

Why is relating levels of funding with levels of performance (or providing the cost per unit of performance) important?

Relating funding to performance on a cost per unit basis improves decision making, provides a more complete rationale for budget decisions, increases credibility in our budget proposals

- Providing the increment of performance produced by a change in funding helps to express your budget request in terms of what you can produce, not just what you can buy
- Quantifying the funding used to accomplish a level of past performance provides a historical credibility to your future funding request
- Can help provide a sense of how efficiently you are managing your program by showing a decreasing expense of achieving a unit of performance

Relating funding to performance on a cost per unit basis is considered by OMB to be a key component of conducting effective budget and performance integration. As stated in the Presidential Management Agenda Proud-To-Be objectives for budget and performance integration:

- Agency demonstrates improvement in program performance and efficiency in achieving results
- Reports the full cost of achieving performance accurately in budget and performance documents and can accurately estimate the marginal cost of changing performance”

External organizations critiquing DOI's performance and accountability have recognized that thus far, the “costs” of achieving results have only been in terms of the expense associated with each end outcome goal. However the end outcome goals are not expressed with any unit of results. So they see no real specifics on how much funding is needed to achieve a particular level of results (captured in our performance measure target levels; e.g. how much does it cost on average to bring an acre of land to desired condition, and is it being done as efficiently as possible?)

By not being able to answer these questions, it appears that we either do not know how much it costs to achieve certain results or we do not care about whether we are achieving results as efficiently as possible. It makes us look more concerned about simply conducting the activity than whether or not we are achieving the end result, or for how much. Even if we are achieving results for the greatest efficiency possible, without this information we have no information to back up that claim.

By linking the ABC/M work activities to performance measures, we will be able to provide more information on these factors considered to reflect exercise of responsible performance management.