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THE DIRECTOR

October 7, 2009

M-10-01

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Peter R. Orszag
Director

SUBJECT: Increased Emphasis on Program Evaluations

Rigorous, independent program evaluations can be a key resource in determining whether government programs are achieving their intended outcomes as well as possible and at the lowest possible cost. Evaluations can help policymakers and agency managers strengthen the design and operation of programs. Ultimately, evaluations can help the Administration determine how to spend taxpayer dollars effectively and efficiently -- investing more in what works and less in what does not.

Although the Federal government has long invested in evaluations, many important programs have never been formally evaluated -- and the evaluations that have been done 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, 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. And Federal programs have rarely evaluated multiple approaches to the same problem with the goal of identifying which ones are most effective.

To address these issues and strengthen program evaluation, OMB will launch the following government-wide efforts as part of the Fiscal Year 2011 Budget process:

- **On-line information about existing evaluations.** OMB will work with agencies to make information readily available online about all Federal evaluations focused on program impacts that are planned or already underway.
- **Inter-agency working group.** Together with the Domestic Policy Council, National Economic Council and the Council of Economic Advisors, OMB will establish a new inter-agency working group to promote stronger evaluation across the Federal government.
- **New, voluntary evaluation initiative.** As part of the Fiscal Year 2011 Budget process, OMB will allocate a limited amount of funding for agencies which, on a voluntary basis:

- Show how their Fiscal Year 2011 funding priorities are evidence-based or otherwise subject to rigorous evaluation;
- Assess their own capacity to support evaluation and suggest pathways for strengthening that capacity;
- Propose new evaluations that could improve government programs in the future; and
- Identify impediments to rigorous program evaluation in their statutes or regulations.

This initiative focuses on impact evaluations, or evaluations aimed at determining the causal effects of programs. And although the Administration is committed to improving a wide range of evaluation and performance measurement activities, this initiative will initially focus on social, educational, economic, and similar programs whose expenditures are aimed at improving life outcomes (such as improving health or increasing productivity) for individuals. While we would consider on a case-by-case basis the inclusion of evaluation efforts in other spheres, most activities related to procurement, construction, taxation, and national defense are beyond the initial scope of this initiative. In addition, because drug and clinical medical evaluations have independently received extensive discussions, they are also excluded.

Public Availability of Information on Federal Evaluations

This fall, OMB will work with agencies to expand the information about program evaluations that they make public. The goal is to make researchers, policymakers, and the general public aware of studies planned or underway that (1) examine whether a program is achieving its intended outcomes; or (2) study alternative approaches for achieving outcomes to determine which strategies are most effective. In the coming weeks, OMB will issue a budget data request regarding the public availability of program evaluation information. As necessary, we will work with agencies to determine how best to make more information available online.

Public awareness will promote two objectives. First, it will allow experts inside and outside the government to engage early in the development of program evaluations. In particular, OMB welcomes input on the best strategies for achieving wide consultation in the development of evaluation designs. Second, public awareness will promote transparency, since agency program evaluations will be made public regardless of the results. This function is analogous to that of the HHS clinical trial registry and results data bank (ClinicalTrials.gov).

Inter-agency Evaluation Working Group

Working with the Domestic Policy Council, National Economic Council and the Council of Economic Advisers, OMB will re-constitute an inter-agency working group of evaluation experts under the Performance Improvement Council established by Executive Order 13450. The purpose of the working group will be: (a) to help build agency evaluation capacity and create effective evaluation networks that draw on the best expertise inside and outside the Federal government; (b) to share best practices from agencies with strong, independent evaluation offices; (c) to make research expertise available to agencies that need assistance in selecting

appropriate research designs in different contexts; (d) to devise strategies for using data and evaluation to drive continuous improvement in program policy and practice; and (e) to develop government-wide guidance on program evaluation practices across the Federal government while allowing agencies flexibility to adopt practices suited to their specific needs. A key goal of the working group will be to help agencies determine the most rigorous study designs appropriate for different programs given their size, stage of development, and other factors. In the coming weeks, OMB will contact senior agency officials to provide further information your agency may need to identify appropriate representatives for this working group.

Voluntary Fiscal Year 2011 Evaluation Initiative

Finally, agencies are invited – on a voluntary basis – to submit additional information and request additional funding for high-priority evaluation activities. In the FY 2011 Budget, OMB will allocate a limited amount of funding to support up to 20 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 November 4, 2009, 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 program's effectiveness;
 - Describe 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; or
 - Explain why neither of these approaches is appropriate.
- **New 2011 proposals for rigorous evaluations.** Agencies may propose new high-priority evaluations for funding. These justifications should include the estimated cost of each study and explain:
 - What existing evaluations and other research evidence are available?
 - 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?
- **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 independent agency wishing to participate in the 2011 evaluation initiative should submit, no later than November 2, 2009, 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 using existing evaluation resources effectively.

Agencies are encouraged to use their submissions to bolster the justifications for evaluation resources that were included in their initial 2011 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.

2011 EVALUATION INITIATIVE

NAME OF DEPARTMENT OR MAJOR INDEPENDENT AGENCY

Introduction: *The introduction should indicate whether the evaluation initiative will cover the entire Department or independent 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

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

New initiatives and significant program expansions:

- **Initiative name:** *For each initiative or major expansion:*
 - *Provide a brief description of the purpose and intended outcomes*
 - *Describe at least one of the following:*

- *Credible evidence of the program's 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.

Existing programs proposed for continuation at current levels in 2011: *For other major budget priorities that the agency proposes to continue at current levels, provide a summary assessment of the evidence that the current policies are effective, and indicate which ones would benefit from further evaluation. (One page maximum)*

Section II: New 2011 Proposals for Rigorous Evaluations

Using the following format, agencies should provide a 1-3 page justification for each high priority evaluation of national significance for which they are seeking funding.

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 2011 and outyear costs of the study. Indicate whether this cost (1) can be covered with resources already included in the agency 2011 request to OMB; or (2) would require additional resources not yet 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 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 who they report to. 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., 2010) 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 of 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.*

	<i>2009 actual</i>	<i>2010 estimate</i>	<i>2011 OMB request (initial)</i>	<i>Additional request (above initial request)</i>
<i>Budget authority</i>				
<i>FTE</i>				

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.*