

Federal Update

Contents

- A. Update on the Program Assessment Rating Tool (PART): PART Nears Full Cycle Assessing All Federal Programs
- B. Program Performance Evaluation Continues
- C. Federal Competitive Sourcing Slows, But Continues to Demonstrate Results

A. Update on the Program Assessment Rating Tool (PART): PART Nears Full Cycle Assessing All Federal Programs

By Patrick R. Mullen, Ph.D.

Under the President's Management Agenda for performance and budget integration, the Office of Management and Budget (OMB) designed the Program Assessment Rating Tool (PART) to breathe new life into performance-based budgeting as envisioned by the Government Performance and Results Act (GPRA). Federal interest in performance information and its relationship to budgeting practices has existed to varying degrees for over 50 years. This interest resulted in the passage of the Government Performance and Results Act (GPRA) and related management reforms of the 1990s. GPRA mandates that federal agencies develop performance information describing the relative effectiveness and efficiency of federal programs as a means of improving

the congressional decision-making process. Among other statutory obligations, GPRA requires federal agencies to publish strategic and annual plans describing specific program activities with the intention of establishing a more tangible link between performance information for these programs and agency budget requests.

1. How Does the PART Process Work?

The Bush administration has taken several steps to strengthen the performance-resource linkages for which GPRA laid the groundwork. Central to the budget and performance integration initiative, OMB developed the PART as a means to strengthen the process for assessing the effectiveness of programs by making that process more robust, transparent, and systematic. PART is a series of diagnostic questions designed to provide a consistent approach to rating federal programs. Drawing on available performance and evaluation information, the PART questions

rate the strengths and weaknesses of federal programs with a particular focus on individual program results. The PART asks, for example, whether a program's long-term goals are specific, ambitious and focused on outcomes, and whether annual goals demonstrate progress toward achieving long-term goals.

PART is designed to be evidence-based, drawing on a wide array of information, including authorizing legislation, GPRA strategic plans, annual performance plans and reports, and reviewing financial statements, inspectors general reports, and independent program evaluations. The reviews of individual programs are done on a collaborative basis by the OMB budget examiner responsible for the program's budget presentation in the president's budget documents and the program, planning and budget offices in the respective departments and agencies. OMB makes the final PART determinations but the departments can appeal OMB's decisions for a better score for each section where they can demonstrate improvement. The program office can also provide more information the next year to show progress; this is known as "re-PARTing." PART questions are divided into four sections. Each section is given a specific weight in determining the final numerical rating for a program. Table 1 shows an overview of the four PART sections and the weights OMB has assigned.

The answers to the questions in each of the four sections discussed in Table 1 result in a numerical score for each section ranging from 0 to 100. These scores are then weighted to give a summary score, again ranging from 0 to 100, for the program. In the budget documents explaining PART scoring, OMB states "Because reporting

a single weighted numerical rating could suggest false precision, or draw attention away from the very areas most in need of improvement, numerical scores are combined and translated into qualitative ranges." The qualitative ratings and point ranges of the weighted summary ratings are: Effective (85-100), Moderately Effective (70-84), Adequate (50-69), and Ineffective (0-49).

Since the fiscal year 2004-budget cycle, which began with preparation of the 2004 budget request in calendar year 2002, OMB has applied PART to 977 programs (about 96 percent of the federal budget) and given each program one of the four overall ratings discussed above. A fifth category of "Results Not Demonstrated" was given—independent of a program's numerical score—if OMB decided that a program's performance information, performance measures, or both were insufficient or inadequate. As program and budget officers learn how to satisfy PART requirements, they are able to convince OMB budget examiners that there is enough performance information to make a definite determination of where a program falls within the four performance categories. During calendar year 2006, the Administration assessed all remaining executive branch programs, with limited exceptions, and reported the results with the release of the fiscal year 2008 budget request. Table 2 shows the distribution of ratings from calendar years 2002 through 2006 (fiscal years 2004-2008) budget requests.

For each program assessment, PART summary worksheets were published in a separate volume starting with the president's fiscal year 2004 budget request. For the

Table 1: Overview of Sections of PART Questions		
Section (Weight)	Description	Selected Questions
1. Program Purpose and Design (20 %)	To assess whether <ul style="list-style-type: none"> • The purpose is clear, and • The program design makes sense. 	<ul style="list-style-type: none"> • Is the program purpose clear? • Does the program address a specific and existing problem, interest or need? • Is the program designed so it is not redundant or duplicative of any other federal, state, local or private effort? • Is the program design effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program’s purpose directly?
2. Strategic Planning (10 %)	To assess whether the agency sets valid programmatic <ul style="list-style-type: none"> • Annual goals, and • Long-term goals. 	<ul style="list-style-type: none"> • Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the program purpose? • Do all partners (grantees, sub-grantees, contractors, cost-sharing partners, government partners) commit to and work toward annual and/or long-term goals? • Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?
3. Program Management (20%)	To rate agency management of the program, including <ul style="list-style-type: none"> • Financial oversight, and • Program improvement efforts. 	<ul style="list-style-type: none"> • Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? • Are federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, government partners) held accountable for cost, schedule and performance results? • Does the program use strong financial management practices?
4. Program Results and Accountability (50%)	To rate program performance on goals reviewed in <ul style="list-style-type: none"> • The strategic planning section, and • Through other evaluations. 	<ul style="list-style-type: none"> • Has the program demonstrated adequate progress in achieving its long-term performance goal(s)? • Does the program (including program partners) achieve its annual performance goals? • Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? • Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Source: *Analysis of the Budget of the United States Government, Fiscal Year 2004, Performance and Management Assessments* (Washington, D.C.: February 2003) and the PART Excel spreadsheet questions.

Table 2: PART Program Ratings by Year Completed, 2002-2006

Ratings	2002 (FY 2004)	2003 (FY 2005)	2004 (FY 2006)	2005 (FY 2007)	2006 (FY 2008)
Effective	6%	11%	15%	15%	17%
Moderately Effective	24%	26%	26%	29%	30%
Adequate	15%	20%	26%	28%	28%
Ineffective	5%	5%	4%	4%	3%
Results Not Demonstrated	50%	38%	29%	24%	22%
Total Programs	234	407	607	793	977

Source: Office of Management and Budget, Budget of the United States Government, Fiscal Year 2008, Analytical Perspectives, p. 15.

fiscal year 2005 and 2006 budget requests, similar information was provided on the OMB Web site and in an accompanying CD-ROM. The detailed, supporting worksheets for each program were posted on OMB's Web site. For programs assessed and published with the budget request for the first time, all summary sheets display the program's goals and measures, budget information, significant findings and recommendations (also known as follow-up program actions). Beginning with the FY 2006 budget request, summary sheets for programs that have been reassessed or originally published with the fiscal year 2004 or 2005 budget requests include information on when the program was last assessed and the status of the follow-up actions. Status ranges from "no action taken" to "action taken but not completed" to "completed." For fiscal years 2007 and 2008 reporting of PART results, OMB's PART recommendations are generally aimed at improving program design, management, funding, and/or assessment. They can be general or very specific. Examples of recommendations for each of the four categories are shown in Table 3.

2. Observations About the Impact of PART Reviews

PART is credited for helping to structure OMB's use of performance information for its internal program and budget analysis, making the use of this information more transparent, and stimulating agency interest in budget and performance integration. OMB and agency staff said this helped OMB staff with varying levels of experience focus on similar issues. One of PART's major impacts is its ability to highlight OMB's recommended changes in program management and design. Much of PART's value lies in the related program recommendations, but realizing these benefits requires sustained attention to implementation and oversight to determine if desired results are achieved.

There are inherent challenges in assigning a single rating to programs having multiple purposes and goals. OMB devoted considerable effort to promoting consistent ratings, but challenges remain in addressing inconsistencies among OMB staff, such as interpreting PART guidance and defining acceptable measures. Limited credible evidence on results also constrained OMB's ability to rate program effectiveness, as

Table 3: Examples of PART Recommendations for Categories of Program Management	
Category	Example of Recommendations
Program Design	<p>“Reduce unnecessary subsidies to lenders and other program participants.”</p> <p>“The 2006 Budget proposes to restructure the grant allocation process, providing the Secretary with greater discretion to award funds based on risks, threats, and vulnerabilities.”</p>
Program Management	<p>“Continue to improve the contractor evaluation processes and weapon program performance metrics to focus on schedules and performance against baselines to increase performance and cost-effectiveness.”</p> <p>“Increase the number of accounts supporting this program to quicken the transfer of funds with contractors and increase management flexibility to address changing security conditions and mission priorities. This will significantly improve the obligation and costing process of funds.”</p>
Funding	<p>“Maintaining funding at the 2005 enacted level until the agency can show how it will use additional funds to improve performance.”</p> <p>“Directly related to the PART findings, the Budget includes \$37 million, a \$3 million decrease.”</p>
Program Assessment	<p>“Develop a means of regularly performing independent evaluations to examine program effectiveness.”</p> <p>“Developed baselines for its proposed long-term measures. Without baselines for the measures, it was impossible to verify the performance of the program.”</p>

Source: OMB PART assessments.

evidenced by the 50 percent of programs rated “results not demonstrated” in the fiscal year 2004 budget documents. PART is not yet well integrated with GPRA, which is the current statutory framework for strategic planning and reporting. By using the PART process to review and sometimes replace GPRA, goals and measures, OMB is substituting its judgment for a wide range of stakeholder interests. The PART-GPRA tension is further highlighted by challenges in defining a unit of analysis useful for both program-level budget analysis and agency planning purposes. Although PART can stimulate discussion on program-specific measurement issues, it cannot substitute for GPRA’s focus on thematic goals and department- and government-wide

crosscutting comparisons. OMB is now using PART to a greater extent to evaluate similar programs together to facilitate trade-offs or make relative comparisons.

PART clearly must serve the president’s interests. However, the many actors whose input is critical to decisions will not likely use performance information unless they feel it is credible and reflects a consensus on goals. It is important for OMB to initiate timely discussions with Congress concerning the focus of PART assessments and to clarify the results and limitations of PART and the underlying performance information. A more systematic congressional approach to providing its perspective on performance issues and goals could facilitate OMB’s understanding of congressional priorities

and thus increase PART's usefulness in budget deliberations.

The PART process has aided OMB's oversight of agencies, focused agencies' efforts to improve program management, and created or enhanced an evaluation culture within agencies. Although the PART has enhanced the focus on performance, the PART remains a labor-intensive process at OMB and agencies. However, most PART recommendations are focused on improving outcome measures and data collection, and are not designed to result in observable short-term performance improvements. Since these necessary first steps on the path to long-term program improvement do not usually lead to improved short-term results, there is limited evidence to date of the PART's influence on outcome-based program results. Moreover, as of February 2007—the date of the most recent available OMB data—the majority of follow-up program recommendations have not yet been fully implemented. By design OMB has not prioritized them within or among agencies. Because OMB has chosen to assess nearly all federal programs, OMB and agency resources are diffused across multiple areas instead of concentrated on those areas of highest priority both within agencies and across the federal government. This strategy is likely to lengthen the time it will take to observe measurable change compared with a more strategic approach. OMB has used the PART as a framework for several crosscutting reviews, but these have not always included all relevant tools, such as tax expenditures, that contribute to related goals. Greater focus on electing related programs and activities for concurrent review will improve their usefulness.

In the fiscal year 2008 budget request,

OMB discussed its planned next steps to improve the effectiveness of the president's budget and performance integration initiative:

1. Ensure plans are aggressive and result in improved performance through rigorous follow-up on recommendations from the PART to accelerate improvements in the performance of federal programs. This will ensure that the hard work done through the PART produces performance and management improvements through tracking and reporting mechanisms established by OMB.
2. Expand cross-cutting analyses by using the PART to facilitate cross-cutting analysis where there is a higher return than approaching programs individually. The goal of these efforts is to increase efficiency and save dollars by building on the success of previous cross-cutting analyses. OMB states that congressional guidance will be a factor in choosing topics for the next group of cross-cutting analyses.
3. Maximize www.ExpectMore.gov impact by holding the federal government accountable to the public for its performance. OMB states that this “web-based tool provides candid information on how programs are performing and what they are doing to improve.”

3. Conclusions

OMB is to be commended for developing the PART to bring a renewed focus on individual program-level management and performance. PART has had several successes, including

helping structure and discipline OMB’s use of performance information over a broad range of programs, questions, and evidence. PART has also made OMB’s use of performance information more transparent in terms of public reporting of judgments and sources, including explicit recommendations to change management practices and program design in response to PART findings. This has, in turn, stimulated agencies’ interest in performance and budget integration and in improving evidence regarding demonstrating program results. Nevertheless, several challenges have also been evident during five years of PART implementation, such as the consistent application of general principles to diverse cases, which requires interpretation and judgment. Another challenge is for agencies, OMB, and Congress to define agreed-upon program outcomes and reduce complexity to a consensus bottom-line rating. This challenge is exacerbated by the difficulty of obtaining credible information on program effectiveness, which is compounded by limited agency evaluation capacity. If these challenges can be successfully overcome—which will be an incredibly difficult task to say the least—OMB will have gone a long way, through its development of PART, in providing performance-based information on individual programs to the full range of actors who implement budget, policy, and management decisions.

Patrick R. Mullen, Ph.D. is an assistant professor of public administration and policy, with a joint appointment with the Institute for State Leadership and Policy, at the University of Illinois at Springfield.

B. Program Performance Evaluation Continues

This past year brought about another round of performance reviews as the administration implemented its Program Assessment Rating Tool (PART). Every budget submitted by this administration has used this tool to rate programs and use the ratings to determine budget priorities. Many failing or ineffective programs have been outlined for elimination or reduction in previous budgets, however, Congress has yet to use the rating or the outcomes in determining funding. In the FY2008 budget, 91 programs will be terminated for a savings of \$5 billion and 50 programs have seen major reductions providing \$7 billion in savings, for a total of \$12 billion in savings.

In the fifth year of reviewing government programs via PART, the Office of Management and Budget has now assessed about 96 percent (977 programs) of all federal programs. The following chart outlines the breakdown of PART results:

Number of Programs Assessed	977
Effective	17%
Moderately Effective	30%
Adequate	28%
Ineffective	3%
Results Not Demonstrated	22%

The success of federal programs has been growing according to PART’s standards showcasing that now 75 percent of them are operating “effectively.” PART’s primary role is to ensure that these programs do

what Congress mandated them to while being managed effectively, thus providing value for the taxpayers. The programs in the bottom 25 percent are now candidates for termination or reduction in funding to bring about reform. Those that are rated as ineffective “are not using tax dollars effectively” and 22 percent cannot show any impact or results for their efforts or spending because “they have not been able to develop acceptable performance goals or collect data to determine whether it is performing.”

Increasingly, Congress has paid more attention to these ratings as reflected in the number of programs terminated. For example, in FY2005 only seven of the 65 proposed reductions occurred; this year 91 were terminated. Additionally, OMB launched www.expectmore.gov to shed more transparency on PART. On this Web site, citizens are able to view which programs have been evaluated and their ratings are searchable by keyword, topic or agency.

C. Federal Competitive Sourcing Slows, But Continues to Demonstrate Results

The FY2008 budget illustrated a continued implementation, although slow, of public-private competition for federal jobs. In the section devoted to federal management, officials revealed that since the Office and Management and Budget’s (OMB) Circular A-76 overhaul in 2003 they have seen, “process reengineering, workforce realignments, better leveraging of technology and operational consolidations.” Furthermore, the budget’s text also

reiterated that getting rid of the provisions that limit best value contracts “would allow taxpayers to get the best results possible from competitive sourcing.”

In May, OMB reported to Congress on the results of competitions in 2006. The federal government completed 183 competitions, comprised of 6,678 full-time equivalent employees representing about 1.7 percent of the federal workforce. While a wide range of activities were studied, information technology, maintenance and property management were among the most studied areas.

Federal employees won 87 percent of the competitions, generating savings of \$1.3 billion over the next five to ten years. Each position studied saved of \$34,500, or 36 percent gross savings.

Since 2003, 12 percent of the federal workforce has faced a competition, winning 83 percent of them and generating savings of \$6.9 billion. Taxpayers get \$31 for every dollar invested in competition, for a total of \$226 million invested in competitive sourcing. Furthermore, average net savings are 28 percent per position studied.



Table 5: Competitive Sourcing FY2006 Results	
	FY2006 Total
Completed Competitions	
Number of PMA agencies completing competitions	20
Number of competitions completed	183
Number of FTEs completed	6,678
Total estimated net savings	\$1.3 billion*
Estimated annualized savings	\$220 million
Competitions where federal agency selected to perform work (as a percentage of total FTEs completed)**	87%
Announced Competitions	
Number of competitions announced	86
Number of FTEs announced	9,691

* Figure rounded to nearest \$100 million.

** Calculated by FTEs competed.

Table 6: Cumulative Results (2003-2006)	
	Four-Year Total*
FTE competed	46,825
Number of competitions conducted	1,243
FTE competed under standard competitions	36,696**
Incremental cost	\$230 million
Estimated net savings	\$6.9 billion
Estimated annualized savings	\$1.1 billion

* Dollar savings figures are rounded to nearest \$100 million.

** Standard competitions require head-to-head competition between the public and private sectors and the development of an MEO staffing plan by the federal incumbent provider.

Table 7: Four Year Averages	
	Four-Year Average
FTE competed	38
Number of competitions conducted	78%*
FTE competed under standard competitions	\$5,000**
Incremental cost	\$25,000
Estimated net savings	83%

* Standard competitions require head-to-head competition between the public and private sectors and the development of an MEO staffing plan by the federal incumbent provider.

** Incremental cost figures are rounded to nearest thousand.