Federal Strategic Planning and Performance

Betsy Newcomer
Office of Management and Budget
Executive Office of the President
Past Government-wide Efforts

Government Performance and Results Act (1993 - 2009)

**+**
- Stable performance planning and reporting framework
- Performance focus

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- Lack of leadership involvement
- No focus on prioritization or management
- Focus on creating plans/reports

Program Assessment Rating Tool (2003 - 2008)

**+**
- Program focused
- Challenging questions on program effectiveness/mgmt

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- Not used by managers
- Not used by Congress to allocate funds
- Reinforced stovepipes
Example Goal Illustration

Mission: Create strong, sustainable, inclusive communities and quality affordable homes for all.

Strategic Goal: Strengthen the Nation's housing market

Strategic Objective: Stem the foreclosure crisis in the U.S.

Performance Goal: By September 30, 2013, reduce average residential vacancy rates in 70% of NSP-2 neighborhoods (those hardest hit by the crisis) to comparable areas.

Performance Indicator: Vacancy rates
Target: 70% reduction
Timeframe: September 30, 2013
Historical Trend: Vacancy rates began to rise in 2006 when the market started to decline. This trend continued through 2011.

Agency Priority Goal: By September 30, 2013, assist 700,000 homeowners who are at risk of losing their homes due to foreclosure.

Performance Indicator: Number of homeowners provided assistance
Target: 700,000
Timeframe: September 30, 2013
Historical Trend: 900,000 homeowners were given assistance between 2011 and 2012.

Outcome indicator: Vacancy rates in NSP-2 neighborhoods
Output indicator: NSP-2 units of service [housing produced by agency effort (remodel, etc)]
Input indicator: Number of borrowers assisted by Federal Housing programs
Contextual indicator: Change in home prices
Efficiency indicator: Average number of days needed to list an FHA property

Note: All data is illustrative only. Information was modified for illustrative purposes and does not represent a real agency example.
Performance Management

**Cross-Agency Priority Goals (CAP)**
- Mission-focused
- Management

**Strategic Goals**
- Strategic Objectives

**Agency-level**
- Agency Priority Goals (APGs)
- Performance Goals

### Planning
- Every 4 yrs.
- Annually
- Quarterly
- Federal Performance Plan
- CAP Goal Action Plan Updates
- Agency Strategic Plan
- Annual Performance Plan
- APG Action Plan Updates

### Evidence, Evaluation, Analysis, and Review
- Quarterly
- Annually
- CAP Goal Reviews
- APG Quarterly Reviews
- Strategic Objective Annual Review

### Reporting
- Quarterly
- Annually
- CAP Goal Progress Updates
- APG Quarterly Progress Updates
- Annual Performance Report

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**Management feedback**

**Stakeholder feedback**

**Decision-making and Learning to Improve Outcomes and Productivity**
Operational, policy, and budget decisions; and updates to plans including milestones and improvement actions.
Information on Performance.gov for each Priority Goal

- Goal Leader Photo
- Overview & Strategies
- Summary of Progress & Major Upcoming Milestones
- Indicator Detail & Targets
- Historical data and recent results
- Contributing programs
The Power of Senior-led, Data-Driven Performance Reviews

Treasury Department Agency Priority Goal

Actual Number of Paper Benefit Payments Issued

Delta = Savings of more than $100M annually from Treasury’s paperless imitative

Probable trajectory without intervention

Actual performance after becoming a priority goal


Actual: 154 149 143 136 130 115 79 39
Probable: — — — — — — — —
Department of Interior has permitted over 12,000 MW of clean, renewable electricity on federal lands – a record number, enough to power almost 4 million homes and create about 14,700 forecasted new jobs.
Strategic Objectives & Reviews

The Strategic Reviews are:

- An annual assessment which synthesizes available performance information and evidence to inform budget, legislative, and management decisions
- Conducted by agencies for each “Strategic Objective” in an agency Strategic Plan, with OMB review

The Strategic Reviews will:

- Help meet the needs of leadership in identifying opportunities for reform proposals, executive actions, communications opportunities, etc.
- Synthesize a broad evidence and information base (indicators, evaluations, risk management, partner contributions, external factors, research, etc.) and prioritize findings for decision-making
- Make meaningful distinctions in performance, such as identifying areas of noteworthy progress and significant challenges
- Incentivize organizations to develop a culture focused on learning and improving performance
What does the evidence say about the following questions? What evidence is lacking? What conclusions can we draw about progress?

**Strategy 1**
- Is our strategy effective?
- What evidence is lacking?
- What conclusions can we draw about progress?

**Strategy 2**
- Inputs
  - Budget, human capital, etc.
  - Do we have adequate capabilities, resources, and support?

**Agency Programs, Activities, Management Etc...**

**Inputs**
- Federal Partners
- External Delivery Partners

**Outputs**
- Did we achieve our expected outputs?
- Did we achieve our expected impacts?

**Impact, Outcomes, Customers**
- Are we having the intended impact?
- Are other Federal programs contributing as expected?
- Are non-Federal programs contributing as expected?

**Anticipated changes in the environment, external factors, and potential risks**
- Are there anticipated changes in the environment, identified risks, or other factors likely to impact progress?
Strategic Reviews are Retrospective and Prospective

**Reporting, Review, & Evaluation**
- Performance Plan: What did we want to happen?
- Performance Report: What actually happened?
- Evaluation: What would have happened without us, and why did things occur like they did?

**Planning & Foresight**
- Target
- Baseline
- Data lag
- Policy lag
- Opportunities
- Policy analysis
- Risks and challenges

**Learning**
- What happened and why
- Lessons learned
- Research and improved understanding
- Exploration and innovation

**Improvement Actions**
- Changes to strategy and tactics
- Operational improvements
- Budget and legislative proposals
Agencies initially use the following guidelines:

**Noteworthy Progress (10-20%).** Highlights areas of significant progress and identifies opportunities for sharing best practices.

**Focus Areas for Improvement (10-20%).** Identifies performance challenges and priorities for innovation and improvement.

**Other Strategic Objectives.** Ongoing improvement efforts will be summarized for each Strategic Objective from the annual performance plan and other sources, including improvement actions; budget, management, legislative proposals; efforts to address GAO recommendations, etc.
Office of Management and Budget’s Role

OMB engages in four key ways:

1. **Review Approach:** Work with agencies to develop review methodology and offer suggestions.

2. **Discuss Summary of Findings:** Review the agency’s findings for each strategic objective; discuss 2-3 key issues that impact budget decisions.

3. **Inform Budget Decisions:** Apply strategic review findings in decisions during the budget process.

4. **Review Progress Updates:** Improvement plans and progress updates in the Annual Performance Plan and Report will be reviewed for alignment with Administration policy.
<table>
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<th>Goal / Team</th>
<th>Number of Members</th>
<th>Number of Pieces of Evidence Posted on Collaboration Site</th>
<th>Kick Off Meeting Held (Y / N)</th>
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<td>TOTAL</td>
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Example Review Methodology

Agencies defined the methodologies for ranking objectives at their organization.

<table>
<thead>
<tr>
<th>Impact</th>
<th>Implementation</th>
<th>Risks &amp; Challenges</th>
<th>Opportunities</th>
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</thead>
<tbody>
<tr>
<td>Noteworthy Progress (1 or more)</td>
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</tr>
</tbody>
</table>
- Agency exceeded success criteria to date and has surpassed original estimates of impact
- Strategies are exceeding intended impact and producing favorable unpredicted outcomes |
- Noteworthy Progress (1 or more)
  - Multiple goals and indicators are exceeding performance
  - Programs and Projects are on cost and schedule |
- Noteworthy Progress (1 or more)
  - Significant Risks and Challenges have been mitigated
  - Risks and challenges are unlikely and have a proper mitigation approach |
- Noteworthy Progress (1 or more)
  - New opportunities have been identified that could enhance future progress
  - Best practices have been identified that can help other objectives
  - Best practices have been identified that can help other agencies meet their objectives |

 Significant Challenge (1 or more) |
- Agency has not met the intended success criteria to date
- Evidence does not currently exist or is weak to assess impact
- Significant changes in strategy are required |
- Significant Challenge (1 or more)
  - Multiple goals and indicators have not achieved the desired target
  - Programs and Projects are exceeding cost and schedule |
- Significant Challenge (1 or more)
  - Significant Risks and Challenges have been identified
  - Likelihood of Risks and Challenges is imminent with no proper mitigation approach
  - Significant external risks outside of agency control could have a significant impact on future progress |
- Significant Challenge N/A

Cross-Cutting Relative Rankings

**Noteworthy Progress**

- Tier 1 – Demonstrate Noteworthy Progress in all areas (4 out of 4)
- Tier 2 – Demonstrate Noteworthy Progress in both Impact & Opportunities, but not in all areas (2-3 out of 4)
- Tier 3 – Demonstrate Noteworthy Progress only in Impact and one other area other than Opportunities (1-3 out of 4)
- Tier 4 – Demonstrate Noteworthy Progress in Opportunities and one other area other than Impact (1-2 out of 4)

**Significant Challenges**

- Tier 1 – Demonstrate Significant Challenges in all areas (4 out of 4)
- Tier 2 – Demonstrate Significant Challenges in both Impact & Risks & Challenges (2-3 out of 4)
- Tier 3 – Demonstrate Significant Challenges in Impact and one or more other areas other than Risks & Challenges (1-3 out of 4)
- Tier 4 – Demonstrate Significant Challenges in Risks & Challenges and one or more other areas other than Impact (1-2 out of 4)
Example Review Methodology

RESOURCES
- Funding for program or set of programs
- Knowledge and expertise of workforce

ACTIVITIES
- Funding competitions solicitations, and program announcements
- Merit Reviews

OUTPUTS
- Funded Projects

SHORT-TERM OUTCOMES
- Agency funding has resulted in a portfolio of projects that are conducting research and making progress

INTERMEDIATE/LONG-TERM IMPACT
- Established research project has produced outputs, has trained students, and provided results for new proposals
- The portfolio of projects has resulted in significant outcomes or measureable impact

Context
- Relationships & Capacity

Process
- Quality, Use & Satisfaction

Outcomes
- Effectiveness

Formative evaluation
- Are we doing the “right” work?
- Are we doing the work “right”?
- Have we funded the “right” portfolio?

Summative evaluation
- What difference have we made?

What have we learned that will help us improve?
Example Summary of Findings
Analyse trends in performance measures and funding to identify potential areas of performance needing more attention.

Performance and Funding Index Values FY 2014
(Index values reflect change from past/actuals to future/projected)

Data represent index values derived from 5-7 years of performance and funding information within each strategic objective.
Process

Preparation
• OMB issued guidance in 2012, conducted rollout meetings in 2012 and 2013, and engaged OMB staff during policy development and the reviews.
• Hundreds of agency staff attended strategic planning and review summits in March 2013, February 2014, and July 2014.

Conducting Reviews
• **February 2014**: Agencies presented an “approach”.
• **March-June 2014**: 20 of 23 major agencies conducted a review.
• **May-August 2014**: 19 of 23 agencies held briefings with OMB on findings.
• **September 2014**: Draft publication submitted for OMB review.
• **February 2015**: 17 agencies published results in ‘14 Annual Performance Reports and on Performance.gov. Six major agencies did not. Across the strategic objectives analyzed to date, agencies had identified approximately 14% as making noteworthy progress, and 12% as focus areas for improvement. 74% were in neither category.
Observations on Initial Process

• **Breaking Down Silos:** Agencies reported the Strategic Review was the first time certain programs met to discuss cross-cutting, strategic issues.

• **Identifying Evidence Gaps:** Agencies were able to identify objectives with relatively weak evidence and thus identify areas for improving data.

• **Aligning Activities to the Strategic Plan:** Agencies made progress aligning activities directly with strategic goals and objectives.

• **Engagement:** Many agencies’ performance staffs reported finding value from strategic reviews, and more engagement with leadership than previous crosscutting efforts.
  - Over 100 agency staff attended strategic planning summit in March 2013
  - Over 100 agency staff attended strategic review summits in both February 2014 and July 2014
  - One PIO stated ‘it was the first time in 20 years that their program staff had asked to participate in a performance management effort at the agency.’
  - Some excitement about “moving down the maturity model.”
  - More agencies reporting engagement with top leadership than many previous initiatives (e.g., PART)
# Promising Practices Conducting Strategic Reviews

| **Engage the Right People at the Right Time** | Engaging the right people, appropriately, at each level matters. HQ leadership, bureau/component leadership, regional staff, budget and program staff and evaluation staff should be appropriately engaged. |
| **Identify Supporting Evidence** | If we are making progress or experiencing challenges, how do we know? Incorporating evidence into the process is critical for identifying opportunities, challenges and risks. Using an evidence base to validate and prioritize findings for decision making was important. |
| **Leverage Existing Processes** | It is important to leverage existing processes that drive meaningful dialogue and focus on “use” to support Strategic Reviews. Whether it be embedding the process within existing management (e.g. meetings, memos, working groups) or making adjustments to existing infrastructure, all options should be considered before establishing something completely new. |
| **Align Stakeholders and Performance Information** | All stakeholders (leadership, bureaus, partners etc.) and performance information (performance goals, program data, measures etc.) need to be clearly aligned to the outcome. If a large gap exists, it will be difficult to successfully conduct a review. |
| **Make Assessments Focused on Learning** | It is important to incentivize the right behaviors by focusing on improvement actions, learning and innovation, not target attainment. A fair assessment is objective and supported by evidence that takes into account external factors. |
| **Drive Action and Foresight** | The Strategic Review needs to drive action. It is imperative to identify opportunities to make the process useful to decision making and improving performance. Identifying progress and challenges and the plans to fix issues is key. These reviews could drive reform proposals as appropriate. |
Challenges and Next Steps

Challenges
• Agency Capacity and Engagement
• Evidence and Data Availability
• Publication

Next Steps
• Integrating management reviews
• Continuing Performance Improvement Council communities of practice
• Engaging leaders
Maturity Over Time

There will likely be maturation as agencies become more adept at synthesizing many sources of performance information and conducting analysis.

2013
- Develop Agency Process
- Map Objectives
- Define Sources of Evidence & information
- Identify Gaps
- Establish Baselines

2014
- Performance Measures
- Course Corrections

2015
- Risk Assessment
- Impact Evaluation
- Inform Budget, Legislative and Regulatory Proposals
- Identify Strategic Tradeoffs

2016
- Foresight
- Impact Long-Term Strategies
- Impact Long-Term Strategies

Sources of Evidence/Depth of Analysis
## Future of Performance Management

<table>
<thead>
<tr>
<th></th>
<th>Past</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measures</strong></td>
<td>Count what we can</td>
<td>Being strategic in what we measure to inform strategy</td>
</tr>
<tr>
<td><strong>Data Analysis</strong></td>
<td>Primarily for accountability and reporting</td>
<td>Predictive analytics, applied problem solving</td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td>Compliance</td>
<td>Improve impact and results</td>
</tr>
<tr>
<td><strong>Mission Delivery</strong></td>
<td>Performance measured according to budget</td>
<td>Measuring outcomes</td>
</tr>
</tbody>
</table>
Promising Practices in Performance Management

• Be clear about outcomes and “what success looks like”

• **Build trust** to have honest conversations about challenges

• **Don’t let the perfect be the enemy of the good** - some evidence is better than no evidence

• **Asking the right questions** is more important than having the right answers

• **Persistence and repetition** are key to changing behavior

• **Celebrate or reward success**
Helpful Links

Analytical Perspectives: Delivering a High-Performance Government

Agency Progress
www.performance.gov

Agency Guidance (OMB Circular A-11 Part 6 Sections 200-290 and Section 51)
http://www.whitehouse.gov/omb/circulars_a11_current_year_a11_toc

Questions?
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