



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

THE DIRECTOR

April 13, 2023

M-23-15

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Shalanda D. Young

SUBJECT: Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments

This memorandum outlines steps executive departments and agencies (agencies) will take to ensure that agency decisions regarding work environments continue to improve organizational health and organizational performance. Agencies' organizational health and organizational performance frameworks and approaches must support delivery of the agency's statutory missions. One year after agencies completed reentry, and with the planned conclusion of the public health emergency, it is the right time for agencies to assess their work environments, reflecting on what they have learned as they build routines for measuring and monitoring organizational health and organizational performance.

This spring, agencies will develop updated Work Environment Plans that describe current operational policies that are critical to improving organizational health and organizational performance. Those plans should also describe future changes to those policies aimed at improving an agency's mission delivery. It is the expectation that as a part of these assessments agencies will continue to substantially increase meaningful in-person work at Federal offices, particularly at headquarters and equivalents, while still using flexible operational policies as an important tool in talent recruitment and retention. Agencies' routine assessment of organizational health and organizational performance (defined further below) will ensure ongoing optimization of agency work environments, among other priorities. This memorandum directs agencies to:

- 1) Update Work Environment plans (based on post-reentry plans), describing their current policies for telework and related operational policies (e.g., work schedule design or use of supportive technologies for collaboration), and anticipated future changes;
- 2) Establish routines to assess and optimize such changes, monitoring progress and diagnosing issues related to organizational health and organizational performance on an ongoing basis; and,

- 3) Identify a set of indicators, which may be adjusted over time, that each agency-identified major operating unit¹ will use for measuring, monitoring, and improving organizational health and organizational performance. These include indicators that support agency assessment of and decision-making related to current and future work environments.

Federal employees and agencies have continuously embraced innovative ways of working to deliver on agency missions. The most recent Office of Personnel Management (OPM) Federal Employee Viewpoint Survey (FEVS) found that 78 percent of employees believed that their organizations were successful at accomplishing their missions. Consistent with the values included in the President's Management Agenda (PMA), leaders, managers, and supervisors across the Federal Government will be held to the highest standards of accountability for understanding how their operational units are performing and adjusting workforce policies to maximize organizational performance and organizational health. Leaders, managers, and supervisors must continue taking steps to improve their collection and use of data to improve operations, including disaggregating based on location and other factors. When risks or indications of underperformance are identified, timely actions (e.g., actions related to personnel, funding or technology) must be taken to ensure organizations are meeting their performance objectives and customer expectations.

Consistent with Memorandum M-21-25, *Integrating Planning for A Safe Increased Return of Federal Employees and Contractors to Physical Workplaces with Post-Reentry Personnel Policies and Work Environment* (June 10, 2021),² agencies' decisions about their work environments should be based on how they can most effectively achieve their missions while strengthening their organizations for the future. Additionally, agencies must ensure that all services, including public facing services, continue to meet and exceed customer expectations and needs. Agencies should prioritize improving experiences and services that directly impact the public (e.g., prolonged wait times or delays in processing federal services).

To implement this memorandum, agency Deputy Secretaries or equivalents are accountable for ensuring that senior Federal Government leaders and managers monitor and assess the organizational health and organizational performance of the individual major operating units within an agency in order to strengthen mission delivery. This action includes developing routines for engaging managers and staff within each such operating unit to pursue improved performance in concert with increased organizational health. These routines should be consistent with overall agency mission and strategy and informed by a variety of indicators of organizational health and organizational performance, which can assist agencies in monitoring the effect of changes to workforce and operational policies and practices.

¹ For the purposes of this memorandum, defining major operating units should be done by agencies as a reflection of their distinctive missions and unique histories and organizational structures. For instance, an agency, bureau, or component office may be considered a major operating unit. As a point of reference, agencies already report their work units to the Office of Personnel Management (OPM), based on OPM's guidance, for purposes of administering the Federal Employee Viewpoint Survey and other human capital reporting.

² Available at: <https://www.whitehouse.gov/wp-content/uploads/2021/06/M-21-25.pdf>.

As part of establishing these routines, agencies will prepare updated Work Environment plans (based on post-reentry plans developed in response to Memorandum M-21-25), reflecting lessons learned on mission delivery and work environment. Those Work Environment plans should be informed by agencies' assessment of their organizational health and organizational performance, in keeping with the routines and indicators outlined in this memorandum. In coordination with the President's Management Council Work Environment Working Group³, agencies will submit Work Environment plans to the Office of Management and Budget (OMB) describing their current policies for telework and related operational policies, and detailing anticipated future changes, including implementation timelines. Agency workforces are generally expected to increase meaningful in-person work—that is in-person work that is purposeful, well-planned, and optimized for in-person collaboration – while still using flexible operational policies as an important tool in talent recruitment and retention. Planning should recognize that some operating units have improved performance while using workplace flexibilities, while also optimizing in-person work and strong, sustainable organization health and culture. Emphasis on planning should be placed on agency headquarters and equivalents and customer-facing units and personnel, including in High Impact Service Providers, following instructions detailed below. Updated agency plans and implementation timelines (to include satisfaction of collective bargaining obligations and notice to employees) should continue to be guided by principles set forth in Memorandum M-21-25.

As agencies consider their work environments within their major operating units, assessments of organizational health and organizational performance can help identify beneficial or adverse impacts of telework and other operational policies on the agency's performance of its mission. These may include impacts to customer experience and service, security, cost to operations, management of real property, investments in network capacity or communications infrastructure, and the agency's ability to recruit and retain top talent. Such assessments can also be used to assess technology capabilities, with an eye towards improving efficiency and reducing time spent on processes that rely on outdated technology.⁴ If agency Deputy Secretaries or equivalents find that operational policies are adversely impacting their organizational health and organizational performance (defined further below), they should rapidly make adjustments to immediately address areas of underperformance.

Agencies are also reminded that Memorandum M-21-25, which directs agencies to rely on evidence when making decisions about agency work environments, including by: (1) seeking and considering data and information regarding the impact of personnel policies and procedures on employee engagement, mission delivery, and outcomes; (2) establishing frequent feedback mechanisms, such as pulse surveys; and (3) leveraging evaluation and decision-making processes that support regular, data-driven updates to policies and procedures as the needs of the people agencies serve and of the Federal workforce continue to evolve.

³ Previously the President's Management Council Working Group on Reentry and the Future of Work.

⁴ The Federal Robotic Process Automation (RPA) Community of Practice serves as a complementary community that helps agencies across the Federal Government overcome the technical, management, and operational challenges that arise in designing and deploying an effective RPA program. The community includes 1,400+ members from over 100 departments and agencies.

In addition, OMB Memorandum M-22-14, *FY 2024 Agency-wide Capital Planning to Support the Future of Work* (July 22, 2022),⁵ guides agencies to rely on evidence when making their office space and capital planning decisions, including by collecting and using data and information regarding the effects of personnel policies and procedures on mission delivery, employee engagement, and workspace utilization. Memorandum M-22-14 also set forth that when determining future physical space requirements, agencies should consider the agency's mission and customer needs, the current and future workforce, and impacts on local communities.

In implementing this memorandum, agencies should engage and strengthen any existing agency practices, routines, and functions related to the measurement and monitoring of organizational health and organizational performance. Agencies also are encouraged to consider new ways to measure and monitor organizational health and organizational performance, including to assess impacts of varied and changing agency work environments.

I. Definitions

This memorandum introduces the following terms and defines them as follows.

- **Organizational Health** is an organization's ability to drive performance results collectively in support of its mission, deliver programs and services, and meet stakeholder needs and priorities on an ongoing basis. An organization's health may include considerations such as resilience, capability, and capacity.
- **Organizational Performance** is an organization's effectiveness in delivering mission-aligned results. Effectiveness and results can be measured by a range of indicators and evidence, both internal and external to the organization.
- **Work Environment** is the combination of: personnel policies; talent and workforce performance management strategies; workforce capacity, workloads, and work schedules; design of workspaces and workplaces; supportive and assistive technology tools for individual and collaborative work; and integration of diversity, equity, inclusion, and accessibility principles across management practices and processes. Among other factors (e.g., resource allocation, workforce availability, and policy or statutory constraints), work environments can impact organizational health and, in turn, organizational performance.
- **Organizational Health and Organizational Performance Framework** is a set of validated indicators that can be routinely measured, tracked, and assessed, with which an organization's senior leadership, managers, front-line supervisors, workforce, and stakeholders can monitor the organization's effectiveness and ability (including resilience, capability, and capacity) to perform and adapt. An effective organizational health and organizational performance framework can inform agency decisions regarding a variety of factors, including empowering agency leaders and managers to make, monitor, and assess changes in the organization's work environment.

⁵ Office of Management and Budget, Executive Office of the President, OMB M-22-14, FY 2024 Agency-wide Capital Planning to Support the Future of Work. Available at: <https://www.whitehouse.gov/wp-content/uploads/2022/07/M-22-14.pdf>.

II. Building on Existing Government-Wide and Agency-Specific Initiatives, Processes, and Routines

Agencies' organizational health and organizational performance frameworks and approaches must support delivery of the agency's statutory missions. This concept is supported by academic, nonprofit, and private-sector literature.⁶ Such frameworks (defined above) also should align to and integrate with agency-level and component-level strategic plans, agency priority goals, human capital operating plans, learning agendas, capital plans, other strategic plans and routines for assessing them.

Agencies should consider updates to their publicly available strategic plans, FY 2025 agency performance plans, CX Action Plans, HISP Designated Services and associated performance indicators, and agency learning agendas, as appropriate, to align them with actions taken in response to this memorandum. Agencies should also consider how best to share data and information regarding the agency's organizational health and organizational performance publicly where feasible and legally permissible.

As the agency's Chief Operating Officer, an agency's Deputy Secretary or equivalent is accountable (supported by the agency Performance Improvement Officer) for ensuring that the requisite agency leaders and staff are engaged in comprehensive, data-driven processes that regularly review organizational performance and that results of such reviews are used to inform agency decisions about future agency work environments.

A. Integrating Agency Organizational Health and Organizational Performance Frameworks with Existing Strategic-Planning, Performance-Management, and Risk-Management Processes

While the Federal Performance Framework,⁷ guided by the Government Performance and Results Act (GPRA) Modernization Act,⁸ establishes routines of organizational goal setting, progress review, and reporting policies for agencies, it does not necessarily establish mechanisms and routines to develop and monitor an organization's capacity to perform or resiliency to respond to evolving missions, priorities, and external factors, including within dynamic working environments. Moreover, the Federal Performance Framework only requires these routines at the agency level as the primary organizational unit of analysis.

Agencies' approaches to implementing this memorandum should therefore align to and integrate with existing agency-level and component-level strategic-planning, performance-management, and risk-management processes, including the agency's annual strategic review, human capital planning, FEVS action planning, and enterprise risk management efforts. For

⁶ For example, "Strengthening Organizational Health and Performance in Government," *National Academy of Public Administration*. January 2018. Available at: <https://napawash.org/academy-studies/strengthening-organizational-health-and-performance-in-government>.

⁷ Overview of the Federal Performance Framework, Performance.gov. Available at: <https://www.performance.gov/about/performance-framework/>.

⁸ GPRA Modernization Act of 2010, 5 U.S. Code § 306.

instance, many agencies' Deputy Secretaries lead quarterly data-driven management reviews, along with processes aligned with an annual strategic review of organizational performance, reviews that advance enterprise risk management, or other established processes that can help review the organization's health or performance. Many agencies also require action plans based on FEVS results throughout their organizations or may even have an existing organizational performance or organizational health framework in place that meets some or all of the expectations described in this memorandum. For example, the Department of Veterans Affairs continually tracks and reports on Veteran Trust in VA, making significant gains since they began measurement in 2015.⁹ In sum, research has shown that agencies have developed significant capabilities over the past decade to examine their performance at all levels and should leverage those to achieve the objectives of this memorandum wherever possible, rather than creating new systems or requirements.

Within agencies, major operating units may develop a consistent approach to—or framework for—organizational health and organizational performance; however, organizational leaders in major operating units should have the autonomy and flexibility to select the organizational health and organizational performance indicators and routines for monitoring in alignment with their specific missions, services, stakeholders, contexts, cultures, workforce considerations, etc. These efforts should be closely coordinated with agency headquarters but also informed by engagement with internal and external stakeholders, including the agency's workforce, Federal employee unions and organizations, customers, and local communities, as appropriate.

Development of an organizational health and organizational performance framework outlined in this memorandum could also benefit from complementary organizational strategic planning efforts within major operating units below the agency level. Many major operating units currently develop strategic plans that complement and support agency-level strategic and annual performance plans. Agencies are expected to continue to work to support and facilitate additional major operating units developing such plans and related data-driven routines to monitor progress and inform those units' policies and implementation.

Agencies should also assess their executive performance plans. Every executive should have a performance plan with goals that align to strengthening organizational health and improving organizational performance, in addition to goals that align with organizational strategic goals.

OMB will update Circular A-11 Part 6 to integrate organizational health and organizational performance with other Government-wide management policies and routines. OMB and OPM will also initiate an interagency community of practice around organizational health and organizational performance with participation from agency major operating units. This community of practice will share leading and promising practices across agencies, as well as provide resources and training around establishing routines and indicators for measuring, monitoring, and improving organizational health and organizational performance.

B. Building on Existing Indicators and Ongoing Data Collection Efforts

⁹ Veteran Trust in VA, VA.gov. Available at: <https://www.va.gov/initiatives/veteran-trust-in-va/>

Organizational health and organizational performance routines and frameworks should also build on existing indicators and data collection efforts, while considering the development of new metrics where needed.

To ensure that feedback from the public is incorporated into organizational health and organizational performance frameworks, agencies should use the performance measures provided in OMB Circular A-11 Section 280 which align with the policy direction in E.O. 14058, *Transforming Federal Customer Experience and Service Delivery To Rebuild Trust in Government* (December 21, 2021). Agency leadership should focus on those improvements and service elements that most effectively improve trust for different service types, and reduce burden on the public, and those programs providing services to the public should measure their touchpoint/transactional performance. Today, the public is often dissatisfied with government services when compared against the private sector, which has leveraged technology, process re-design, self-service, empowered front lines, and other tactics to raise expectations. Data collection efforts underway by designated High Impact Service Providers offer a starting point for measurement of the public's experience interacting with agencies. Further, the Digital Analytics Program offers a platform for agencies to connect web activity with experience and performance of digital service delivery. In general, and consistent with the requirements in *OMB Memoranda M-10-22, Guidance for Online Use of Web Measurement and Customization Technologies* (June 25, 2010) and *M-17-06, Policies for Federal Agency Public Websites and Digital Services* (Nov. 8, 2016), agencies should use leading practices for applying customer telemetry in digital service delivery.¹⁰

To ensure that feedback from the Federal workforce is also incorporated into agency frameworks, agencies should use the annual OPM FEVS, which provides key insights on organizational health and organizational performance. OPM recently developed a Performance Confidence Index¹¹ that measures “the extent to which employees believe their organization has an outstanding competitive future, based on innovative, high-quality products and services that are highly regarded by the marketplace.” The Performance Confidence Index on the OPM FEVS is a combination of five items assessing employees' perception of their work unit's ability to achieve its goals and produce work at a high level and, ultimately, provides insights into organizational health and organizational performance. OPM also recently added survey items on resilience, innovation, and responsiveness to customer needs. The longstanding OPM FEVS Employee Engagement Index is also correlated with organizational performance and can provide actionable insights into issues facing major operating units. Note that insights from FEVS should also be complemented by other sources that show objective measures to mission delivery, including those in annual performance plans and reports or operating plans. When considering FEVS results and other data sources, agencies should be mindful in looking at data from various organizational and demographic breakouts for any insights on diversity, equity, inclusion, and accessibility indicators. Managers and leaders should analyze how similar operating units

¹⁰ See Office of Management and Budget, Circular A-11 Section 280. Available at: <https://www.performance.gov/cx/assets/files/2022-OMB-Circular-A11-Section-280.pdf>

¹¹ Federal Employee Viewpoint Survey, Employee Engagement Index. Office of Personnel Management. Available at: <https://www.opm.gov/fevs/reports/data-reports/>.

compare to each other on a range of measures to identify leading practices and areas that need management attention.

OMB will work with the General Services Administration (GSA) and OPM to conduct a review across the Federal Government in order to identify key trends as well as organizations that are positive and negative outliers for agency leadership to incorporate into their management reviews. The scan will show trends for agency strategic review findings and performance measures, customer experience measures for High Impact Service Providers, FEVS employee engagement and performance confidence indices, and the success metrics identified in the Workforce Priority of the President's Management Agenda.¹²

In addition, OPM will collaborate with the Employee Engagement Working Group established under the Chief Human Capital Officers Council to develop and provide resources, tools, and leading and promising practices to support agency employee engagement action planning. The Working Group will also leverage the Employee Engagement Community of Practice to disseminate those tools and resources and inform agencies about their use.

OPM is enhancing its delivery of data analytics to support agencies in data-driven decision making informed by key workforce metrics (e.g., retention, attrition, engagement, recruitment). In collaboration with OMB and other agencies, OPM is developing resources and tools that will support this decision-making capability. OPM and GSA will also work with agencies to develop standards for identifying Federal entities that will address a range of use cases, such as integration of data across HR data systems and data collection efforts for the FEVS and Enterprise Human Resources Integration (EHRI), which will substantially improve analytical capabilities across the Federal Government and save significant labor hours.

Though this effort from OPM will support agencies, it is important that agencies also develop indicators that are relevant to their unique circumstances and mission so that agencies can develop strategies that are tailored to advance their own organizational health and organizational performance.

C. Leveraging Existing Learning Agendas and Ongoing Efforts to Generate and Use Evidence

Agencies should also ensure data and indicators follow the requirements of the Foundations for Evidence-Based Policymaking Act of 2018 (Pub. L. No. 115-434; Evidence Act) and OMB's associated implementing guidance, specifically, building and using a range of evidence to make better program, operational, and other decisions (see Appendix A of OMB Memoranda M-19-23 and M-21-27).¹³ As agencies consider how best to measure, monitor, and

¹² Ahuja, K., Hicks, K. Su, J. Memorandum for the President's Management Council, Chief Human Capital Officers, and Chief Diversity Officers. Nov. 30, 2022. Available at: https://chcoc.gov/sites/default/files/PMA%20Workforce%20Priority%20Metrics%20Memo_508.pdf.

¹³ See Office of Management and Budget, Executive Office of the President, OMB M-19-23, Phase 1 Implementation of the Foundations for Evidence-Based Policymaking Act of 2018: Learning Agendas, Personnel, and Planning Guidance (July 10, 2019). Available at: <https://www.whitehouse.gov/wp-content/uploads/2019/07/m->

assess organizational health and organizational performance, they should leverage evidence generated through the Learning Agendas and Annual Evaluation Plans required by the Evidence Act.¹⁴ Priority questions about organizational health and organizational performance could be part of the agency’s next iteration of its Learning Agenda or included as updates to the existing Learning Agenda. Agencies should also plan program evaluations in key organizational health and organizational performance areas to determine whether, how, and to what extent changes in work environments and other operational processes and conditions are related to changes in either or both organizational health and organizational performance, in addition to understanding the relationship between organizational health and organizational performance.

D. Complementing Existing Requirements to Assess and Improve Service Delivery, Customer Experience, and Impact on Stakeholders, Including Local Communities

Agencies must consider customer experience a part of mission delivery and should include indicators of customer experience as they assess organizational health and organizational performance. As E.O. 14058 states: “The Government’s performance must be measured empirically and by on-the-ground results for the people of the United States, especially for their experiences with services delivered.” In accordance with the 21st Century Integrated Digital Experience Act (Pub. L. No. 115-336), all Executive agencies (5 U.S.C. § 105) are required to establish processes that identify all the services that they maintain. E.O. 14058 and OMB Circular A-11 Section 280 create a framework and approach for measuring the performance of services and satisfaction with the experiences of those services, including by employing mixed methods of service audits and burden estimations, feedback surveys, customer feedback, and other qualitative research methods such as human centered design research.

Agencies also are reminded that Memorandum M-21-25 instructs that agencies to: (i) regularly solicit feedback from representatives of local communities as agencies introduce, pilot, evaluate, and scale changes in their work environment, (ii) assess “impacts of an increasingly hybrid workforce on local community services and commuting infrastructure and consistency of demand for Federal facilities throughout the work week,” (iii) account for the impact on local communities and economies as a factor when making decisions about agency work environments and workspaces, including telework postures, and (iv) consider possibilities for agencies to bring recruitment and employment opportunities to communities across the Nation through Federal positions now eligible for remote work. In addition, OMB Memorandum M-22-14 guides agencies to consider impacts on local communities as a factor in addition to the agency’s

[19-23.pdf](#); and Office of Management and Budget, Executive Office of the President, OMB M-21-27, Evidence-Based Policymaking: Learning Agendas and Annual Evaluation Plans (June 30, 2021). Available at: <https://www.whitehouse.gov/wp-content/uploads/2021/06/M-21-27.pdf>.

¹⁴ As described OMB Memorandum M-19-23, “Learning agendas offer the opportunity to use data in service of addressing the key questions an agency wants to answer to improve its operational and programmatic outcomes and develop appropriate policies and regulations to support successful mission accomplishment. They identify, prioritize, and establish strategies to develop evidence to answer important short- and long-term strategic questions (i.e., questions about how the agency meets its mission(s), including about how programs, policies, and regulations function both individually and in combination) and operational questions (i.e., questions about the agency’s operations like human resources, grant-making procedures, financial systems and tracking, and internal processes).” Available at: <https://www.whitehouse.gov/wp-content/uploads/2019/07/m-19-23.pdf>.

mission, customer needs, and the current and future workforce, when determining future physical space requirements. Various example community indicators are also found at Appendix I, Section III of this memorandum.

III. Strategies for Measuring, Monitoring, and Improving Organizational Health and Organizational Performance

Each agency's organizational health and organizational performance approach(es) should include the following three strategies, addressing where feasible the related actions supporting each strategy as listed below:

A. Reviewing and Selecting Organizational Health and Organizational Performance Indicators

- Agencies should consider a wide range of indicators that relate to various factors of organizational health (e.g., employee engagement, employee satisfaction, labor-management relations transparency, trust in leadership, innovativeness, autonomy, cohesiveness, and morale). See also Appendix 1, Section II of this memorandum.
- Agencies should consider a wide range of indicators that relate to various factors of organizational performance (e.g., outcomes, outputs, productivity, efficiency, recruiting and retention, customer experience including wait times and post-transaction trust, and workforce performance management). The selection of organizational performance indicators should be informed by agency strategic and annual performance plans and priority goals. See also Appendix I, Section II of this memorandum.
- Agencies should consider, in particular, indicators that when analyzed can help identify how changes in work environments affect organizational health, organizational performance, and mission delivery, such as adverse or beneficial impacts of telework and other personnel and workplace policies and practices, e.g., work schedule design, workspace design, or assistive and supportive technologies.
- Indicators should also reflect a balance in use (internal versus public facing) and type (outcome, output, input, and efficiency), as appropriate.
- Indicator development should be informed by meaningful engagement with key counterparts in other agency operating units and other agencies, as well as stakeholders including customers, employees, unions, local community representatives, and program delivery partners, as appropriate.
- See Appendix I for categories and examples of measures agencies could consider.¹⁵

B. Establishing Routines to Monitor Progress and Assess Issues Related to Organizational Health and Organizational Performance

- Mechanisms and routines should be established for collecting, tracking, and analyzing quantitative and qualitative data and receiving regular feedback and assessments.

¹⁵ For additional considerations on developing frameworks to measure organizational health and organizational performance, please see the white paper: "Strengthening Organizational Health and Performance in Government," *National Academy of Public Administration*. January 2018. Available at: <https://napawash.org/academy-studies/strengthening-organizational-health-and-performance-in-government>.

- Assessments should consider quantitative and qualitative information, and identify specific indicators of organizational capacity to perform and resilience to adapt within a dynamic working environment.
- Qualitative information (e.g., from focus groups or stakeholder input) can help contextualize and inform the interpretation of quantitative results.
- Agencies should establish a routine for reviewing their data to identify, assess, and improve on strengths and weaknesses, organizational risks, and data and feedback gaps.
- Analyses should be conducted in a way that enables an agency to identify positive and negative outliers and inter-organizational trends, and to disaggregate by impact area, location, and organizational type.

C. Building a Culture of Continuous Improvement by Taking Actions Based on Findings at All Levels of the Organization

- In implementing the routines described above, agencies should use available evidence and diagnostics to identify actions that can lead to improved organizational health and/or organizational performance, and use monitoring and evaluation efforts to assess whether those routines lead to expected improvements.
- Agency frameworks should incorporate processes for evidence and evaluation planning into agency organizational planning to further embed a data-driven and evidence-based approach to support agency decisions.
- Agency processes should encourage and incorporate building evidence where it is lacking to inform understanding of practices and policies that contribute to improvements in organization health, as well as to contribute to evidence on the relationships among work environments, organizational health, and organizational performance. Facilitating the sharing of available, existing evidence as well as new, emerging evidence generated through the implementation of this memorandum across agencies will be a key focus of the Community of Practice referenced in Section II.A of this memorandum.
- Agencies should use a portfolio of evidence to inform improvements to processes and agency decisions. This should include organizational performance measurements, workforce and other organizational policy analysis, program evaluations, and foundational fact finding regarding organizational health and organizational performance. Agencies should describe their evidence needs and associated plans in their Learning Agendas and Annual Evaluation Plans where appropriate.
- Agencies' processes should encourage adjustment of operations and work environments based on evidence that demonstrates the associated benefits related to organizational health and/or organizational performance. When agencies are trying new strategies, evidence planning should be built in from the start to assess implementation and determine what is working to inform further and future improvements.
- Agency processes should also drive benefit at the operational level by identifying key organizational decisions, the data required to make those decisions, and the creation of data where it is lacking to support decision-making on mission delivery.
- The Senior Executive Service and other employee performance management processes should align with organizational health and organizational performance processes.
- Organizational health and organizational performance processes should also align with employee engagement annual action planning.

IV. Timeline for Agency Actions

Senior Federal Government leaders and managers are directed to measure, monitor, and assess the organizational health and organizational performance of their agencies. To support senior leaders and managers in doing so, Chief Financial Officer (CFO) Act agencies¹⁶ should build upon existing organizational processes to implement robust and valid measures of organizational health and organizational performance to inform the use of practices that best support improvements in both of these areas, and provide the information and evidence needed to understand how they are affected by varying agency work environments.

Agency Deputy Secretaries or equivalent are directed to conduct a review of existing processes for monitoring and responding to organizational performance outcomes and organizational health indicators in place at each major operating unit, including the ability to identifying issues within major operating units. Such a review should inform and support ongoing decisions for agencies with respect to agency work environments. The following steps should be taken to support this review, as well as to support implementation of the three strategies described in Section III of this memorandum. Non-CFO Act agencies are encouraged to take these steps as well. Agency Inspectors General are also encouraged to assess their own internal processes and procedures, following the steps outlined in this memorandum.

In parallel with issuance of this memorandum: the President's Management Council (PMC) Working Group on Work Environment will provide instructions to agencies for revising Work Environment Plans (based on post-reentry plans) to OMB. The Working Group will meet weekly in support of plan revision, review, and identification of cross-agency needs and trends.

Within 30 days of issuance of this memorandum: Each agency-identified major operating units should identify a lead for organizational health and organizational performance to their agency Performance Improvement Officer (PIO), Chief Human Capital Officer, and PMC Work Environment point of contact. This lead should serve in a senior position that has the ability to direct and coordinate implementation of performance and workforce policies throughout the organization (e.g., an operating unit-level Chief Operating Officer). Major operating units should also consider near-term staffing capability and capacity to support organizational health and organizational performance coordination.

Within 30 days of issuance of this memorandum: In coordination with the President's Management Council Working Group on Work Environment, agencies are expected to develop and provide OMB with updated headquarters (and equivalents) Work Environment Plans (based on post-reentry plans) describing their current policies for telework and related operational policies and practices (e.g., work schedule design, workspace design, or use of assistive and supportive technologies for collaboration), as well as anticipated changes, with implementation timelines. Organizational health and organizational performance routines can serve as concurrent and future measurement and monitoring for such planning and implementation going forward. Consistent with trends over the last two years, plans should reflect the expectation that agency headquarters and equivalents generally continue to substantially increase meaningful in-person work in Federal offices. Agencies are expected to consider this principle in their planning unless

¹⁶ The CFO Act agencies are defined in 31 U.S.C. § 901(b).

additional flexibility existed in 2019 or the agency can demonstrate clear benefits of additional flexibility to organizational health and organizational performance. Agencies should still use flexible operational policies as an important tool in talent recruitment and retention. These expectations are broadly consistent with trends in other sectors as they seek to capitalize on the benefits of meaningful in-person work necessary for high-performing, innovative organizations and strong, sustainable organizational health and culture.

Within 60 days of issuance of this memorandum: In coordination with the President's Management Council Working Group on Work Environment, agencies are expected to develop and provide OMB updated Work Environment plans (based on post-reentry plans) specific to customer-facing units and personnel, including within High Impact Services Providers, describing their current policies for telework and related operational policies and practices (e.g., work schedule design, workspace design, or use of assistive and supportive technologies for collaboration), as well as anticipated changes, with implementation timelines. Organizational health and organizational performance routines can serve as concurrent and future measurement and monitoring for such planning and implementation going forward. Consistent with trends over the last two years, plans should reflect the expectation that customer-facing personnel and units generally continue to substantially increase meaningful in-person work in Federal offices. Agencies are expected to consider this principle in their planning, unless they can demonstrate the organizational health and organizational performance benefits of additional flexibility and appropriate and effective investments in tools, technology, processes or other factors that enable new operating models that meet service-delivery objectives. Agencies should still use flexible operational policies as an important tool in talent recruitment and retention.

At this time, agencies are also expected to develop and provide OMB updated Work Environment plans (based on post-reentry plans) applicable to all remaining operational units.

Within 60 days of issuance of this memorandum: OMB, in coordination with GSA and OPM will use FEVS data to assess trends of engagement and performance confidence, along with identifying areas of consistently low levels of employee engagement and performance. OMB will then share the results to agency leadership as a part of the summer Strategic Review process, identifying organizational units that may warrant leadership attention and inform agency organizational health and organizational performance framework planning.

Within 90 days of issuance of this memorandum: Agency PIOs should convene major operating unit-level organizational health and organizational performance leads to recommend to agency Deputy Secretaries (or equivalent) where agency-wide guidance and consistent approaches would be useful to support these efforts. Agency PIOs should convene these leads on regular intervals to review progress, share leading practices, and discuss areas for collaboration. The PIOs should also convene, and consider processes established by, the Chief Human Capital Officer, Chief Data Officer, Evaluation Officer, Chief Financial Officer, Chief Information Officer, Chief Experience Officer, Chief Technology Officer, Chief Acquisition Officer, the Statistical Official, and High Impact Service Provider leads. Planning should consider integration with the FEVS action planning process, and the human capital review process. PIOs should also ensure consistent organizational definitions to facilitate conversations around organizational performance and health.

Summer 2023: As part of the annual strategic review meetings in the summer of 2023, agency Deputy Secretaries (or equivalent) and PIOs are directed to present to OMB key findings from the Deputy Secretary-led review, as well as a summary of: (i) extent to which key indicators currently exist at each major operating unit for use in assessing organizational health and organizational performance; (ii) the routines established to monitor progress and respond to any identified challenges; (iii) how the agency will continue to improve its approach to these routines in the future, in support of fostering a culture of evidence use and continuous improvement; (iv) a discussion of evidence gathered on beneficial or adverse impacts of operational policies, including any expansion of telework, on the agency's performance of its mission, including impact on customer experience, significant operational costs, and the agency's ability to recruit and retain top talent, and (v) a discussion of how agency Deputy Secretaries (or equivalent) will take actions based on these findings, including through changes to work environment planning and implementation.

Within 150 days of issuance of this memorandum: Each major operating unit, as defined by the agency, should review and analyze their major operating units' existing organizational health and organizational performance data and processes. Major operating units should also identify areas where existing indicators are not available and identify gaps (e.g., areas where new data streams or inclusion in the learning agenda would be helpful) to ensure the best-available organizational health and organizational performance metrics will be available for future reviews. Each agency major operating unit should summarize their findings and approach to their agency PIO and Deputy Secretary.

Ongoing: The PIO should outline a process (building upon existing processes where appropriate) to regularly coordinate and convene with agency leadership, operating unit lead, and other officials including but not limited to: Chief Human Capital Officer, Chief Data Officer, Evaluation Officer, Chief Financial Officer, Chief Information Officer, Chief Experience Officer, Chief Technology Officer, Chief Acquisition Officer, the Statistical Official, and High Impact Service Provider leads to continually improve and advance the agency's organizational health and organizational performance processes. In particular, agency headquarters are expected to develop regular data-driven routines with leadership of their major operating units to review progress on organizational health and performance.

Appendix 1

Example Indicators for Measuring, Monitoring, and Improving Organizational Health and Organizational Performance

The ability and effectiveness of an organization to deliver on its core mission is influenced by a range of factors or dimensions internal and external to the organization. Rationalizing these factors and key determinants into a single framework can provide a holistic organizational assessment method and tool for senior managers for monitoring their organization's capacity to perform and adapt, such as in the context of the organization's dynamic working environment.

Such a framework focused on organizational health and organizational performance can complement other organizational planning tools, such as SWOT analyses (Strengths, Opportunities, Weaknesses, Threats), PESTEL (political, economic, social, technological, legal and environmental) analyses, and FAST (Function Analysis System Technique) diagrams, among other approaches.

This appendix lists example indicators for measuring, and monitoring organizational health and organizational performance. Example indicators and existing data sources are provided to offer potential indicators for senior leaders and managers seeking to understand the current state of their organization's health and organizational performance, and identify areas for improvement. While some of these example indicators may be useful as agencies develop organizational health and organizational performance frameworks, ultimately the individual missions and circumstances of agencies and their major operating units will require the use of a unique set of validated indicators tailored to inform assessment of organizational performance. Agencies may find they are able to identify and validate common indicators of organizational health across major operating units, even if some organizational-health indicators are tailored. Agency leaders, and senior executives will need to make decisions on the appropriateness of the utilization and application of such indicators, given the attributes of the organizational unit of analysis, and can adapt a framework that reflects the uniqueness of their organization's mission-specific tasks and functions.

Example indicators to measure the dimension of community and interested parties' needs are also presented. Understanding the role of and experience with Federal programs from the perspective of the affected communities is essential for understanding how the organization is performing. This includes seeking the views of State, local, Tribal, and territorial officials, unions, nonprofit organizations, community groups, and individuals that can be affected by the service delivery, operations, and work environment of the agency.

Some indicators may be influenced by statutory requirements, which must be considered and followed when selecting indicators.

I. Example Indicators for Measuring Organizational Health and the Work Environment

- Talent Management¹⁷
 - Talent acquisition indicators:
 - Quality of Hire
 - Fill rate for Mission Critical Occupations
 - Percent of roles available for early career talent
 - Number of onboards by type (e.g., economist, intern, office manager)
 - Cost per hire
 - Time to hire
 - Mission Support Customer Satisfaction Survey (CSS) Recruiting and Hiring Scores
 - Talent development, retention and engagement indicators:
 - Investment in training per employee
 - Attrition rates
 - Fill rates from external and internal sources by occupation
 - Quantity of (or gaps in) certified practitioners for key occupations, skills, and competencies (e.g., IT, cyber, human resources, project management, human centered design, process improvement, evaluation)
 - Employee engagement index¹⁸
 - Global Satisfaction Index¹⁹
 - CSS Training and Development Scores
 - Talent performance and efficiency indicators:
 - Span of control ratios
 - Employee to contractor ratio and cost per contractor
 - Individual or team performance management assessments
 - Key indicators from exit interviews
- Operational efficiency indicators:
 - Cost per transaction
 - Service delivery cost per service
 - Satisfaction with and perceived effectiveness of internal, employee-facing services (e.g., legal, IT, pay and benefits systems, case and contact management systems)
 - Quantity, type, and cost savings associated with data exchanges
 - HR Staffing Ratio
 - Human Capital Spend per Employee
- Overall culture and work environment

¹⁷ For additional references and metrics related to human capital functions, please see the Office of Personnel Management's Human Capital Business Reference Model and the Human Capital Federal Integrated Business Framework. Available at: <https://www.opm.gov/services-for-agencies/hr-line-of-business/hc-business-reference-model/hc-brm-interactive-model.pdf>.

¹⁸ Federal Employee Viewpoint Survey, Global Satisfaction Index. Office of Personnel Management. Available at: <https://www.opm.gov/fevs/reports/data-reports/>.

¹⁹ Ibid.

- OPM FEVS Q.22: My agency is successful at accomplishing its mission
- OPM FEVS Performance Confidence Index²⁰
- OPM FEVS Employee Engagement Index
- OPM FEVS Global Satisfaction Index
- OPM FEVS Diversity, Equity, Inclusion and Accessibility Index
- Additional OPM FEVS results related to resilience, innovation, and responsiveness to customer needs
- Work-life flexibility assessments (e.g., employee feedback survey on availability of work-life flexibility benefits)
- Employee and manager surveys regarding telework, remote work, work schedules, or other flexibilities for employees
- Implementation of worker empowerment recommendations and labor union feedback surveys
- Maturity of enterprise planning/risk management/performance monitoring processes
- Maturity of capital planning processes (e.g., Real Property, IT, etc.)²¹

II. Example Indicators for Measuring Organizational Performance

Outcome indicators measure progress against achieving the intended result(s) of a given program or service, reflecting changes in conditions that the Government is trying to influence. Output indicators describe the level of activity, effort, product, or service provided over a defined period of time.²²

A. Example Mission Delivery and Effectiveness Indicators for Organizational Performance

- Strategic Objectives and measures presented in agency Annual Performance Plans and Reports, including milestone delivery and target achievement, which can include:
 - Economic outcome indicators
 - Health outcome indicators
 - Environmental outcome indicators
 - Community outcome indicators
 - National defense and security outcome indicators.
 - Disaster preparedness, preparation, and resilience outcome indicators
- Statutorily required data and reporting regarding the outputs, outcomes, and/or impacts of Federal programs or services
- Legal deadlines met or missed
- Customer experience and service transaction measures:²³
 - Trust in [Federal entity]

²⁰ Federal Employee Viewpoint Survey, Global Satisfaction Index. Office of Personnel Management. Available at: <https://www.opm.gov/fevs/reports/data-reports/>.

²¹ See OMB Circular A-11, Supplement to Part 7 – Capital Planning Guide’s Appendix 1 for information on the definition of capital assets.

²² See OMB Circular A-11, Section 200 for additional discussion of outcome and output indicators.

²³ See OMB Circular A-11, Section 280 for measures of Customer Experience.

- Overall satisfaction in service
- Transaction processing time
- Total administrative burden²⁴
- Ease, effectiveness, emotion, humanity, and other service elements outlined in A-11 Section 280
- Cost per transaction (to Government)
- Cost per transaction (to customer)
- Drop-off rates by demographics

B. Example Mission Support Measures for Organizational Performance

- Human capital indicators related to organizational performance:
 - Employee performance management actions, outcomes, and evaluations
 - Backlog of payroll and time and attendance tickets
 - Implementation milestones for human capital plans
 - Internal Customer Satisfaction Survey and CSS questions.
 - Time to hire and time to fill vacancies
 - Cost per hire
 - Help desk ticket resolution time and survey results
- Acquisition indicators related to organizational performance:
 - Employee Satisfaction Survey questions (including Acquisition 360 and CSS)
 - Supplier availability and quality metrics
 - Compliance rates
 - Procurement outcome metrics
 - New and recent entrant metrics
 - Procurement cycle time, which measures the amount of time it takes to complete certain steps in the procurement process
 - Overall One-Bid Rate, which measures how often competitive procurements receive one bid when using competitive procedures
 - Overall satisfaction with how well the contracting function serves as a strategic partner, through the Internal Customer Satisfaction Survey questions
 - Spend Under Management, which tracks the total dollar amount of obligations that is actively managed according to category management principles (source: Public Category Management Dashboard)
- Information Technology (IT) and cybersecurity indicators related to organizational performance:
 - Helpdesk ticket closure rate
 - Equipment refresh timeliness
 - Internal Customer Satisfaction Survey and CSS questions
 - Satisfaction measures with software availability
 - Policies / practices assessments for Knowledge Management
 - Mean time between cybersecurity incidents or failures

²⁴ See Office of Management and Budget, Executive Office of the President, OMB M-22-10, Improving Access to Public Benefits Programs Through the Paperwork Reduction Act. Available at: <https://www.whitehouse.gov/wp-content/uploads/2022/04/M-22-10.pdf>.

- Systems stability indicators
- Financial management indicators related to organizational performance:
 - Commitment, Obligation, and Expenditure rates
 - Average costs per day for operations and employee pay
 - Improper payment rates
 - Internal Customer Satisfaction Survey and CSS questions
 - Accuracy, completeness, and timeliness of key budget, planning, and performance products
 - Unmodified audit opinions on agency financial statements
 - Employee feedback survey scores related to supportive and assistive technology
 - Workplace physical space per FTE

III. Example Indicators for Measuring the Dimension of Community Needs

- Location and use of agency-occupied office space and other real estate
- Employee and contractor commuting and travel patterns, modes, and frequency
- Qualitative input from stakeholder groups, focus groups, community outreach engagements, and co-creation sessions, quantity of such input and engagement forums, and diversity of organizations and communities providing such input
- Rate of agency uptake and action on ideas and suggestions submitted by stakeholders
- Number of consultations and engagements with Tribal Nations, States, territories, and localities
- State, Tribal, territorial, and local request resolution backlog tracking
- FOIA request resolution time and backlog tracking
- Use of (and analysis from) tools that identify underserved and overburdened communities, such as the Climate and Economic Justice Screening Tool²⁵ or Census' Community Resilience Estimates²⁶
- Quantity and types of public-private partnerships and other formal partnerships with communities in which an agency participates

²⁵ Climate and Economic Justice Screening Tool. Council on Environmental Quality. 11/22/2022. Available at: <https://screeningtool.geoplatform.gov/en/#3/33.47/-97.5>.

²⁶ United States Census Bureau. Community Resilience Estimates Datasets. Available at: <https://www.census.gov/programs-surveys/community-resilience-estimates.html>.