - direct Federal, competitive grant, block/formula grant, regulatory-based, capital assets and service acquisition, credit, and research and development programs - including the technical instructions and embedded guidance, will be available for use the week of March 22nd at the following locations:

For OMB users: J:/BDR-BPM/PARTs
For agency users: http://www.omb.gov/part/

This year's PART workbooks have undergone a few adjustments to improve the data collection process, including the following:

- The structure of the worksheets has been locked to minimize introduction of errors with uploading. Technical instructions for PART worksheets, including the functions of the Measures Tab, will be highlighted during the training sessions on March 23rd, 25th, 26th, and 31st.

- A new Contact Info tab has been added to collect information for *one* agency official accountable for implementing and addressing recommendations resulting from the PART, as well as information for the responsible OMB examiner. The agency official will generally be a program manager, and not the agency Budget and Performance Integration lead. The information collected on this tab will not be made public.

- There is no Account Info tab in the PART workbook this year. Instructions for collecting budget data will be provided in OMB Circular A-11.

10. **Appeals:** Agreements on PART scoring should be reached in a manner consistent with settling appeals on budget matters.

11. **Consistency check:** The RMOs have principal responsibility for completing the PART analyses. RMOs should work to promote consistency in the standards applied to their programs by cross-checking PARTs within and across branches and seeking advice from OMB's members of the Performance Evaluation Team (PET). The PET will also assist this process by conducting consistency checks on completed PART drafts as provided by RMOs.

The content of the consistency check has not yet been determined, but is scheduled to be completed so that revisions can be incorporated prior to agency appeals. Specifically, as noted in the schedule in Attachment A, draft PARTs will need to be uploaded to the database no later than

June 7th in order for the consistency check to be completed, recommendations issued and incorporated, and appeals completed by the June 30th deadline.

12. **Timeline:** Attachment A provides a schedule for this year's PART process. The objective of this timeline is to complete PARTs by the end of June so the results can be incorporated into agency budget development and reflected in their Q3 04 PMA scorecards. PARTs could be re-opened for a short time in late November/early December *in very limited circumstances* -- for necessary updates before the 2006 Budget is released. If PARTs are to be re-opened in November/December, RMOs and agencies would need to identify, before PARTs are finalized in the summer, the specific questions that would be reconsidered. This approach will allow PARTs to be completed in a timely manner and allow them to include the most recent performance information, without extending the process for ten months.

While this compressed timeline makes the PART analyses much more integral to budget decisions, it may tax agency and OMB workload. If RMOs and agencies believe they cannot finish their 2006 PARTs and reassessed PARTs by the end of June, priority should first be placed on reassessing 2004 and 2005 PARTs in the "Results Not Demonstrated" category as progress on those is a criterion for moving toward yellow or green on the Budget and Performance Integration (BPI) scorecards due in July. In those cases, RMOs and agencies may negotiate an extension for completing and reassessing PARTs until the end of July.

13. **The PART in agency budget submissions, Congressional justifications, and Congressional testimony:** Because the PARTs are being completed much earlier this year, agencies should address PART findings – from both current and prior year's PARTs -- in their 2006 budget submissions to OMB and budget justifications to Congress. In addition, PART findings should be discussed in testimony to Congress, in particular when a key budget or policy recommendation was influenced by a PART analysis.

Agency funding requests should take into account program performance, and PART recommendations should be incorporated into management and legislative proposals. It is recognized that some agencies complete their budget process as early as May and that their timeframe does not align perfectly with PART completion. However, even by late spring, much of the analytical work on PARTs will likely be done. In that case, preliminary PART findings can be used. The use of the PART in budget decisions is not mechanical, and management and legislative proposals should be designed to improve program performance. Examples of the kinds of PART-related information that might be highlighted in budget documents include:

Budget: A high rating on a PART could mean a program should receive increased or level funding, or it could mean the program's mission is accomplished and it should be terminated. A low rating could mean a program is ineffective and should be discontinued, or it could mean a program requires increased funding to achieve its goals if it appears well designed and well-managed.

Management: A PART may find that a program lacks sufficient performance measures, data collection and analysis systems, partner oversight, or quality evaluations – any or all of which might suggest management reforms necessary to improve the program.

Legislation: A PART may find a program has a fundamental flaw in its design that would require legislative change to rectify.

14. **Assistance from PET members**: OMB staff may contact PET members with questions. Attachment B contains PET contact information. Agencies should contact their RMO representatives with questions (rather than directly contacting PET members), to ensure clear lines of communication. When additional clarifications arise from questions throughout the process, the PET will make the effort to communicate these to RMOs.