



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

THE DIRECTOR

July 29, 2010

M-10-32

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Peter R. Orszag
Director

SUBJECT: Evaluating Programs for Efficacy and Cost-Efficiency

Rigorous, independent program evaluations can be key resources in determining whether government programs are achieving their intended outcomes as effectively as possible and at the lowest possible cost. Evaluations can help policymakers and agency managers strengthen the design and operation of programs. The President has requested that each non-security agency submit a budget request 5 percent below the agency's FY 2012 discretionary total in the FY 2011 Budget. In the context of meeting the President's goal of cutting the deficit in half as a share of the economy by the end of his first term and restoring fiscal sustainability over the medium term, careful evaluation and decision-making based on demonstrated results are even more vital than ever. Ultimately, evaluations can help the Administration and Congress determine how to spend taxpayer dollars effectively and efficiently, by investing taxpayers' resources in what works.

In the FY 2011 Budget process evaluation initiative, OMB allocated approximately \$100 million to support 35 rigorous program evaluations and evaluation capacity-building proposals across the Federal government. As noted in the [FY 2011 guidance](#), many important programs have never been formally evaluated – and the evaluations that have been completed have not sufficiently shaped Federal budget priorities or agency management practices. Many agencies lack an office of evaluation with the stature and staffing to support an ambitious, strategic, objective, and relevant research agenda. As a consequence, some programs have persisted year after year without adequate evidence that they work. In some cases, evaluation dollars have flowed into studies of insufficient rigor or policy significance. Federal programs rarely have evaluated multiple approaches to the same problem with the goal of identifying approaches that are more effective or cost-effective. And findings of completed evaluations do not always reach decision makers to guide program planning.

To address these issues and strengthen program evaluation, OMB is continuing for FY 2012 the government-wide efforts started in the FY 2011 Budget process:

- **On-line information about existing evaluations.** OMB is working with agencies to make information readily available online about all Federal evaluations focused on program impacts that are planned, already underway, or recently completed. A Budget Data Request (BDR) is being issued concurrently to this memo to assist in the completion of this request.

- **FY 2012 evaluation initiative.** As part of the FY 2012 Budget process, OMB will allocate a limited amount of funding for agencies which, on a voluntary basis:
 - Show how their Fiscal Year 2012 funding priorities are evidence-based or otherwise subject to rigorous evaluation;
 - Provide OMB with an evaluation plan updating or expanding on the evaluation plan in the agency's strategic plan if needed to address questions raised by this memorandum;
 - Describe all evaluation proposals costing \$1 million or more (RMOs have the discretion to adopt lower thresholds) already incorporated into the agency's FY 2012 budget submission;
 - Propose new evaluations that could be started in FY 2012 that could improve government programs in the future to which additional funding would be applied;
 - Assess agency capacity to support evaluation and suggest pathways for strengthening that capacity; and
 - Identify impediments to rigorous program evaluation in agency statutes or regulations.

To provide an incentive to agencies to evaluate their programs, the evaluation initiative funds will be added to agency top lines at the end of the budget process.

- **Improving and coordinating the use of existing evaluation resources.** In addition to the voluntary evaluation initiative, agencies should continue to carefully assess, report on, and allocate the base funds and resources that the agencies have for conducting evaluation. Agencies are encouraged to share information beyond what is requested in guidance and consult with OMB's Resource Management Offices (RMOs) to coordinate and improve the design, implementation, and utilization of evaluations.

This initiative focuses on impact evaluations, or evaluations aimed at determining the causal effects of programs or particular strategies, interventions, and within programs. As was the case last year, while we would consider on a case-by-case basis the inclusion of evaluation efforts in other spheres, most activities related to procurement, construction, and national defense are beyond the scope of this initiative. In addition, IG evaluations and drug and clinical medical trials are also excluded.

Agencies should review their overall evaluation budgets with the same rigor that they review other agency functions. The evaluation initiative does not cover all important research functions that agencies otherwise fund, and agencies may also find waste, duplication, and low-priority activity within their evaluation budgets that should be cut. At the same time, the purpose of this initiative is not to fund activities that would otherwise be supported through the regular budget process. Accordingly, OMB will consider agencies' overall level of support for program evaluation as part of their consideration of submissions in this initiative.

Further Details on Voluntary FY 2012 Evaluation Initiative

Agencies are invited – on a voluntary basis – to submit additional information and request additional funding for high-priority evaluation activities. In the FY 2012 Budget, OMB will allocate a limited amount of funding to support rigorous program evaluations across the Federal government or to strengthen agency evaluation capacity.

Agencies wishing to be considered for additional funding should provide their submissions to OMB using the attached template no later than September 27, 2010, and should submit a proposal with the following elements:

- **Assessment of evidentiary support for budget priorities.** Agencies should identify their major budgetary priorities and assess the adequacy of evidence supporting those priorities. Agencies should also identify key priorities for further evaluation in the coming years. In addition, for any new initiative or significant expansion of an existing program, agencies should:
 - Provide credible evidence of the effectiveness of the program or specific subset of the program for which FY 2012 funding is sought, including prior evaluations and/or describe how the agency plans to demonstrate or validate impact, or otherwise learn from the initiative, and how the agency plans to act on the new information; or
 - Explain why these approaches are not appropriate.
- **Evaluation Plan.** Agencies should provide OMB with a plan demonstrating how evaluation resources, funded through base programs and new proposals, will be allocated to address budget priorities. The content and format for this information should be developed in consultation with the RMO.
- **New FY 2012 proposals for rigorous evaluations.** For all evaluations costing \$1 million or more (RMOs have the discretion to adopt lower thresholds) in the agency's base request and for each evaluation study for which they are seeking additional funding, agencies should provide the estimated cost of each study and the following information:
 - What existing evaluations, other research evidence, and analyses of past performance data are available and what are their relevant findings or insights? What specific questions do they raise that need further study?
 - What questions would the study address, and why are they important in shaping future policy decisions?
 - What study design would be used, and why is it the most rigorous, cost-effective methodology appropriate to answering the questions outlined?
 - Explain how the research design is sufficient to identify modest-sized effects of the program or strategy.

If existing resources in an agency's base funding are not sufficient to address evaluation priorities, agencies are invited – on a voluntary basis – to request additional funding for evaluation studies or evaluation capacity building.

- **Assessment of agency capacity to conduct rigorous, independent evaluations.** Agencies should describe their staffing, organizational structure, process, and available budgets for planning and conducting evaluations, and assess the agency's capacity to (a) conduct rigorous, independent studies that are free from political interference; and (b) attract and retain talented researchers in an office with standing within the agency. Agencies are encouraged to propose changes or reforms that are needed to meet these objectives and may request funds to strengthen their internal evaluation expertise and processes. Several existing models may be worthy of consideration, including a congressionally chartered institute within an agency, or an office headed by a senior official reporting directly to the Secretary or Deputy Secretary.

Identification of statutory impediments. Agencies should identify provisions in their authorizing or appropriations statutes that may have the unintended consequence of limiting their ability to carry out rigorous evaluations, allocate evaluation resources to key priorities, or otherwise impede efforts to build evidence of what works. Agencies are encouraged to suggest strategies for working with Congress to address these problems.

Instructions for Completion of Evaluation Initiative Submissions

Each department or agency wishing to participate in the FY 2012 evaluation initiative should submit, no later than September 27, 2010, an analysis and justification using the template below. To be competitive, submissions should demonstrate a commitment by agency leadership to ensure that research and evidence is used to guide policy, budget, and implementation decisions for both new initiatives and existing programs. While specific budget requests to OMB are pre-decisional and should not be shared outside the agency, agencies may consult with outside research and evaluation experts in conducting self-assessments and developing the strongest possible justifications that demonstrate how proposed evaluation initiatives could generate results having national significance. To receive serious consideration for additional evaluation funding, agency submissions should also demonstrate that agencies are both using existing evaluation resources effectively and beginning to integrate funds for evaluation into program planning and implementation, where appropriate, as a standard practice.

Agencies are encouraged to use their submissions to bolster the justifications for evaluation resources that were included in their initial FY 2012 requests to OMB. If those resource levels are insufficient to support the objectives of this initiative, agencies may seek additional resources above the initial request.

OMB Contact: If you have questions, please contact Dan Rosenbaum (202-395-4621, drosenbaum@omb.eop.gov). OMB may also be able to provide some assistance in identifying promising evaluation studies or evaluation capacity-building ideas. Please contact Dan Rosenbaum or your RMO for such assistance.

FY 2012 EVALUATION INITIATIVE

NAME OF DEPARTMENT OR AGENCY

Introduction: *The introduction should indicate whether the evaluation initiative will cover the entire department or agency, or only a portion. If the latter, please list the bureaus or agencies that will participate.*

Agency contacts: *List the names and contact information for agency personnel who can answer substantive questions about the agency's submission.*

Section I: Assessment of Evidentiary Support for Budget Priorities and Evaluation Plan

This section summarizes the department or agency's key budget priorities and the adequacy of evidence that programs are achieving their intended outcomes.

New initiatives, major program expansions, and other major budget priorities:

- **Initiative name:** *For each new initiative, major program expansion, and other major budget priority in the FY 2012 budget submission:*
 - *Provide a brief description of the purpose and intended outcomes*
 - *Describe at least one of the following:*
 - *Credible evidence of the program, activity, or strategy's effectiveness;*
 - *How the agency plans to demonstrate the program's impact or otherwise learn from the initiative, and how the agency plans to act on the new information;*
 - *Why neither of the above is appropriate.*

In general, a maximum of one page should be devoted to each initiative. Relevant research and studies should be cited. If agencies have already provided this information to OMB in a different submission (e.g., agency budget request), they may cross-reference other documents.

Evaluation plan: *Agencies should provide OMB with a plan demonstrating how evaluation resources, funded through base programs and new proposals, will be allocated to address budget priorities. The content and format for this information should be developed in consultation with the RMO.*

Section II: New FY 2012 Proposals for Rigorous Evaluations

Using the following format, agencies seeking FY 2012 funding for new evaluation studies or new evaluation capacity building should provide a 1-3 page justification for each evaluation study for which they are seeking additional funding and every proposed evaluation study costing \$1 million or more (RMOs have the discretion to adopt lower thresholds) that is part of their base funding request.

Name of program or strategy to be evaluated: *Provide a concise description of the proposed program evaluation and why the agency believes it is of national significance.*

Estimated cost: *Provide the FY 2012 and outyear costs of the study. Indicate whether this cost (1) can be covered with resources already included in the agency FY 2012 request to OMB; or (2) would require additional resources not incorporated into the agency's request.*

Prior evaluations/research evidence: *Summarize what evaluations and other research evidence are available, what were the findings, and whether the study designs were rigorous. Provide citations and key findings of published research.*

Research questions: *List the research questions the study will address, and why they are important in shaping future policy decisions such as how to expand, reshape or reduce funding for existing programs.*

Study design: *Describe the study design that would be used (e.g., experimental or quasi-experimental, pre-post implementation, correlational analysis), and why it is the most rigorous, cost-effective methodology appropriate to answering the questions outlined. Where applicable, explain how the proposed research design is sufficient to identify modestly-sized effects of the program or strategy.*

Section III: Assessment of Agency Capacity to Conduct Rigorous, Independent Evaluations

Using the following format, agencies should describe their current capacity for carrying out evaluations and identify proposed changes or reforms to strengthen capacity. This section should not exceed three pages.

Overview of agency approach to planning and implementing evaluations: *Highlight the most important features of the agency's approach to planning and implementing studies.*

Organizational structure: *Identify the key offices involved in evaluation planning and implementation and to whom they report. Indicate which offices are responsible for: (1) determining what programs and activities should be evaluated; (2) deciding what the key research questions for each study should be; (3) selecting what methodologies should be used; (4) conducting and overseeing studies; and (5) deciding what study results should be released to the public. Also indicate which of the above activities is carried out by contractors.*

Process: *In addition to roles and responsibilities above, what other processes are in place to make sure agency evaluations are relevant and high quality (e.g., consultation with outside experts, peer review of studies).*

Existing Resources: *Summarize current (i.e., FY 2011) staffing and funding resources that are devoted to planning and conducting evaluations (or refer to table below). In addition to dedicated funding for agency-directed evaluation activities, describe any approaches the agency employs to encourage or enable grantee funds to support rigorous, independent evaluation.*

Assessment of Strengths and Weaknesses: *Assess the strengths or weaknesses of the agency's evaluation activities in the following areas:*

- **Ability to conduct rigorous, independent studies that are free from political interference.** *Agencies must address this factor.*
- **Attract and retain talented researchers in an office with standing within the agency.** *Agencies must address this factor.*
- **Other.** *Agencies may address other factors they believe are important.*

Proposed actions to strengthen evaluation capacity and quality: *Describe proposed changes or reforms to improve the agency's evaluation capacity, including its ability to conduct rigorous independent studies free from political interference and to attract talented researchers. This may include organizational changes, such as creation of a congressionally chartered institute or a new, high profile office reporting to the Secretary or Deputy Secretary.*

Additional Resources: *If the agency seeks additional resources to improve capacity, please complete the following table and provide a justification explaining (1) steps the agency has taken to ensure existing resources are used as effectively as possible; and (2) how the additional resources would be used to support critical improvements.*

	FY 2010 Estimate	FY 2011 Estimate	FY 2012 OMB Request (initial)	Additional Evaluation Request (above initial request)
Budget authority				
FTE				

Section IV: Statutory Impediments

Existing statutory impediments: *Identify notable statutory provisions in authorizing or appropriations legislation that limit the agency’s ability to carry out rigorous evaluations, to allocate evaluation resources to key priorities, or that otherwise impede efforts to build evidence of what works.*

Proposed strategies to address impediments: *Describe (1) administrative actions the agency can take to ameliorate the effects of these impediments; and (2) legislative changes that could be proposed and the explanations and strategy that could be used to persuade Congress of their importance.*