

SECTION 240—ANNUAL PERFORMANCE PLANNING

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Summary of Changes

Updates Annual Performance Plan to be published with agency FY 2018 final congressional budget justifications.

Updates reporting of major management challenges in Annual Performance Plan.

240.1 What is an Annual Performance Plan?

The Annual Performance Plan (APP) is a description of the level of performance to be achieved during the year in which the plan is submitted and the next fiscal year. The plan should also be specific in describing the strategies the agency will follow, explaining why those strategies have been chosen, and identifying performance targets and key milestones that will be accomplished in the current and next fiscal year. It should be comprehensive of the agency’s mission by showing the plan for each strategic objective.

240.2 What is the purpose of an Annual Performance Plan?

Agencies prepare an Annual Performance Plan to communicate the agency’s strategic objectives and performance goals with other elements of the agency budget request. The plan describes how the goals will be achieved, identifies priorities among the goals and explains how the agency will monitor progress. The

APP also updates the previous APP to reflect changes in plans, funding decisions, and changes in the environment.

240.3 How does the Annual Performance Plan relate to the Strategic Plan?

The Annual Performance Plan should align to the agency's strategic goals and objectives, explaining how they will be achieved. Strategic goals are advanced by strategic objectives, which in turn, are supported by specific performance goals and indicators. For each strategic goal, the annual plan should show the supporting strategic objectives and performance goals. The indicators that will be used to track, interpret or improve progress on performance goals must also be included in the performance plan.

The Annual Performance Plan supports the agency's budget request by identifying the performance goals and key milestones that an agency will pursue in the coming year. Results of agency progress on strategic objectives and performance goals are presented and discussed in the Annual Performance Report. Agencies may choose to drop or add measures in the Annual Performance Plan, in consultation with OMB.

The FY 2016 Performance Report format should be aligned to the strategic plan framework. Agencies should still report FY 2016 results of performance goals and indicators that will be discontinued, and targets for dropped measures no longer need to be set as a part of the FY 2018 Performance Plan.

240.4 What is the relationship between the Annual Performance Plan, Annual Performance Report and Congressional Budget Justification?

Section [51](#) outlines agency budget justification requirements. The performance plan may be used to structure the budget submission, or at minimum, be part of the agency's budget submission to OMB and to Congress. Changes in the plan should reflect changes to the program activities in the budget request.

To reduce duplication and to communicate future plans in the context of historical trends, agencies are strongly encouraged to consolidate the Annual Performance Plan with the Annual Performance Report to deliver them concurrent with the Congressional Budget Justification and on Performance.gov by strategic objective. Agencies should consult with relevant congressional appropriations committees to confirm their support for modifications to the format of the Congressional Budget Justification.

240.5 Does the agency Annual Performance Plan incorporate the Cross-Agency Priority Goals?

Yes. See sections [210](#) and [220](#) for details.

240.6 How will agencies be expected to link resources to the performance plan this year?

Performance information in the Annual Performance Plan, especially the goals, indicators of past performance and other evidence such as evaluations, should inform agency budget decisions, complementing other factors considered in the budget process. The funding proposed in agency FY 2018 final budget submissions should reflect funding levels the agency believes are needed to meet proposed FY 2018 targets. Current year performance goals should be updated to reflect final congressional action on appropriations and other changes in external conditions, as necessary. The performance goals in Annual Performance Plans should be consistent with those set through agency strategic and performance planning processes.

The strategic goals and objectives in the performance plan should capture efforts for all program activities in the budget request. Agencies may aggregate, disaggregate, or consolidate program activities for the purposes of aligning performance information and resources as appropriate for the agency size, except that any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation for the agency.

240.7 What content should be included in the Annual Performance Plan and how will it be published?

The content table in section [210](#) establishes what information must be included in the Annual Performance Plan. This section should be considered in conjunction with section [51](#), on Basic Justification Materials as well as section [210](#) which describes requirements for publication of the plan on Performance.gov. Agencies that were required to establish FY 2016–2017 Agency Priority Goals on Performance.gov will be expected to publish Annual Performance Plan information organized by strategic objective on Performance.gov. The FY 2018 Annual Performance Plan will be developed to align with the incoming administration’s policies and will be published concurrent with the agency’s final FY 2018 congressional budget justification, with all agencies producing a full agency performance plan for posting on the agency website with all required content. The agency’s congressional committees may also require additional information for the performance plan that is submitted to Congress.

240.8 How should agencies report performance improvement actions for items identified as major management challenges in the Annual Performance Plan?

Major management challenges are programmatic or management functions, within or across agencies, that have greater vulnerability to waste, fraud, abuse, and mismanagement (such as issues the Government Accountability Office identifies as high risk or issues that an Inspector General (IG) identifies) and where failure to perform well could seriously affect the ability of an agency or the Federal Government to achieve its mission or goals. Agencies may consider IG recommendations on serious management and performance challenges as well as management issues and risks or areas most critical to the agency’s mission delivery when developing performance goals as part of performance planning. Where applicable, agencies should highlight instances where a performance goal has been developed as a result of a major management challenge, and include detailed performance information required in section [210.11](#).

Agencies should address identified major management challenges in the Agency Annual Performance Plan as a part of *Other Information* if not addressed as agency priority or performance goals elsewhere in the performance plan. Agency discussion of major management challenges in the Annual Performance Plan should include: planned actions to address major management challenges; performance goals, indicators and/or milestones used to measure progress for the major management challenges identified; and the agency official (title and office) responsible for resolving such challenges. See section [210.11](#).

240.9 What are data of “significant value?” What attributes and dimensions should agencies consider when selecting and gathering data to improve agency progress on goals?

Data are most valuable when they are meaningful for analyzing progress and identifying ways to improve performance. Data need to be sufficiently accurate, and timely to inform a decision, behavior, or outcome by those who have authority to take action. For information to be actionable, it must be prepared in a format appropriate for the user. A first step for agencies will be to identify data sources that are already available and assess whether they adequately measure the performance goal or other indicator of interest. Agencies may be able to adapt existing data, or they may find that new data sources will need to be developed. Data attributes to consider include:

- **Frequency**—How often should the data be collected in order to impact future performance? How quickly is it needed to make sound decisions? Annually, quarterly, monthly, weekly, daily?
- **Time**—Is the time of day, day of the week, or week of the year likely to correlate with performance or causal factors affecting performance (e.g.; time of incidents, demand patterns)? If so, is it worth tagging performance indicators with this information so that they can be sorted to see variations in performance patterns across time?

- **Users**—Who uses the data to learn from experience, improve performance, or make decisions and for what purpose? Are they *responsible* for achieving the task, *accountable* for accomplishing it, potentially *supportive* of the endeavor, likely to be *consulted* due to their expertise, or do they need to be kept *informed*? Are they in central offices, field, among delivery partners, public or Congress? What does that information-using role imply for the form, timing, collection and dissemination of the collected indicators?
- **Format**—How will people use the information and what format is most conducive to its use?
- **Methods**—How are data collected or delivered and what methods are used to get feedback on the data to continually improve its quality or usefulness? What challenges related to data collection may impact its use?
- **Context and Analysis**—What analysis and evaluation will be needed in order to be able to use the data to make decisions or improve performance?
- **Cost**—How costly or burdensome is the data collection or analysis before it can be put to use?

240.10 What kind of evidence is considered appropriate for use in managing performance under the GPRA Modernization Act?

For the purpose of managing performance under the GPRA Modernization Act, evidence is the available body of facts or information indicating whether a belief or proposition is true or valid. Evidence can be quantitative or qualitative, and may come from a variety of sources, including performance measurement, evaluations, statistical series, retrospective reviews, and other data analytics and research. Evidence has varying degrees of credibility, and the strongest evidence generally comes from a portfolio of high-quality evidence rather than a single study. The credible use of evidence in decision-making requires an understanding of what conclusions can be drawn from the information, and equally important, what conclusions cannot be drawn. For example, multiple rigorous impact and implementation evaluations may provide strong evidence that a particular intervention is effective with a particular population, but it may be less definitive on how effective that intervention may be in other settings or with other populations. Quasi-experimental evidence from large, diverse samples of administrative data may ease generalizability, but could lack definitive evidence on causality or be silent on important outcomes

Other Indicators Sometimes Essential for Interpreting Performance Indicators

Some performance indicators require context and analysis to interpret the agency's performance trends accurately, so other indicators are needed to accompany performance indicators. Here are a few examples:

Other indicators: When an agency faces a process backlog and sets a target to reduce the backlog, it is not sufficient to track only the size of the backlog or the percent of applications processed within the threshold processing time set. It is also essential to track input indicators (e.g.; the number of applications coming in to the agency) and output indicators (e.g.; number of applications processed by the agency) for the same time period to interpret accurately the agency's performance addressing the backlog.

External factor indicators: When an agency reviews the performance across field offices or delivery partners, meeting indicator targets does not always mean the intended outcome is being achieved. The number of people receiving jobs after participating in a state's employment readiness program could be very high as compared to another program in a different state. In that situation, contextual indicators may be critical to understanding the performance of individual delivery units. The participants, economic conditions, or level of demand for services in an area may be critical to interpreting the job placement rates and for finding effective practices for improving performance.

not captured in the administrative data. Descriptive analyses from Federal statistical series provide context to examine societal and economic trends over time. Qualitative evidence can complement other evidence by providing insight into how programs and practices can be implemented successfully.

This is a broad definition of evidence, but portfolios of evidence have varying degrees of credibility. The concept of ‘intended use’ of evidence allows agencies to set expectations for levels of credibility appropriate to the specific purpose for which the portfolio of evidence will be used. This concept aligns with OMB’s guidance, which instructs agencies to weigh the costs and benefits of higher evidence quality in gathering evidence and in the level of quality to which the evidence disseminated will be held.

240.11 What can be used to drive performance in areas where quantifiable performance goals cannot be developed?

When agencies cannot express a performance goal in a quantifiable form for a particular program, an “alternative form” performance goal or suite of indicators may be used instead. For example, milestones are often used as the basis of an alternative form performance goal. In other cases, the attainment or maintenance of a third-party, established, standard can be a qualitative, measureable performance goal, such as obtaining an unmodified audit opinion on the agency’s financial statements. For certain programs, a suite of indicators in lieu of a performance goal will be appropriate. Evaluations and other assessment tools may also be helpful.

240.12 How should evidence, aside from performance goals and indicators, be incorporated in the Annual Performance Plan?

Agencies should demonstrate the use of evidence throughout their FY 2018 budget submissions, particularly in support of the performance goals and strategies in the Annual Performance Plan and 2018 final congressional budget justification. Evidence comes in different forms that can be useful (e.g.; evaluations, research studies, data analytics and retrospective reviews of regulation). Some evidence helps programs better understand the characteristics of the problems they are trying to tackle, while other evidence reveals agency practices and other factors that affect the problems agencies want to affect. Use of evidence in budget, management, and policy decisions is critical to make government work effectively.

240.13 What is required by the GPRA Modernization Act on lower-priority program activities?

Agencies are required to identify lower-priority program activities as a part of the FY 2018 performance planning process and final budget submission. In cases where small agencies have only one program activity in the President’s Budget the agency may disaggregate the program activity for the purposes of identifying lower-priorities appropriate to the agency’s size.

240.14 How should agencies prepare and publish the lower-priority program activities?

Agency budget submissions to OMB must include a draft list of the agency’s proposed lower-priority program activity designations using the template and instructions provided on <https://max.omb.gov/community/x/C5VxIQ>. Agencies should provide to OMB in their final FY 2018 budget submission a draft list of lower-priority program activities using the FY 2018 budget guidance to be provided by OMB to agencies.

According to the law, the agency’s draft submission to OMB must include an explanation of the lower-priority program activity selection based on the agency’s analysis of the programs’ contribution to the mission and goals of the agency, and an evidence-based justification for designating a program activity as lower-priority.

As in previous years, OMB will work with agencies to approve and finalize lower-priority program activity lists under the budget process, prior to the publication of the President’s Budget. OMB will work with

agencies to approve and finalize lower-priority program activities under the budget process, prior to the publication of the President’s Budget.

Agencies must publish in the agency’s performance plan a clear reference to the President’s Budget for the agency’s lower priorities such as “*The President’s Budget identifies the lower-priority program activities, as required under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at: <http://www.whitehouse.gov/omb/budget>.*”

240.15 What criteria should agencies use when selecting their lower-priority program activities?

Criteria that agencies could consider, in combination, for identifying lower-priority programs may include:

- Alignment—Program activities that are not aligned with mission of the organization or a Cross-Agency Priority Goal.
- Duplication—Program activities addressing issues that are already addressed by another entity within or outside the Federal Government.
- Scope—Program activities considered to be small scope, low-budget, inconsequential or insignificant.
- Impact—Program activities that do not affect the public significantly, directly, or indirectly.
- Stakeholders—Program activities that, if reduced or eliminated, would not have significant negative impacts on stakeholders.

240.16 The GPRA Modernization Act requires each agency to make available on the web an update on agency performance. How and when will agencies publish the final Annual Performance Plan?

Since the passage of the GPRA Modernization Act, agencies have been aligning the annual performance plan and report with the agency’s congressional budget justification, both to improve the accessibility and usefulness of agency performance reporting for stakeholders, as well as to reduce the burden of duplicative planning and reporting timelines. Recognizing normal timelines will need to accommodate the transition to a new administration and consistent with past practice, this fiscal year the FY 2018 Annual Performance Plan should be developed to align with the incoming administration’s policies and will be published concurrent with an agency’s final FY 2018 congressional budget justification. Agencies will submit to OMB the FY 2018 performance plan components of their budget materials once a new administration (or transition team) is in place.

Exact timelines and guidance for development and publication of the FY 2018 Annual Performance Plan will be communicated to agencies through an OMB memorandum once a new administration is in place. Agencies will submit electronically the rough draft Annual Performance Plan to OMB by posting it on <https://max.omb.gov/community/x/C5VxIQ>.

Notification to Congress is transmitted electronically by the agency head. When delivering notification to Congress, agencies should also notify the President and OMB Director by posting a copy of the final document on MAX at <https://max.omb.gov/community/x/C5VxIQ> and a link on Performance.gov. Related submission questions should be emailed to performance@omb.eop.gov.

240.17 How does the Annual Performance Plan relate to the agency’s enterprise architecture?

Once an agency’s performance plan is established, agencies should ensure that the enterprise architecture planning documents are consistent with achieving the agency goals and objectives. This will require direct

alignment of the capital and enterprise architecture planning efforts to meet the strategic objectives and performance goals in agency strategic and annual performance plans, to the extent that information technology resources are critical to the achievement of those objectives and goals.

