

## Agency Performance Plan

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### Overview

### Requirements

When updating its performance plan, the agency is to follow certain requirements for the planning process and must ensure that its performance plan contains specific elements:

- agency performance goals;
- a description of how the agency performance goals contribute to the agency's general (or strategic) goals;
- a description of how the agency performance goals contribute to any federal government performance goals;
- an identification of agency priority goals;
- a description of the strategies and resources required to meet the agency performance goals;
- clearly defined milestones;
- an identification of the organizations, program activities, regulations, policies, and other activities that contribute to each performance goal, both within and external to the agency;
- a description of interagency collaboration to achieve the agency performance goals and the federal government performance goals;
- an identification of goal leaders;
- balanced set of performance indicators;
- basis for comparing results;
- a description of how the agency will ensure data accuracy and reliability;
- a description of major management challenges; and
- an identification of low-priority programs.

31 U.S.C. § 1115(b).

### Select Legislative History

Annual program performance plans are what provide the direct linkage between an agency's longer-term goals (as defined in the strategic plan) and what its managers and staff are doing on a day-to-day basis. These plans are often hierarchical in form, showing what annual performance goals need to be accomplished at each level in order for the next higher level to meet its own goals. S. Rep. No. 103-58, at 15 (1993).

Performance goals may relate to either "outputs" or "outcomes", the latter usually being the most important for policy purposes, but the former often being a useful management tool (especially when their per-unit costs are also tracked). A common weakness in program performance plans is an over-reliance on output measures, to the neglect of outcomes. Eligible clients completing a job training program are outputs; an increase in their rate of long-term employment would be an outcome. There could be similar outcome goals measuring the effectiveness of federal community development block grants, such as percentage increases in property values and net new jobs created within the targeted areas. Even at the lowest operational level, there can be goals for processing time, error rates, customer/citizen- satisfaction levels, etc. S. Rep. No. 103-58, at 15 (1993).

It is very important that annual performance plans include goals, not just for the quantity of effort, but also for the quality of that effort. These goals should be as specific as possible, they should drive much of the daily operations of the agency, and they should aim at achieving the long-term general goals of the agency's strategic plan. S. Rep. No. 103-58, at 15 (1993).

It is also important that the resources needed to achieve the goals be indicated as part of the plan. The Senate Committee on Homeland Security and Governmental Affairs was concerned about the "hollow government" phenomenon—where an agency has inadequate resources to meet its public missions. Whether the proper remedy is to increase the level of resources allocated, or to reduce the level of service to which the agency is committed, both should be brought into balance. The annual performance plan should show how program goals will be supported through sufficient management skills and human, budgetary, and physical resources. S. Rep. No. 103-58, at 16 (1993).

Not all governmental programs lend themselves easily to measurable goals. For some it will be very difficult, and for a few, perhaps impractical altogether. Nonetheless, managers should resist the temptation to decide too quickly that a particular program is unsuitable for measurable goals. The fundamental question is, what is the difference between a successful program and a failure? Between a well-run operation and one that is mismanaged? How can we tell the difference, and how should that be defined? If the difference cannot be defined, then is that not just an invitation to waste, inefficiency, and ineffectiveness? S. Rep. No. 103-58, at 16 (1993).

### Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:

- practices to improve the usefulness of agency performance plans ([GAO/GGD/AIMD-99-215](#); [GAO/GGD/AIMD-99-69](#); [GAO/GGD/AIMD-98-228](#)); and
- guides for assessing agency performance plans ([GAO/GGD/AIMD-10.1.18](#); [GAO/GGD-10.1.20](#)).

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### *Performance Planning Process*

#### Requirements

Each year, published concurrently with the President's Budget, the agency is to update its performance plan to show the expected level of performance to be achieved in the current and next fiscal years. The agency is to make the plan available on its website and notify the President and Congress of its availability. 31 U.S.C. § 1115(b).

The performance plan is to cover each program activity set forth in the agency's budget. An agency may aggregate, disaggregate, or consolidate program activities, except that any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation. 31 U.S.C. § 1115(b), (d).

The performance plan is to be consistent with the agency's strategic plan. The agency may not submit a performance plan for a fiscal year not covered by a current strategic plan. 5 U.S.C. § 306(c).

The agency may submit a classified appendix covering any portion of the performance plan that is specifically authorized under established criteria to be kept secret in the interest of national defense or foreign policy and is properly classified as so. 31 U.S.C. § 1115(e).

The functions and activities related to agency performance planning are considered inherently governmental functions, only to be performed by federal employees. 31 U.S.C. § 1115(f).

If the agency has a Chief Human Capital Officer (CHCO), the CHCO is to prepare the strategies and resources section of the performance plan. 31 U.S.C. § 1115(g).

#### Select Legislative History

The Act requires that an agency's performance plan cover a two-year period, including both the current fiscal year and the next one. Under a prior law, an agency's performance plan was only required to cover the next fiscal year. Adding the current year requirement will enable an agency to update its current year goals, milestones, and strategies to reflect actual resources and any changes in the operating environment that differ from what was expected when the original plan was submitted the previous year. This, in turn, will provide a more up-to-date context for evaluating the goals for the upcoming fiscal year. S. Rep. No. 111-372, at 5-6 (2010).

The activity structure in the Budget of the United States Government is not consistent across various programs, being tailored to individual accounts. This lack of uniformity results in too many program listings for some accounts and an overly broad aggregation for others. A single account may contain ten or more projects or activities. The annual plans are not intended to be voluminous presentations describing performance at every level for every activity. The annual plans and reports are to inform, not overwhelm the reader. The agencies are expected to use good judgment in determining the array of program activities presented in the plan, and to consolidate, aggregate, or disaggregate the lists of program activities appearing in the budget accounts. S. Rpt. No. 103-58, at 31 (1993).

For certain government functions and operations, many key performance goals and indicators should not be publicly revealed. Publishing them could, for example, compromise national defense or undercut negotiating strategy with other countries. The Act allows an agency to prepare a classified or non-public annex to its annual performance plan covering program activities that

relate to national security and the conduct of foreign affairs. The parameters set out in the Freedom of Information Act may be useful to agencies in determining whether material belongs in such an annex. An agency preparing a classified non-public annex is expected to minimize the number of performance goals and indicators contained therein. S. Rpt. No. 103-58, at 31 (1993).

### Related GAO Work

GAO has suggested several practices that support this requirement, including:

- connecting mission, goals, and activities ([GAO/GGD/AIMD-10.1.18](#), p. 12; [GAO/GGD-10.1.20](#), pp. 21-23); and
- aggregating, disaggregating, or consolidating program activities to align them with performance goals ([GAO/GGD/AIMD-10.1.18](#), pp. 12-14; [GAO/GGD-10.1.20](#), pp. 23-30).

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### *Performance Goals*

#### Requirements

The agency performance plan is to establish performance goals—expressed in an objective, quantifiable, and measurable form, unless otherwise authorized—to define the level of performance to be achieved during the current and next fiscal years. 31 U.S.C. § 1115(b)(1), (2).

If an agency, in consultation with the Office of Management and Budget (OMB), determines it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, OMB may authorize an alternative form. 31 U.S.C. § 1115(c).

#### Select Legislative History

Annual performance goals are the major means for gauging progress toward accomplishment of the longer-term general or strategic goals contained in the strategic plan. The Act specifies that most performance goals are to be expressed in an objective, quantifiable, and measurable form. It is important that a performance goal be defined with sufficient precision to permit ready assessment of progress in meeting that goal. There may be several performance goals for any general goal in a strategic plan. S. Rep. No. 103-58, at 29 (1993).

The performance goals should conform with the level of resources requested for the relevant program activities in the Budget of the United States Government. Agencies are expected to make appropriate adjustments to the annual plans in order to reflect the staffing and funding levels in the budget. S. Rep. No. 103-58, at 29 (1993).

### Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:

- enhancing performance goals to better articulate a results orientation ([GAO/GGD/AIMD-99-69](#), pp. 10-18);
- defining expected performance ([GAO/GGD-10.1.20](#), pp. 15-16; [GAO/GGD/AIMD-10.1.18](#), p. 12);
- ensuring performance goals are objective, measurable, and quantifiable ([GAO/GGD-10.1.20](#), pp. 18-20); and
- showing a clear relationship between the agency mission, strategic goals, and performance goals ([GAO/GGD-10.1.20](#), pp. 21-22; [GAO/GGD/AIMD-10.1.18](#), p. 12).

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### *Contribution to General (or Strategic) Goals*

#### Requirements

The agency performance plan is to describe how the performance goals contribute to the general goals and objectives established in the agency's strategic plan. 31 U.S.C. § 1115(b)(3)(A).

Select Legislative History

GAO has stated that a clear relationship should exist between an agency's long-term strategic goals and mission and the performance goals in the annual performance plan. The Act requires an agency to describe how the performance goals contained in its performance plan contribute to the goals and objectives established in the agency's strategic plan, as well as any overall federal government performance goals. S. Rep. No. 111-372, at 5 (2010).

Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:

- showing a clear relationship between the agency mission, strategic goals, and performance goals ([GAO/GGD-10.1.20](#), pp. 21-22; [GAO/GGD/AIMD-10.1.18](#) p. 12); and
- aligning strategic goals and performance goals ([GAO/GGD-97-180](#), p. 9).

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*Contribution to Federal Government Performance Goals*

Requirements

The agency performance plan is to describe how the performance goals contribute to any of the Federal Government performance goals established in the Federal Government performance plan. 31 U.S.C. § 1115(b)(3)(B).

Select Legislative History

GAO has stated that a clear relationship should exist between an agency's long-term strategic goals and mission and the performance goals in the annual performance plan. The Act requires an agency to describe how the performance goals contained in its performance plan contribute to the goals and objectives established in the agency's strategic plan, as well as any overall federal government performance goals. S. Rep. No. 111-372, at 5 (2010).

Related GAO Work

GAO has elaborated on this requirement:

- aligning federal efforts vertically ([GAO-04-38](#), p. 105).

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*Identification of Agency Priority Goals*

Requirements

The agency performance plan is to identify the performance goals designated as agency priority goals, if applicable. 31 U.S.C. § 1115(b)(4).

Select Legislative History

The Act requires the head of each of the 24 CFO agencies or other agencies as determined by OMB to identify agency priority goals from among the agency's performance goals. S. Rep. No. 111-372, at 9 (2010).

## *Strategies and Resources*

### Requirements

The agency performance plan is to provide a description of how the performance goals are to be achieved, including the operation processes, training, skills and technology, and the human capital, information, and other resources and strategies required to meet those performance goals. 31 U.S.C. § 1115(b)(5)(A).

### Select Legislative History

It is important that the resources needed to achieve the goals be indicated as part of the plan. The Senate Committee on Homeland Security and Governmental Affairs was concerned about the "hollow government" phenomenon where an agency has inadequate resources to meet its public missions. Whether the proper remedy is to increase the level of resources allocated, or to reduce the level of service to which the agency is committed, both should be brought into balance. The annual performance plan should show how program goals will be supported through sufficient management skills and human, budgetary, and physical resources. S. Rep. No. 103-58, at 16 (1993).

Without a clear description of the strategies and resources an agency plans to use, it will be difficult for Congress to assess the likelihood of the agency's success in achieving its intended results. By describing the strategies to be used to achieve results and the resources to be applied to those strategies, the performance plan can help Congress understand and assess the relationship between the agency's resources and results. S. Rep. No. 111-372, at 6 (2010).

### Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:

- showing how strategies will be used to achieve the goals ([GAO/GGD/AIMD-99-69](#), pp. 24-28);
- showing the performance consequences of budget and other resource decisions ([GAO/GGD/AIMD-99-69](#), pp. 29-37);
- connecting strategies to results ([GAO/GGD-10.1.20](#), pp. 33-36; [GAO/GGD/AIMD-10.1.18](#), pp. 16-18); and
- connecting resources to strategies ([GAO/GGD-10.1.20](#), pp. 36-38; [GAO/GGD/AIMD-10.1.18](#), pp. 16, 19-20).

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## *Milestones*

### Requirements

The agency performance plan is to provide a description of how the performance goals are to be achieved, including clearly defined milestones. 31 U.S.C. § 1115(b)(5)(B).

### Select Legislative History

The key to improving performance accountability is to document the results agencies have achieved compared to the goals they have established. Therefore, the Act requires an agency to provide additional information about how the agency plans to achieve its performance goals by identifying clearly defined milestones, the agency officials responsible for ensuring each goal is achieved, and the program activities, regulations, policies and other activities that support each goal. S. Rep. No. 111-372, at 6 (2010).

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## *Contributing Federal Organizations, Programs, and Activities*

### Requirements

The agency performance plan is to identify the organizations, program activities, regulations, policies, and other activities that contribute to each performance goal, both within and external to the agency. 31 U.S.C. § 1115(b)(5)(C).

Select Legislative History

The key to improving performance accountability is to document the results agencies have achieved compared to the goals they have established. Therefore, the Act requires an agency to provide additional information about how the agency plans to achieve its performance goals by identifying clearly defined milestones, the agency officials responsible for ensuring each goal is achieved, and the program activities, regulations, policies and other activities that support each goal. S. Rep. No. 111-372, at 6 (2010).

Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:

- addressing duplication, overlap, and fragmentation ([GAO-12-342SP](#), pp. 4-5; [GAO-11-617T](#), pp. 3-7; [GAO-11-318SP](#), pp. 3-4; [GAO/AIMD-97-146](#));
- linking the goals of component organizations to agency goals ([GAO/GGD/AIMD-99-69](#), pp. 17-18);
- coordinating crosscutting programs, within and external to the agency ([GAO/GGD/AIMD-99-69](#), pp. 19-23; [GAO/GGD-10.1.20](#), pp. 33-36; [GAO/GGD/AIMD-10.1.18](#), p. 15); and
- linking strategies and programs to specific performance goals and describing their planned contribution ([GAO/GGD/AIMD-99-69](#), pp. 24-25).

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*Interagency Collaboration*Requirements

The agency performance plan is to describe how the agency is working with other agencies to achieve its performance goals as well as relevant federal government performance goals. 31 U.S.C. § 1115(b)(5)(D).

Select Legislative History

Across the federal government, various agencies operate similar or related programs. GAO has found that mission fragmentation and program overlap are widespread across the government and that addressing this challenge is essential to the success of national strategies in areas such as homeland security, drug control, and the environment. Without appropriate coordination, such programs may be implemented in a fragmented manner which wastes scarce resources, confuses citizens, and limits the overall effectiveness of the federal effort. The Act requires an agency to describe how it is working with other agencies to achieve its own goals and objectives, as well as the crosscutting priority goals of the federal government. S. Rep. No. 111-372, at 4 (2010).

Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:

- implementing mechanisms for interagency collaboration ([GAO-12-1022](#));
- addressing duplication, overlap, and fragmentation ([GAO-13-279SP](#), pp. 21-27; [GAO-12-342SP](#), pp. 4-5; [GAO-11-617T](#), pp. 3-7; [GAO-11-318SP](#), pp. 3-4; [GAO/AIMD-97-146](#));
- practices to enhance and sustain collaboration ([GAO-06-15](#));
- barriers to interagency collaboration and approaches for improving the management of crosscutting programs ([GAO/GGD-00-106](#)); and
- coordinating crosscutting programs, within and external to the agency ([GAO/GGD/AIMD-99-69](#), pp. 19-23; [GAO/GGD-10.1.20](#), pp. 33-36; [GAO/GGD/AIMD-10.1.18](#), p. 15).

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*Identification of Goal Leaders*Requirements

The agency performance plan is to identify the agency officials responsible for the achievement of each performance goal, who shall be known as goal leaders. 31 U.S.C. § 1115(b)(5)(E).

### Select Legislative History

The key to improving performance accountability is to document the results agencies have achieved compared to the goals they have established. Therefore, the Act requires an agency to provide additional information about how the agency plans to achieve its performance goals by identifying clearly defined milestones, the agency officials responsible for ensuring each goal is achieved, and the program activities, regulations, policies and other activities that support each goal. S. Rep. No. 111-372, at 6 (2010).

### Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:

- demonstrating management involvement ([GAO-05-927](#), pp. 19-20); and
- strengthening leadership commitment to creating and sustaining results-oriented management ([GAO-04-38](#), pp. 69-75 and 101-103).

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### *Balanced Set of Performance Indicators*

#### Requirements

The agency performance plan is to establish a balanced set of performance indicators to be used in measuring or assessing progress toward each performance goal, including, as appropriate, customer service, efficiency, output, and outcome indicators. 31 U.S.C. § 1115(b)(6).

### Select Legislative History

For most performance goals, a number of performance indicators should be developed. Performance indicators are the reference markers used to measure whether a goal is being achieved. In some instances, the performance goal may be self-measuring and no separate indicators are needed. S. Rep. No. 103-58, at 29 (1993).

Agencies should develop a range of related performance indicators, such as quantity, quality, timeliness, cost, and outcome. A range is important because most program activities require managers to balance their priorities among several subgoals. Reliance on any single measure could create a perverse incentive for managers to achieve one subgoal at the expense of the others. While a range of measures are important for program management and should be included in agency performance plans, measures of program outcomes, not outputs, are the key set of measures that should be reported to OMB and Congress. S. Rep. No. 103-58, at 29 (1993).

### Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:

- attributes of successful performance measures ([GAO-03-143](#), pp. 45-53);
- creating a set of performance measures that address important dimensions of program performance and balance competing demands ([GAO/GGD/AIMD-99-69](#), pp. 10-13);
- using intermediate measures to show progress or contribution to intended results ([GAO/GGD/AIMD-99-69](#), p.13; [GAO/GGD-10.1.20](#), pp. 16-18);
- selecting a mix of outcome goals over which the agency has varying levels of control ([GAO/GGD-99-16](#), pp.8-12); and
- establishing hierarchies of performance measures throughout the agency ([GAO/GGD/AIMD-10.1.18](#), pp. 10-11; [GAO/GGD-96-118](#), pp. 24-27).

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*Basis for Comparing Results*Requirements

The agency performance plan is to provide a basis for comparing actual program results with the established performance goals. 31 U.S.C. § 1115(b)(7).

Select Legislative History

It is important that a performance goal be defined with sufficient precision to permit ready assessment of progress in meeting that goal. S. Rep. No. 103-58, at 29 (1993).

Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:

- showing baseline and trend data for past performance ([GAO/GGD/AIMD-99-69](#), pp. 15-16);
- identifying projected target levels of performance for multiyear goals ([GAO/GGD/AIMD-99-69](#), pp. 16-17);
- using intermediate performance goals and measures to show progress or contribution to intended results ([GAO/GGD/AIMD-99-69](#), p. 13; [GAO/GGD-99-16](#), pp. 8-11; [GAO/GGD-10.1.20](#), pp. 16-18); and
- ensuring performance goals are objective, measurable, and quantifiable ([GAO/GGD-10.1.20](#), pp. 18-20).

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*Data Accuracy and Reliability*Requirements

The agency performance plan is to identify how the agency will ensure the accuracy and reliability of the data used to measure progress towards its performance goals, including an identification of

- the means to be used to verify and validate measured values;
- the sources for the data;
- the level of accuracy required for the intended use of the data;
- any limitations to the data at the required level of accuracy; and
- how the agency will compensate for such limitations if needed to reach the required level of accuracy.

31 U.S.C. § 1115(b)(8).

Select Legislative History

Credible performance information is essential for accurately assessing an agency's progress towards its goals and, in cases where goals are not met, identifying opportunities for improvement or whether goals need to be adjusted. In order to improve the credibility of performance data, the Act requires an agency to provide additional information about how it will ensure the validity and reliability of such data. S. Rep. No. 111-372, at 6 (2010).

In verifying and validating measured values, an agency may use an audit or any other procedure that would support the general accuracy and reliability of information contained in the annual performance report. To the extent that the annual performance report contains audited performance information that is also included in the annual financial statements no further validation of such information is required. S. Rep. No. 103-58, at 30 (2010).

The success of the Act depends to a large degree on the reliability and utility of the information presented, and special attention will be needed to ensure credibility. This will require efforts by all parties at all stages—agency data collection, OMB guidance and supervision and Congressional and GAO oversight. S. Rep. No. 103-58, at 30 (2010).

Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:



- challenges agencies face in producing credible performance information ([GAO/GGD-00-52](#); [GAO/HEHS/GGD-97-138](#), pp. 15-16);
- selected approaches for validating and verifying performance information ([GAO/GGD-99-139](#); [GAO/GGD/AIMD-99-69](#), pp. 40-41; [GAO/GGD/AIMD-10.1.18](#), pp. 21-22);
- identifying internal and external sources for data ([GAO/GGD/AIMD-99-69](#), pp. 38-39);
- discussing implications of data limitations for assessing performance ([GAO/GGD/AIMD-99-69](#), p. 41; [GAO/GGD/AIMD-10.1.18](#), p. 23); and
- identifying actions to compensate for unavailable or low-quality data ([GAO/GGD/AIMD-99-69](#), pp. 38-39; [GAO/HEHS/GGD-97-138](#), pp. 23-25).

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## *Major Management Challenges*

### Requirements

The agency performance plan is to describe major management challenges the agency faces and identify

- planned actions to address such challenges;
- performance goals, performance indicators, and milestones to measure progress toward resolving such challenges; and
- the agency official responsible for resolving such challenges.

31 U.S.C. § 1115(b)(9).

### Select Legislative History

The Act requires the agency to identify its major management challenges and identify how it plans to address those challenges. S. Rep. No. 111-372, at 16 (2010).

### Related GAO Work

GAO has elaborated on and suggested several practices that support this requirement, including:

- building agency capacity to systematically collect, analyze, and use data on program results ([GAO-03-454](#));
- developing performance goals to address mission-critical management problems ([GAO/GGD/AIMD-99-69](#), pp. 14-15); and
- discussing strategies to resolve mission-critical management problems ([GAO/GGD/AIMD-99-69](#), p. 26).

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## *Low Priority Programs*

### Requirements

The agency performance plan is to identify low-priority program activities based on an analysis of their contribution to the mission and goals of the agency and include an evidence-based justification for designating a program activity as low priority. 31 U.S.C. § 1115(b)(10).

### Select Legislative History

Performance plans must also analyze how program activities contribute to the agency's mission and goals. Inevitably, some program activities may not contribute or have limited contributions to an agency's annual performance goals and will be designated as low-priority program activities. The Senate Committee on Homeland Security and Governmental Affairs expected that agencies would take actions to address these low-priority program activities, which could include retooling the program

activities where authorized, requesting legislative changes to improve the program activities, or proposing their termination or consolidation with any similar program activities. S. Rep. No. 111-372, at 6 (2010).

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