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## Council of Economic Advisers

Hubbard, R. Glenn - Subject Files

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## Memo to the Record

**Date:** 05/23/2017

**Collection:** Council of Economic Advisers

**Series:** Hubbard, R. Glenn – Subject Files

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**RE:** Mid-Session Review, Budget of the United States Government, Fiscal Year 2003

A copy of the report entitled “Mid-Session Review, Budget of the United States Government, Fiscal Year 2003” is included at this location in this folder. It was not scanned. It can be viewed at <https://www.gpo.gov/fdsys/pkg/BUDGET-2003-MSR/pdf/BUDGET-2003-MSR.pdf>. If this link is broken, please contact the George W. Bush Presidential Library archives for additional information regarding this item.

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

July 16, 2002

M-02-10

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Mitchell E. Daniels, Jr. *MEJ*  
Director

SUBJECT: Program Performance Assessments for the FY 2004 Budget

Improving programs by focusing on results is an integral component of the President's budget and performance integration initiative. OMB's April 24, 2002 FY 2004 Budget planning memorandum emphasized the importance of program effectiveness ratings in formulating the FY 2004 Budget. It informed you that formal effectiveness ratings would be conducted for approximately 20 percent of Federal programs, and that the results of these ratings would be published in the FY 2004 Budget. Since then, and with valuable assistance from agency staff, we have progressed in this effort.

For instance, OMB and agencies have identified the programs that will be rated for FY 2004 (see Attachment). Programs listed total approximately \$480 billion, or over 24 percent of Federal spending, and reflect a diverse mix of discretionary and mandatory programs. Thank you for your serious commitment to this effort and for helping develop this list.

A critical goal for the FY 2004 Budget is to improve the program rating process by making ratings more consistent, objective, credible and transparent than they were for FY 2003. To this end, OMB, with advice from the President's Management Council's (PMC) subgroup on Budget and Performance Integration, developed the draft program assessment rating tool (PART). On May 17, 2002, the draft PART and instructions were officially provided to agencies through the PMC.

The PART was thoroughly tested by OMB and agency staff during OMB's Spring Review process. We also received excellent feedback from agencies, informal comments from Congressional and General Accounting Office staff, and advice from outside experts, including OMB's Performance Measurement Advisory Council of experts from outside the government. As a result, we have concluded that the PART is a useful and informative instrument that will help us achieve our objective for FY 2004.

The comments we received also identified improvements that could be made to the PART. In response to these comments we have revised the PART. PARTs for all program types, and revised guidance, can be found at <http://www.whitehouse.gov/omb/budintegration>.

The revised PART will be used by OMB, working closely with agency staff, to complete program effectiveness assessments for the FY 2004 Budget by September 30, 2002. I

have asked my staff to complete the PARTs by September 9, 2002, so that any issues regarding completed PARTs can be addressed by September 30.

### *Major Changes in Final PART*

The revised PART includes the following major changes from the draft PART:

- *Four point scale in Section IV, Results* – We received many comments on the “Yes/No” format for responses. Many parties liked the certainty and forced choice of “Yes/No.” Others felt the format did not reveal adequate distinction between the performance of various programs, especially in the results section. In response, the PART has been revised to include four choices of responses in the results section (Section IV) only. Now, a program that achieves some of its goals, or that shows reasonable, but not complete progress toward goals, will receive partial credit in the results section, the most heavily weighted section. For Sections I – III, which focus more on processes than results, the “Yes/No” format is retained.
- *Questions Added in Sections II and III for corrective actions* – Many parties commented that the draft PART does not distinguish between programs that were taking action to address planning and management deficiencies, and those that were not. While the PART is primarily a snapshot of the current status of programs, it is important to recognize when significant efforts are underway to address deficiencies in a program. The revised PART contains new questions in sections II and III to address this issue. These new questions, combined with the new format for section IV described above, will result in more refined and meaningful distinctions between programs.
- *Better focus on performance and performance measures* – The PART format for Section IV has also been revised to explicitly require display of performance targets and actual performance on the key measures identified by the agencies and OMB. Guidance has also been revised to require that at least one of the key measures identified for the program be an efficiency measure.
- *Critical Federal Role question to be examined separately from the PART* – We received comments that question 3 in the Section I of the draft PART (“Is the Federal role critical?”) was too subjective and could vary depending on philosophical or political viewpoints. We also received many comments that this question is so important that it should not only be retained, but be elevated in importance in the overall score.

To keep the PART as objective as possible, this question has been eliminated, and the remaining questions in Section I have been adjusted to focus on objective, evidence-based criteria about program purpose and program design. The appropriateness of the Federal Role in addressing national interests, problems or needs will be specifically examined during OMB’s Fall Budget Reviews, but will not

be included in the PART.

The new PART includes additional revisions to specific questions in response to comments we received. In general, we have tried to reduce the number of questions, especially in Section III, without losing important information.

### *Subjectivity of PART Responses*

During the PART testing and comment period, the issue of the subjectivity of PART responses, either on the part of OMB or agency staff, was raised repeatedly. While subjectivity can be minimized, it can never be completely eliminated regardless of the method or tool. In providing advice to OMB Directors, OMB staff have always exercised professional judgment with some degree of subjectivity. That will not change. As one of our Advisory Council members stated, the PART makes public and transparent the questions OMB asks in advance of making judgments, and opens up any subjectivity in that process for discussion and debate. The PART is a necessary step forward in systematizing and revealing OMB's deliberations.

Nonetheless, we are taking several steps to minimize subjectivity:

- *Clarified Guidance* - We have strengthened and clarified the PART instructions including the evidence required to support a "Yes" or "No" answer, with the specific goal of reducing the subjectivity of responses. Revised guidance can be found at <http://www.whitehouse.gov/omb/budintegration>.
- *Training* - OMB's Performance Evaluation Team (PET) will conduct training over the next several weeks for OMB examiners and agency staff aimed at achieving consistency of approaches and standards applied in answering questions. Additional information is available through your OMB RMO contact.
- *Review of Completed PARTs for Consistency* - OMB will initiate a process to selectively review questions on completed PARTs for consistency in application of instructions and standards. We will provide additional information on this process at a later time.
- *Potential Involvement of IGs, GAO or other third parties in the assessment* - We have met with the Inspector General community, the General Accounting Office, and other groups with expertise in program evaluation. All of these groups expressed interest not only in the process, but also in assisting OMB and agencies in completing the assessments. Knowledgeable third parties can help identify relevant information for consideration in the assessments. In addition, third parties can provide an objective viewpoint if disputes arise in considering PART questions. We will continue to discuss with these groups how they can most effectively participate in this process, including providing some level of independent review. I encourage all agencies to make the PART assessment process as open and inclusive as feasible.

### *Finalizing PARTs*

As with many other aspects of the budget development process, disagreements between OMB and agency staff may remain after staff work on the PART is complete, and after a technical review for consistency. In these cases, agencies and OMB should resolve disagreements in the traditional manner, i.e., first through OMB branch chief and division director, and then through the OMB Program Associate Director. As noted above, all issues, questions and disagreements must be resolved and finalized by September 30.

### *Presentation of PART Results in the FY 2004 Budget*

Final decisions have not yet been made regarding presentation of PART results in the FY 2004 Budget. We received good advice from the Performance Measurement Advisory Council (PMAC) on making sure the presentation highlights separately the results score and key measures. We also believe sections I – III scores should be displayed in some fashion, and an overall assessment (e.g., “effective” or “ineffective”) will be shown. One outstanding question is if or how to show the overall weighted numeric PART score for the program. Since this score will determine the overall assessment, we will almost certainly make the score and the basis for it (i.e., the completed PART) available to the public. The PMAC will discuss presentation options further at their September meeting.

### *Relationship to GPRA*

Agencies expend considerable time and effort developing and updating their Government Performance and Results Act (GPRA) plans and reports on an annual basis. The program assessment effort presents an opportunity to inform and improve agency GPRA plans and reports, and establish a meaningful, systematic link between GPRA and the budget process. This effort will also help identify specific performance measures that could support budget and management recommendations and efforts. Through this process, OMB will work with agencies to maintain measures in GPRA materials that are useful and eliminate reporting burdens that have no utility.

### *How Ratings Will Be Used*

Finally, many agencies expressed concern over how the ratings would be used during the Fall Budget Review, and specifically that a low PART score would automatically result in a funding reduction. OMB does not view the PART as an automated approach to making budget decisions. A low PART score does not, in itself, signify whether a program needs more or less funding. The PART provides a tool for diagnosing how programs can be improved and it is from such diagnosis, as well as other information regarding the program, that budget and management decisions will be made. FY 2004 decisions will be fundamentally grounded in program performance, but will also continue to be based on a variety of other factors, including policy objectives and priorities of the Administration, and economic and programmatic trends.

Attachment

## Programs to be Assessed for FY 2004\*

### CABINET AGENCIES:

#### Department of Agriculture

Multifamily Housing Direct Loans and Rental Assistance Grants  
 Rural Utilities Service Electric Loan Program (Not including  
 Hardship loans)  
 Wildland Fire Management  
 Food Aid Programs (including P.L. 480 Title)  
 Marketing Loans and Loan Deficiency Payments  
 Farmland Protection Program  
 Wildlife Habitat Improvement Program  
 USDA Service Centers (FSA, NRCS, and RD, also includes CCE)  
 Food Safety and Inspection Service (FSIS)  
 APHIS: Agric. Quarantine and Inspection  
 APHIS: Animal Welfare  
 Water and Wastewater Grants  
 Forest Service Operating Program  
 National School Lunch Program

#### Department of Commerce

U.S. Patent Trademark Office-Patents  
 EDA-Patents  
 National Weather Service  
 U.S. Patent Trademark Office-Trademarks  
 NIST-In-house Labs  
 Bureau of Economic Analysis  
 Pacific Coastal Salmon Recovery Grants  
 National Marine Fisheries Service  
 Minority Business Development Agency

#### Department of Defense

*NOTE: This is the original program list. It will be modified pending discussions between OMB and DoD*

Defense Environmental Restoration Program (DERP)  
 Defense Health Programs (DHP) including Milpers and Construction  
 C-17 Strategic Airlift Aircraft  
 Navy Marine Corps Intranet (NMCI)  
 Recruiting  
 Introductory Pilot Training  
 Facilities Sustainment, Restoration, Modernization & Demolition  
 - (O&M)  
 Depot Level Maintenance  
 Energy Conservation Improvement Program (ECIP)  
 F-22 Fighter Aircraft  
 Unmanned Combat Aerial Vehicles  
 DDG-51 Destroyer  
 F/A-18 E/F Navy Fighter/Attack Aircraft  
 LPD-17 Amphibious Ship  
 Joint Strike Fighter (JSF)  
 Space-Based Infra-Red (SBIRS) High Missile Warning Satellite  
 Ballistic Missile Defense System - Midcourse  
 Chemical Demilitarization  
 Future Combat System  
 Interim Armored Vehicle (IAV)  
 V-22 Tilt Rotor Aircraft  
 Basic Research  
 Housing Privatization  
 Cooperative Threat Reduction (CTR)

#### Department of Education

Even Start

#### Department of Education, continued

Safe and Drug Free Schools State Grants  
 Vocational Rehabilitation State Grants  
 TRIO Student Support Services  
 TRIO Upward Bound  
 Selected ESEA Programs  
 All IDEA Programs  
 All Vocational and Adult Education Programs  
 Projects with Industry (PWI)  
 Student Loan Programs  
 Pell Grants  
 Student Aid Administration  
 GEAR UP  
 Leveraging Education Assistance Partnerships (LEAP)  
 Assessment & Statistics

#### Department of Energy

Environmental Management (EM)  
 Weatherization Assistance Program  
 Office of Science  
 All applied R&D:  
 -Fossil Energy  
 -Energy Efficiency  
 -Nuclear Energy  
 -EM  
 National Nuclear Security Administration (NNSA):  
     Safeguards and Security  
     Facilities and Infrastructure  
     ASCI  
     MPC&A  
 Power Marketing Administrations:  
 -Bonneville Power Administration  
 -Southeastern Power Administration  
 -Southwestern Power Administration  
 -Western Area Power Administration  
 -Falcon and Amistad Operating and Maintenance Fund

#### Department of Health and Human Services

FDA Center for Biologics Evaluation and Research  
 FDA Center for Food Safety and Applied Nutrition  
 FDA Center for Drug Evaluation and Research  
 FDA Center for Devices and Radiological Health  
 FDA Center for Veterinary Medicine  
 HRSA Health Centers  
 HRSA Ryan White  
 HRSA Health Professions  
 HRSA National Health Services Corps  
 HRSA Nursing Loan Repayment  
 HRSA Maternal Child Health (MCH) Block Grant  
 IHS Federally-Administered Activities  
 IHS Sanitation Facilities  
 CDC Immunizations  
 CDC Domestic HIV/AIDS Prevention  
 CDC Chronic Disease Breast and Cervical Cancer  
 CDC Chronic Disease - Diabetes  
 NIH Overall  
 SAMHSA Grants to States for the Homeless  
 SAMHSA Children's Mental Health Services  
 SAMHSA Substance Abuse Treatment Programs of Regional  
 and National Significance

\*This is a near-final list of programs to be assessed for FY 2004. Some programs may change as OMB and agencies continue discussions.



• **Department of Health and Human Services, continued**

AHRQ Surveys (Medical Expenditure Panel Surveys, Healthcare Cost and Utilization Program, Consumer Assessment of Health Plans)  
• AHRQ Translating Research into Practice  
CMS State Children's Health Insurance Program (SCHIP)  
ACF Head Start  
ACF Foster Care  
ACF Refugee and Entrant Assistance  
AoA Congregate Meals Program  
Health Care Fraud and Abuse Control (HCFAC) Program  
BioT: Health Alert Network (to all States) (and related activities in FY03)  
BioT: Metropolitan Medical Response System (contracts to statutorily selected cities)

**Department of Housing and Urban Development**

Housing Vouchers (Section 8 Tenant-Based Rental Assistance)  
Section 8 Project-Based Rental Assistance  
Elderly Housing Grants  
Disabled Housing Grants  
HOME  
Native American Housing Grant

**Department of the Interior**

DOI Wildland Firefighting  
BIA School Construction  
BIA School Operations  
BLM restoration activities  
BOR Hydropower Program  
BOR Rural Water Supply Projects  
BOR Title XVI Water Reuse and Recycling  
FWS Hatcheries  
FWS Partners Program  
MMS Environmental Studies Program  
NPS deferred maintenance backlog  
NPS Natural Resource Challenge  
OSM Abandoned Mine Land Program  
OST Tribal land consolidation  
USGS National Mapping Program

**Department of Justice**

Bureau of Prisons (S&E)  
Drug Enforcement Administration (S&E)  
OJP Residential Substance Abuse Treatment  
FBI Cybercrime  
FBI White Collar Crime  
INS Immigration Services  
OJP Weed and Seed  
OJP Drug Courts  
Office of Juvenile Justice and Delinquency Prevention  
Juvenile Accountability Block Grants

**Department of Labor**

Trade Adjustment Assistance (TAA)  
Occupational Safety and Health Administration (OSHA)  
Bureau of Labor Statistics (BLS)  
Office of Federal Contract Compliance Programs (OFCCP)  
Dislocated Worker Assistance: State Formula Grants  
Youth Activities  
Federal Employees' Compensation Act (FECA)  
Pension and Welfare Benefits Administration (PWBA)  
ILAB Technical Assistance Grants (Child Labor and Core Labor Standards grants)

**Department of State and other related agencies**

State Dept. - Refugee Admissions to the U.S.  
Freedom Support Act Assistance to Russia

**Department of State and other related agencies, continued**

Security Assistance to Sub-Saharan Africa  
Remainder of PKO (includes OSCE Peacekeeping)  
Antiterrorism Assistance  
Security Construction  
New NATO and NATO Aspirants  
Refugees-Resettlement and Placement in U.S. and Israel  
Public Diplomacy to South Asia and Near-East Asia  
Border Security

**International Assistance Programs**

Treasury Technical Assistance  
International Development Association  
USAID Development Assistance – Environment  
USAID Development Assistance – Population Programs  
Export Import Bank – Long-Term Guarantees  
Overseas Private Investment Corporation – Finance Programs  
P.L. 480 Title II Food Aid

**Department of Transportation**

FAA Airport Improvement Program  
FHWA Highway Infrastructure  
USCG Search and Rescue  
USCG Drug Interdiction  
USCG Aids to Navigation  
NHTSA Highway Safety Programs  
FMCSA Highway Safety

**Department of the Treasury**

IRS Collection  
Federal Law Enforcement Training Center  
Earned Income Tax Credit (EITC) Compliance  
Office of Foreign Assets Control (OFAC)  
ATF Consumer Product Safety Activities (Inspection and licensing processing)  
Coin Production (Mint)  
Bank Enterprise Award (BEA)  
Office of the Comptroller of the Currency (OCC) – Bank Supervision  
Office of Thrift Supervision - Thrift Supervision

**Department of Veterans Affairs**

Burial  
Medical Care  
Compensation

**INDEPENDENT AND OTHER AGENCIES:**

**Corps of Engineers (Civil Works)**

Inland Waterways Navigation  
Hydropower  
Flood Damage Reduction  
Wetlands (non-regulatory)  
Emergency Management

**Corporation for National and Community Service**

AmeriCorps

**Consumer Product Safety Commission**

Consumer Product Safety Commission

**Environmental Protection Agency**

Leaking Underground Storage Tanks Program  
Air Toxics Program  
Nonpoint Source Program  
Superfund Removal Program  
Drinking Water State Revolving Fund  
Pesticides  
Chemical Programs

\*This is a near-final list of programs to be assessed for FY 2004. Some programs may change as OMB and agencies continue discussions.

**Environmental Protection Agency, continued**

Tribal General Assistance  
Civil Enforcement  
Pollution Prevention Research

**Federal Emergency Management Agency**

Hazard Mitigation Grant Program  
Disaster Relief Fund - Public Assistance Program  
National Flood Insurance Program

**General Services Administration**

Asset Management of Federally-owned Real Property  
Vehicle Acquisition & Leasing  
Supply Depots & Special Order Program  
Multiple Award Schedules Program

**National Aeronautics and Space Administration**

Space Station  
Mars Exploration Program  
Space Shuttle  
Space Launch Initiative  
Earth Science Technology

**National Science Foundation**

Core Research  
Nanoscale Science and Engineering  
PreK-12 Education  
Information Technology Research  
Major Research Equipment and Facility Construction  
Major Facility Operations  
Polar Programs

**Office of the Comptroller of the Currency**

Bank Supervision

**Office of National Drug Control Policy**

High Intensity Drug Trafficking Area (HIDTA) program  
Youth Anti-Drug Media Campaign

**Office of Personnel Management**

Federal Employees' Group Life Insurance (FEGLI)  
Retirement

**Office of Thrift Supervision**

Thrift Supervision

**Small Business Administration**

Business Information Centers (BICs)  
Service Corps of Retired Executives (SCORE)  
Small Business Development Centers (SBDCs)  
Section 504 Certified Development Corporation Guaranteed Loan Program

**Social Security Administration**

Supplemental Security Income for the Aged  
Disability Insurance

**Tennessee Valley Authority**

TVA Power Program  
TVA Non-power Program

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