DEPARTMENT OF AGRICULTURE

PART ASSESSMENTS[1]

[1] For each program that has been assessed using the PART, this document contains details of the most recent assessment. These details are presented in their original form; some programs have revised performance targets and developed or replaced performance measures since the original assessment. The PART summaries published with the 2006 Budget (in February 2005) provide current information on follow-up to recommendations and other updates.

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PART Performance Measurements

Program: Agricultural Credit Insurance Fund - Guaranteed Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	63%	100%	67%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The program allows family farmers who could not otherwise obtain agricultural credit to obtain needed credit from private sector lenders.

Evidence: Consolidated Farm and Rural Development Act, as amended (CONACT) clearly outlines the program.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: FSA's guaranteed farm loans help to resolve imperfections in credit markets as well as help address concerns regarding social equity. Due to the economic uncertainty concerning the production of agricultural commodities, farmers may have difficulty demonstrating their creditworthiness to lenders. This problem is likely to be more serious for young/beginning farmers due to lack of credit history or limited income. Much farm production occurs in geographically isolated areas that have few lenders. Consequently, farmers may face a competitively limited market for their loans that can result in higher rates, unfavorable terms, and a shortage of loan funds. By limiting the lenders' risk, FSA guarantees enable lenders to become more comfortable lending to farmers, facilitating the provision of credit, which can help support low farm family incomes, assist beginning farmers, or help farmers adopt new technology that will make their farming operations more economical.

Evidence: FSA's overall market share for guaranteed loans is about 4 percent nationwide, but this fails to recognize their importance among special interest groups such as beginning and socially disadvantaged farmers. Data from USDA's Agricultural Resource Management Survey indicates recipients of FSA guaranteed loans between 1998 and 2000 were more financially stressed than farmers receiving non-guaranteed loans. FSA guaranteed borrowers were less solvent and had less cash flow coverage than farmers receiving non-guaranteed loans. Among young and beginning farmers, 10% of their debt is from FSA guaranteed loans. Among farms with less than $250,000 of net worth, their market share was 10%. Last fiscal year, over 13,000 guarantees for nearly $2.7 billion were obligated. Without these guarantees, these borrowers would not have been able to obtain credit to begin or maintain their farming or ranching operations.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: At the Federal level there are no other agencies that have the same specific goals and objectives as FSA guaranteed loan programs. While the Small Business Administration (SBA) also has a loan program for the farm sector, much of SBA's loans to farmers are to provide capital for farm-related businesses which FSA cannot finance. Although there are several State Governments that have established programs with goals and objectives similar to the FSA guaranteed loan program, there is no such program that is national in scope.

Evidence: FSA accounted for 93 percent of all Federally guaranteed farm loan volume in 2000, compared to only 7 percent for SBA. Six states currently provide guaranteed loans to farmers with a total outstanding volume of less then $500 million compared to FSA's outstanding Farm Ownership (FO) volume of $4.3 billion. There are 16 States that utilize tax-exempt bonds to fund loans to farmers. In 2001 these State programs provided $60 million dollar in real estate loans to farmers compared to $852 million provided through FSA guaranteed loan program.

PART Performance Measurements

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1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: The program is comparatively very cost-effective with low subsidy costs and the delivery mechanism is consistent with program objectives. Due to the economic uncertainty with production agriculture, many farmers suffering financial difficulty would be unable to obtain necessary credit without a guarantee. We have no evidence of any other approach or mechanism that would be more effective. The program is designed to partner with the private sector to use existing lender procedures to reduce costs and minimize administrative burden.

Evidence: The FY 2003 subsidy rates for guaranteed loans are 0.75 percent for real estate loans, 3.17 percent for unsubsidized operating, and 11.84 percent for subsidized operating loans. Direct loan subsidy costs are significantly higher. Program eligibility requirements prohibit loan guarantees to farmers otherwise able to obtain credit and ERS data indicates the program plays a significant role in assisting this target group. In 2002, over 13,000 guarantees for over $2.7 billion was provided to this group of farmers. For the most part, the program utilizes existing lender credit standards and staff to assemble data and underwrite loans. Existing lender oversight Agencies (such as the FDIC and FCA) are used, in part, to monitor lender strength and management, as well as to review and control underwriting and servicing policies.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: Each year FSA allocates a share of loan funding for use by beginning and socially disadvantaged (SDA) groups. State's lending allocation for beginning farmers (those who have less than 10 years of farming history) are reserved until April 1 each year. Annual targeting levels are 40 percent for guaranteed operating loans and 25 percent for guaranteed farm ownership loans. FSA targets SDA groups (including racial and ethnic minorities, and women) by setting aside a share of funding for these applicants. Since 1993, 17 percent of guaranteed farm ownership loans and 10 percent of guaranteed operating loans have gone to either beginning or SDA farmers. In comparison, racial and ethnic minorities make up less four percent of total U.S. farms, with beginning farmers constituting less than one percent (1997 Census of Agriculture).However, while time and eligibility caps deny borrowers access after a certain time, there is effectively no means by which FSA can force those who no longer necessitate federal credit assistance out of the program.

Evidence: Repeated studies conducted by USDA Economic Research Service show the program serves clientele who are more creditworthy than those receiving FSA direct loans and less creditworthy than those with non-guaranteed loans from commercial lenders. Other economic studies have shown that FSA guaranteed loan programs have a greater presence in regions experiencing greater financial stress, lower per capita incomes, and a greater presence of young or beginning farmers. Broyles, M. & S. Koenig. 'Minority Farmers and Their Finances.' Journal of Agricultural Lending (Fall 2002).Dodson, C. & S. Koenig. 'The Targeting of FSA's Guaranteed Farm Loan Program.' Journal of Agricultural Lending (Spring 2000).

PART Performance Measurements

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2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 12%

Explanation: FSA has adequate measures for all long-term goals except the goal of 'improving the economic viability of farmers and ranchers.' As this is one of the key purposes of the program, FSA must establish a measure to track agency progress towards this goal. Current measures focus on maintaining a low loss rate of guaranteed loans (which is integral to the cost of providing credit to those who need it) and increasing the percentage of loan funds going to targeted groups. Although current long-term measures are adequate, improvements are still warranted. While a low loss rate on loans is used as a proxy indicator for the financial viability of borrowers, there is no measure that indicates the program is providing adequate coverage of their intended market or whether or not there are any unmet needs. Furthermore, the percent of funding going to targeted groups does not always provide an accurate picture (e.g., increased loan levels likely result in a lower percentage of program dollars being utilized by these groups). A measure tracking agency progress on meeting the financial needs of certain targeted groups could be one way to address both issues. Such a measure would also inform program managers of actions needed to address underserved areas/groups and of the success of outreach efforts.

Evidence: The Farm Service Agency (FSA) has several long-term goals: (1) improve the economic viability of farmers and ranchers, (2) reduce losses in farm loan programs, (3) respond timely to loan making and servicing requests, and (4) provide maximum financial and technical assistance to underserved groups. Long-term performance measures include maintaining a low loss rate on guaranteed loans, reducing servicing/loan making time, and increasing the percent of loans to beginning and socially disadvantaged farmers/ranchers. FSA is currently evaluating a performance measure that would indicate whether the program is improving the economic viability of borrowers. Performance measures being considered are related to changes in the financial strength of borrowers, assessing the extent to which the program is reaching targeted groups, and the added value to communities as a result of the loan programs.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 12%

Explanation: Established baselines and clear timeframes and targets support FSA's long-term measures for this program. However, while the targets for funding directed to underserved groups is increasing, it is not clear that they are ambitious. For example, targets are based on past program demand from underserved groups, not on an analysis of eligible borrowers. Thus, self-selection could be a problem--although borrowers from these groups are eligible, they are not participating for one reason or another. By basing targets on an analysis of those eligible for the program, the agency can determine if outreach efforts are effective or changes are warranted. In addition, FSA's targets regarding loan losses are not as strong. Out-year targets remain at 2%, although actual experience has shown losses less than 1%.

Evidence: The FY 2004 FSA Annual Performance Plan describes the targets and timeframes for the performance measures established for the guaranteed loan program. The plan shows four year trends for the period of FY 1999 through 2002 and projected targets for fiscal years 2003 and 2004. FSA re-evaluated the long-term measures for the guaranteed loan program for the FY 2004 annual performance plan and for the FY 2005 budget.

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2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:12%

Explanation: FSA's annual performance measures are designed to monitor the program's progress towards achieving its long-term goals. Annual performance measures include: (1) maintain a low loss rate on guaranteed loans, (2) decreased average loan processing times and (3) maintaining the percentage of guaranteed loans made to direct borrowers. While the loss rate indicator is also used to assess financial performance of the loan portfolio over time, FSA also tracks loss rates on its guaranteed portfolio on an annual basis.

Evidence: The first measure helps FSA assess the "economic viability of farmers and ranchers" by looking at how economic conditions and interest rates are affecting the extent that borrowers are able to meet their financial obligations. It is also used to measure the risk of this program to the government. The second measure supports the overall goal of improving the efficiency of loan making and servicing and quality of customer service and is directly linked to a number of initiatives FSA has undertaken to improve program management. The third measure, which focuses on graduation rates out of the direct lending program, supports the long-term goals of improving the economic viability of farmers and ranchers and providing the right level of financial assistance to farmers and ranchers to help them maintain profitable farming operations. This directly measures the extent to which FSA is able to help farmers and ranchers improve their financial management practices in order move out of direct credit assistance and towards obtaining private sector credit.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:12%

Explanation: Established baselines and clear timeframes and targets support FSA's annual measures for this program. FSA is currently using the annual measure: "maintain the percentage of guaranteed loans made to direct borrowers." As indicated by this measure, targets have remained at the same level over the last couple of years. This is a reflection of past performance, anticipated program demand, and borrower creditworthiness. However, this target should continue to be reevaluated to assess whether it should be increased.

Evidence: The FY 2004 FSA Annual Performance Plan describes the targets and timeframes for the performance measures established for the guaranteed loan program. The plan shows four year trends for the period of FY 1999 through 2002. It also shows projected targets for fiscal years 2003 and 2004.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight:12%

Explanation: While the lenders are not asked to specifically commit to meeting Agency goals, they do share the Agency mission of providing credit and improving the financial viability of farmers and ranchers. They also receive incentives from their regulatory agencies to make loans to our targeted farmers. Rather than have lenders report goal activity, the Agency monitors lender performance through regular review of data received from the lenders and credit agencies. Non-performance by lenders results in loss of status and/or increased oversight. To insure credit is provided to targeted groups, the Agency reserves loan funds and includes field office goals to measure performance. In addition, outreach efforts include meetings with lenders and lending associations to discuss the importance of this policy.

Evidence: In order for lenders to stay in business, they strive to assist farmers to make financial progress in order to maintain a portfolio of profitable loans. Some lender partners, such as the Farm Credit System have specific policies to increase assistance to beginning and small farmers. In addition, lenders interested in expanding their territory must also consider the Community Reinvestment Act requirements which credits lenders for making loans to our target group.

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2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight:12%

Explanation: As there are no independent evaluations that examine how well the program is accomplishing its mission and meeting its long-term goals, the program must receive a 'no' to this question.However, numerous reviews are conducted to evaluate program integrity and management. At the Agency level, the National Internal Review and County Office Reviews are completed on a regular schedule. Ad-hoc evaluations are completed by Agency Management, Office of Inspector General, and the General Accounting Office. In addition, more comprehensive studies are undertaken by USDA's Economic Research Service as warranted by Congressional mandates or Agency management. These reviews largely focus on loan portfolio performance and lender servicing.

Evidence: The National Internal Review completes an annual review of each County Office that processes guarantees. Biennially, the National Office completes a quality assurance review of every State Office. Every County Office has a County Office Review, on average, once every 4 years. These reviews are managed by independent offices with no credit responsibilities. In addition, management reviews are conducted as needed. On an ongoing basis, at least 20 percent of partners (lenders) files are reviewed annually to evaluate effectiveness and compliance with program requirements. As the agency has improved its strategic planning efforts, the program would benefit from a performance-focused review.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight:12%

Explanation: Long term goals include improved economic viability of farmers and ranchers, reduced loan losses, and targeted assistance to beginning and socially disadvantaged farmers. Demand for guaranteed loans is the major driver in the budget request, and increased loan levels would tend to improve economic viability of farmers. Reduced loan losses can be somewhat attributed to the requirements imposed on private lenders who participate in the guaranteed program, but not tied to funding levels. Guaranteed lenders are not required to meet the legislative targets to beginning and socially disadvantaged farmers as FSA is for direct loans. As required by FCRA and A-11, all administrative expenses associated with carrying out the government's portion of this program are budgeted within this program, then transferred to FSA's administrative expenses account.

Evidence: With respect to administrative expenses and budgeting for the entire cost of the program, there are supplemental back-up budget materials, as well as transfer documents issued each year for the transfer of funds from ACIF to the S&E account. Individual lenders are not required to meet specific targets for lending to beginning and Socially Disadvantaged (SDA) farmers, but FSA monitors statistics on a national basis.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight:12%

Explanation: Annually, the strategic plan is reviewed and goals are modified, as necessary, to develop the most meaningful, realistic, and ambitious long-term performance goals. The Agency is currently evaluating an alternative outcome measure through the BPI process to more closely determine the guaranteed programs' impact on the economic viability of farmers.

Evidence: Deficiencies are identified during the annual review of performance and development of coming annual goals. Adjustments are made to improve strategic planning deficiencies. For example, the performance goal of "Reduce average processing time" has been modified to measure the time from receipt of an application until decision on the application. Previously, the measurement was from receipt of a "complete" application until decision on the application. This change increased accountability and should improve overall service.

PART Performance Measurements

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3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight: 11%

Explanation: The Agency collects, on an ongoing basis, individual loan data that populates a database from which performance information is extracted. This database identifies loans to targeted individuals, to permit extracting data for this measure. Annual goals are reviewed monthly to measure progress towards achieving strategic goals and management initiatives. Monitoring this performance helps the Agency identify where to place additional emphasis or make improvements, as appropriate.

Evidence: Management reviews reports on an ongoing basis and identifies anomalies, then requests explanation or corrective action as appropriate. For example, Preferred Lender and Certified Lender loss reports are analyzed to identify lenders that have exceeded the maximum acceptable loss rate of 3% for preferred lenders and 7% for certified lenders. If it is determined that a lender is not meeting its performance standards, the preferred or certified status is removed.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight: 11%

Explanation: Agency managers are responsible for implementing, improving, and monitoring program activities. Lender partners are responsible for demonstrating expertise in such key areas as originating and servicing agricultural loans, maintaining adequate internal controls and minimizing risk of loss to the Government.

Evidence: Goals and performance reports are sent periodically to the management officials in the field, for review and action. Each State has performance goals to meet. These goals are passed to field office levels, by goal setting for individual offices. The ability to meet or not meet goals is often reflected in individual performance evaluations. Lender performance is considered when determining what lender status the lender will have. For example, lenders that operate as either preferred or certified lenders have to meet minimum loan origination and loss criteria in order to maintain their status, which provides added flexibility to originate and service loans.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight: 11%

Explanation: Agency monitors the timeliness of loan approval as a performance measure. The use of funds are monitored through internal reviews and management oversight. Funding is allocated and activity monitored constantly to insure optimum utilization of available funds.

Evidence: Accounting records which reflect loan purposes are maintained and audited. All funds are obligated prior to disbursement and validated to confirm compliance with the program's purpose. Obligation records indicate that less than 4 percent of the available funds remained unobligated at the end of FY 2002. The emphasis on rapid loan processing reduced time frames to less than 5 days, well below the 14 or 30 day statutory requirements. Because of this excellent performance, the goal was expanded in 2001 to include the time it takes for the lender to complete the application package. This measure is showing significant progress. There were no audit findings on erroneous payments, loss claims, or anti-deficiency violations in the last two audits.

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3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:11%

Explanation: The agency has undertaken a number of initiatives to improve efficiencies and effectiveness of program execution. In FY 2004 FSA will begin centralizing a number of loan servicing functions to improve servicing efficiencies. The loan operations division is currently undergoing a competitive sourcing study to determine the most efficient organization. The results of the study will be available in October 2003. In addition, procedures are in place to measure and track specific program performance information. Goals are developed such as application processing and loss claims. The Guaranteed Loan System (GLS) was implemented in 2001 in partnership with Rural Development (RD) and provides many other measures of tracking performance such as defaults, loan restructuring, lender loss rates and loans to Socially Disadvantaged Applicants. Significant program changes implemented in February 1999 allowed front line managers and lenders to more efficiently process applications.

Evidence: Applications are processed more efficiently and in a shorter period of time through programs such as low-doc (small loans) and Preferred Lender Program (PLP), as evidenced through the Agency's loan processing timeliness measure. The time it takes to process guaranteed loans decreased from an average of 20 days to 16 days. GLS provides on line real time processing of transactions, online customized reports and reduced mailing costs. These reports are readily available at all times and can be customized according to needs.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight:11%

Explanation: At the Federal level there are no other agencies that have the same specific goal and objective as FSA guaranteed loan programs. There is slight overlap with loan programs provided by the Small Business Administration (SBA). However, much of SBA's loans to farmers are to provide capital for farm-related businesses for which FSA cannot provide guaranteed loans. There are several State Governments that have established programs with goals and objectives similar to FSA's guaranteed loan program. While the dollar volume of farm loans provided through these State finance programs is relatively small, State farm loan programs may provide a significant amount credit to farmers in those states with active programs.

Evidence: FSA actively collaborates and coordinates activities with states and has memorandums of understanding with those states with an active farm loan program. (MOU is authorized by Public Law 102-554 Section 5). These MOUs facilitate the establishment of joint financing arrangements between Sate Ag Finance Programs and FSA (guarantee) loan programs when providing credit to beginning farmers and ranchers.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight:11%

Explanation: The farm loan program is executed in compliance with legislative, regulatory and authoritative administrative guidelines. Procedures are in place to safeguard payments through an automated appropriation accounting/fund control system.

Evidence: No material weaknesses were cited by auditors in the FSA Farm Loan Program 2002 financial statement audit. As of April 2003, the program has implemented software that will allow for final guaranteed loan loss claims to be reported directly to Treasury for offset. In addition, per FMFIA reports, there have been no material weaknesses reported in regard to FSA's guaranteed loans since 1998.

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3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight: 11%

Explanation: Program management effectiveness is regularly reviewed through the National Internal Review (NIR) and the County Operations Review (COR) process and adjustments are made as needed. FSA has made progress with its eLoans initiative within USDA and in coordination with the other 4 major credit Agencies.

Evidence: Deficiencies are identified during the annual review of performance and development of coming annual goals. Adjustments are made to improve strategic planning deficiencies--for example, the performance goal of "reduce average processing time" was modified to measure the time from receipt of an application until decision on the application. Previously, the measure was from receipt of a "complete" application until decision on the application. This change increased accountability and should improve overall service. Comprehensive changes were implemented when the program was substantially revised in February 1999. Numerous program changes have been made as a result of identified deficiencies--for example, the program handbook is currently being revised to provide more specific criteria concerning what a lender review will consist of and what information must be provided to the Agency State Office program staff in order to maintain lender performance information. The eLoans initiative resulted in sound business cases for the major credit agencies.

3.CR1 Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled? Answer: YES Question Weight: 11%

Explanation: The Agency utilizes several different methods to ensure credit standards are maintained. Every loan receives an underwriting review by Agency staff before the guarantee is issued, plus 20 to 40 percent of the lender's files are reviewed annually. Additionally, several internal review processes evaluate the credit process. Lenders submit semiannual status reports on each borrower and default reports if applicable. Lenders also must maintain loss and performance standards in order to maintain eligibility status. In 1999 the Electronic Funds Transfer System (EFT) was implemented to help eliminate the mailing time for sending disbursements to the lenders.

Evidence: Losses are relatively low. The Agency monitors lender performance through reports of field reviews, as well as loss and delinquency data. Lender strength is monitored through Thompson Prospector, a bank rating service. Seventy-nine percent of Guaranteed Loan disbursements are being made electronically. In addition, disbursements are now in the customer's account within 2 business days of the request instead of the standard 3-5 days from the paper-based check system.

3.CR2 Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government? Answer: YES Question Weight: 11%

Explanation: FSA changed the credit model used to calculate subsidy for guaranteed loans during FY 2001, which was applicable for reestimates of 2001 and 2002 actuals and for 2003 and 2004 budget formulation. Even taking into consideration the use of two different models, subsidy rates have been fairly consistent both across the years 1992 to 2002 and between formulation and reestimated rates for guaranteed loans within the same category.

Evidence: In the most recent reestimate, the change in subsidy rates between formulation and reestimated rates ranged from a low of 0.09 percentage points (operating unsubsidized, 2002) to a high of 5.04% points (operating subsidized 2001). While these numbers may sometimes result in considerable increases in the percent of change (not the number of percentage points), given the low subsidy rates, the differences are not that significant. Further, the reestimates for guaranteed loans passed OIG's audits in both 2001and 2002, the two years for which we have used the current model.

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4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: FSA has made notable progress in achieving its long-term performance goals for this program. However, as stated in question 2.1, the program must develop an adequate measure to assess the long-term goal of "improving the financial viability of eligible farmers and ranchers." As this goal reflects the primary purpose of the program, the agency has received a "small extent" regarding its long-term progress, although in other areas the program has performed well.

Evidence: Reduced losses in the program indicate borrowers are experiencing greater success in meeting their financial obligations. The loss rate has been consistently declining for the last four years going from 1.0% in FY 1999 to 0.6% in FY 2002. FSA has also demonstrated progress in providing maximum financial and technical assistance to underserved groups, providing assistance in greater amounts than commercial lenders. FSA has been successful in consistently increasing the amount of loans to these groups, due in part to improved outreach and targeting efforts. In FY 1999, FSA loans to beginning and SDA farmers totaled $984.9 million or 24.8% of total obligations ($482.5 million guaranteed). This increased to $1.16 billion ($654.6 million guaranteed) (31.8%) in FY 2002.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight 20%

Explanation: FSA has met its annual performance goals for this program: 1) maintain a low loss rate, 2) decrease average loan processing time and 3) maintain the percentage of guaranteed loans made to direct borrowers. While loss rates are used to measure progress over the longer-term, the agency also tracks loan loss rates on an annual basis. As stated in question 4.1, loss rates have declined.

Evidence: Annual Goal, 'Decrease the guaranteed loan program processing time': Since FSA's mission involves providing a safety net for America's farmers and ranchers, it is important that financial resources and other assistance are provided timely when the need arises. Target for 2002: 18 days The average processing time for guaranteed loans has decreased from 20 days in FY 2000 to 16.1 days in FY 2002. Resulting in a total decrease of 3.9 days. Annual Goal, 'Maintain the percentage of guaranteed loans made to direct borrowers': Graduating farmers from direct loans to guarantee loans is an indicator of their progress towards ultimately moving to commercial credit. Target: 33.0%. The percentage of guaranteed loans made to direct borrowers has been approximately 33% for the period of FY 1999 through FY 2002, which is consistent with the targets established for the program.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund - Guaranteed Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	63%	100%	67%	Effective

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: YES

Question Weight 20%

Explanation: A comprehensive streamlining effort in 1999 and since, which included programs such as low-doc (small loans) and Preferred Lender Program, has allowed front line managers and lenders to achieve steady improvement in loan processing efficiencies. Loss claims rates have declined significantly since FY 1999. The eLoans initiative identified several value-added and cost-cutting opportunities to improve program access and efficiencies. The Guaranteed Loan System, containing comprehensive improvements over the existing system, was implemented in 2001 in partnership with Rural Development. The Loan Operation Division, which is responsible for a large part of the guaranteed loan servicing, is currently undergoing a competitive sourcing study to determine the most efficient organization. The results of this study will be available in October 2003.

Evidence: Several joint Agency initiatives which were outlined in the USDA business case, including online loan application capability and online inventory property listing, have been implemented. Applications are processed in a shorter period of time as evidenced through the Agency's loan processing timeliness measure (decrease of 4 days). Loss claims, as a percentage of guarantee portfolio, have declined from 1.0 percent in FY 1999 to 0.6 percent in FY 2002. GLS provides on-line, real-time processing of transactions, on-line customized reports and reduced mailing costs. The Loan Operation Division is currently undergoing a competitive sourcing study.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: LARGE EXTENT

Question Weight 20%

Explanation: By and large program performance compares favorably with similar programs. However, without a long-term measure regarding the "economic viability" of the farm sector, it is difficult to assess whether the program is meeting this long-term goal. The program compares favorably with similar state and federal programs--although due to a number of distinctions make a direct comparison difficult. Most state programs provide lower guarantee levels, lower loan limits, and less stringent eligibility requirements. Many of the guaranteed loan programs administered by states have been in existence less than 5 years (Ohio, Missouri, and Texas). A meaningful comparison of performance between FSA and SBA agricultural loans is also difficult. Studies conducted by USDA's Economic Research Service have shown that SBA's focus is on borrowers which are more "commercially viable" than FSA borrowers. Also, SBA's agricultural loan data includes a broader category of loans than FSA. In recent years, over half of SBA's agricultural loan portfolio is for the financing of farm-related businesses, which FSA can not finance.

Evidence: Comparisons of Illinois data shows a similar level of losses for State and FSA loan programs. The historical loss rate on real estate loans to farmers made by commercial lenders and guaranteed by the Illinois Farm Development Authority has been 1.19 percent. Over the same time period, the loss rate for FSA guaranteed real estate loans was 0.81 percent. Reference material available.No evaluations have been conducted to evaluate performance on meeting the program's long-term goal of 'improving the economic viability of eligible farmers and ranchers.' Evaluations to date have largely focused on financial performance and portfolio management.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund - Guaranteed Loans
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Section Scores				Rating
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4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: As there have not been any recent nationwide audits by OIG or GAO and no evaluations have specifically looked at how well the program is accomplishing its mission and meeting its long-term goals it is difficult to assess whether the program is achieving results. However, other studies that are much smaller in scope, have found that in a number of areas the program is performing quite well. ERS has undertaken research studies showing that the FSA guaranteed loan program serves family-size farms that are more financially stressed and operated by younger and less wealthy farmers. Reviews have also assessed financial management and loan making/servicing activities, which greatly influence program effectiveness. These reviews are managed by independent offices within the agency with no credit responsibilities and focus on both county and state offices. The national compliance summary for FY 2002 indicates substantial compliance with achieving program objectives.

Evidence: Broyles, M. & S. Koenig. 'Minority Farmers and Their Finances.' Journal of Agricultural Lending (Fall 2002).Dodson, C. & S. Koenig. 'The Targeting of FSA's Guaranteed Farm Loan Program.' Journal of Agricultural Lending (Spring 2000).Settlage, L. et al. 'What is the Loss Experience for FSA's Guaranteed Farm Loans?' Journal of Agricultural Lending (Fall 2000).

PART Performance Measurements

Program: Agricultural Credit Insurance Fund - Guaranteed Loans
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Measure: Maintain a low loss rate on guaranteed loans

Additional Information: Reduced losses in the program indicate that borrowers are experiencing greater success in meeting their financial obligations, which is an indicator of financial strength and viability.

Year	Target	Actual
2002	2%	1%
2003	1%	1%
2004	<1%	
2005	<1%	

Measure Term: Long-term

Measure: Increase the percent of loans to beginning and socially disadvantaged farmers/ranchers

Additional Information: FSA continues to provide assistance to beginning and socially disadvantage farmers. FSA provides assistance to these groups in greater amounts than commercial lenders. Note: The results of this measure include the effect of direct loans made. Although both the direct and guaranteed loan programs have targeting requirements, beginning and socially disadvantaged farmers make more use of direct loans.

Year	Target	Actual
2002		32%
2003	34%	33%
2004	35%	
2005	35%	

Measure Term: Long-term

Measure: Decrease in loan average processing times (days)

Additional Information: Since FSA's mission involves providing a safety net for America's farmers and ranchers, it is important that financial resources and other assistance are provided timely when the need arises.

Year	Target	Actual
2002		16
2003	15.5	14

Measure Term: Annual

Program: Agricultural Credit Insurance Fund - Guaranteed Loans
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2004	14
2005	14

Measure: Maintain the percentage of guaranteed loans made to direct borrowers

Additional Information: Graduating farmers from direct loans to guarantee loans is an indicator of their progress towards ultimately moving to commercial credit.

Measure Term: Annual

Year	Target	Actual
2000	35%	33%
2001	34%	32%
2002	33%	33%
2003	33%	
2004	33%	

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	75%	89%	53%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The program allows family farmers who could not otherwise obtain agricultural credit to obtain needed credit directly from FSA.

Evidence: Consolidated Farm and Rural Development Act, as amended (CONACT) clearly outlines the program.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: FSA's direct farm loans help to resolve imperfections in credit markets and to address concerns regarding social equity. Due to the economic uncertainty concerning the production of agricultural commodities, some farmers have difficulty demonstrating their creditworthiness to lenders, especially farmers that lack sufficient experience, credit history, and/or have limited incomes. Because special skills may be needed to evaluate farm loans, and because much farm production occurs in geographically isolated areas that have few lenders, some farmers may face less competitive markets for their loans that can result in higher rates, less favorable terms, and/or no access to loan funds. Consequently, farmers may face a competitively limited market for their loans that can result in higher rates, unfavorable terms, and a shortage of loan funds. FSA direct loans facilitates the provision of credit which can help support low farm family incomes, assist minority and beginning farmers, or help farmers adopt new technology that will make their farming operations more economical.

Evidence: The share of total farm debt owed to directly to FSA is small, but for high credit risk groups, such as beginning and socially disadvantaged farmers, FSA's market share is much higher. An analysis of USDA's Agricultural Resource Management Survey (ARMS) for 2001 and 2002 indicates direct program share of total farm debt was 3 percent , but that market share increased to 6 percent for farms with debt-to-asset ratios above 0.70. Recipients of FSA direct loans are more financially stressed than farmers able to obtain commercial credit. FSA direct borrowers were less solvent and had less cash flow coverage than farmers receiving commercial loans. In fiscal 2003, nearly 17,700 direct loans (operating, ownership, Indian land and Boll Weevil eradication loans) totaling nearly $1.05 billion were obligated. Without these loans, many of these borrowers would have been unable to obtain necessary credit, even if guaranteed, to begin or maintain their farming or ranching operations.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: At the Federal level there are no other agencies that have the same specific goals and objectives as FSA direct loan programs. While the Small Business Administration (SBA) also has a loan programs for the farm sector, much of SBA's loans to farmers are to provide capital for farm-related businesses which FSA cannot finance. Although there are several State Governments that have established programs with goals and objectives similar to the FSA direct loan program, there is no such program that is national in scope.

Evidence: FSA direct loans accounted for over 3 percent of all outstanding farm loan volume in 2003, whereas SBA supplied less than 0.5 percent of total farm operator credit needs according to the 2001 and 2002 ARMS. About 35 states had some type of farm finance program on the books in 1999, when the last available inventory was taken. These program delivery mechanisms include Aggie Bonds, loan guarantees, direct loans, and commercial loan interest rate subsidies. Most state farm finance programs receive limited or sporadic funding and have relatively narrow objectives. Over half of these programs are focused on assisting in the first time purchase of a farm or ranch. Some state programs are self funding, which means they must maintain low default and operating costs to keep the programs operational.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
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1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: The program's delivery mechanism is consistent with program objectives and there is no evidence of any other approach or mechanism that would be more effective in assisting minority and beginning farmers in obtaining credit to sustain a family farm. The program is designed to provide a temporary source of credit until such time as the family farmer is able to utilize the private sector for their financing needs. Some steps have been taken to eliminate design flaws, although some more minor concerns still remain. As a result of collapse of the farm economy in the 1980s, changes were made to the program to allow borrowers to restructure their loans, which at the time was found to be more cost-efficient than liquidation. However, borrowers were able to abuse this system, a problem that resulted in FSA's placement on GAO's high-risk list in 1990. This problem was amended in 1996 and borrowers with more than one write-down are ineligible for other capital loans. As a result of substantial improvements in reducing delinquent debt and loan losses, FSA was removed from GAO's high-risk list in January 2001.

Evidence: Program eligibility requirements prohibit loans to farmers otherwise able to obtain credit. USDA data indicates the program plays a significant role in assisting this target group. In 2003, over 9000 direct operating and ownership loans, for over $512 million, were provided to beginning or SDA farmers and ranchers. FSA has undertaken several initiatives to reduce the administrative burden, including: (1) A proposed rule has been issued to cease offering the Softwood Timber program through the loan servicing process. The Softwood Timber program requires a heavy administrative effort for only a few eligible borrowers. (2) The requirements for borrowers to comply with building standards have been simplified. FSA has published a proposed rule to eliminate burdensome construction standards for farm building and improvements financed with loan funds. Instead of imposing separate standards and requiring employees to assure that standards are met, the Agency will rely on local building codes and inspectors to assure sound construction. (3) FSA is reducing the number of forms. FSA Farm Loan program has used over 498 forms. Of the 498 forms, over 42% have either been deemed obsolete or are currently being reviewed for obsolescence.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: Each year FSA allocates a share of loan funding for use by beginning and socially disadvantaged (SDA) groups. State's lending allocation for beginning farmers (those who have less than 10 years of farming history) are reserved until September 1 each year. Annual targeting levels are 35 percent for direct operating loans and 70 percent for direct farm ownership loans. FSA targets SDA groups (including racial and ethnic minorities, and women) by setting aside a share of funding for these applicants. Thirty-five percent of FSA direct borrower caseload is either beginning or SDA farmers. In comparison, racial and ethnic minorities make up less four percent of total U.S. farms, with beginning farmers constituting less than one percent (1997 Census of Agriculture).

Evidence: Each year a high percentage of direct FSA loans are used by groups targeted by the programs. In fiscal 2003, nearly 39 percent of direct OL and nearly 69 percent of direct FO funding went to beginning farmers. Socially disadvantaged farmers in fiscal 2003 received 13 percent of direct OL lending volume, whereas nearly 20 percent of direct FO volume went to these targeted borrowers. These percentages are high given that racial and ethnic farmers accounted for less than 3 percent of total farm debt in 1999; the most recent year Agricultural Census data is available. Analysis of USDA's Agricultural Resource Management Study for 2002, reveals only about 8% of total farm debt is owed by beginning farmers.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
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Section Scores				Rating
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2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight 13%

Explanation: Current measures focus on maintaining a low loss rate of direct loans, an integral part of the cost of providing credit, and on increasing the percentage of loan funds going to targeted groups. Although current long-term measures are adequate, improvements are still warranted. Current measures do indicate whether the program is providing adequate coverage of the intended market or whether the program is having an impact on improving the economic viability of farmers and ranchers. FSA is currently revising its strategic plan, which will include a new long-term outcome measure focused on "improving the economic viability of farmers and ranchers." New measures will be informed by the results of a program evaluation currently being conducted and supported by information gathered through borrower's business plans, which will be required for all new borrowers this fall. New long-term outcome measures will be included in the Department's FY 2006 Budget. Performance measures being considered relate to changes in the financial strength of borrowers, assessing theextent to which the program is reaching targeted groups, and the added value to communities as a result of the loan programs.

Evidence: The Farm Service Agency (FSA) has four long-term goals for its Farm Loan Programs: (1) improve the economic viability of farmers and ranchers, (2) reduce losses in farm loan programs, (3) respond timely to loan making and servicing requests, and (4) provide maximum financial and technical assistance to underserved groups. Long-term performance measures include maintaining a low loss rate on direct loans, and increasing the percent of loans to beginning and socially disadvantaged farmers/ranchers. FSA is currently evaluating performance measures that would indicate whether the program is improving the economic viability of borrowers. New measures will be included in USDA's FY 2006 Performance Budget.

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight 13%

Explanation: Efforts have been underway for a number of years that have already resulted in significant improvements in program performance. While targets and timeframes for long-term measures may not seem ambitious based on recent history, this program has made great progress over the last 20 years working toward its performance targets. Established timeframes, baselines and targets support FSA's long-term measures for this program. Targets are established for long-range planning purposes and are measured with short-term milestones. The targets are reviewed annually to determine if adjustments are needed. FSA also has other measurements to determine program performance. One method is to divide the portfolio into different risk categories based on the amount of the debt and the age of the delinquency in order to more effectively manage higher risk accounts and better implement the DCIA requirements.

Evidence: The total loan portfolio has substantially improved. Day-to-day management and oversight authority given to the field offices has resulted in lower losses and lower delinquency rates, as FSA continues to work toward reaching its goals. During the past 5 years, the number of delinquent large loans has been greatly reduced. The Agency had 338 delinquent non-judgment large loan cases at the end of Fiscal Year (FY) 1998, and 106 delinquent non-judgment and judgment large loan cases at the end of FY 2003. The reduction is in large part due to the identification of these cases for closer scrutiny and placing a priority on their resolution.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
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Section Scores				Rating
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100%	75%	89%	53%	Effective

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: FSA's annual performance measures are designed to monitor the program's progress towards achieving its long-term goals. Annual performance measures include: (1) loss rate on direct loans, (2) average loan processing times, (3) borrowers graduated from direct loans to guaranteed loans, and (4) direct loan delinquency rate. While the loss rate indicator is also used to assess financial performance of the loan portfolio over time, FSA also tracks loss rates on its direct portfolio on an annual basis. FSA is also working with other USDA credit programs to define an efficiency measure, which will capture the administrative expenses associated with loan making and servicing. Currently, FSA is tracking decreases in loan processing times as an indicator of increased efficiency. However, this measure coupled with one that captures the administrative burden will provide a more complete picture of program efficiencies.

Evidence: The first measure helps FSA assess the "economic viability of farmers and ranchers" by looking at how economic conditions and interest rates affect the extent to which borrowers are able to meet their financial obligations, and to measure the risk of this program to the government. The second measure supports the overall goal of improving the efficiency of loan making, servicing, and quality of customer service. The third measure, which focuses on graduation rates out of the direct lending program, supports the long-term goal of improving the economic viability of farmers and ranchers. It also supports the goal of providing the right level of financial assistance to farmers and ranchers to help them maintain profitable farming operations. This directly measures the extent to which FSA is able to help farmers and ranchers improve their financial management practices in order move out of direct credit assistance and towards obtaining private sector credit. The fourth measure, is an indicator of producers' ability to make timely loan payments, which makes them less likely to cease farming.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: Established baselines and clear timeframes and targets support FSA's annual measures for this program. FSA is currently using the annual measure: "maintain the percentage of guaranteed loans made to direct borrowers." As indicated by this measure, targets have remained at the same level over the last couple of years. This is a reflection of past performance, anticipated program demand, and borrower creditworthiness. FSA re-evaluates the target annually to determine if it should be increased. Baselines and targets are currently being evaluated and will be revised as necessary for the FY 2006 budget.

Evidence: The FY 2005 FSA Performance Budget describes the targets and timeframes for the performance measures established for the direct loan program. The budget shows three year performance targets for the period of FY 2003 through 2005.

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Section Scores				Rating
1	2	3	4	Moderately
100%	75%	89%	53%	Effective

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?**

Answer: YES Question Weight 13%

Explanation: Direct loans are intended to serve as a temporary source of credit for family farmers until they are able to obtain commercial credit. To facilitate this transition to other credit sources, FSA provides incentives for the family farmer to obtain a portion of their credit needs from other sources. In the direct farm ownership program, participation loans (at least 50 percent of credit needs obtained from commercial source) provide a fixed 5 percent rate for a 40 year term. In addition, under the "down payment" provision (10 percent of real estate purchase provided by farmer) of the direct ownership program, a fixed 4 percent rate is furnished. Loans are subordinated to other lenders where appropriate, to allow those lenders to provide credit. Borrower accounts are reviewed annually to ascertain if a commercial lender could supplant FSA credit, in whole or part.

Evidence: During FY 2003, 400 participation loans were made, 122 "down payment" loans were made. Combined, joint financing was involved in 36 percent of the FO loans made. During FY 2003, 5.0% of the direct loans were graduated to private credit.

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**

Answer: YES Question Weight 13%

Explanation: An independent evaluation is being conducted by the University of Arkansas. This study will evaluate the program's effectiveness and the relationship between providing direct loan assistance and improving the financial strength of eligible borrowers. Financial status of borrowers will be described and compared with the status of borrowers not in the program. Data will be obtained from loan applications in field offices as well as information about current financial and occupational status. Regression analysis will relate default costs to borrower financial characteristics, outcomes such as graduation, program cohort, and type of enterprise. Information from this study will also be used to refine performance goals, targets and timeframes and help determine the appropriate role of the Federal government in financing farming and ranching operations. This exercise is scheduled for completion in 2005, and the recommendations on how to improve the program's performance will be used in the formulation of the FY 2006 budget. Numerous reviews are also conducted to evaluate program integrity and management. These reviews largely focus on loan portfolio performance and lender servicing.

Evidence: The independent evaluation currently being conducted focuses on (1) characteristics of farm loan program (FLP) borrowers and examine how direct FLPs serve family farms and targeted groups, (2) measuring the effectiveness of the programs in assisting various borrower groups to become economically and financially viable and able to graduate to private sector credit, and (3) measuring subsidy values borrowers receive over time and determination of ways to reduce those subsidies. Other evaluations that are conducted include National Internal Reviews, OIG audits, GAO audits and reports by USDA's Economic Research Service (ERS). The National Internal Review completes an annual review of each County Office that processes direct loans. Biennially, the National Office completes a quality assurance review of every State Office. Every County Office has a County Office Review, on average, once every 4 years. These reviews are managed by independent offices with no credit responsibilities. In addition, management reviews are conducted as needed.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
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Section Scores				Rating
1	2	3	4	Moderately
100%	75%	89%	53%	Effective

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: Long-term goals include improved economic viability of farmers and ranchers, reduced loan losses, and targeted assistance to beginning and socially disadvantaged farmers. However, demand for direct loans is the major driver in the budget request, with access to capital primarily measured in the budget as the loan level required to meet the demand of qualified farmers and ranchers. However, in many cases, the program has limited resources to meet all demand. Thus, questions remain regarding the level of resources needed to provide sufficient access to capital, encourage graduation to guaranteed and private credit, and ensure that the needs of targeted groups are met. While loss rates on the FSA portfolio are key to determining resource needs, the program lacks adequate outcome measures that get at whether the program is having an impact on improving the economic viability of farmers and ranchers. The program is currently being evaluated by an independent third party and recommendations from the evaluation should help FSA determine the appropriate role of the farm loan programs. Furthermore, the 2006 budget request will be aligned and explicitly tied to the new FSA Strategic Plan, which will tie resource requests to the annual and long-term goals of the program.

Evidence: Resource needs for this program are presented in the budget in accordance with the Federal Credit Reform Act and include all program and administrative costs associated with delivery of the program. While at this time, budget requests are largely driven by program demand, significant efforts are underway to better align budget requests with long-term and annual goals. The FSA FY06 budget request for this program will be aligned and explicitly tied to the new FSA Strategic Plan. Resource needs for this program are aligned to Strategic Goal 1 - Viable and Productive Farms and Ranches. This goal will be accomplished through the FSA strategy of Expanding Access to Capital and Improving the Business Practices of Farmers and Ranchers. Several intermediate measures and outputs have been developed and will be used to justify the resources needed to implement this strategy and meet the long term and annual goals of this program. Among these measures/goals are increasing the percentage of loans to beginning and socially disadvantaged farmers, decreasing the percentage of approved loans not funded by FSA, and reducing the average loan processing time from receipt of application to decision.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: FSA has made significant improvements in correcting its strategic planning deficiencies. FSA is currently developing a new strategic plan, which emphasizes outcome-oriented goals and measures. The new plan is scheduled to be completed in Sept. 2004. The budget request for FY 2006 will be explicitly tied to FSA's Strategic Goal of Viable and Productive Farms and Ranches. The budget request is aligned/ tied to this goal through program requests and actions that improve access to capital for those producers in need. In addition, a program evaluation is underway, which will evaluate the program's effectiveness and the relationship between providing direct loan assistance and improving the financial strength of eligible borrowers. Results from this evaluation, coupled with a revised Strategic Plan, will also improve the link between the program's intended outcomes and the resources required to meet those needs.

Evidence: FSA has developed a preliminary Logic Model to organize information on outcome goals and measures. The model is the foundation of the new strategic plan.As a result of strategic planning efforts and an in-depth program evaluation currently underway, FSA will be able to define long-term outcome measures that focus on a key goal of the program--"improving he economic viability of farmers and ranchers."A description of the program evaluation is documented in the response to question 2.6.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
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3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight:11%

Explanation: The Agency regularly collects and updates loan performance information. The Agency tracks individual loan data to identify whether loan target goals to beginning and socially disadvantaged farmers and ranchers are being met. Annual goals are reviewed monthly to measure progress towards achieving strategic goals and management initiatives. Monitoring this performance helps the Agency identify where to place additional emphasis or make improvements, as appropriate. Annual end-of-year reviews also assess whether borrowers are now eligible for private credit and/or identify steps needed to improve creditworthiness.The agency uses performance information to identify program management deficiencies in particular states, and to identify processes or requirements that need to be stream-lined or re-engineered. The monthly management report has been an extremely effective management tool in two regards. First, it has improved the quality of state's loan portfolios; and has determined which states need additional assistance. Once a state problem area has been identified, a variety of additional assistance is provided to the state. For example: clarification concerning regulations, program objectives, program goals, training, on-site assistance from a detailed national office specialist to monitor the state's progress. The monthly management summary tool has assisted in reducing the loan loss rate, delinquency rate and number of properties held in FSA's inventory.

Evidence: Management reviews reports on an ongoing basis and identifies anomalies, then requests explanation or corrective action as appropriate. Field reviews, individual loan reviews, and in-depth analysis of data is completed to verify the explanation and corrective action. By using the monthly management report to identify where improvement is needed in each state, and providing additional assistance where needed, FSA has reduced its loan loss rate from 14.9% in 1990 to 5.1% in 2003. FSA has reduced its loan dollar delinquency rate from 23.8% in 1995 to 11.2% in 2003. The number of inventory properties has decreased from 1,799 properties totaling 598,414 acres in 1995 to 210 properties totaling 36,704 acres in 2003. Each month FSA monitors classes of higher-risk debt, such as large loans, judgments and cases where there appear to be delays in the loan servicing process. In cases that warrant special action, the national office assigns an expert to provide additional assistance to ensure that necessary actions are taken to resolve the issue(s) noted.Loan processing time-frame data was used as a basis to initiate a program for reduced documentation requirements for small loans and repeat loans to seasoned borrowers. This program was implemented in 2002.FSA's new Farm Business Plan (FBP) will be implemented in the fall of 2004 and will improve FSA's ability to collect detailed performance information. The FBP allows borrowers to document and track cash flow, debts, assets, and other financial information. FSA will track the success of a borrower's business to see how the producer is progressing towards private credit. In addition, FSA farm loan officers can share information more quickly with guaranteed lending partners and other FSA farm loan officials. This improved system of data sharing will speed up processing time.

PART Performance Measurements

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3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight:11%

Explanation: National performance indicator goal levels are developed for each annual performance measure. Each state is then assigned a goal level to achieve for each annual performance indicator. FSA has tied SES and GS14/15 managers' performance standards to Agency performance in farm loan programs. Agency managers are responsible for implementing, improving, and monitoring program activities. They are also responsible for demonstrating expertise in such key areas as originating and servicing agricultural loans, maintaining adequate internal controls and minimizing risk of loss to the Government.

Evidence: Senior program managers in each state are accountable for reaching the goal levels. As of June 8th 2004, all FSA SES and GS 14/15 managers responsible for farm loan programs performance have had elements of program performance added to their performance appraisal elements. Goals and performance reports are sent periodically to the management officials in the field for review and action. Each State has performance goals to meet. These goals are passed to field office levels, by goal setting for individual offices. The ability to meet or not meet goals is often reflected in individual performance evaluations.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight:11%

Explanation: The Agency monitors the timeliness of loan approval as a performance measure. The use of funds are monitored through internal reviews and management oversight. Funding is allocated and activity monitored constantly to ensure optimum utilization of available funds.

Evidence: Accounting records which reflect loan purposes are maintained and audited. All funds are obligated prior to disbursement and validated to confirm compliance with the program's purpose. Obligation records indicate that less than 1 percent of the available funds remained unobligated at the end of FY 2003. The emphasis on rapid loan processing reduced time frames to 11 days, well below the 60 day statutory requirements. Because of this excellent performance, we are also tracking the time it takes from first submission of application to final disposition. This measure is showing significant progress. There were no audit findings on erroneous payments, loss claims, or anti-deficiency violations in the last two audits.

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100%	75%	89%	53%	Effective

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight:11%

Explanation: The agency has undertaken a number of initiatives to improve efficiencies and effectiveness of program execution. The Loan Operations Division has undergone a competitive sourcing study to determine the most efficient organization. Although the study was complete, in January 2004, legislation was enacted that affected FSA's ability to implement and conduct competitive sourcing studies. In addition, the program has procedures to measure and achieve efficiencies and cost effectiveness. The Electronic Funds Transfer (EFT) system for Farm Loan Program was implemented in 1999, and the field was authorized to use the system for direct loans in 2001. The Cash Collection process for Farm Loan Program cash receipts implemented in January 1997, increased the efficiency and timely entry of payments processed to the accounting system.

Evidence: The Program Loan Accounting System (PLAS) has built in checks and balances to assure that the accounting controls, customer service efforts and the PLAS is continually being monitored and upgraded due to new legislation. Disbursements are processed more efficiently and in a shorter timeframe through EFT. Disbursements through EFT are received in 2 days versus paper checks mailed from Treasury which are not mailed until the 2nd day and then require an additional 3-7 days mail time for delivery. Cash receipts are processed more efficiently and in a shorter timeframe through system 36. Cash receipts are recorded in the accounting system within 2-3 days of date of entry. In addition, cash receipts are more efficiently researched. PLAS also is moving to ad-hoc reporting and electronic transfer of reports.

3.5 **Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight:11%

Explanation: The Agency collaborates and coordinates with related programs through several different mechanisms. Many real estate loans are made in conjunction with loans from state beginning farmer or farm finance programs. The Agency also operates a farm ownership loan participation program, which provides a small interest rate reduction when a commercial lender provides at least 50 percent of the financing. In addition, the Agency operates a beginning farmer down-payment program, where FSA lends up to 40 percent of the purchase price in conjunction with a down-payment and outside financing for the remainder of the purchase price. There are few similar programs with similar goals and objectives, and none with the scope of FSA direct loan programs. The Direct Loan Program is managed collaboratively with FSA Farm Programs, which provides various benefits to farmers, in assisting borrowers to achieve a positive cash flow for their farming operations. Farm Loan Programs and Farm Programs share office space making it easier for farmers to apply for program benefits. Farm loan personnel are trained to provide basic information on farm programs. There are relatively few similar programs with similar goals and objectives.

Evidence: FSA has 17 MOUs in place with 17 state farm finance programs. The MOUs provide that FSA will participate with the state program to finance beginning farmers that meet FSA eligibility requirements. FSA has successfully collaborated with state programs and the private sector to leverage limited farm ownership funds. In FY 2003, of the $168 million program level, $44 million was used through the participation loan program, and an additional $8 million through the down payment program, all in conjunction with private sector financing.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	75%	89%	53%	Effective

3.6 Does the program use strong financial management practices? Answer: YES Question Weight:11%

Explanation: The Farm Loan Program is executed in compliance with legislative, regulatory and authoritative administrative guidelines. Procedures are in place to safeguard payments through an automated appropriation/fund control system.The Program Loan Accounting System (PLAS) has system edits to mitigate the risk of: (1) overpayment and duplicate payments; (2) cancellation of a loan or grant obligation for an amount greater than the unliquidated obligation balance; (3) disbursing loan or grant funds for unauthorized assistance; (4) unauthorized loan and grant disbursements; (5) routing loan and grant funds via electronic funds transfer (EFT) to an incorrect financial institution; (6) duplicate disbursement schedules being certified to Treasury for payment; (7) Treasury processing the same disbursement schedule twice and issuing duplicate disbursements. In addition, FSA is currently updating financial and performance systems to ensure better integration.

Evidence: No material weaknesses were cited by auditors in their fiscal year 2002 or 2003 financial statement audits of the FSA Farm Loan Program. These audits include a review of credit reform re-estimates and other processes required by the Federal Credit Reform Act of 1990. In addition, per FMFIA reports, Farm Loan Programs was 98% compliant. The program has referred debt to Treasury for offset on direct loans since the mid 1980s. Additionally, substantial improvements have been made since the Debt Collection Improvement Act (DCIA) wasenacted September 1996 and the General Accounting Office (GAO) audit 02-463. These improvements have resulted in a drop in the dollars delinquent from 19.03% in FY 1996 to 7.86% in FY 2003. This significant drop in dollars delinquent has resulted in GAO's removal of Farm Loan Program from its high-risk list.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:11%

Explanation: Program management effectiveness is regularly reviewed through the National Internal Review (NIR) and the County Operations Review (COR) process and adjustments are made as needed. A major streamlining package is in proposed rule stage that addresses many previously identified deficiencies. FSA has made progress with its eLoans initiative within USDA and in coordination with the other 4 major credit Agencies. Also, an independent evaluation that will examine how well the program is accomplishing its mission and meeting its long-term goals has been undertaken. This exercise is scheduled for completion in 2004. This study will evaluate the extent to which the program is 'improving the economic viability of eligible farmers and ranchers' and reaching targeted farming populations. The study will also evaluate performance measure options that can be used to set appropriate performance goal targets and timeframes. FSA will also be implementing its "Farm Business Plan" program, which will collect key financial information from borrowers and use that information to assess their financial progress.

Evidence: Deficiencies are identified during the annual review of performance and development of coming annual goals. Adjustments are made to improve strategic planning deficiencies--for example, the performance goal of "reduce average processing time" was modified to measure the time from receipt of an application until decision on the application. Previously, the measure was from receipt of a "complete" application until decision on the application. This change increased accountability and should improve overall service. Comprehensive changes are being implemented with a major streamlining and revision of program regulations currently in proposed rule status. The eLoans initiative resulted in sound business cases for the major credit agencies.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	75%	89%	53%	Effective

3.CR1 **Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: YES Question Weight:11%

Explanation: The Agency uses several different methods to ensure credit standards are maintained. Information is used to ensure collection and disbursements are timely and to monitor borrower repayment streams. Every state participates in a Quality Assurance Review every other year where files in 12 review categories are sent to the National Office for Review. Every state also completes a National Internal Review Report (NIR) every year, and various states are selected each year for a NIR review conducted in their state. The National Office also uses an internal Monthly Management Report to monitor each state's loan activity and disbursements, assess the progress states are making toward their goals, monitor loan servicing activity, write downs, and delinquency rates. The NIR is currently being re-evaluated and redesigned to become more of a credit risk assessment tool. The revised internal review process will use performance indicators, individual borrower and portfolio information to identify service centers and portfolio segments which appear to exceed acceptable risk levels and/or fail to meet performance goals. These locations and segments will be thoroughly reviewed and analyzed to identify deficiencies and contributing factors; corrective action plans will then be developed, implemented and monitored until completed.The Agency has also developed and is in the process of implementing a new electronic lending tool called Farm Business Plan. It will allow for electronic sharing of financial information, electronic signatures, and electronic loan approval. The Farm Business Plan will ensure that certain criteria are met before a loan can be approved.

Evidence: National Internal Review Reports; Monthly Management Reports; Farm Business Plans. For each weakness that is identified at any level of management, corrective actions are developed. Progress in implementing corrective action plans is monitored through completion as needed. Weaknesses within and among states are analyzed and compared to determine where additional guidance and instruction is needed. For example, when it became apparent that FSA was not in compliance with the Debt Collection Improvement Act (DCIA), a task force was formed which included representatives from every level of management in the field offices and the National Office. The task force identified all areas where improvement was needed, interim instructions were developed to provide guidance concerning specific actions needed to be taken and revisions to the automation system were made. Today, Farm Loan Programs is in full compliance with DCIA. In addition, regulations, Agency instructions, and notices are revised to provide clarification and address any weaknesses in program delivery. Review questions are routinely analyzed, critiqued, and revised to ensure that all review items are relevant and effective. The Agency uses first year default levels as an indicator of credit quality. First year delinquency rates are used as a performance measure and each state office is assigned a performance goal for first year delinquencies. Agency managers at the state and headquarters levels monitor and analyze performance, identify management, training, or policy issues and take corrective actions.

3.CR2 **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: NO Question Weight:11%

Explanation: FSA changed the credit model used to calculate subsidy for direct loans during FY 2001. Even with use of the revised model, there have been inconsistencies between fiscal years for one of the material programs, direct ownership. FSA has now developed a similar model using a database application which will eliminate many of the manual processes associated with the current model. This improvement, coupled with enhanced version and configuration control, should provide more reliable, consistent and accurate estimates beginning with the FY 2006 President's Budget.

Evidence: Based on OIG's annual audit of the financial statements, there were no material findings in regard to the reestimates for direct loans in 2001, 2002 and 2003.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately Effective
100%	75%	89%	53%	

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: FSA has achieved two of its three long-term performance goals for this program. However, as stated in questions 2.1 and 2.2, the program is developing measures to assess the long-term goal of "improving the financial viability of eligible farmers and ranchers, " and targets are not as ambitious as they should be. Although there is concern that making targets more ambitious is untenable given the uncertainties of the farm economy, other similar programs have "benchmarked" to private credit sources as a way to account for economic fluctuations.

Evidence: FSA has demonstrated progress toward maintaining a low loss rate on direct loan portfolio and decreasing the delinquency rate. The percent of dollars delinquent decreased from 23.8% in 1995 to 11.2% in 2003. However, targets should be reassessed to determine if For example, FSA maintains a target of 15% for loan delinquency rates, although actual rates have decreased to 12.3% in 2003 and averaged approximately 11.6% between 2001 and 2003.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight 20%

Explanation: FSA has met its annual performance goals for this program: 1) maintain a low loss rate, 2) decrease average loan processing time and 3) maintain the percentage of guaranteed loans made to direct borrowers and 4) increase percentage of loans to beginning and social disadvantaged producers.However, more is needed to ensure that targets are ambitious, particularly for those measuring graduation rates and targeting goals. FSA is currently working on revising its strategic plan.NOTE: while maintaining a low loss rate is long-term goals of the program, progress is also assessed on an annual basis.

Evidence: Since FSA's mission involves providing a safety net for America's farmers and ranchers, it is important that financial resources and other assistance are provided timely when the need arises. The average processing time for direct loans has decreased from 46 days in FY 2000 to 40 days in FY 2003. This 13% decrease can be attributed to the ongoing streamlining process, improved monitoring through automation, and a renewed focus on customer service. Graduating farmers from direct loans to guarantee loans is an indicator of their progress towards ultimately moving to commercial credit. The percentage of guaranteed loans made to direct borrowers has been approximately 33% for the period of FY 1999 through FY 2003, which is consistent with the targets established for the program. FSA has demonstrated progress in providing maximum financial and technical assistance to underserved groups, providing assistance in greater amounts than commercial lenders. FSA has been successful in consistently increasing the amount of loans to these groups, due in part to improved outreach and targeting efforts. FSA loans to beginning and SDA farmers increased from 24.8% of total obligation in FY 1999 to 33% in FY 2003. Through a variety of efforts and initiatives, the Agency has reduced average loan processing time from 16 days in FY 2001 to 11 days as of April, 2004. In an effort to better measure the total time required by both the applicant and the Agency, in FY 2005 the Agency will be moving to measuring the total time to process a loan, not just the time form when an application is completed to a final decision. The Agency has also reduced first year defaults from over 20 percent in 1990 to 15.8 percent in FY 2003.

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	75%	89%	53%	Effective

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: SMALL EXTENT Question Weight 20%

Explanation: A comprehensive streamlining effort in underway, regulations have been formulated and are out as a proposed rule for comment. The eLoans initiative identified several value-added and cost-cutting opportunities to improve program access and efficiencies. FSA is also in the process of developing an efficiency measure, which will help the agency assess the administrative burden of the direct loan program.

Evidence: Several joint Agency initiatives which were outlined in the USDA business case, including online loan application capability and online inventory property listing, have been implemented. Applications are processed in a shorter period of time as evidenced through the Agency's loan processing timeliness measure.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: LARGE EXTENT Question Weight 20%

Explanation: While the Small Business Administration (SBA) provides direct loans--Section 7m microloans, the mission of this program is only somewhat comparable to direct FLPs. SBA does provide physical disaster business loans that are comparable to FLP's emergency disaster loan program. Also, a total of 17 states in 1999 offer some type of direct loan program for farmers. Although some of these are very targeted, such as for environmental abatement, and appear to be inactive due to funding constraints, some have the mission of assisting beginning farmers, particularly for first- time purchase of farmland, and so their mission in many cases can be quite comparable to direct FLPs. Yet, some state programs are self funding, which means they must maintain low default and operating costs to keep making new loans.

Evidence: A "large extent" was warranted given that few federal programs have the same mission and State programs that share the same purpose are much smaller in scope. The subsidy rate for the SBA disaster loan program is 12.96 percent in FY 2005, whereas FSA's emergency disaster loan program is 12.94 percent in FY 2005. For the state programs, the actual size and performance of the programs could be researched and documented and used to compare to FLP mission and performance, but it is not clear whether the utility of the comparison outweighs the time and resources needed to conduct the study. Instead, a performance review is being conducted by an independent third-party, which may consider attributes of FSA's program and how they compare to private credit.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT Question Weight 20%

Explanation: No recent independent and comprehensive studies have been completed which evaluate long-term performance. Special studies of the programs are conducted periodically. A peer-reviewed 2003 study produced results which were generally consistent with overall program objectives. This study examined the variability in county-level use of the direct loan programs and found that use of FLP loan programs was greater in areas characterized by less availability of private sector commercial credit and poorer regional and farm economic conditions.

Evidence: An independent study to be completed in 2004 by the University of Arkansas will evaluate the extent to which the program is 'improving the economic viability of eligible farmers and ranchers' and reaching targeted farming populations. The study will evaluate performance measure options that can be used to set appropriate performance goal targets and timeframes. The 2003 study is: Dodson, C. & S.Koenig. 'Explaining County-Level Variability in Farm Service Agency Farm Loan Programs.' Agricultural Finance Review 63 (Fall 2003).

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	75%	89%	53%	Effective

Measure: Loan Delinquency rate

Additional Information: Decreasing the loan delinquency rate is a measure of the ability of borrowers to better meet their financial obligations.

Year	Target	Actual	**Measure Term:** Long-term

Measure: Increased revenue and profit of farms and ranches

Additional Information:

Year	Target	Actual	**Measure Term:** Long-term
2003			
2004			
2005			
2006			

Measure: Increased percentage of farm ownership by racial and ethnic minorities and women farmers (Targets under development).

Additional Information:

Year	Target	Actual	**Measure Term:** Long-term
2003			
2004			
2005			
2006			

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	75%	89%	53%	Effective

Measure: Loan Delinquency rate

Additional Information: Decreasing the loan delinquency rate is a measure of the ability of borrowers to better meet their financial obligations. (Baseline: 15%) New baselines are being developed as new strategic plan is finalized (FY 2006 Budget)

Year	Target	Actual
2003	<15%	12.5%
2004	<15%	
2005	<15%	
2006	<15%	

Measure Term: Long-term

Measure: Direct loan loss rate

Additional Information: Reduced losses indicate that borrowers are experiencing greater success in meeting their finanical obligations, an indicator of financial strength and viability. (Baseline FY 1998: 5.4%)

Year	Target	Actual
2003	5%	4.5%
2004	5%	
2005	5%	
2006	5%	

Measure Term: Long-term

Measure: Graduate direct borrowers to the guarantee program

Additional Information: Graduating farmers from the direct loans to guarantee loans is an indicator of their progress toward achieving commercial credit status. (Baseline: 33%; new baselines under development as strategic plan is finalized).

Year	Target	Actual
2003	33%	33%
2004	33%	

Measure Term: Annual

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	75%	89%	53%	Effective

2005	33%
2006	33%

Measure: Percentage of farm loans targeted to beginning and socially disadvantaged farmers/ranchers.

Additional Information: FSA provides assistance to beginning and socially disadvantaged farmers in greater amounts than comercial lenders. Although both direct and guaranteed loan programs have targeting requirements, beginning and socially disadvantaged farmers make more use of direct loans. (Note: The results of this measure include the effect of the guaranteed loans made.) (Baseline FY 1996: 32.5%; new baselines under development with new strategic plan)

Year	Target	Actual
2003	34%	34%
2004	35%	
2005	36%	
2006	36%	

Measure Term: Annual

Measure: Decrese in average processing time (measured in number of days).

Additional Information: FSA's mission involves providing a safety net for America's farmers and ranchers. Financial resources and other assistance are provided timely when the need arises. Baseline FY 2000: 46 days

Year	Target	Actual
2003	40	40
2004	38	
2005	36	
2006	36	

Measure Term: Annual

PART Performance Measurements

Program: Agricultural Credit Insurance Fund Direct Loans
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	75%	89%	53%	Effective

Measure: Administrative cost per loan

Additional Information: This measure will assess the administrative expenses associated with loan making and servicing.

Year	Target	Actual
2003		
2004		
2005		
2006		

Measure Term: Annual

Measure: Percent of businesses that remain viable 3 years after assistance

Additional Information: Percent of businesses that remain viable 3 years after assistance

Year	Target	Actual
2004	Baseline	0.45
2005	0.55	
2006		

Measure Term: Annual

PART Performance Measurements

Program: Animal Welfare
Agency: Department of Agriculture
Bureau: Animal and Plant Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Adequate
80%	83%	80%	47%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The Animal Welfare Act (AWA) clearly defines the program purpose: to ensure the humane care and treatment of animals covered under the AWA.

Evidence: The Animal Welfare Act of 1966 as amended (7 U.S.C. 2131-2159).

1.2 Does the program address a specific interest, problem or need? Answer: YES Question Weight20%

Explanation: Need for protection of animals used in research, exhibitions and elsewhere is an ongoing endeavor.

Evidence: Evidence of inhumane treatment of animals (research and exhibitions).

1.3 Is the program designed to have a significant impact in addressing the interest, problem or need? Answer: YES Question Weight20%

Explanation: Program uses a combination of performance standards, guidance documents, education and outreach, combined with the inspection of regulated facilities, as well as a risk based inspection system to concentrate attention on facilities where animal welfare concerns are the greatest.

Evidence: In recent years the program has added inspectors, improved its computer technology with all field personnel using laptop computers, easy-to-understand inspection reports, and introduced the use of digital cameras to improve effectiveness. In addition, we have increased our training efforts for our field inspectors and supervisors to provide the tools for more efficient and uniform inspections.

1.4 Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)? Answer: YES Question Weight20%

Explanation: State, local and private standards/regulations address animal welfare. However, there is no uniform standard that applies to all animals covered under the AWA. No other Federal agency conducts on-site inspections of regulated entities.

Evidence: ACUC, ILAR result in standard setting for laboratory animals. Various State and local laws apply to the handling of some animals.

1.5 Is the program optimally designed to address the interest, problem or need? Answer: NO Question Weight20%

Explanation: Due to the difficuty in assessing the well-being of animals, the transition from prescription "command and control", one size fits all regulation has been difficult for both inspectors and the regulated entities. The agency has attempted to use guidance documents to provide greater clarity, but the guidance have met with uneven success.

Evidence: Recent controversy erupted over proposed guidance on Environmental Enhancement for non-human primates. Industry and others questioned whether the guidance was too prescriptive.

PART Performance Measurements

Program: Animal Welfare
Agency: Department of Agriculture
Bureau: Animal and Plant Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Adequate
80%	83%	80%	47%	

2.1 Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight:16%

Explanation: APHIS has one long-term performance goal: to ensure the humane treament of animals covered under the AWA.

Evidence: The goal for Animal Welfare is identified in GPRA documents. As it is identical to the purpose of the program, it is not clear whether the agency has attempted to focus their goals in a meaningful manner.

2.2 Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals? Answer: YES Question Weight:16%

Explanation: The program has one identified target for Animal Welfare compliance that lead to the long-term goal.

Evidence: Annual performance goal is "Percentage of facilities in compliance". This is so similar to the long term goal that there is no meaningful distinction. In addition, the annual performance goal does not reference the performance baseline.

2.3 Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program? Answer: NA Question Weight: 0%

Explanation: Not applicable. The Animal Welfare Act does not allow APHIS to partner in the inspection process -- only APHIS employees can conduct AWA inspections.

Evidence: See Explanation.

2.4 Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives? Answer: NA Question Weight: 0%

Explanation: The program collaborates with APHIS-Investigative and Enforcement Services which follows up on alleged violations with prompt and appropriate enforcement action including investigation of violations, collecting evidence, issuing and collecting civil penalties, and developing cases for formal prosecution.

Evidence: Investigative and Enforcement Services (IES) conducted 276 animal care investigations in FY 2001, resulting in 201 formal cases submitted for civil administrative action. IES also issued 178 letters of warning for animal care, resolved 97 cases with civil penalty stipulations resulting in $143,400 in fines. Administrative Law Judges resolved another 83 cases resulting in $365,875 in fines.

2.5 Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness? Answer: NO Question Weight:16%

Explanation: Although the Animal Care program conducts as needed evaluations of its program components to ensure that the goals of these activities are being met and to make changes for improving program performance and effectiveness, there is no evidence that reviews outside of USDA are conducted.

Evidence: From approximately 1992-1996 the USDA Office of Inspector General conducted independent evaluations of the program. We are not aware of any recent independent evaluations.

PART Performance Measurements

Program: Animal Welfare
Agency: Department of Agriculture
Bureau: Animal and Plant Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Adequate
80%	83%	80%	47%	

2.6 **Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?** Answer: YES Question Weight:16%

Explanation: The program budget is aligned with program goals. The APHIS planning and budgeting process specifically relates program results to changes in funding, policy, or legislative mandates.

Evidence: Agency planning and budget documents.

2.7 **Has the program taken meaningful steps to address its strategic planning deficiencies?** Answer: YES Question Weight:16%

Explanation: The program is not aware of any strategic planning deficiencies at this time.

Evidence: Program regularly reviews its strategic plan to address any deficiencies, and believes there are no serious deficiencies at this time.

2.REG1 **Are all regulations issued by the program/agency necessary to meet the stated goals of the program, and do all regulations clearly indicate how the rules contribute to achievement of the goals?** Answer: YES Question Weight:16%

Explanation: USDA regulations are limited to animal care and humane treatment - and establish the basis for compliance.

Evidence: 9 CFR 1-3

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight: 8%

Explanation: Data for performance goals is complete and reliable. The information is obtained through the newly developed License and Registration Information System database. The compliance data is derived from inspection reports completed at the conclusion of each inspection and entered directly into the database. Each facility is given the opportunity to review the outcome of their inspection. In addition, reports are reviewed by APHIS management and checked for quality and completeness. (There are no grantees or program partners.)

Evidence: The program conducted a customer satisfaction survey for regulated facilities in February 1997 and established a baseline level of satisfaction. Before repeating the facility survey, the program plans to survey animal protection organizations.

3.2 **Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?** Answer: YES Question Weight: 8%

Explanation: Federal managers are held accountable for cost and performance results.

Evidence: Management are held accountable for formulating plans and applying resources in the most effective and efficient manner to achieve program goals and objective, and to accomplish AC goals within resources allotted. Managers are evaluated annually. To receive a "fully successful" rating, manager must "..provide effective leadership and timely action in establishing, implementing, and achieving program goals and objectives."

PART Performance Measurements

Program: Animal Welfare
Agency: Department of Agriculture
Bureau: Animal and Plant Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Adequate
80%	83%	80%	47%	

3.3 **Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight: 8%

Explanation: The program obligates funds and leaves little or no unobligated balances on their line-item account.

Evidence: APHIS Budget staff meets monthly with Animal Care management to review spending results and projections to assure funds are obligated timely and for the intended purpose.

3.4 **Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight: 8%

Explanation: Program complies with agency and Federal requirements to maximize cost-effectiveness in purchasing and procurement.

Evidence: Animal Care recently procured laser fiche "paperless" document storage and retrieval system to reduce paperwork and achieve efficiency. Major purchasing and procurement is handled through APHIS Business Services unit in Minneapolis.

3.5 **Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?** Answer: YES Question Weight: 8%

Explanation: The program budget is aligned with the program goals. The planning and budgeting process specifically identifies program results with changes in funding, policy, and legislative mandates. We budget for all costs allocated to and paid for by the agency.

Evidence: APHIS budgets for all program costs both direct and indirect in developing and submitting annual proposals so that the total cost -- including administrative and overhead -- is covered at each funding level.

3.6 **Does the program use strong financial management practices?** Answer: YES Question Weight: 8%

Explanation: The program uses strong financial management practices, and is not aware of any material internal control weaknesses.

Evidence: Procurement actions are handled by non-program specialists in accordance with established procedures, controls, and competitive practices. Our system of credit card purchases has undergone extensive review. Spending is reviewed on a monthly basis in the APHIS status-of-funds process to assure that the funds are properly managed.

3.7 **Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight: 8%

Explanation: Prior to 1997, OIG conducted reviews of the program on a regular basis. When management deficiencies are noted or become apparent, the program takes steps to correct them.

Evidence: In recent years, Animal Care has eliminated 3 Regional offices (Minneapolis, Annapolis, Fort Worth) and consolidated operations under an Eastern and Western regional office, in an effort to improve management efficiency.

PART Performance Measurements

Program: Animal Welfare
Agency: Department of Agriculture
Bureau: Animal and Plant Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Adequate
80%	83%	80%	47%	

3.REG1 **Did the program seek and take into account the views of affected parties including state, local and tribal governments and small businesses, in drafting significant regulations?** Answer: NO Question Weight: 11%

Explanation: Although APHIS consults with State, local, and tribal officials, as well as industry and animal interest and/or humane groups, on an ongoing basis about animal welfare issues of interest to them and is committed to a rulemaking process that provides for full public participation, and routinely requests public comment on significant actions, recent controversies have suggested that the process is flawed.

Evidence: Portion of the rule involving animals in "swim with dolphin" facilities had to be withdrawn due to misunderstanding during consultation. OMB returned guidance on Environmental Enhancement for non-human primates largely due to the agency's failure to fully consult with federal partners (IRAC).

3.REG2 **Did the program prepare, where appropriate, a Regulatory Impact Analysis that comports with OMB's economic analysis guidelines and have these RIA analyses and supporting science and economic data been subjected to external peer review by qualified specialists?** Answer: NO Question Weight: 8%

Explanation: Whenever a rule is deemed significant, APHIS prepares a regulatory impact analysis that generally comports with OMB guidelines. As appropriate, analyses receive review within the Department by the Office of the Chief Economist, but not review external to USDA.

Evidence: See RIA for amending the sections of the AWA regulations and standards regarding marine mammals. Final rule was published on 1/03/01 and became effective 4/03/01.

3.REG3 **Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?** Answer: YES Question Weight: 8%

Explanation: APHIS reviews it regulations on an ongoing basis to ensure consistency in accomplishing program goals.

Evidence: Ongoing review is a part of management responsibilities.

3.REG4 **In developing new regulations, are incremental societal costs and benefits compared?** Answer: NA Question Weight: 0%

Explanation: Overall benefits and costs are examined, though not all benefits and costs may be quantified. Determining benefits for animal welfare programs are extremely difficult.

Evidence: See RIA for amending the section on AWA regulations and standards regarding marine mammals.

3.REG5 **Did the regulatory changes to the program maximize net benefits?** Answer: YES Question Weight: 8%

Explanation: Regulatory changes are designed to maximize the net gains to society and ensure the intent of the AWA is carried out.

Evidence: Not all benefits and costs may be described in monetary or quantitative terms.

PART Performance Measurements

Program: Animal Welfare
Agency: Department of Agriculture
Bureau: Animal and Plant Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Adequate
80%	83%	80%	47%	

3.REG6 **Does the program impose the least burden, to the extent practicable, on regulated entities, taking into account the costs of cumulative final regulations?** Answer: YES Question Weight: 8%

Explanation: Burdens on regulated entities are, whenever possible, minimized. In particular, any negative effects for small entities are kept as small as possible.

Evidence: APHIS considers the cost of cumulative final regulations on regulated entities in the rulemaking process, and in certain instances can grant variances upon written request and justification to the Deputy Administrator, subject to the requirement that the health and well-being of the animals is not jeopardized.

4.1 **Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?** Answer: SMALL EXTENT Question Weight20%

Explanation: The program has demonstrated progress in achieving its long term outcome goals. However, non-compliance remains at 58%.

Evidence: Annual performance Report results.

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: SMALL EXTENT Question Weight20%

Explanation: The program has demonstrated progress in achieving its annual goals. However, compliance remains at 58%.

Evidence: Annual performance Report results.

4.3 **Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?** Answer: YES Question Weight20%

Explanation: The strategic plan sets benchmarks. Each year the program moves closer to achieving its goals. Improved efficiency is gained by the use of outreach efforts such as workshops, newsletters, and Website.

Evidence: The program is constantly looking for ways to reach the public in the most cost-effective and efficient manner through outreach efforts. Recent examples include making its website available to the visually impaired, creating an on-line dealer inspection guide, producing and distributing a safe pet travel video, and instituting an automated telephone service to assist travelers with 24-hour toll-free information on humane handling of dogs and cats when traveling.

4.4 **Does the performance of this program compare favorably to other programs with similar purpose and goals?** Answer: NA Question Weight: 0%

Explanation: There is no other Federal program with similar purpose and goals as the Animal Welfare program.

Evidence: See Explanation.

PART Performance Measurements

Program: Animal Welfare
Agency: Department of Agriculture
Bureau: Animal and Plant Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Adequate
80%	83%	80%	47%	

4.5 **Do independent and quality evaluations of this program indicate that the program is effective and achieving results?** Answer: NO Question Weight 20%

Explanation: Evaluations of the Animal Welfare program indicate that the program is meeting the majority of its goals or program adjustments are being made to ensure achieving results. However, there have been no non-USDA evaluaions for the last six years.

Evidence: Annual performance report results.

4.REG1 **Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits?** Answer: LARGE EXTENT Question Weight 20%

Explanation: By promulgating minimum and not maximum standards for humane care and treatment combined with regulatory impact analysis of significant rules, the program assures that its goals and benefits are achieved at the least incremental societal cost. Due to difficulty in quantifying benefits - it is difficult to fully determine whether the program maximizes net benefits.

Evidence: See RIAs for Animal Welfare.

PART Performance Measurements

Program: Animal Welfare
Agency: Department of Agriculture
Bureau: Animal and Plant Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Adequate
80%	83%	80%	47%	

Measure: Number of animals affected by noncompliances documented on inspection reports.

Additional Information:

Year	Target	Actual
2001		588,961
2002		371,856
2003	350,000	
2004	325,000	
2005	300,000	

Measure Term: Long-term

Measure: Percentage of facilities in complete compliance at the most recent inspection.

Additional Information:

Year	Target	Actual
2001	61%	58%
2002	60%	68%
2003	68%	
2004	68%	
2005	68%	

Measure Term: Annual

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose of APHIS Monitoring and Surveillance Programs is to identify, maintain, and enhance the health status of U.S. agriculture and to strengthen the domestic and international marketability of U.S. agricultural products.

Evidence: APHIS' monitoring and surveillance efforts are carried out by six programs. Authorizing legislation comes from the Animal Industry Act of 1884 as amended (21 U.S.C. 117), the Cattle Contagious Diseases Act of 1903 as amended (21 U.S.C. 111-115, 117, 120, 123, 125-127, 134), the Farm Security and Rural Investment Act of 2002, Subtitle E, Animal Health Protection Act (PL 107-171), 21 U.S.C. 114; Animal Industry Act of 1884, the Virus-Serum-Toxin Act of 1913, amended in 1985 (21 U.S.C., Section 151 et seq.), the Plant Protection Act (7 U.S.C. 7701-7772, Section 431), and the ensuing regulations in Titles 7 and 9 of the Code of Federal Regulations.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The U.S. continually faces the potential of outbreaks of foreign animal and plant pests and diseases and must respond to periodic actual outbreaks.

Evidence: There is a need for effective monitoring and surveillance efforts for the rapid detection, analysis, and reporting of foreign and emerging animal diseases, including those with public health and food safety implications. Recent outbreaks include Newcastle disease in poultry in four western states in 2003 and low pathogenic avian influenza in three eastern states in 2002 and 2003. The program responds to national level concerns while incorporating state level participation. Recently detected infestations of plant pests that pose significant threats to U.S. forest and lumber resources, such as the emerald ash borer and citrus longhorned beetle, demonstrate that continued survey efforts are needed on the plant side as well.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: APHIS' Plant and Animal Health Monitoring programs respond to national-level plant and animal health concerns while incorporating State-level participation. Program activities are conducted through partnerships with States, industry, and other Federal agencies. Because APHIS acts as the national coordinator in these efforts, our work does not duplicate other Federal, State, local, or private efforts. No other entity , Federal, State, or otherwise, coordinates national efforts related to animal and plant health emergencies or implements the provisions of the Virus-Serum-Toxin Act.

Evidence: The Animal Health Monitoring and Surveillance program is mandated by the Animal Health Protection Act. No other Federal program coordinates national efforts or addresses technical issues related to animal health emergencies. The Veterinary Services Deputy Administrator holds quarterly conference calls with State animal health officials, including State Veterinarians and Laboratory Directors, to create consistency in approaches taken to address animal health concerns. The Pest Detection program coordinates pest survey efforts at the national level and cooperates with State departments of agriculture, other Federal agencies, and numerous universities to prioritize projects and conduct surveys. The National Veterinary Services Laboratory (NVSL) serves a unique role as the Office International des Epizooties (OIE) and the Food and Agriculture Organization (FAO) designated national and international reference laboratory for the U.S. The entire APHIS management team, including the Administrator and the Deputy Administrators, participates in monthly conference calls with the Commissioners of the State departments of agriculture (NASDA).

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: By having a national direction, the Animal Health Monitoring and Surveillance program achieves efficiency and the ability to enforce a uniform set of minimum standards with properly trained and equipped veterinary medical officers and technicians. The Emergency Management System program is currently being modified to meet the President's and Secretary's guidance to conform to the National Incident Management System. The Pest Detection program design allows for maximum effectiveness and efficiency. APHIS and its cooperators work together to select and accomplish survey projects, preventing resources from being used inefficiently or redundantly. The Veterinary Diagnostics program is making strides towards optimal design with the implementation of the National Animal Health Laboratory Network (NAHLN). While the basic infrastructure of a national laboratory network is in place, critical features to rapidly address new threats need to be addressed.

Evidence: Recent disease outbreaks in the United Kingdom, and other European countries, and in South Korea, Japan, and countries of the Asian Pacific rim demand that we maintain and upgrade our safeguarding efforts. Various reports such as GAO's report on foot-and-mouth disease have identified the need for a state-of-the-art national animal health laboratory network. The comprehensive regulatory approach of thorough evaluation of pre-licensing dossiers, testing of products submitted for licensure, facility and product inspections, investigations of non-compliance, and post-marketing surveillance is the most efficient and effective way to ensure only quality Federally licensed veterinary biological products are available to the U.S. consumers.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: All resources are expended to prepare for or respond to animal and plant pest and disease outbreaks. These resources either directly support State, Tribal, and local government emergency preparedness efforts or help the program coordinate these efforts. Pest Detection projects are prioritized through state, regional, and national committees based on the targeted pest's risk of entry and potential to cause significant economic or environmental damage. The Center for Veterinary Biologics targets its resources so that personnel can carry out activities such as policy development, licensing, product inspection, on-site inspections, post-monitoring surveillance, and investigations.

Evidence: APHIS has successfully eliminated more than 15 endemic diseases from the U.S. and has prevented many foreign animal diseases from entering the U.S. Having national program coordination on the plant side allows APHIS to direct survey funds to cooperators who are located in areas where the surveys are to be conducted. The Emergency Management System program signs cooperative agreements with states, tribes, and local governments; has established area emergency coordinator positions; holds training sessions to teach emergency response methods, and publishes guidelines on how to respond to animal health emergencies. By having trained and equipped investigators stationed throughout the country, the program is able to investigate potential violations effectively and in a timely manner.

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight:12%

Explanation: APHIS has developed a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program, which is to protect the Nation's animal and plant resources against foreign and domestic pests and diseases. These measures were chosen by program analysts and program managers as the best overall indicators of the program's effectiveness. The measures had to be general enough to cover a wide swath of activities, but specific enough to be meaningful to the actual program.

Evidence: The Pest Detection program's long-term performance measure is the percentage of known, significant pest introductions detected before they spread from the original area of colonization. The Animal Health Monitoring & Surveillance program's long-term measure is the number of significant introductions of foreign animal pests or diseases that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans. This measurement was chosen because it relates to both our monitoring effectiveness and the health status of the U.S. herd. APHIS' Veterinary Diagnostics and Biologics programs, its Emergency Management System, and its Regultatory Enforcement program support the monitoring and surveillance work performed by the Animal Health Monitoring & Surveillance and Pest Detection programs.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight:12%

Explanation: APHIS' monitoring and surveillance programs have ambitious targets and timeframes for their long-term measures. At least one line item, Emergency Management Systems, hopes to set the world standard for animal health emergency management within the decade. Others are striving for excellent scores (e.g., 0 introductions, 97 percent detection rate), within the next 3 years. These are ambitious, yet achieveable, long-term goals.

Evidence: The Pest Detection target for fiscal year (FY) 2005 is 97 percent of known significant pest indtroductions detected before they spread from the original area of colonization--a very ambitious target. The Animal Health Monitoring & Surveillance target for FY 2005 is 0 introductions of foreign animal pests or diseases that spread beyond the original area of introduction and cause severe economic or environmental damage, an ambitious target given the increasing amount of global trade and travel that occurs annually. Other measures include the number of diseases for which there is a pure, safe, potent, and effective product licensed by the Center for Veterinary Biologics, and the number of States and Territories that meet animal health emergency preparedness standards;

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:12%

Explanation: These measurements were chosen because of the relationship between responding rapidly to potential foreign animal disease and plant pest outbreaks and reducing the severity of animal and plant disease incidents in the United States.

Evidence: The annual performance measure for Pest Detection is the number of exotic pests for which national surveys are conducted. The annual performance measure for Animal Health Monitoring & Surveillance is number of foreign animal disease (FAD) investigations. Other measures include the number of doses imported with no foreign animal disease event related to the product, and the percentage of APHIS veterinarians in charge who have completed the emergency management training curriculum.

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 12%

Explanation: APHIS' monitoring and surveillance programs have baselines and ambitious targets for their annual measures. Almost all of the annual targets increase from year to year, and they tie back to long-term goals. Achieving these targets requires a great deal of organization and cooperation between APHIS and cooperators in the States and industry. APHIS' ability to meet its annual targets provides a good indicator of how well the Agency is progressing towards meeting its ambitious long-term goals.

Evidence: The Pest Detection baseline is 9 exotic plant pests. The target for FY 2005 is an additional 20 plant pests. The Animal Health Monitoring & Surveillance baseline is 837 investigations. The target for FY 2005 is 650 disease investigations. (The number of FAD investigations conducted in FY 2002 was an anomaly because of the foot-and-mouth disease situation in the United Kingdom. Completing 650 investigations in FY 2005 would be a 69 percent increase over FY 2000). The NVSL baseline is 1,356 labs/tests approved to conduct animal movement, disease surveillance, and certification tests. The target for FY 2005 is 1,427 labs/tests. Please see Measures tab for more information.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 12%

Explanation: APHIS maintains strong ties to its stakeholders, including other Federal agencies, States, and industry. They all work together toward meeting the annual and long-term goals of the program. The Cooperative Agricultural Pest Survey program (part of Pest Detection) and the Trichinae Herd Certification Program (part of Animal Health Monitoring and Surveillance) are good examples of cooperative efforts among Federal, State, and industry partners. All participants work towards the annual and long-term goals of the program. These efforts are representative of the way APHIS conducts its monitoring and surveillance programs.

Evidence: The Pest Detection program provides State cooperators with enough funds to hire full-time plant pest survey coordinators. Having full-time coordinators allows States to focus on early detection and to meet program goals. The Animal Health Monitoring and Surveillance program consults with States and industry in developing uniform methods and rules, herd/flock certifications, and program standards for animal health programs. Many of these programs are cooperative State, Federal, and industry efforts administered by the State and supported by industry and the Federal Government.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight 12%

Explanation: Independent evaluations of sufficient scope and quality are conducted as needed to support program improvements and evaluate program effectiveness and relevance to APHIS' interest in safeguarding American agriculture from pest and disease outbreaks. The content of all regulations, uniform methods and rules, herd/flock certifications, and program standards may be amended as needed.

Evidence: Since 1999, both the National Plant Board and the National Association of State Departments of Agriculture have conducted extensive evaluations of APHIS' plant and animal health safeguarding programs. These safeguarding reviews have provided a foundation for revising the national safeguarding system on both the plant and animal sides. For example, the Pest Detection program has adopted a three-tiered committee approach to improve its ability to target pests of concern, and a national surveillance director position has been established to help coordinate certain animal health monitoring activities.

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight: 12%

Explanation: Monitoring and surveillance program budgets are tied to program goals. The APHIS planning and budgeting process specifically relates program results to changes in funding, policy, or legislative mandates. APHIS' FY 2004 Explanatory Notes indicate that the Pest Detection line item received approximately $7 million in FY 2002. The Notes also indicate that with these funds, program officials and cooperators were able to detect 85 percent of the known pest introductions that could cause severe economic and environmental damage before the pests spread. Because the program was requesting such a large increase in the next fiscal year (total funding to equal $27.3 million), the Notes indicate that officials hope to find 95 percent of the pest introductions in FY 2003. The FY 2003 Ex Notes include a written justification of this funding increase in the white pages that follow the line item breakout.

Evidence: Agency planning and budget documents. Program managers track spending and budget requests monthly to ensure targets are accomplished for annual and long-term performance goals. APHIS' FY 2004 Explanatory Notes also indicate that the Emergency Management Systems line item received approx. $4 million in FY 2002. With these funds, 5 States were brought into compliance with standards for State animal health emergency management systsems. Because the program was requesting such a large increase the next fiscal year (total funding to equal $11 million), the Ex Notes also indicate that officials hope to bring 30 States into compliance in FY 2003. The FY 2003 Ex Notes include a written justification of this funding increase.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: NA Question Weight: 0%

Explanation: Following reviews by the National Plant Board and the National Association of State Departments of Agriculture, APHIS made changes in its programs to make them operate more efficiently. APHIS is unaware of any strategic planning deficiencies at this time.

Evidence: The programs regularly review their strategic plans to address any deficiencies and believe there are no serious deficiencies at this time. Program managers meet periodically with stakeholders to discuss any issues of concern. "NA" SINCE NO DEFICIENCIES WERE IDENTIFIED

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight: 9%

Explanation: The Agency regularly collects timely and credible performance information. The 6 monitoring and surveillance programs discussed here maintain individual databases to collect performance information.

Evidence: The data collected by the programs is used by program managers to evaluate performance, allocate resources, and develop and prioritize future projects. Data collected by the Pest Detection program is used each year to plan the next year's surveys and to allocate funds for pests such as the imported fire ant, gypsy moth, and pink bollworm.

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight: 9%

Explanation: Federal managers and program cooperators are held accountable for cost and performance results.

Evidence: Management is held accountable for formulating plans and applying resources in the most effective and efficient manner to achieve program goals and objectives, and to accomplish program goals within resources allotted. Managers are evaluated annually. To receive a "fully successful" rating, manager must "..provide effective leadership and timely action in establishing, implementing, and achieving program goals and objectives." Program cooperators are held accountable through the terms of cooperative agreements, which require cooperators to report back to program managers at specific intervals.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight: 9%

Explanation: The program obligates funds and leaves little or no unobligated balance in its line-item account.

Evidence: APHIS Budget staff meets monthly with program managers to review spending results and projections to assure funds are obligated timely and for the intended purpose. For FY 2000, 0.14 percent of funds for the Plant and Animal Health Monitoring programs were unobligated. For FY 2001, the year of the world-wide foot-and-mouth disease outbreaks, APHIS used all funds available for monitoring and surveillance efforts. For FY 2002, 0.4 percent of monitoring and surveillance funds were obligated.

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight: 9%

Explanation: Program complies with agency and Federal requirements to maximize cost-effectiveness in purchasing and procurement. Database management, enhanced Web sites, teleconferencing, and training programs have improved program delivery and efficiency. The Pest Detection program is currently developing an initiative to reach out to and involve volunteer organizations (Nature Conservancy and Master Gardeners) and the CSREES network of extension agents in early detection efforts. NVSL constantly refines standard diagnostic techniques and uses other laboratories to supplement USDA testing capacity. CVB is moving to electronic document submissions.

Evidence: Major purchases such as vehicles and computers are aggregated by GSA and purchased through a "bulk buy" competitive procedure that assures maximum cost effectiveness and efficiency. Plant pest survey equipment is purchased through a national procurement officer to ensure cost-effectiveness. Supplies and equipment for animal health monitoring activities are purchased following pilot projects, which allows equipment to be tested and compared to equipment used in other programs before large orders are placed.

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

3.5 **Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight: 9%

Explanation: APHIS conducts monitoring and surveillance activities in cooperation with the States and academic partners. APHIS programs also cooperate with related Federal agencies, other USDA programs, law enforcement agencies, and foreign governments, where appropriate.

Evidence: The Pest Detection, Emergency Management, and Animal Health Monitoring programs conduct cooperative activities with State departments of agriculture, other Federal agencies, and university partners to ensure that agricultural pests and diseases are detected quickly and that APHIS and its State partners are prepared for emergencies. The APHIS Regulatory Enforcement program cooperates with all APHIS programs and USDA's Office of General Counsel and Office of Inspector General.

3.6 **Does the program use strong financial management practices?** Answer: YES Question Weight: 9%

Explanation: The programs use strong financial management practices, and are not aware of any material internal control weaknesses. The six programs covered here each receive an annual allocation which includes funding for program support, and are held accountable for keeping spending within this amount.

Evidence: Procurement actions are handled by non-program specialists in accordance with established procedures, controls, and competitive practices. Spending is reviewed on a monthly basis in the APHIS status-of-funds process to assure that the funds are properly managed.

3.7 **Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight: 9%

Explanation: When deficiencies are identified, the programs address them.

Evidence: Based on both internal and external reviews processes, the programs evaluate their operations on a regular basis and make improvements to increase management efficiency and effectiveness. For example, following a review conducted by the National Plant Board, the Pest Detection program organized planning committees at the State, regional, and national levels to improve its ability to prioritize projects effectively.

3.RG1 **Did the program seek and take into account the views of all affected parties (e.g., consumers; large and small businesses; State, local and tribal governments; beneficiaries; and the general public) when developing significant regulations?** Answer: YES Question Weight: 9%

Explanation: APHIS consults with State, local, and tribal officials, as well as industry associations, on an ongoing basis about issues of interest to them and is committed to a rule-making process that provides for full public participation. APHIS routinely proposes significant actions for public comment prior to putting new regulations into effect. The Agency considers all comments submitted and responds to each issue raised, explaining why it is adopting some suggestions and not others.

Evidence: Potential new regulations that propose significant actions are first published in the Federal Register as proposed regulations. This allows for public comment prior to putting new regulations into effect. The Agency considers all comments submitted and responds to each issue raised, explaining why it is adopting some suggestions and not others. Then a final regulation developed and published in the Federal Register or the proposed regulation is withdrawn. APHIS received 70 comments on its proposal, "Foot-and-Mouth Disease Payment of Indemnity, Update of Provision" [Docket No. 01-069-1], and is currently making changes to the proposal based on concerns raised by the public. For example, we have recevied numerous comments on the rates for particular types of livestock and will be making changes based on these concerns.

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

3.RG2 **Did the program prepare adequate regulatory impact analyses if required by Executive Order 12866, regulatory flexibility analyses if required by the Regulatory Flexibility Act and SBREFA, and cost-benefit analyses if required under the Unfunded Mandates R**

Answer: YES Question Weight: 9%

Explanation: APHIS prepares a regulatory impact analysis that comports with OMB guidelines whenever a rule is deemed significant. Economic analyses always receive peer review outside of the program, for example, from economists of the Policy and Program Development staff, from USDA's Office of Budget and Program Analysis, and Office of the Chief Economist.

Evidence: RIA (regulatory impact analyses) and CBA (cost benefit analyses) are prepared to all proposed regulations as required.

3.RG3 **Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?**

Answer: YES Question Weight: 9%

Explanation: APHIS reviews its regulations on an ongoing basis to ensure consistency in accomplishing program goals.

Evidence: Ongoing review to ensure effective regulation is part of management responsibilities. Recently, for example, the Emergency Management program proposed to update the rule regulating payment of indemnities for foot-and-mouth disease (FMD) to ensure the success of a control and eradication program in the event of an FMD outbreak in the United States. Also, APHIS conducts cyclical reviews of existing significant regulations in accordance with Executive Order 12866, Section 5, to determine whether the regulations are still needed. Based on such a review, we removed certain user fees in connection with the veterinary diagnostic program in 1997.

3.RG4 **Are the regulations designed to achieve program goals, to the extent practicable, by maximizing the net benefits of its regulatory activity?**

Answer: YES Question Weight: 9%

Explanation: Regulations are designed to achieve program goals by ensuring that the intent of laws enforced by APHIS is carried out. Rule-making aimed at protecting and ensurng the health of U.S. agriculture is guided by benefits and costs of preventing and controlling pest and disease risks. In certain regulations, APHIS provides statistics on industry compliance, burden, and cost. For example, for a proposed scrapie program rule on the interstate movement of sheep and goats, APHIS estimated the costs associated with the rule's identification requirements and the number of hours associated with the record-keeping requirements. This information was included in the proposed rule.

Evidence: APHIS regulations protect the health and value of U.S. agriculture and help keep consumer costs for food and other agricultural items from rising. The FMD rule mentioned above lists several specific benefits, such an encouraging fully committed participation by affected parties (uncertainty about whether to report one's animals due to indemnity concerns could cause delays in an eradication program).

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?**

Answer: SMALL EXTENT Question Weight20%

Explanation: The Plant and Animal Health Monitoring programs have demonstrated progress to a small extent in achieving their long-term performance goals. Of the six line items, two met their targets; one was not fully successful. The others were establishing new measures.

Evidence: Annual Performance Report results and Peer Reviews. For example, the Emergency Management System program estimates that 5 states and territories met the standards in 2002 (evaluations are conducted biannually). Although not all States meet the new standards yet, dramatic progress has been made in increasing state preparedness for animal health emergencies.

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight20%

Explanation: Programs have mostly demonstrated progress in achieving long term outcome goals. For example, APHIS believes that the Emergency Management System line item program reached it annual performance goal of the number of States fully meeting animal health emergency preparedness standards in FY 2002. APHIS has recently set targets for the percentage of veterinarians in charge and state veterinarians who must complete emergency management training. It also has set targets for the number of training exercises that must be conducted. The Animal and Plant Health Regulatory Enforcement program exceeded its target of conducting 1,600 investigations in FY 2002.

Evidence: While programs mostly demonstrated progress, there were some challenges including laboratory personnel shortages in Center for Veterinary Biologic (CVB) which affected the center's ability to achieve the 113 new licenses/permits targeted for FY 2002. CVB is rebuilding the infrastructure (hiring and training new personnel as one example) needed to move forward. The number of adverse events reported in FY 2002 was lower than expected. In April 2003, our main source of adverse event reports (United States Pharmacopia) discontinued the service of collecting reports. This will impact the ratio in FY 2003 and FY 2004. For the Pest Detection program, the FY 2002 target was to conduct national surveys for 11 exotic pests. Surveys were conducted for only 9, partly because of a lack of State interest. The planning process was improved in FY 2002 to allow States greater input in the pest prioritization process (the three-tiered committee system was implemented), and this problem should not recur.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight20%

Explanation: The programs demonstrate improved efficiencies or cost effectiveness in achieving program goals each year. For example, the Veterinary Diagnostics and Veterinary Biologics programs are improving efficiencies by constantly refining standardized diagnostic techniques, using new technologies, using other laboratories to supplement testing capacity, and partnering with others, including foreign regulatory agencies and our stakeholders. The Animal and Plant Health Regulatory Enforcement program continues to strengthen operations through business process reengineering to increase productivity. Improved efficiencies are gained by the Pest Detection program by cooperating with other USDA agencies such as CSREES, and moving towards partnering with volunteer organizations, such as the Nature Conservancy.

Evidence: Each year, the programs identify ways to improve the quality of services while increasing efficiencies. For example, the Emergency Management System program recently opened the Emergency Operations Center at APHIS headquarters in Maryland. Teleconference monitors were installed at the Center to facilitate in training exercises and outbreak situations and reduce the amount of necessary travel. The program has also instituted an incident command system to help better manage disease outbreak situations. In addition, the Veterinary Biologics program is moving to electronic submission and workflow of several processes that will increase the stakeholders ability to access appropriate information and increase efficency for the serial release process and export certificate process. The Pest Detection program is currently developing an initiative to reach out to and involve volunteer organizations (such as the Nature Conservancy and Master Garders) and the CSREES network of extension agents in our early detection efforts.

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: NA Question Weight: 0%

Explanation: The Veterinary Biologics, Veterinary Diagnostics, Emergency Management System, and Animal Health Monitoring and Surveillance programs are unique in purpose and function toward goal accomplishment. While similar programs exist to the Animal and Plant Health Regulatory Enforcement and Pest Detection programs, APHIS has not conducted evaluations to compare these programs. The programs that the Pest Detection program works with complement each other and, taken together, provide a national picture of pest populations.

Evidence: In Section 10402 of the Animal Health Protection Act and Section 402 of the Plant Protection Act, Congress cites the necessity of the prevention, detection, control, and eradication of plant and animal pests and diseases and charges the Secretary of Agriculture with facilitating agricultural trade, among other things. This authority has been delegated to APHIS. The data collected through APHIS' monitoring and surveillance programs provides the evidence necessary for our trading partners to allow the import of U.S. agricultural products. APHIS is the only Federal agency recognized by the Office Internationale des Epizooties and the International Plant Protection Convention to certify the health of plant and animals and plant and animal products. Additionally, APHIS is the only Federal agency that implements the Virus, Serum, Toxin Act. In carrying out the provisions of the Virus, Serum, Toxin Act, APHIS ensures that the veterinary biologics available for the diagnosis, prevention, and treatment of animal diseases are pure, safe, potent, and effective.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: LARGE EXTENT Question Weight20%

Explanation: Evaluations of the Veterinary Biologics, Veterinary Diagnostics, Animal Health Monitoring and Surveillance, and Pest Detection programs indicate that the programs are meeting the majority of their goals, or program adjustments are being made to ensure results are achieved. For the Emergency Management System program, continual self-evaluations are conducted and input is received from the joint state-federal-industry National Animal Health Emergency Management System Steering Committee. Based on comments in the Animal Health Safeguarding Review, the program has greatly enhanced emergency response capabilities by building a response system that is shared by local, State, Federal, and Tribal entities. OIG has reviewed the Animal Health Regulatory Enforcement program and determined that the program is largely successful in meeting its goal of providing timely and effective enforcement services.

Evidence: Annual Performance Report results, OIG reports, and Peer Reviews. For example, the Veterinary Biologics program continues to evaluate the purity, safety, potency, and effectiveness of veterinary biological products and issue licenses to those meeting set standards. The Emergency Management System program has recently implemented an incident command system in responding to avian influenza in Virginia in 2002 and exotic Newcastle disease in California and other states in 2003. State, Tribal, and local government cooperators were brought on-board quickly to help contain the situation and eradicate the disease. The Pest Detection program has implemented the National Plant Board's recommendations for pest detection and continues to review its operations through performance measures, among other things.

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

4.RG1 **Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits?** Answer: YES Question Weight 20%

Explanation: Program goals were achieved at the least incremental societal cost with maximum net benefits. For example, the Animal Health Mmonitoring and Surveillance program achieved these goals by promulgating minimum and not maximum standards for animal inspection and testing for surveillance and monitoring, combined with regulatory impact analysis of significant rules.

Evidence: See RIAs for veteinary biologics, veterinary diagnostic user fee services, and national animal disease control and eradication programs. These programs are representative of all the line items included in this comprehensive PART.

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

Measure: Number of significant introductions of foreign animal diseases and pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans.

Additional Information: The goal of the Animal Health Monitoring & Surveillance program is to identify, maintain, and enhance the health status of our country's livestock and poultry populations.

Year	Target	Actual
2001		0
2002		0
2003	1	1
2004	0	
2005	0	
2006	0	

Measure Term: Long-term

Measure: Number of laboratories/tests approved to conduct animal movement, disease surveillance, and certification tests

Additional Information:

Year	Target	Actual
2002	1,320	1,356
2003	1,383	
2004	1,427	
2005	1,427	

Measure Term: Annual

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

Measure: Time it takes to investigate and resolve violations in cases settled through APHIS administrative procedures

Additional Information: This measure is new, and targets and baseline data are under development.

Year	Target	Actual	**Measure Term:** Long-term (Efficiency Measure)

Measure: Number of investigations conducted in support of APHIS' mission

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2002	1,600	1,669	
2003	1,800		
2004	1,850		
2005	1,900		

Measure: Average cost of an investigation

Additional Information: Under development

Year	Target	Actual	**Measure Term:** Annual (Efficiency Measure)

Measure: Number of foreign animal disease investigations

Additional Information: This measurement was chosen because of the relationship between responding rapidly to a potential foreign animal disease outbreak and reducing the severity of animal disease incidents in the United States.

Year	Target	Actual	**Measure Term:** Annual
2002	575	837	
2003	575		
2004	650		

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

2005	650

Measure: Percentage of known significant pest introductions, i.e. those that cause severe economic and environmental damage, detected before they spread from the original area of colonization

Additional Information:

Year	Target	Actual	**Measure Term:** Long-term
2002	85%	85%	
2003	95%		
2004	96%		
2005	97%		

Measure: Number of exotic pests for which national surveys are conducted.

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2002	11	9	
2003	18		
2004	19		
2005	20		

Measure: The number of animal diseases for which there is a pure, safe, potent, and effective CVB-licensed product.

Additional Information: This measure tracks CVB's performance in safeguarding animal health by ensuring that the appropriate pure, safe, potent, and effective veterinary biologics are available for current and emerging animal disease situations in the United States. A prime example is the licensure of a safe and effective West Nile virus vaccine in response to an emerging disease in the United States.

Year	Target	Actual	**Measure Term:** Long-term
2002	199	196	

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

2003	202
2004	204
2005	206

Measure: Number of doses imported with no foreign animal disease event related to product

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2002	156,665,082	158,319,317	
2003	159,798,383		
2004	162,931,685		
2005	166,064,987		

Measure: Percentage of National Animal Health Emergency Management System (NAHEMS) standards that States or territories are able to meet.

Additional Information:

Year	Target	Actual	**Measure Term:** Long-term
2002			
2003	30%		
2004	35%		
2005	45%		
2006	75%		

PART Performance Measurements

Program: APHIS Plant and Animal Health Monitoring Programs
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	73%	

Measure: Percentage of APHIS Veterinarians in Charge who have completed the emergency management training curriculum

Additional Information:

Year	Target	Actual
2003	0.5	
2004	0.85	
2005	0.95	

Measure Term: Annual

Measure: Number of States that can provide necessary Federal animal diagnostic services

Additional Information: This measure tracks the number of states that have laboratories which can provide diagnostic services to supplement the services of NVSL--Ames, IA, and Plum Island, NY. The NAHLN is in an early development stage, so any money received for the state laboratories in FY 2004 will be concentrated on getting the 25 laboratories trained and provided with lab equipment, not adding an additional state. However, future targets reflect an increase of 1 new state in each FY 2005, FY 2006, and FY 2007.

Year	Target	Actual
2002		20
2003	25	
2004	25	
2005	26	

Measure Term: Long-term (Efficiency Measure)

PART Performance Measurements

Program: Bioenergy
Agency: Department of Agriculture
Bureau: FSA-CCC
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	86%	47%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The Bioenergy Program (program) helps expand industrial consumption of agricultural commodities by promoting their use in the production of bioenergy (fuel grade ethanol and biodiesel). The program provides financial assistance by subsidizing part of the costs used in bioenergy production. Payments are made to producers who increase ethanol and biodiesel production over the previous year. Additional support is provided to biodiesel producers to help support an infant industry. Bioenergy reduces U.S. dependence on traditional energy sources while providing alternative market opportunities for producers.

Evidence: Farm Security and Rural Investment Act of 2002, Section 9010; Final Rule, 7 CFR Part 1424

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: As the current market conditions for ethanol vary substantially from those for biodiesel, the impact of the program and its importance to each industry is markedly different. Program payments to the ethanol industry helped accelerate plant expansion to respond to increased demand from states adopting ethanol as the oxygenate to meet clean air standards. However, it is unlikely that such a need will continue as the market adjusts to new demand. Ethanol is a more mature market with a clearly established market demand for ethanol production that is due to a myriad of other demand and supply support policies. In contrast, there are no policies to drive large-scale biodiesel use, which is largely an infant industry. As a result, the program in FY 2001 provided payments on about 7.8 percent of ethanol production, compared to about 76 percent of biodiesel production.

Evidence: Program data and industry information report substantial ethanol plant capacity growth and increased biodiesel production. Ethanol production grew substantially, as new facilities were constructed to meet increasing demand (largely due to the California ban on MTBE). 2002 was a record year, with an increase of more than 1 billion gallons compared to there years ago--ethanol exceeded 2.7 billion gallons and 12 new facilities came online. Biodiesel production grew from 1-2 million gallons per year to 10 million gallons in 2001, mainly in response to program incentives.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight20%

Explanation: Although the program helped accelerate the construction of new ethanol and biodiesel production facilities, there are a number of federal and state programs that have a similar purpose of stimulating increased bioenergy production. However, the program plays a much larger role in the biodiesel industry as compared to the ethanol industry. Ethanol: Federal tax credits are one of the primary drivers behind the growing ethanol industry. A number of states offer incentives that greatly influence demand for ethanol: California's ban on MTBE, Illinois' sales tax exemption for ethanol, and Minnesota's production subsidy of approximately $.19/gallon have all spurred increased demand for ethanol. Biodiesel: Unlike ethanol, biodiesel producers are using program payments to make biodiesel market prices more competitive against fossil fuels. While some states have developed new support policies, there is no other program that is national in scope. However, this may change if the biodiesel industry receives similar tax incentives.

Evidence: ' Key policies driving ethanol expansion discussed in "Ethanol Production Boost Demand for U.S. Corn," in USDA Agricultural Baseline Projections to 2012, WAOB-2003-1, Feb. 2003, p. 30-31. ' Bioenergy payments triggered virtually all of the gains in biodiesel output in 2001 and 2002.' Biomass State Fact Sheet, available on DOE's biomass website at http://www.bioproducts-bioenergy.gov' Catalog of Federal Domestic Assistance' Energy Policy Act of 1992: requires certain fleets to purchase alternative fuel vehicles (AFVs) and includes voluntary programs such as Clean Cities to accelerate the use of alternative fuels, has also stimulated demand for biofuels.

PART Performance Measurements

Program: Bioenergy
Agency: Department of Agriculture
Bureau: FSA-CCC
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	86%	47%	

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight 20%

Explanation: There is a fundamental design flaw as the ethanol and biodiesel industries have substantially different needs for support. Basing program payments on input commodity prices related to just increased production does not reflect those differences. One way to address such distinctions would be to establish individual support levels for each industry that would reflect the needs of ethanol and biodiesel. For example, program payments are largely used to finance construction of new ethanol facilities and to secure financing for new ethanol producers. However, due to a larger price differential for biodiesel, program payments are used to discount biodiesel sold in the market.

Evidence: The differences in the stage of development of ethanol versus biodiesel industries require different support levels.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: Program payments accelerated expansion of ethanol production. The program also is very effective in increasing biodiesel production. Feedstock costs are the largest component of biodiesel production, accounting for approximately $1.50 of soy biodiesel. Program payments compensate producers for such feedstock costs, allowing biodiesel to be priced competitively with conventional diesel. Currently, each percent blend of biodiesel adds approximately 1 cent per gallon of diesel--acceptable to many consumers. Without program payments, demand for biodiesel would likely fall due to larger price differentials.

Evidence: Ethanol production has expanded at a record pace as the industry responds to such incentives as California's adoption of ethanol. Virtually all biodiesel production in 2001 and 2002 was subsidized by program payments. In addition, wide fluctuations in production indicate that the biodiesel production is largely made possible by this program. For example, biodiesel production increased rapidly in FY 2001 and FY 2002 in response to the Bioenergy Program. However, when program payments stopped at the end of FY 2002 biodiesel production fell dramatically.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 12%

Explanation: When first established in 2001 the two-year program had no specific long-term performance measures. Section 9010 of the Farm Security and Rural Investment Act of 2002 extended the program through 2006. Based on this, FSA has developed long-term goals: 1) Improve the economic viability of the Bioenergy industry and to make it competitive with other fossil fuel producers 2) Expand industrial consumption of agricultural commodities by promoting their use in the production of Bioenergy 3) Increase the supply of domestically produced renewable fuels. The program has established long-term performance measures that track biofuels production and market share within the transportation fuels sector.

Evidence: Long-term measures focus on increased use of biodiesel and ethanol (gallons) as they relate to fossil fuels. These will indicate whether the program is having an impact on increasing market share of biofuels compared to traditional fossil fuels.

PART Performance Measurements

Program: Bioenergy
Agency: Department of Agriculture
Bureau: FSA-CCC
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	86%	47%	

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 12%

Explanation: Ambitious long-term measures have been developed. Baselines were established based on 2002 bioenergy production and targets established for 2006 are quite ambitious, particularly for biodiesel production. As the ethanol industry receives substantial tax credit support, this program serves a relatively smaller role in increasing ethanol's market share. However, this program has a much greater influence on biodiesel production, and targets for 2006 reflect substantial and sustained growth in the biodiesel industry.

Evidence: Published fossil fuel use data from the Department of Energy will be used in conjunction with program data to verify progress on achieving goals. Targets are based on past performance and market projections for the biodiesel and ethanol industries.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 12%

Explanation: The program has established adequate annual performance measures that help track progress in meeting the program's intended long-term goals. Annual performance measures focus on annual increases in bioenergy production. Ostensibly, annual increases in biofuels production will help increase the bioenergy share of the transportation fuel mix and help promote economies of scale, thereby reducing production costs and encouraging cost-competitiveness over the long-term.

Evidence: FSA's annual performance goals are to increase the production of Biodiesel by 4.0 million gallons per year and to increase production of ethanol by 200 million gallons per year. These measures are included in FSA's revised FY 2004 and FY 2005 annual performance plans.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 12%

Explanation: FY 2000 is the baseline year for production levels of biodiesel and ethanol. Targets have been established based upon previous experience as well as on an analysis of the ethanol and biodiesel markets.

Evidence: The annual targets are to increase production by:' 200 million gallons for ethanol' 4 million gallons for biodiesel

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 12%

Explanation: Program partners (participants) support the overall goals of the program and measure and report on their performance as it relates to accomplishing those goals. At the end of each quarter, all participants report quarter and year to date production to the Farm Service Agency.

Evidence: The Form CCC-850 A reports and substantiates the increase in bioenergy, and, for biodiesel producers, the amount of biodiesel production from animal fats and oils versus other feedstocks.

PART Performance Measurements

Program: Bioenergy
Agency: Department of Agriculture
Bureau: FSA-CCC
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	86%	47%	

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight 12%

Explanation: The program does not have independent evaluation data or evaluations that address process and performance.

Evidence: None.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 12%

Explanation: Budget requests are based upon previous performance. The FY 2003 Omnibus Appropriations Act limited program funding because the agency has yet to spend its full authorized amount. Likewise, the FY 2004 President's Budget limits this program to more accurately reflect the current demands for production assistance. However, budget requests are not currently tied to annual and long-term performance goals. As FSA has established new annual and long-term measures, the link between goals and resource needs will be strengthened.

Evidence: FSA Budget staff keeps program staff routinely informed of funding levels and outlays in reports. There are minimal indirect costs that are not included in the budget.FSA and OMB expect that the FY 2005 budget will draw an explicit link between resource needs and the accomplishment of long-term and annual goals.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 12%

Explanation: The program has addressed its strategic planning deficiencies. Since this program was extended in the 2002 Farm Bill, FSA has developed new annual and long-term performance measures.

Evidence: The initial FY 2004 goals and performance measures were significantly changed to correct and eliminate identified deficiencies. For example, FSA redefined measures, which previously measured participation rates, to focus on increased bioenergy production. Additionally, long-term measures have been developed to assess whether ethanol and biodiesel market shares are improving.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: In addition to quarterly and annual reports received from program participants, FSA utilized additional performance information to improve the bioenergy program. Most importantly, FSA amended the program to provide additional assistance to the biodiesel industry based upon an analysis that showed that the structure of the program was creating unstable industry development. FSA also amended the program to close a significant loophole that allowed some bioenergy producers to game the program to receive higher program payments.

Evidence: Final Rule, 7 CFR Part 1424Improvements made to the program over the last year include:' Closing regulatory loophole to ensure that full payments are made only on true production increases;' Increasing payments made to biodiesel production to a rate that provides adequate level of support to help develop new industry;' Changing payment rates to ensure that all eligible commodities are treated fairly. More specifically, FSA altered payment rates to ensure consistency between biodiesel made from soybeans and that made from animal fats and oils.

PART Performance Measurements

Program: Bioenergy
Agency: Department of Agriculture
Bureau: FSA-CCC
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	86%	47%	

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 14%

Explanation: FSA created a new position that will be responsible for achieving key program results and providing program oversight. In addition, program partners are required to report on their performance and payments are reduced or eliminated to those that do not achieve stated performance objectives.

Evidence: Program partners who receive program payments on increased production are required to prove that increase on Form CCC-850A.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight 14%

Explanation: Accounting and participant compliance requirements are included in individual contracts. Funds are spent in a timely manner and for the intended purpose. Program payments are reduced or eliminated if producers are unable to verify production information or if performance is lower than anticipated.

Evidence: FSA also amended the program to ensure that program payments are paid to those producers and/or entities that truly increase bioenergy production. An internal review of the program found that some producers were able to switch production among bioenergy plants in order to receive undeserved higher subsidies.

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight 14%

Explanation: The program will implement electronic filing of all forms by participants in FY 2004. This will improve efficiency and cost effectiveness over the prior year. This will reduce both the time required to complete and submit program forms and the associated costs as well as related errors.

Evidence: FSA reports the number and value of prompt payment penalties paid and the ratio of EFT payments versus paper checks. To achieve more efficiencies, FSA continues to expand the use of e-forms to improve data collection and reduce erroneous payments. On-line submissions reduce producer errors, submission time requirements and related costs.

PART Performance Measurements

Program: Bioenergy
Agency: Department of Agriculture
Bureau: FSA-CCC
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	86%	47%	

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: NO Question Weight 14%

Explanation: USDA program representatives serve on and share program information with the Biobased Products and Bioenergy Coordination Council (BBCC). The council provides a forum through which USDA agencies coordinate, facilitate and promote R&D, transfer of technology, commercialization, and marketing of bioenergy and biobased products. The Department of Energy (DOE) and USDA also co-chair the Biomass Research and Development Board, which is responsible for coordinating federal activities that promote the use of biobased industrial production.However, USDA has not demonstrated that bioenergy-related programs are effectively coordinated. Although there is very strong coordination for R&D initiatives, coordination efforts related to commercialization and marketing are substantially weaker. In 2002 the Advisory Committee to the Biomass R&D Board developed a roadmap setting forth the key goals necessary to increase consumption of biopower, biobased transportation fuels, and biobased products. However, it is not clear how USDA's programs will help achieve these goals.

Evidence: USDA Biobased and Bioenegy Coordination Council; Biomass R&D Board.Biomass Research and Development Technical Advisory Committee. 'Roadmap for Biomass Technologies in the United States.' (December 2002).There are a number of areas where coordination needs improvement. For example, USDA has a number of programs related to bioenergy, however, budget requests are not effectively coordinated and it is difficult to see how programs are working together to achieve similar objectives. Improved performance measures can also help strengthen coordination. Currently, USDA is unable to demonstrate that the CCC Bioenergy Program is helping to establish a sustainable biofuels market. Further work is needed to assess the obstacles to greater biofuels consumption (e.g., lack of demand, cost of production, lack of distribution networks) and to work with other programs that address such issues.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: Disbursement data is collected and reported to financial statements of the Commodity Credit Corporation. These statements are audited every year.

Evidence: There are no material findings on the internal controls related to the disbursement process used by CCC.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: FSA's final rule made significant improvements to the program. Such improvements include ensuring consistency among eligible commodities and reducing the threat of program abuse. In addition, FSA will be requiring electronic filing for all forms, which will help improve program efficiencies.

Evidence: Final Rule, 7 CFR Part 1424; Program application and verification reports.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: The program is new, therefore, minimal progress has been made in achieving long-term goals. However, the program has, in the past under different authority, achieved its newly established annual goals (annual increases in bioenergy production) which will help achieve the long-term goal of increasing the market share of both ethanol and biodiesel.

Evidence: Participants report quarter and year to date production data. This will be compared to published fossil fuel data to verify progress in achieving long-term goals.

PART Performance Measurements

Program: Bioenergy
Agency: Department of Agriculture
Bureau: FSA-CCC
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	86%	47%	

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight 20%

Explanation: FSA did not establish performance goals for the program prior to FY 2003. However, the 2002 Farm Bill reauthorized the program through FY 2006 and FSA has established annual performance goals for increasing the production of biodiesel and ethanol.

Evidence: Despite the fact that annual performance goals were not established for the program before FY 2003, the program has resulted in increased production of Biodiesel and ethanol. The program was responsible for the production of an additional 6.3 million gallons of Biodiesel in FY 2001 and 8.9 million gallons in FY 2002. Regarding ethanol, production increased by 141.3 million gallons in FY 2001 and 219.3 million gallons in FY 2002.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight 20%

Explanation: The agency recently made substantial changes in program regulations to reduce the threat of program abuse. Under the previous temporary program, some participants were able to game the program in order to receive higher subsidies by claiming increases in bioenergy production that were not true increases as defined by authorizing legislation. This loophole has been closed, which will result in improved cost effectiveness. In addition, the program has implemented electronic filling of all forms by participants for FY 2004 payments. This will improve efficiency and cost effectiveness over the prior year. Both the time required to complete and submit program forms and the associated costs will be reduced as well.

Evidence: 2002 Farm Bill regulations; Final Rule, 7 CFR Part 1424

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: Although the program spurred increases in ethanol production and accelerated the construction of ethanol facilities, other supporting policies have a much greater impact on the ethanol industry. Federal tax credits are one of the primary drivers behind the growing ethanol industry and state incentives such as California's ban on MTBE have also greatly influenced demand for ethanol. On the other hand, the program has a much larger impact in spurring biodiesel industry development. Bioenergy Program subsidies enable biodiesel to be priced cost-competitively (and in some instances at a discount) with conventional diesel, thus creating user incentives. While other support policies such as tax incentives may provide greater incentives to increase biodiesel production, the Bioenergy Program is currently the only program providing substantial support to this industry.

Evidence: See "Ethanol Production Boost Demand for U.S. Corn," in USDA Agricultural Baseline Projections to 2012, WAOB-2003-1, Feb. 2003, p. 30-31. for discussion of other policies that have contributed to expansion of ethanol production.Also see 'Biomass Fact Sheets' on the Department of Energy's Biomass website at http://bioproducts-bioenergy.govBP has had only a minor impact on ethanol production, providing payment on about 7.8 percent of production, but has had a major impact on the relatively small biodiesel industry, with payments being made on about 76 percent of total FY 2001 production

PART Performance Measurements

Program: Bioenergy
Agency: Department of Agriculture
Bureau: FSA-CCC
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	86%	47%	

4.5 **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: NO Question Weight 20%

Explanation: This program has not received any independent evaluations. This program was originally established as a temporary program. As this program was extended in the Farm Bill until 2006, an evaluation of the program will be warranted to assess the program's impact on bioenergy market development.

Evidence:

PART Performance Measurements

Program: Bioenergy
Agency: Department of Agriculture
Bureau: FSA-CCC
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	86%	47%	

Measure: Ethanol's share of total transportation fuel use and biodiesel's share of total diesel fuel use.

Additional Information: Increase fuel ethanol production as it compares to total transportation fuel use. This will indicate the industry's expanded market share versus fossil fuels. Increase biodiesel production as it compares to total diesel use. This will indicate the industry's expanded market share versus fossil fuels.

Year	Target	Actual
2006	0.875 % of total	ethanol
2006	.375% of total	biodiesel
2005		

Measure Term: Long-term

Measure: Increase in production of biodiesel (million gallons)

Additional Information: Increases in the production of bio diesel indicate a rise in the supply of domestically produced renewable fuels. It's also an indicator of the viability of the bio diesel industry and its expanded consumption of agricultural commodities.

Year	Target	Actual
2001	4	6.3
2002	4	8.9
2003	4	11.5
2004	4	
2005		
2006		

Measure Term: Annual

Measure: Increase in production of ethanol (million gallons)

Additional Information: Increases in the production of ethanol indicate a rise in the supply of domestically produced renewable fuels. It's also an indicator of the industry's expanded consumption of agricultural commodities for fuel production

Year	Target	Actual
2001	200	141

Measure Term: Annual

PART Performance Measurements

Program: Bioenergy
Agency: Department of Agriculture
Bureau: FSA-CCC
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	86%	47%	

2002	200	219
2003	200	414
2004	200	
2005		
2006		

PART Performance Measurements

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The commodity marketing assistance loan and loan deficiency payment (LDP) program purpose is two-fold. The purposes are: (1) faciliate the orderly marketing of major agricultural commodities by providing short-term financing; and (2) provide per-unit revenue support when market prices are relatively low. The commodities for which this program is statutorily mandated are: wheat, feed grains (corn, grain sorghum, barley, oats), upland cotton, extra long staple cotton (which does not have marketing loan provisions), rice, oilseeds (soybeans, sunflowerseed, flaxseed, canola, rapeseed, safflowerseed, mustard seed), peanuts, honey, wool, unshorn wool, mohair, and pulses (dry peas, lentils, and small chickpeas). Two commodities are covered by this program based on the Secretary of Agriculture's discretionary authority: crambe and sesame seed.

Evidence: Farm Security and Rural Investment Act of 2002, P.L. 2002. A program description and statiscal data are attached and should be used as supporting data.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The program is intended to facilitate the orderly marketing of major agricultural field-crop commodities by providing eligible producers with temporary financing (to pay bills) while market prices are generally low during and immediately following harvest. Marketing assistance loans are nonrecourse. Nonrecourse loans once placed an artificial floor under commodity prices in times of surplus production and weak prices, preventing the market from adjusting supply and resulting in extended periods of surplus production. However, the marketing loan and LDP provisions, instituted in various years for the loan commodities, has greatly reduced producer incentives to forfeit their production to the Commodity Credit Corporation (CCC), thereby reducing Government storage costs while making U.S.-produced loan commodities more competitive in domestic and international markets.

Evidence: Program participation for some loan commodities has approached or reached 100% in recent low-price years. This high participation reveals that even when prices are relatively high, coverage, even if not participation, extends essentially to the entire production of covered commodities. See attached table.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The loan program is a component in a multi-part system designed to assist producers with highly variable prices and yields--see response to question 3.5.

Evidence: Due to the LDP feature of the program, some producers and others have come to view the program as an income support program.due to the severely depressed market prices for many commodiites which began in 1998, the program has been more of a payment program. The LDP's that have been disbursed have allowed producers to receive the market price for the commodities; however, multiple years of failing market prices has resulted in market loss adjustment payments and other emergency type payment programs. These payments could be viewed by the public as "similar" payment programs in nature.

PART Performance Measurements

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight 20%

Explanation: There are, what some may consider, two flaws. The program does not necessarily guarantee per-unit net revenue, and "gains" (i.e., LDP's, marketing loan gains (MLG's), and certificate exchange gains (CEG's) differ by commodity, and over time and space. For most loan commodities (wheat, feed grains, oilseeds), "gain" rates may differ notably over time in a given harvest period, and from location to location at a given point in time. Although this is not necessarily an efficiency issue, the situation does generate producer dissatisfaction with the program at times.

Evidence: LDP's, MLG's, and CEG's have been treated as "amber box" forms of support in the World Trade Organization. Thus, the loan program is less efficient than the Direct Payment Program in its effect on agricultural production decisions because the loan program introduces more economic distortions in the market place and is less efficient at distributing payments. Loans and LDP's require that production be known, beneficial interest be retained, and, for warehouse-stored loans, that the quality be known. Gains (LDP's, MLG's, CEG's) may be unevenly distributed because national average loan rates among the loan commodities are determined through a congressional consensus approach, rather than a formulaic approach that takes into consideration other economic variables. Also, the method for determining alternative loan repayments differs across loan commodities, partially due to statutory mandates, and partially due to practices that by necessity differ. Thus, relative gains among commodities differ, across commodiites, across regions, and across time.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: NO Question Weight 20%

Explanation: As statutorily mandated, the Marketing Assistance Loan and LDP program is targeted at providing support on production of relevant marketing assistance loan commodities. For producers with eligible production of one or more of these commodities, the program has, for the most part, effectively provided per-unit revenue support on realized production. However, the program provides the same level of support (on a per unit basis) to all producers, regardless of financial need. Additionally, it provides support to producers of major field crops, it does not provide a safety net to producers of other crops that may need assistance. Lastly, commodity certificate redemption allows producers to exceed their payment limits.

Evidence: On average, the marketing year average price plus the average "gain" rate, ((LDP$+MLG$+CEG$)/production) has exceeded the national average loan rate in relatively low- price years such as 2000 and 2001 (See attached table 1.5) Loan program benefits are targeted at supporting per-unit revenue for selected loan commodities. Benefits are not necessarily targeted at producers for whom net cash income is negative. Whether evaluated alone or in tandem with complementary programs (See question 3.5), the loan program does not ensure a rate of return comparable to those earned in other economic sectors. The loan program also does not ensure that a producer will be able to remain in farming during a year(s) when prices are relatively low or when yields are unusually low or nonexistent. Nevertheless, by providing per-unit revenue support through LDP's, MLG's, and CEG's, the program may "cushion" a transition out of farming for those producers who may have experienced several years of financial losses.

PART Performance Measurements

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 12%

Explanation: FSA has developed long term performance measures that directly and meaningfully support the program purpose and its long term goals. Because of the mandatory nature of this program and its political sensitivity, FSA feels that performance measures which monitor the timely and accurate delivery of services are the most significant to the agency. FSA, in consultation with OMB, has developed an outcome measure for its farm income support programs, including marketing assistance loans. The measure identifies the overall impact that FSA income support programs have in providing income stability. Other measures are being considered, however, further development is needed. Additionally, FSA is currently formulating strategies for a major revision to its existing performance management process, which will include implementation of an Agency-wide performance management framework. A significant part of this effort will be development of improved; more outcome oriented performance measures for FSA programs.

Evidence: The following are examples of performance measures for this program: 1) Percentage of eligible commodity production placed under marketing assistance loan or loan deficiency payment; 2) Reduce the dollar amount of erroneous payments made for Marketing Assistance Loans; 3) % of gross farm income from government payments.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 12%

Explanation: The targets established for long term performance measures are designed to promote continuous improvement.

Evidence: In measuring its efforts to reduce the amount of erroneous payments made for Marketing Assistance Loans, FSA has set a target of $1.5 million through FY 2005. It is not clear why this target is ambitious. Targets are based on economic forecasts, which can vary significantly as a result of changes in market conditions. The target for % of gross farm income from government payments is based on economic forecast for the agricultural sector published by ERS.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 12%

Explanation: Timely and accurate delivery of services are FSA's annual goals. These support our long term goal of eliminating fraudulent payments.

Evidence: Annual performance goals include: (1)Reduction in late penalty payments; (2)Reduction in erroneous program payments.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 12%

Explanation: FSA has established baselines and clear timeframes and targets that support annual performance measures for this program.

Evidence: Baselines and performance targets for this program were developed as part of the FY05 BPI effort.

PART Performance Measurements

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight 12%

Explanation: U.S. farmers that enroll in the programs are the partners. They are committed to achieving the program goals.

Evidence: Program sign-up data.

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight 12%

Explanation: The Office of Inspector General montors the program delivery and payment systems and conducts annual audits of CCC loan programs. This year's audit is being conducted by KPMG, an external reviewer. OIG and GAO monitor certain program areas; however, the focus needs to expand beyond financial management and delivery to include evaluations of the effectiveness of the programs in meeting sector income stability (the long term measure).

Evidence: OIG Audit findings and recommendations

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight 12%

Explanation: Budget outlays are directly linked to the goal of financially supporting the producers when market conditions fluctuate. The FSA Budget Division analyzes anticipated market fluctuations/conditions and participation levels when determining outlays. As a mandatory program, budget projections take into account proposed policy or legislative changes such as the addition of triticale, dry peas, lentils, small chickpeas, honey, wool, mohair, and peanuts in the 2002 Farm Act. Full-cost resource needs are determined on a county basis and program levels and outlays are estimated and tracked each fiscal year. However, Marketing Loans and LDP's are not required to be apportioned.

Evidence: Budget estimates are based on forecasts provided by the Economic and Policy Analysis Staff. Actual outlays are obtained from the accounting system. The FSA Budget Division keeps program staff informed of funding levels and outlays in daily and monthly reports.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 12%

Explanation: FSA is working with OMB to develop new long-term measures to cpture the impact of marketing loans on farm revenue.

Evidence: See evidence in 2.1 and 2.3.

PART Performance Measurements

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 14%

Explanation: The Agency does collect specific program data to measure program performance. Information that is shared between agencies is also used to help formulate policy program decisions in carrying out other aspects of the program. Beginning with the 2002 crop year, FSA coordinates with NASS and AMS to determining credible pricing data to establish loan rates for peanuts. Most data collected is used to demonstrate program activity and market trends. FSA has established baselines and clear timeframes and targets that support annual performance measures for this program.

Evidence: In crop years 1998 and 1999, the Agency conducted nationwide surveys regarding the delivery of the loan deficiency payment program. As result of the nationwide survey several steps were taken to improve service delivery. These steps resulted in a reduction in burden hours for information collection purposes as well as a reduction in prompt payment interest amounts disbursed in crop years 1998 through 2000 for LDP's. Baselines and performance targets for this program were developed as part of the FY05 BPI effort.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 14%

Explanation: Agency managers are responsible for implementing and monitoring program activities. Managers are responsible for accomplishing the broad objectives of applicable statutory law in the most effective manner while assessing potential impacts on producers, stakeholders, the agricultural economy, the Department, and the Administration. Producer accountability is evaluated through compliance checks throughout the duration of the program, while Manager's performance indicators are evaluated quarterly for responsiveness to the objectives and requirements of the Agency at each organizational level of the Agency through the Department level. Annual reports are also provided to Congress detailing expenditures for the program. Reports of loan and LDP activity and market gains are available at all times for public inspection accessible through the Agency website. Program costs are continuously monitored through Agency Budget and Fiscal Management Offices and reported throughout the Department.

Evidence: Federal Managers Financial Interty Act of 1982.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 14%

Explanation: CCC funds for commodity loans are disbursed when the contract is approved. Therefore, funds are obligated and disbursed at the same time. Disbursements are tracked through both the program application and accounting system to identify the uses of CCC funds.

Evidence: Accounting records are maintained for each transaction. Reports are provided as part of CCC financial statements that show commodity loan activity by commodity.

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 14%

Explanation: The Agency has taken steps to improve the timeliness of program delivery reducing the value and number of prompt payment penalties paid. New procedures developed to improve program management efficiency (e.g., direct deposit, e-funds control, and consolidated payments). To achieve further efficiencies, the Agency is introducing more E-forms to improve the data collection porcess, developed pilot projects such as e-LDP's (which has enabled producers to request and obtain program benefits online) and reduce data input time and errors. The Agency has implemented e-funds control which is a web-based funds control process.

Evidence: The Agency reports the number and value of prompt payment penalties paid and the ratio of EFT payments versus paper checks. To achieve more efficiences, the Agency continues to expand the use of e-forms to improve data collection and reduce erroneous payments.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: The loan program is one of several programs designed to provide producers of selected commodities with income and revenue support. The Direct and Counter Cyclical Payment Programs provide income support based on historical production of selected commodities. The marketing assistance loan and loan deficiency payment (LDP) program, provides per-unit revenue support on realized production. Payments or "gains" are forthcoming when prices fall below statutorily-specified loan rates that are differentiated to reflect differences in grade, type, quality, location, and other factors. The loan program also provides operating funds (via the loan) for producers to use while they temporarily hold their production off the market in an attempt to realize a higher price later. To fill the "gap" left when a producer either does not have actual, realized production or realizes notably less than anticipated production levels, the Crop Insurance, Non-Insured Assistance Program (NAP), and ad hoc disaster assistance programs provide assistance if a producer has qualifying losses.

Evidence: See Excel table showing comparison of outlays among programs along with price and net/gross farm income changes over time for recent years.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: Disbursement data are collected and reported through the financial statements of the Commodity Credit Corporation. These statements are independently audited every year.

Evidence: There are no material findings on the internal controls related to the disbursement process used by CCC.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: The Agency, through monitoring and evaluating the management of this program has made significant improvements in the timeliness of program delivery reducing the value and number of prompt payment penalties paid. New procedures developed to improve management efficiency (e.g., direct deposit, e-funds control, and consolidated payments). To achieve further management efficiencies, the Agency is providing more E-forms to minimize the customers time spent signing up and to improve the data collection process; developed pilot projects such as e-LDP's (which has enabled producers to request and obtain program benefits online) and reduce data input time and errors. The Agency has implemented e-funds control which is a web-based funds control process.

Evidence: The Agency prompt payment reports for FY 2002 show an improved percentage of payments made on time (99%) over the prior year (97%).

PART Performance Measurements

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight 20%

Explanation: FSA's long-term goals for this program are to: 1) Improve economic stability of program participants; 2) Provide timely and effective services. As stated in our response to question 2.2, the performance of this program is affected by the variables that exist in the economic markets. These changes make it difficult to establish significant targets and measure the outcomes of the program. However, FSA's efforts to establish new performance measures such as those for the accurate and timely issuance of payments and reducing the amount of erroneous payments; provide for better monitoring of progress towards achieving the program's long-term goals.

Evidence: Data demonstrating progress in achieving economid stability and effective service is lacking. Evidence of progress will be available as FSA moves forward with the new performance measures that have been established.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight 20%

Explanation: FSA has consistently met the performance targets included in its annual performance plans for the % of production placed under marketing assistance loan or LDP. Regarding the new performance measures [(1) Reduction in late penalty payments; (2) Reduction in erroneous program payments; (3) % of gross farm income from government payments], baselines (FY02) and performance targets (beginning with FY03) have been established.

Evidence: Baselines and performance targets for this program were developed as part of the FY05 BPI effort.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight 20%

Explanation: As payments are made more timely, the related prompt payment penalties are reduced resulting in improved program efficiencies. As more payments are made via EFT over paper checks the related costs for processing payments will also be reduced. Also as more e-form transactions are used the related costs for each transaction will be reduced.

Evidence: The Agency reports the number and value of prompt payment penalties paid and the ratio of EFT payments versus payments made by paper check. To achieve further efficiencies, the Agency is utilizing more e-forms to improve data collection and reduce data input time and errors.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight 20%

Explanation: To some degree, there are other Government and private programs that have a similar purpose and goals, i.e., there are Government and private programs to provide operating loans. The Farm Service Agency administers direct and guaranteed (private sector) operating loans that are aimed primarily at beginning and socially disadvantaged farmers. However, these programs are based on cash flow determinations, are recourse in nature, and do not support the per-unit revenue of specific commodities. In the event a farm borrower is unable to satisfy the loan obligations, the collateral for which ownership may be transferred does not necessarily satisfy the loan obligation. The same features are associated with private sector operating loans, except that they may be based on more stringent lending rules and are not specifically targeted at beginning and socially disadvantaged farmers.

Evidence: No evidence to cite.

PART Performance Measurements

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: FSA has developed long term performance measures that directly and meaningfully support the program purpose and its long term goals (see question 2.1). GAO and OIG have reviewed various aspects of the marketing assistance loan and LDP program. Program areas such as commodity certificate exchanges, market loan repayments, eligibility crietria, and LDP's have been reviewed to ensure program objectives and intent are being met. Evaluations support that the program objectives are being met; however, the written results highlight concerns regarding policy determinations and discrepancies between county offices in the delivery of services to producers.

Evidence: GAO and OIG reports.

PART Performance Measurements

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

Measure: Percentage of gross farm income from government payments.

Additional Information: FY 2002 Baseline: 5.15%; Targets FY03-05: 8.44%, 7.26%, 6.08%.

Year	Target	Actual
2000	New	9.47%
2001	New	8.39%
2002	New	5.15%
2003	8.44%	
2004	7.26%	

Measure Term: Long-Term/Annual

Measure: Percentage of eligible commodity production placed under marketing assistance loan or loan deficiency payment

Additional Information: Marketing Assistance Loans and Loan Deficiency Payments assist producres in obtaining a minimum effective price for eligible commodities - wheat, corn, grain sorghum, barley, oats, minor oilseeds, rice, and upland cotton. Note: These targets and results pertain to upland cotton.

Year	Target	Actual
2000	88%	97%
2001	40%	99%
2002	97%	97%
2003	97%	
2004	70%	

Measure Term: Long-term

PART Performance Measurements

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

Measure: Reduction in late penalty payments (%). FY 2002 Baseline: 2%; Targets FY03-FY05: 1.5%, 1.0%, 0.5%

Additional Information: Timely delivery of program payments is an indicator of FSA's effectiveness in meeting customer needs.

Year	Target	Actual
2000	New	3.6%
2001	New	4.09%
2002	New	2%
2003	2%	
2004	1%	

Measure Term: Annual

Measure: Reduction in erroneous program payments (%, $). FY 2002 Baselines: Less than ½ of 1%, $6 million in erroneous program payments. Targets FY03-05: Less than ½ of 1%; annual reduction of $500,000 in erroneous payments.

Additional Information: Accurate delivery of program payments is an indicator of FSA's effectiveness in meeting customer needs.

Year	Target	Actual
2000	New	16,765,000
2001	New	6,626,000
2002	New	6,000,000
2003	5,500,000	
2004	5,000,000	

Measure Term: Annual

PART Performance Measurements

Program: CCC Marketing Loan Payments
Agency: Department of Agriculture
Bureau: Farm Services Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
60%	88%	100%	67%	Effective

Measure: Percentage of eligible commodity production placed under marketing assistance loan or loan deficiency payment

Additional Information: Marketing Assistance Loans and Loan Deficiency Payments assist producers in obtaining a minimum effective price for eligible commodities - wheat, corn, grain sorghum, barley, oats, minor oilseeds, rice, and upland cotton. Note: Targets and performace results are maintained separatedly for upland cotton.

Year	Target	Actual
2000	85%	91%
2001	75%	76%
2002	82%	82%
2003	82%	
2004	50%	

Measure Term: Long-term

PROGRAM ID: 10001002

PART Performance Measurements

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: This assessment covers several USDA export credit guarantee programs including the GSA-102, GSM-103, Supplier Credit Gurantee Program, and the Facilities Guarantee Program. The programs were grouped together because they have very similar objectives and the same management. The programs encourage exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without Commodity Credit Corporation (CCC) guarantees (obligors are too risky for the private sector, but are marginally creditworthy).

Evidence: Section 202 of the Agricultural Trade Act of 1978, as amended. The programs purpose is found in the statute and at 7 CFR 1493.2 .

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: Our commodity programs support production and the credit guarantees are designed to make exports of commodities available to higher risk markets. The programs mitigate the risk of non-payment by high-risk obligors, especially at times of financial crisis. The key markets that have received credit guarantees in the past ten years show a lack of financial liquidity and trade credit deficits. Program use rises and falls in response to credit needs. These programs make commerical credit available at a reduced cost to higher risk markets.

Evidence: In FY1992 (USSR breakup) and FY1998 (Asian Financial Crisis), the program provided record amounts of guarantees totalling $5.6 billion and $4 billion, respectively. Large part of assistance provided over the past ten years has been granted to Mexico and S. Korea, markets where commerical credit is available. Evidence: Commitment reports; FAS credit guarantee program analysis. Insurability Of Export Credit Risks- Univ. of Groningen, Netherlands

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: There is minimal overlap with the U.S. Export Import Bank (Exim) and the mechanism is different. Annual CCC GSM-102 transactions are on the order of $3 billion, equivalent to about $3.1 billion in commodity value. In FY2002, Exim helped finance the export of $150 million in agricultural commodities, supplies, and equipment, compared to $117 million in 2001.

Evidence: Exim data on the export of agricultural commodities, livestock, and foodstuff; USDA/FAS export guarantee registrations, commitment reports, evidence of exports reports.

PART Performance Measurements

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight 20%

Explanation: The design of programs is based upon commercial export practices and trade finance mechanisms that have long been used by exporters. The CCC programs depend upon risk-sharing with U.S. banks and exporters which forces due diligence by the guaranteed party. CCC's guarantee is also contingent upon export performance, price reviews and submitted claim documents that are found to be in good order by CCC. Overall, the program design structure lowers program admininstration costs and increases program integrity in comparision to similar programs. Export credit guarantees are very minimally trade distorting, which has concerned some international organizations.

Evidence: The program's efficiency has increased since the late 1990s, as a result of the introduction of the popular Supplier Credit Guarantee Program (SCGP). Previously, operations staff processed about 4,000 GSM-102 applications per year. Currently, fewer staff are processing up to 6,000 GSM-102 and SCGP applications, according to the GSM data mart. Other data sources: ECGD the Economic Rationale for Public Provision of Export Credit Insurance; Stephens; TPCC report; OECD Study on EC and STEs;

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: The program is primarily targeted to countries not considered to be investment grade. Therefore, credit resources are not generally offered without a means of risk mitigation. These developing markets, lack sufficient financial liquidity to import all of their food, feed and fiber needs. Program benefits are shared between U.S. exporters and bankers and foreign importers and bankers. To work effectively, all parties must derive some benefit or they will not use the program. Other sources of commercial credit may be available to the markets targeted, but are not sufficient to meet needs. The purposes of the programs are to expand US exports, meet competition and develop markets. The provision of credit guarantees effectively meets these objectives. Evidence shows program use declines when countries reach investment grade (ICRAS C- or better). Market development is shown when countries continue to buy from U.S. suppliers as program use declines.

Evidence: The program's efficiency has increased since the late 1990s, as a result of the introduction of the popular Supplier Credit Guarantee Program (SCGP). Previously, operations staff processed about 4,000 GSM-102 applications per year. Currently, fewer staff are processing up to 6,000 GSM-102 and SCGP applications, according to the GSM data mart. Other data sources: MOI/MART Files; ECGD the Economic Rationale for Public Provision of Export Credit Insurance; Stephens; TPCC report; FAS 2002 GSM Review.ppt. IMF Trade Finance in Fianancial Crisis: Assessment of Key Issues, 12/04; FAS GSM to Exports powerpoint.; Portfolio Analysis, Contingent Liability by Country Risk Grade powerpoint

PART Performance Measurements

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: The purposes of the programs are to expand US exports, meet competition and develop markets. The GSM-102/103 programs are primarily targeted to non-investment grade countries (ICRAS grades D to E-). The long-term measure is to evaluate countries that reach investment grade (C-), determine that program use declines, while US exports continue to expand showing that the program facilitated market development. A second long-term performance measure is a ten-year net default rate (including fees paid and minus admin costs) NTE +/-1.5% of the value of registrations. This measure reconciles the program's dual goals of market development and risk management.

Evidence: FAS GSM to Exports powerpoint for key target countries show that as countries reach investment grade program use declines while exports expand. FAS internal analysis memo on Mexico and use of the export credit gurantee programs. FAS portfolio analysis shows that between FY1994 and FY2003, the CCC commercial credit guarantee net default rate was 0.62%, compared to a net default rate of 0.93% for the period FY1993-2002, i.e., approximately breaking even in line with ECA expected performance (OECD Capital Good Report, Berne Union Data, IMF book on ECAs, WTO illustrative subsidies.)

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 13%

Explanation: Targets for the program's long-term performance measure for export expansion/market development are being developed. Further analysis of countries that have reached investment grade in the program's history is necessary to ascertain acceptable targets. The long-term measure for program sustainability is in line with the break-even long-term goal for Export Credit Agencies (ECAs). FAS has created a performance target range for default rates of +/- 1.5% of registration value.

Evidence: FAS GSM to Exports powerpoint for key target countries show that as countries reach investment grade program use declines while exports expand. FAS internal analysis memo on Mexico and use of the export credit gurantee programs. FAS portfolio analysis, FAS decision memo, 4/12/04 department-wide meeting with OMB, Berne Union, OECD capital goods arrangement, WTO A&A , Appendix 1., Malcolm Stephens: Changes to ECAs. IMF publication.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: The program has three annual performance measures (APMs). One is related to market development and the rest to risk management. 1. Build program awareness with at least 150 exporters per year, of which XX% participate in the program, generating $ XX million in additional sales (target values under study, TBD by January 2005); 2. Insure annual registrations in the top three countries do not exceed 50% of total registrations; 3. Limit the commercial credit exposure guideline for each individual country to no more than $2.75 billion. FAS is participating in an interagency efficiency measure working group to refine its program performance measures.

Evidence: In FY2003-2004, 4 outreach activities were organized reaching 300 exporters. In FY2000-2004, limits on exposure guidelines were not observed for China and a number of OECD countries. These limits will be observed in the FY2005-2010 strategic plan. Data sources: CCC exposure report (monthly), FAS Risk Assessment Handbook, Geographic and Commodity Analysis (quarterly), Portfolio analysis (annual).

PART Performance Measurements

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: The FAS annual performance measure (APM) 1 represents a 90% increase over FY2003 outreach conference attendance. APM 2 represents a 55% improvement over the highest exposure concentration observed in the past (90% in three countries). APM 3 is an effective constraint primarily for OECD countries and China, which have large economies.

Evidence: FAS outreach data; FAS portfolio analysis; FAS Risk Assessment Handbook.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: Exporters provide all the information required in the guarantee application, as well as evidence of export. Banks report payment delays within ten days of the due date and, if needed, file a payment claim within six months of the default, per GSM regulations. Exporters and bankers diligently promote the program to importers and foreign banks, thus maintaining portfolio diversity. U.S. exporters and banks continually assess foreign bank risk and since they are at risk, collaborate with FAS on risk management and in pursuing recoveries.

Evidence: Export guarantee registrations, evidence of exports reports, rescheduling/recovery records.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: NO Question Weight 13%

Explanation: The GAO, OIG, one academic institution and two international organizations have conducted evaluations on the programs. Some of these evaluations have resulted in program improvements. FAS also quarterly conducts internal evaluations on activity by program, by country or region and commodity, but these are not independent evaluations. However, the programs and the agency do not conduct regular independent evaluations of the program.

Evidence: OECD Study on EC and STEs; WTO Panel Review, Brazil Cotton; WTO review in the Ag Negotiations, OIG 1990 audit, GAO/NSIAD-91-180 Loan Guarantees; GAO/GGD-94-24, NAC Critical Views; North Dakota State U., Dept. of Ag Economics, Report No. 377, July 1977.; FAS GSM Quarterly Reviews.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: NO Question Weight 13%

Explanation: Though the program strives to maintain a level of activity that supports portfolio diversity in line with the APMs for limiting exposure concentration, analysis has not demonstrated the extent of the program expanding exports. Development of the export development long-term measure based on evidence that programs decline when a country reaches investment grade while US exports expand. Program levels are based on prior year activity and market potential. Programming to the highest risk countries is limited by statute and risk assessment procedures.

Evidence: Annual budget submissions; GSM quartely reviews; MOI/MART indicators; Country Risk Guidelines; ERS staff work product.

PART Performance Measurements

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight: 13%

Explanation: In the past three years, FAS started tracking risk allocation and program performance on a quarterly basis and developed annual and long-term performance measures.

Evidence: FAS portfolio analysis; quarterly program review.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight: 11%

Explanation: FAS continously collects program activity data from partners and analyzes export registration figures quarterly toward meeting performance measures. Quarterly results are discussed and strategies amended for outreach portfolio, program allocations and potential country program changes. FSA collects repayment figures daily and exposure, rescheduling, arrears, and claims figures monthly. These data allow FAS to improve program focus and manage portfolio risk.

Evidence: Bank in-use report (contains bank limits and exposure by bank and country); Commitment report (lists weekly guarantee registrations); CCC monthly exposure report includes data on contingent liability, rescheduled amounts, claims outstanding, and principal and interest arrears; the claims report lists claims paid and recoveries; the annual portfolio analysis tracks risk allocation and annual loss rates; and the commercial export credit report quarterly analyzes program usage by country and commodity.

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight: 11%

Explanation: FAS evaluates program managers annually. Exporters promptly inform senior managers of disruption in registrations and claims processing. FAS contacts exporters when they are late in filing evidence of exports reports. When fraud and abuse were uncovered in the past, USDA contacted those responsible and recovered significant amounts.

Evidence: Annual performance appraisals are being modified to reflect performance results, letters to exporters, price reviews, Inspector General reports.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight: 11%

Explanation: FSA monitors the timeliness of all payments. The GSM system tracks all information from the time application is submitted, required fees are paid, and liability incurred. Notice of default is issued within 10 days of the due date of a payment and reversal accounting entries are made automatically in the system.

Evidence: CCC financial audit, OIG reports/audits, compliance review reports.

PART Performance Measurements

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight: 11%

Explanation: FAS tracks registrations and evidence of exports daily. As of January 31, 2004, USDA had invested $6 million on an Internet-based system that can handle a larger number of registrations faster, reduce human error, and better monitor financial data. FAS is working with OMB and other USDA agencies to develop specific efficiency measures.

Evidence: Previously, operations staff processed about 4,000 credit guarantee applications per year. Currently, fewer staff are processing up to 6,000 credit guarantee applications, a 50% increase in transactions and an estimated 70% increase in labor productivity. The first meeting of the efficiency measures working group took place at USDA on 4/12/04.

3.5 **Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight: 11%

Explanation: USDA plays a crucial role in ICRAS and in the Paris Club of official creditors. USDA frequently coordinates with Exim Bank staff on programming and financial management issues and routinely coordinates with State, Treasury, and Exim on country grade issues . FAS is a member of the Trade Policy Coordinating Committee (TPCC), chaired by USDOC.

Evidence: ICRAS country papers, TPCC reports, data for Paris Club meetings.

3.6 **Does the program use strong financial management practices?** Answer: YES Question Weight: 11%

Explanation: USDA tracks Export Guarantee principal balance, claims, and rescheduling of loans. When a foreign bank defaults on a payment, the CCC shuts down the program in that country to examine whether the problem is limited to just one bank, or whether it is systemic. If the problem is determined not to be systemic, the program reopens excluding the defaulting bank. Financial management is taking measures to improve claims recoveries.

Evidence: Exposure reports, claims reports, CCC financial audits, OIG reports/audits, compliance review reports, notices of default.

3.7 **Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight: 11%

Explanation: In the early 1990s, USDA installed systems to increase transparency of decision making, improve risk monitoring, and reduce fraudulent claims. FAS has created a country risk group that analyzes the economies of the countries programmed. FSA has created a bank risk group to analyze foreign bank risk and approve bank participation. FAS also created a Reconciliation Committee that reconciles risk with market opportunity. FAS Compliance Review Staff review the export credit guarantee programs annually.

Evidence: OIG 1990 audit, FAS risk assessment handbook, country risk analyses, market development/risk reconciliation committee, annual compliance review, CCC annual financial audits.

PART Performance Measurements

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

3.CR1 **Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: YES Question Weight 11%

Explanation: The status of external debt to the CCC is summarized by country via a monthly exposure report mentioned in 3.6. On a monthly basis, agency cash activity is received showing net transactions. USDA uses this infomation to prepare the statement of accountability submitted to Treasury. USDA manages country risk by setting exposure guidelines, suspending the program when defaults occur, and abstaining from new country allocations when arrearages exceed $250,000.

Evidence: Risk Assessment analyses, Country exposure reports, overexposure flags in data base, cross check with OFAC data base.

3.CR2 **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight 11%

Explanation: The credit models used to calculate the subsidy for the guaranteed credits were revised in FY2001 and FY2003 and currently provides reliable estimates. The USDA model change was applicable for the 2001 reestimates, 2002 actuals, and both agency model changes for 2003 and 2004 budget formulation. Subsidy rates have been fairly consistent both across the years 1992 to 2002 and between formulation and reeestimated rates for guaranteed loans within the same category.

Evidence: In the most recent reestimate, the change in subsidy rates between formulation and reestimated rates ranged from a low of 0.09 percentage points (operating unsubsidized, 2002) to a high of 5.04 percentage points (operating, subsidized in 2001). Given the low subsidy rates, these differences are not that significant. Evidence: CCC Financial Audit 2001, 2002.

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight 20%

Explanation: Data to support the long-term export expansion goal is presently being collected and analyzed. Prelimary evidence for Mexico and Korea suggest positive gains when program declined due to investment risk grade. For the program sustainability goal, the program has been within target since 1992.

Evidence: FAS analysis memo on the cause of program decline in Mexico. FAS GSM to exports ppt.; Portfolio analysis files.

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: LARGE EXTENT Question Weight 20%

Explanation: The program exceeded the outreach APM target of 150 exporters by 50% in 2003, data is presntly being gathered to determine participation rates and sales values generated, exposure concentration was within the APM 2 range, and APM 3 was met for all countries.

Evidence: Outreach activities report, country risk assessments, quarterly program activity analysis, portfolio analysis.

PART Performance Measurements

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight 20%

Explanation: Previously, operations staff processed about 4,000 credit guarantee applications per year. Currently, fewer staff are processing up to 6,000 credit guarantee applications, a 50% increase in transactions and an estimated 70% increase in labor productivity. The first meeting of the efficiency measures working group took place at USDA on 4/12/04.

Evidence: Guarantee registrations data; FTE data. FAS is working with OMB on additional efficiency measures.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight 20%

Explanation: USDA's loss rate is lower than Exim Bank's and comparable to other countries' ECAs. In FY2002 and 2003 the program's loss rate, net of fees and administrative expenses, was 0.93% and 0.62%, respectively. (Subject to favorable change due to recent Argentina rescheduling)

Evidence: FAS portfolio analysis, Exim Bank portfolio analysis, Stephens: The Changing Role of ECAs.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: SMALL EXTENT Question Weight 20%

Explanation: There have been a number of recent reviews of USDA's export credit guarantee programs. Most recently, the OECD compared export credit programs offered by a number of countries. There have also been a number of academic analysis and GAO conducted reviews of USDA's export credit programs. A number of the independent reviews of these programs show the programs' success in facilitating ag commodity exports to risky countries. Different views exist as to cost and appropriateness. GAO's criticism of high long-term costs proved invalid, largely due to changes made in response to the Credit Reform Act. Some economists suggest the program's total impact on ag exports is limited, other studies show that the programs greatest value is during financial crisis. The program does not favor any bank, but CoBank is the largest user due to its charter to serve Ag cooperatives.

Evidence: WTO Panel Review; IMF Study: Trade Finance in Financial Crisis: Assessment of Key Issues, 12/04; CoBank Annual Report 2003; OECD Report on Agricultural Export Credits, ERS (Scully) response; GAO/NSIAD-91-180 Loan Guarantees; GAO/GGD-94-24, NAC Critical Views; North Dakota State U., Dept. of Ag Economics, Report No. 377, ERS Staff Work;

PART Performance Measurements

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

Measure:

Additional Information:

Year	Target	Actual	**Measure Term:**

Measure: Export Expansion / Market Development -- measures how much export credit guarantee use declines per year in countries that reach investment grade and how much U.S. agricultural exports increase to those countires.

Additional Information: GSM-102 use declines 10% per year in countries that reach investment grade (ICRAS C- or better) while U.S. ag exports expands 5% per year.

Year	Target	Actual	**Measure Term:** Long-term
2002	10% / 5%	6.4/-1.2	
2003	10% / 5%	-19.8/4.0	
2004	10% / 5%	-13.0/7.6	
2005	10% / 5%		
2006	10% / 5%		

Measure: Annual increase in exports due to outreach acrivities

Additional Information: Provide outreach seminars to at least 150 exporters per year; 10% of attendees become new participants, generating $50 million in new sales Building program awareness is critical to sustaining program use, growth and diversity of risk. New exporters are necessary to program viability.

Year	Target	Actual	**Measure Term:** Annual
2002	0	0	
2003	0	0	
2004	$50 mil	$302	
2005	$50 mil		

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

2006	$50 mil	

Measure: Risk Diversity--measures the percentage the top three countries (in terms of dollars of credit provided) account for of total credit provided.

Additional Information: This measure determines the percentage the top three countries (in dollars of credit provided) account for out of total credit provided. To meet the long term goal, annual risk diversity goals must be managed and efforts made to build program volume in less active countries.

Year	Target	Actual	**Measure Term:** Annual
2002	NA	49%	
2003	NA	51%	
2004	50%	55%	
2005	50%		
2006	50%		

Measure: Limit Total Exposure Guidline

Additional Information: Limit the commercial credit exposure guideline for each individual country to no more than $2.75 billion. This objective has been a stated limit in the Country Risk Guideline handbook. However, programming had not challenged the limit until recent programming of EU and Japan for SCGP. The objective serves to reinforce the risk diversity goal.

Year	Target	Actual	**Measure Term:** Annual
2002	NA	NA	
2003	NA	178	
2004	NA	194	
2005	NTE $2.75B	$2.75B	
2006	NTE $2.75B		

PART Performance Measurements

Program: CCC Export Credit Guarantee Programs (GSM-102, GSM-103, SCGP, FGP)

Agency: Department of Agriculture

Bureau: Foreign Agricultural Service

Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

Measure: Long-term Program Sustainability

Additional Information: The program's long-term performance measure is in line with the break-even long-term goal for Export Credit Agencies (ECAs). At the present time, CCC cannot achieve a long term break-even point because legal authority imposed a cap of 1% on GSM-102 and SCGP fees.

Year	Target	Actual
2003	NA	NA
2004	NTE +/-1.5%	TBD
2005	NTE +/-1.5%	
2006	NTE +/-1.5%	

Measure Term: Long-term

Measure: Administrative cost per loan -- measures USDA's efficiency of loan making and servicing.

Additional Information: This measure will assess the administrative expenses associated with loan making and servicing.

Year	Target	Actual
2003	0.04%	
2004	0.04%	
2005	0.04%	
2006	0.04%	

Measure Term: Annual

PART Performance Measurements

Program: Commodity Grading and Certification Programs
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	88%	100%	40%	

1.1 Is the program purpose clear? Answer: YES Question Weight 20%

Explanation: The purpose of the grading and certification program is to facilitate marketing through the application of uniform grade and quality standards. AMS grading programs facilitate the marketing of agricultural products, and provide the foundation for transparent business transactions. AMS provides these services with impartiality and strict oversight to ensure uniform application of grades and standards.

Evidence: Legislative authority provided by Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), Sec. 203 (h): "To inspect, certify, and identify the class, quality, quantity, and condition of agricultural products when shipped or received in interstate commerce, under such rules and regulations as the Secretary of Agriculture may prescribe, including assessment and collection of such fees as will be reasonable and as nearly as may be to cover the cost of the service rendered, to the end that agricultural products may be marketed to the best advantage, that trading may be facilitated, and that consumers may be able to obtain the quality product which they desire, except that no person shall be required to use the service authorized by this subsection." Additional authority provided for specific commodities by the Cotton Statistics and Estimates Act of 1927, U.S. Cotton Standards Act, Tobacco Inspection Act, Tobacco Adjustment Act of 1983, and the Organic Foods Production Act of 1990.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight 20%

Explanation: AMS grading services provide buyers and sellers of agricultural commodities with a vehicle to ensure the application of a common, reliable language that communicates quality, quantity, and value. AMS grading programs are mostly voluntary (with the exceptions of tobacco) and the service will continue as long as the market recognizes a need for verification of agricultural product quality based on either inspection of the goods to be traded or of production processes for quality assurance. Due to grade requirements, many buyers and sellers of commodities covered by Marketing Orders and Agreements utilize AMS grading services.

Evidence: The continuing demand for AMS grading services demonstrates that these services are of value to the agricultural industry. AMS monitors the changing needs of the agricultural industry and offers new or alternative fee-supported quality and contract verification services to provide evolving, on-going support for agricultural marketing.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight 20%

Explanation: AMS cooperates with programs in all 50 States and Puerto Rico in providing grading services for fresh fruits and vegetables, with 48 States to provide half of the licensed poultry graders, for certain processed products such as with Florida for orange juice, and to provide dairy product grading and dairy plant sanitation inspection in a variety of States. AMS also cooperates with other Federal agencies to provide resources such as cross-servicing activities with FSIS in livestock and poultry processing facilities under inter-agency agreements. The meat grading and certification program has entered into cooperative agreements with 16 States and universities to provide official grading and certification services.

Evidence: The Agricultural Marketing Act of 1946, Sec. 203(h) states that "Any official certificate issued under the authority of this subsection shall be received by all officers and all courts of the United States as prima facie evidence of the truth of the statements therein contained."

PART Performance Measurements

Program: Commodity Grading and Certification Programs
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	88%	100%	40%	

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: NO Question Weight 20%

Explanation: Standardization development costs are not covered by user fees. The purpose of AMS' grading program is to facilitate marketing of agricultural commodities and as a result, it is appropriate to charge recipients of the service for the development of the grade standards. In the majority of cases, AMS develops grading standards at the request of industry and with substantial industry input.

Evidence: One way to strengthen the efficiency and transparancy of AMS grading programs would be to charge industry beneficiaries for the full cost of the program, including standards development/modification.

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight 20%

Explanation: AMS commodity grading and certification program services are provided on a voluntary basis (except for tobacco) often at the request industry groups. Through the agency's website, AMS provides potential customers with detailed information on available grading and certification services and also provides consumers with information on how to use and understand grade standards for their purchases.

Evidence: The program benefits consumers and agricultural commodity traders by providing them with evidence of the quality of the AMS-graded products they purchase. The program is designed to reach the highest practicable percentage of target beneficiaries to take advantage of economies of scale. This means that AMS services should be made available to as great a number of customers as possible, since hourly costs decrease as operational volume increases. Intended beneficiaries are those requesting and paying for services.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight 13%

Explanation: The Commodity Grading and Certification program's long-term measure evaulates the minimum acceptable percentage accuracy rate for application of USDA grading and certification services.

Evidence: AMS must ensure a high level of accuracy and consistency in the application of quality standards. AMS will work to improve its accuracy rate over time by strengthening performance monitoring and supervision.

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: YES Question Weight 13%

Explanation: The performance targets that accompnay the program's long-term measure set a goal of improving the accuracy rate by 8 percent by 2010. This is an ambitious target because the agency will have to improve the performance of 1,300 permanent employees as well as part time and seasonal graders that work with almost 300 billion lbs of product.

Evidence: In addition to the targets that relate to the program's long-term measure, the agency's Strategic Plan includes a baseline of grading costs at 8 cents per hundredweight of product graded and the agency's goal to maintain that level through 2009.

PART Performance Measurements

Program: Commodity Grading and Certification Programs
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	88%	100%	40%	

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: The Commodity Grading and Certification program's annual measure considers the total annual demand for the agency's grading and certification service by looking at the volume of commodity graded (measured in poundage).

Evidence: Explanation'the volume of commodity graded demonstrates the ongoing interest and need for program services by the agricultural industry. Because most AMS grading programs are voluntarily requested and fee-supported, the level of demand for grading, certification, and audit services verifies the agricultural industry's recognition that an unbiased and accurate assessment of quality adds value to their products.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: Commodity grading and certification services are offered on a voluntary basis, so customers can discontinue AMS grading at any time. Also, there are a great number of external factors that can reduce the level of work requested (weather, markets, customer preferences, changes in business methods, etc.) by grading customers. Consequently, AMS must continuously monitor and update the fee services offered to ensure that they add value to the product (as perceived by the industry/customers) at fee rates that are acceptable to those customers. Therefore, this target is ambitious because it requires not only that the programs maintain the current level of demand for service, but aims for an increase in customer demand.

Evidence: Each commodity program manager sets internal targets for service delivery, which depend on the type of service, delivery mechanism (i.e., in-plant contract services vs. on-demand grading by lot). Program managers review profit/loss data monthly and the agency reviews the financial status of all fee activities on a quarterly, annual, and biannual basis.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: The majority of fee services are delivered by Federal employees. AMS also works with State agencies to provide fee services for some commodities. To ensure that they meet the program goals and requirements, AMS establishes cooperative agreements with State agencies. Employees of State programs authorized to apply USDA quality labeling are Federally supervised and AMS provides standardized training for State personnel offering Federal grading and certification services.

Evidence: AMS works cooperatively with FSIS on meat and poultry labeling issues under agreements between the agencies which outline each agency's responsibilities. AMS graders are also cross-licensed with FGIS and National Marine Fisheries for inspection services. AMS has a memorandum of understanding with FDA to ensure Good Manufacturing Practices at food processing facilities for processed fruits and vegetables. AMS audits cooperating State agencies to ensure that their activities under applicable cooperative agreements are consistent with annual and/or long-term program goals.

PART Performance Measurements

Program: Commodity Grading and Certification Programs
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	88%	100%	40%	

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 13%

Explanation: Currently, program evaluation is obtained through meetings with industry advisory committees which provide their input on program activities.

Evidence: The purpose of Section 203(h) of the AMA of 1946 is for AMS to provide a service to industry that will help it market its products in a manner that is beneficial (more efficient) to buyers and sellers. The users of AMS' grading programs are the most helpful critics. They observe and pay for the services provided and are quick to identify problems and inefficiencies.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: The guidance states that a Yes answer would reflect program budgeting based upon levels to meet annual and long-term targets. The program received a No for this question because it does not have adequate annual and long-term performance goals.

Evidence: Part guidance states that evidence can include documentation of how the budget request directly supports achieving performance targets.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: The programs performance and budget planning processes are integrated.

Evidence: The financial status of fee programs is reviewed on a quarterly basis with a more formal multi-year fee analysis being prepared annually. The major component of increased cost to grading programs is the annual Federal salary increase. The grading programs have been able to maintain an inflation adjusted constant $.08 cost per hundredweight for several years and are expected to be able to continue into the future.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: AMS's user fee programs have implemented program-level plans that include requirements for periodic internal and external audits designed to measure the accuracy of product grade placements. The audit data provides a basis for management actions. AMS collects and reviews profit/loss data monthly, quarterly, and annually as well as cost per hundredweight annually. AMS frequently discusses program performance with industry advisory groups and trade associations to gather information for program management and performance improvements.

Evidence: AMS graders work directly in the companies for which they provide services. This allows agency representatives to engage customers in dialogue and meet the performance expectations of the industry. AMS analyzes the program's financial peformance based on detailed data generated by the National Finance Center accounting system and reports to program managers on a monthly basis and agency leaders on a quarterly basis the projected financial status for the year and subsequent years to assist management decision-making.

PART Performance Measurements

Program: Commodity Grading and Certification Programs
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	88%	100%	40%	

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight:14%

Explanation: AMS fee program managers at all levels are held directly accountable for cost, schedule, and program performance. These factors are included in their performance standards which are rated semi-annually through the performance evaluation process. Federal and State partners are held to the requirements of their reimbursable or cooperative agreements.

Evidence: Federal managers are held accountable for cost, schedule, and program performance. This accountability is reflected in performance standards for these managers who are evaluated semi-annually for their ability to carry out these responsibilities.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight:14%

Explanation: AMS fee programs have strict financial controls to track revenues and expenditures. AMS follows the requirements set out by the Office of the Chief Financial Officer and the FFIS accounting system. Requirements for program partners are included in cooperative and reimbursable agreements. AMS closely monitors revenue and expenditures at both the program and the agency level. AMS' customers keep a close watch on fee rates for these programs through advisory committees and trade meetings.

Evidence: AMS reviews monthly, quarterly and annual financial reports, prepares quarterly status reviews, works with OIG auditors on annual financial audits, and prepares annual and biennial reviews of fees. Program employees and managers are responsible for obligating funds in a timely manner and verifying entries into the accounting system as required by the agency's Funds Control Directive. Program managers are held accountable by agency leadership through performance evaluation. AMS' budget office reviews the program's actual revenue, spending, and reserve balances on a quarterly basis and reports the status to the program managers and the AMS Administrator.

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight:14%

Explanation: AMS user fee programs are divided by commodity (cotton, dairy products, fruits and vegetables, livestock, poultry, etc.) and each area is accountable for monitoring its own financial performance. Each commodity grading program's financial performance is reviewed quarterly by the Office of the Administrator. Each program, in turn, requires its principal operating units - typically geographic - to monitor financial performance (revenue and expenses) and to adjust activities to enhance efficiency. The program measures efficiency through per-unit costs and timeliness of service.

Evidence: Program managers routinely review information such as staff utilization rates, financial status (profit/loss), and cost per unit by office, regional area, service type, etc. in managing their program activities. AMS fee programs follow Federal procurement guidelines for gathering cost comparisons when equipment and service acquisitions exceed the authorized threshold level. AMS IT staff provide advice to program personnel regarding information technology issues.

PART Performance Measurements

Program: Commodity Grading and Certification Programs
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	88%	100%	40%	

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: To achieve the program's performance measures, AMS collaborates and coordinates its activities with State programs wherever possible. This collaboration avoids duplication of presence, maximizes resource needs, and reduces cost. AMS grading programs currently have 139 cooperative agreements with State Departments of Agriculture. AMS also coordinates agency fee-program activities with FSIS inspection activities in meat and poultry plants.

Evidence: AMS and FSIS cross-train and cross-utilize employees in poultry and livestock facilities and with FGIS for grain under cooperative agreements to maximize the efficiency of both agencies. The program collaborates with the Department of Defense to ensure the quality and wholesomeness of food products provided to service men and women and the National Marine Fisheries Service to provide facility auditing services. AMS has a number of memoranda of understanding with the Food and Drug Administration under which the agency monitors certain food production facilities and certain commodities for compliance with FDA requirements and/or guidelines.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: AMS follows the financial management procedures established under the USDA accounting system (FFIS), which requires extensive documentation of entries. AMS also holds program managers accountable for the financial status of their programs by agency directive and personnel performance standards. For all services, voluntary and mandatory, Agency managers are able to deny services to accounts which become delinquent in order to assure payment collections.

Evidence: AMS completed an erroneous payment review in 2004 under the guidance of USDA's OCFO as a component of USDA's Department-wide review. This review determined that significant erroneous payments were highly unlikely for this program. Financial information is verified by program employees for accuracy on a monthly basis as required by the AMS Funds Control Directive, and formally reviewed by agency management on a quarterly basis.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: To address questions regarding program integrity and uniformity, AMS established a separate training and development center in Fredericksburg, VA. New personnel receive as much as ten weeks of in-residence training regarding professional responsibility and technical matters. In addition, current personnel receive as much as two weeks annual refresher training. The center will also train AMS employees on ISO 9000 and has begun developing the training modules.

Evidence: AMS operates a training and development center in Fredricksburg, VA which will train AMS employees on ISO 9000 standards requirements once implemented. New personnel receive as much as ten weeks of in-residence training regarding professional responsibility and technical matters. In addition, current personnel receive as much as two weeks annual refresher training.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: In FY 2004, AMS programs met the ambitious targets for accuracy and is continuing to evaluate its graders against those targets

Evidence: AMS has maintained its grading fee rate per hundreweight (in constant dollars) of product graded from FY 2001 - FY2003. The agency monitors this goal over the long term by annually assessing the cost of services per hundredweight of product graded, net of inflation. This measure is reported in the Budget Estimates for the U.S. Department of Agriculture.

PART Performance Measurements

Program: Commodity Grading and Certification Programs
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	88%	100%	40%	

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: Agency fee programs have achieved their goals. AMS not only tracks grading poundage data as a management measure, but uses this data to calculate its efficiency measure of cost per hundredweight graded. These targets are also an integral part of revenue assessment and fee-setting.

Evidence: AMS' Strategic Plan establishes the goal of maintaining a constant fee level, measured by the cost per hundredweight of product graded. These results are included in the Budget Estimates for the U.S. Department of Agriculture. An AMS directive establishes responsibility for cost recovery and reserve targets to be maintained through fee collection. Program managers are responsible for meeting that goal and the financial status of each fee activity is reviewed quarterly, annually, and biannually. The program has established internal strategic plans by commodity group which describe their service improvement goals and targets. The level of demand for program services is monitored on an ongoing basis by program managers, reported to agency managers quarterly as part of the programs' financial status, and compiled for all programs on an annual basis.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight 20%

Explanation: The agency's target is to keep the cost for services level over the term of the AMS' Strategic Plan (2004 though 2009). The program has met this goal in past years and expects to accomplish it again by offsetting cost pressures such as pay increases with increased efficiency of service delivery.

Evidence: AMS has maintained its grading fee rate per hundreweight (in constant dollars) of product graded from FY 2001 - FY2003. The agency monitors this goal over the long term by annually assessing the cost of services per hundredweight of product graded, net of inflation.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: For most commodities, only Federal or licensed State employees apply Federal grade labels and no comparable State or private grading programs exist. AMS maintains that continued requests for service validate the value and need for Federal grading programs. Since AMS grading programs are voluntary, the agricultural industry can request any existing private entity to supply grading services. Private quality labeling is used for some commodities, but these are not widespread because they do not provide the same domestic or international trading recognition as Federal grades. International traders frequently include the requirement for Federal verification of product quality in their contracts. There are complementary Federal and Federal/State partnership programs for Fresh fruits and vegetable grading. AMS graders perform grading services at centralized terminal markets and supervises authorized State employees who apply Federal labeling on fresh fruit and vegetables (Federal/State fresh fruit and vegetable inspection) at shipping points (widespread packing locations).

Evidence: The Agricultural Marketing Act of 1946, Sec. 203(h) states that "Any official certificate issued under the authority of this subsection shall be received by all officers and all courts of the United States as prima facie evidence of the truth of the statements therein contained." To the extent that comparable programs exist, AMS periodically reviews its fee structure and has determined that the program's fees are comparable to those of other entities.

PART Performance Measurements

Program: Commodity Grading and Certification Programs
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	88%	100%	40%	

4.5 **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?**

Answer: SMALL EXTENT

Question Weight 20%

Explanation: AMS is in constant contact with industry groups and advisory committees. The Secretary appoints industry advisory committees on fruit and vegetable, cotton, and tobacco grading services. AMS managers and specialists regularly attend and participate in industry meetings so that they can monitor changing customer needs and expectations and modify services as needed. A recent and growing example of AMS response to industry/Advisory Committee requests is the emergence of AMS audit-based grading services. These generally require fewer AMS employees to carry out, and allow the firm or business requesting them to assume greater responsibility for quality management of production processes and products produced. Formal plans are developed that specify the responsibilities of participating firms and AMS in order to ensure quality results. Continued increased requests for Federal grading services and the absence of industry complaints demonstrate that AMS has been able to tailor its services to meet the needs of the industries served.

Evidence: The agency is in the process of adopting ISO 9000 standards. Once adopted, these standards will require AMS to review, document, and revise processes. However, because the grading services provided by AMS are not currently operating under an ISO 9000 certified system, the agency cannot receive credit for initiatives under consideration.

PART Performance Measurements

Program: Commodity Grading and Certification Programs
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	88%	100%	40%	

Measure: Unit cost of providing the grading and certification service per hundredweight of product/commodity graded through 2009 (after inflation).

Additional Information: AMS delivery of grading and certification services must remain affordable to customers over long-term despite cost pressures.

Year	Target	Actual	**Measure Term:** Long-term
2004	$0.08	$0.08	
2006	$0.08		
2009	$0.08		

Measure: Annual grading fee (after inflation) cost per hundredweight of product graded

Additional Information: AMS delivery of grading and certification services must remain affordable to customers every year despite cost pressures

Year	Target	Actual	**Measure Term:** Annual
2004	$0.08	$0.08	
2005	$0.08		
2006	$0.08		

Measure: Accuracy rate for application of USDA grading and certification services.

Additional Information: Evaluates the minimum acceptable accuracy rate percentage for application of USDA grading and certification services.

Year	Target	Actual	**Measure Term:** Long-term
2004	82	82	
2006	85		
2008	88		

PART Performance Measurements

Program: Commodity Grading and Certification Programs
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	88%	100%	40%	

Measure: Volume of commodity graded through the grading and certification program, measured in pounds (lbs).

Additional Information: Total demand for AMS grading and certification services, measured in pounds graded

Year	Target	Actual
2004	280	280
2005	289	
2006	294	

Measure Term: Annual

PROGRAM ID: 10002006

PART Performance Measurements

Program: Commodity Supplemental Food Program (CSFP)
Agency: Department of Agriculture
Bureau: Food and Nutrition Service, Food Distribution Division
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	67%	7%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: Through the CSFP, USDA provides nutritious commodities to help State and local agencies meet the nutritional needs of low-income pregnant, postpartum, and breastfeeding women, infants, children ages 1 through 5, and elderly persons. The program is intended to accomplish this purpose while also supporting a plentiful supply of food through the purchase and distribution of agricultural commodities.

Evidence: Description of purpose drawn from proposed 7 CFR Part 247.2, published at 68 FR 62184 (10/31/2003). CSFP's mission is clearly stated in current Program regulations at 7 CFR Part 247.1. The program's agricultural support purpose is found in the Agriculture and Consumer Protection Act of 1973, Section 4(a) and 5, as amended, Public Law 93-86, 7 U.S.C. 612c (note); the Food and Agriculture Act of 1977, as amended, Public Law 95-113, 91 Stat. 980; Public Law 97-98, 95 Stat. 1293; Public Law 98-8, 97 Stat. 35; Public Law 98-92, 97 Stat. 611; the Food Security Act of 1985, Public Law 99-198, 99 Stat. 1590; Public Law 101-624, 104 Stat. 3806; Public Law 104-127, 110 Stat. 888. and, the Farm Security and Rural Investment Act of 2002, Subtitle B, Sec. 4201, Public Law 107-171, 116 Stat. 328.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: CSFP is largely focused on the nutritional needs of low-income elderly households. In 2002, more than 19 percent of these households were food insecure. In elderly persons, food-insecurity has been linked with significantly lower intakes of energy, protein, carbohydrate, niacin, riboflavin, vitamins B-6 and B-12, magnesium, iron and zinc, and impacts on basic quality of life. Such nutrient deficiencies can result in poor memory and cognitive function, impaired immune function, slowed healing of wounds, and heart disease. CSFP provides a supplemental food package to low-income elderly to help them achieve a healthy, balanced diet.CSFP also serves young adult women and children. For this population, food insecurity has been associated with lower intakes of food energy, vitamin B-6, calcium, magnesium, and iron, along with impacts on cognitive, academic and psychological development. Program benefits are tailored to address the specific needs of this population.

Evidence: Lee JS, Frongillo EA. Nutritional and health consequences are associated with food insecurity among U.S. elderly persons. J Nutrition. 2001;131:1503-1509; Cristofar SP, Basiotis PP. Dietary intakes and selected characteristics of women ages 19-50 years and their children ages 1-5 years by reported perception of food sufficiency. J Nutrition Education (1992) 24: 53-58; Alaimo K, Olson CM, Frongillo EA. Food insufficiency and American school-aged children's cognitive, academic and psychosocial development. Pediatrics (2001) 108:44-53; Vailas LI, Nitzke SA, Kecker M & Gast, J. Risk indicators for malnutrition are associated inversely with quality of life for participations in meals programs for older adults. JADA (1991) 91:300-304; Wilde P, Dagata E. Food Stamp Participation by Eligible Older Americans Remains Low. ERS FoodReview No. 25-2. 9/02; Nord M, Andrews M, Carlson S. Household Food Security in the United States, 2002. Food and Rural Economics Division, USDA-ERS, Food Assistance and Nutrition Research Report No. 35; Position of the American Dietetic Association: Nutrition, aging, and the continuum of care.

PART Performance Measurements

Program: Commodity Supplemental Food Program (CSFP)
Agency: Department of Agriculture
Bureau: Food and Nutrition Service, Food Distribution Division
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	67%	7%	Demonstrated

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight20%

Explanation: CSFP participants may also be eligible for and are encouraged to participate in the Food Stamp Program. For dual participants, the programs are redundant since both programs provide benefits to help individuals meet their basic nutritional needs. CSFP's 'WIC-like' component partially duplicates WIC. Some CSFP clients are also eligible for WIC, and the programs' purposes for this group do not differ substantially. Regulations prohibit simultaneous participation in both CSFP and WIC. CSFP's 'WIC-like' client group is a small and declining part of the program. In April 2004, 12% of CSFP clients were non-elderly, and many of these individuals may not have been eligible for WIC.

Evidence: On requirement to provide FSP information, see Agriculture and Consumer Protection Act of 1973, Sec. 5 (h)(1). 7 CFR Sec. 246.7(l) and 247.7(j) prohibit simultaneous participation in the WIC Program and the CSFP. Income-eligible children ages 5-6 years and women 6-12 months postpartum are eligible for CSFP but not for WIC; Sec. 246.2 (Definitions) and 247.2 (Definitions) establish categorical eligibility requirements for the WIC Program and the CSFP, respectively. National Databank Version 8.0 participation data retrieved 7/01/04.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: CSFP's design takes advantage of the Federal government's ability to purchase commodity foods at extremely low cost relative to commercial sources. While USDA must cover the costs of its CSFP program partners to store and distribute these foods, it is able to avoid other costs added through retail channels of trade. However, CSFP's cost effectiveness is reduced by its funding formula which allocates administrative funds to States based on a plan of caseload to be served, rather than on caseload actually served. In addition, while funding for the program does not allow for national coverage, there is no clear rationale for the determination of where the program does and does not operate.

Evidence: Section 5(d)(1) of the Agriculture and Consumer Protection Act of 1973, as amended, establishes the Secretary's authority to determine the types and varieties of commodities distributed through CSFP. Section 5(a) establishes the level of administrative funding per assigned caseload slot to be provided to State operating agencies.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: NO Question Weight20%

Explanation: CSFP serves women, infants, and children who have been determined income eligible under existing Federal, State, or local food, health or welfare programs for low-income persons. For elderly, household income must be at or below 130 percent of the DHHS Federal Poverty Income Guidelines. While the targeted population is clearly defined, there are no national requirements to verify the eligibility of applicants, and only a limited number of program operators undertake such verification. The reliance in most cases on participant attestation of eligibilty represents a risk of erroneous benefit issuances. In addition, the CSFP food package would more directly address the nutritional needs of its elderly participants if it emphasized the nutrients that tend to be lacking in elderly diets.

Evidence: Eligible program beneficiaries are listed at 7 CFR Part 247.7. Program legislation supports the targeting of the intended beneficiaries at those legislative cites listed in the evidentiary response to Question 1.1. CSFP regulations at 7 CFR 247.7(a)(1) require categorical eligibility of all participants, and income requirements for the elderly are provided at 7 CFR 247.7(a)(3). Per Program regulations at 7 CFR 247.7 (a)(2) categorically eligible women, infants, and children, who are considered income eligible for local benefits under existing Federal, State, or local food, health or welfare programs, are considered eligible for CSFP. Representative Elderly CSFP Food Package: Nutritional Values.

PART Performance Measurements

Program: Commodity Supplemental Food Program (CSFP)
Agency: Department of Agriculture
Bureau: Food and Nutrition Service, Food Distribution Division
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	67%	7%	Demonstrated

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: NO Question Weight 13%

Explanation: FNS does not track long-term performance measures that track the specific contribution of CSFP to the outcomes that Federal nutrition assistance programs are intended to support. USDA has established a limited number of long-term outcome measures for the 15 programs in the aggregate: the prevalence of hunger among low-income households, the Healthy Eating Index (a measure of dietary quality) for low-income individuals and children, and the rate of obesity among adults, and overweight among adolescents and children.

Evidence: USDA Strategic Goal 4: Improve the Nation's Nutrition and Health, from the Strategic Plan for FY 2002-2007, and its related Objectives (4.1: Improve Access to Nutritious Food, and 4.2: Promote Healthier Eating Habits and Lifestyles) apply to CSFP, as well as all other USDA nutrition assistance programs. (See USDA Strategic Plan 2002-2007, pp. 18-20.)

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 13%

Explanation: As noted in 2.1, there are no specific long-term performance goals for CSFP. However, overall targets for the hunger, diet quality, and obesity measures represent significant improvements by 2007.

Evidence: USDA Strategic Plan 2002-2007; FNS Strategic Plan 2000-2005.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: NO Question Weight 13%

Explanation: USDA plans to utilize the following two annual efficiency goals and corresponding performance measures. However, these meaures do not demonstrate progress either towards achieving FNS' long-term cross-cutting goals or achieving the purpose of CSFP. The planned efficiency measures are: (1) To reasonably approach 100% caseload utilization by reducing the gap between total caseload slots utilized and caseload slots allocated each fiscal year. (2) To improve food package distribution efficiency by reducing the gap between average administrative funds per food package distributed and the prorated monthly administrative grant per caseload slot assigned per legislative mandate each fiscal year.

Evidence: Program regulations at 7 CFR Part 247.10(a)(2)(ii) establish base caseload determination procedures. 7 CFR 247.10(a)(2)(iii)(A) establishes the criterion of State eligibility to receive expansion caseload. Program legisl. statement based on legisl. cites provided in 1.1. Per Section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612(c) note), as amended, States are allocated an administrative grant per assigned caseload slot. See also 68 FR 62163, the CSFP Plain Language Proposed Rule for proposed changes to the performance measures. Proposed changes to the performance measures are available at proposed 7 CFR Part 247.21. CSFP Food Package Distribution Efficiency Measures were announced in March 2003 and will be initiated upon the release of FY04 closeout data.

PART Performance Measurements

Program: Commodity Supplemental Food Program (CSFP)
Agency: Department of Agriculture
Bureau: Food and Nutrition Service, Food Distribution Division
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	67%	7%	Demonstrated

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight 13%

Explanation: The program does not have baseline data for its annual measures. USDA plans to use FY04 data as the baseline. For measure (1) listed in 2.3, FNS will target a 5% annual reduction in the gap between total caseload slots utilized and caseload slots allocated. For measure (2), FNS will target a 5% annual reduction in the gap between national avg. administrative funds spent per food package distributed and the prorated monthly admin. grant per assigned caseload slot. Without baseline data, the ambitiousness of the annual targets cannot be evaluated. In addition, the long-term targets are basic requirements for sound management, rather than ambitious program goals.

Evidence: Section 247.10(a) established CSFP base caseload assignment procedures. The proposed rule that would alter these procedures was published on October 31, 2003 at 68 FR 62164. Participation/caseload utilization determinations for each State in measure (1) are similar to proposed rule base caseload assignment procedures The administrative grant per slot is mandated by Section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612(c), note), as amended.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: NO Question Weight 13%

Explanation: USDA has not articulated long-term program goals for CSFP. USDA requires States to attain at least 90 percent caseload utilization in order to expand the program in future years, and has proposed increasing this requirement to 95 percent. However, the efficiency measures and annual targets indicated in 2.1 and 2.3 are new and have not yet been presented to States.

Evidence: FNS-153 reports, National Data Bank reports, and budget documents.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: NO Question Weight 13%

Explanation: CSFP has not been evaluated since the 1980's.

Evidence: None.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: NO Question Weight 13%

Explanation: FNS' budget request displays resources for CSFP and other programs in alignment with long-term USDA strategic goals, and fully accounts for all resources by providing a full cost by strategic goal which includes all administrative and overhead expenses allocated to program accounts. It shows the unit cost per CSFP participant. It also includes measures of caseload and participation. However, the budget does not explictly tie the CSFP budget request to the accomplishment of or improvement in annual or long-term performance goals.

Evidence: FNS FY 2005 Explanatory Notes (see especially pp. 26-13, 26-67.)

PART Performance Measurements

Program: Commodity Supplemental Food Program (CSFP)
Agency: Department of Agriculture
Bureau: Food and Nutrition Service, Food Distribution Division
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	67%	7%	Demonstrated

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: NO Question Weight: 13%

Explanation: CSFP does not have a stand-alone strategic plan. The program is a part of the USDA Strategic Plan 2002-2007, and the FNS Strategic Plan 2000-2005. USDA has developed two annual efficiency measures to improve the program's cost effectiveness. However, it has not developed long-term outcome nor output goals for the program. USDA is exploring the possibility (contingent on the availability of resources) of analyzing CSFP participant characteristics. This study would enable the Department to better understand the household size and composition, available food preparation facilities, infirmities/disabilities, and other factors that could help to identify program improvements.

Evidence: The CSFP Plain Language, Program Accountability, and Program Flexibility Proposed Rule is available at 68 FR 62163. The proposed changes to the performance measures are available at proposed 7 CFR Part 247.21. The Preamble of the Proposed Rule further explains the performance measures.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: NO Question Weight: 11%

Explanation: States report participation data on a monthly basis, and financial data on a quarterly and annual basis. USDA monitors these reports and instructs States to reduce participation or facilitates their efforts to increase participation in accordance with assigned caseloads. While USDA has announced its intention to track average administrative costs per food package, it has not yet begun to collect or use this data to manage the program. CSFP is infrequently the focus of State management evaluations.

Evidence: Section 247.13(c) established the monthly participation reporting requirement, and Section 247.13(b) establishes the quarterly financial reporting requirement. USDA policy memorandum entitle "Commodity Supplemental Food Program (CSFP): Caseload Assignments for the 2003 Caseload Cycle, and Administrative Grants," issued electronically on March 4, 2003.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight: 11%

Explanation: All FNS managers, including those responsible for CSFP, are required to have their performance plans aligned with USDA strategic goals and FNS priorities. Performance plans explicitly tie managers' responsibilities to accomplishment of this designed priority work, and related strategic and annual goals. Commodity vendors are held accountable for compliance with procurement contracts. Regulations and FNS Instructions make State agencies responsible for the commodities they receive, in terms of proper storage, handling, and disposition. Regulatory requirements for State/local agreements, in turn, apply these responsibilities to the local level. FNS is in the process of rulemaking to apply more rigorous performance standards to resource allocation.

Evidence: Memoradum to Subcabinet and Agency Heads from USDA Deputy Secretary on President's Management Agenda and Performance Standads of GS-14s and 15s; Attestation of Under Secretary Bost to compliance with requirements; Sections 250.12, 250.13, 250.14, 250.16, 250.17, 250.20, and 250.24 of Food Distribution Program regulations, FNS Instruction 410-1 (Non-Audit Claims ' Food Distribution Program), FNS Instruction 433-1 (Intra-Agency Commodity Reconciliation), FNS Instruction 709-5 (Shipment and Receipt of Foods), and FNS Instruction 710-1 (Commodities Found Out-of-Condition After Receipt by Distributing Agencies). Section 247.10(a) established CSFP caseload assignment procedures. The proposed rule that would alter these procedures was published on October 31, 2003 at 68 FR 62164.

PART Performance Measurements

Program: Commodity Supplemental Food Program (CSFP)
Agency: Department of Agriculture
Bureau: Food and Nutrition Service, Food Distribution Division
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	67%	7%	Demonstrated

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight: 11%

Explanation: All funds for the CSFP are obligated appropriately and consistently for their intended purpose and in a timely manner. FMFIA reports from 2001 through 2003 and the A-133 Single-Audits have not identified any program-related deficiencies.

Evidence: A-133 Single-Audits, Food and Nutrition Service (2003). Federal Managers' Financial Management Integrity Act (FMFMIA) Report: Fiscal Year 2001-2003.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight: 11%

Explanation: CSFP commodity procurements are conducted competitively to control costs. Examples of strategies to increase efficiency and effectiveness include the shift to purchase of commodities in commercial labels, and to long-term indefinite delivery/indefinite quantity contracting for some products. CSFP local agencies rely heavily on volunteers to augment program services without increasing administrative costs.

Evidence: Copies of procurement documents are available from FNS's commodity procurement agents, the Agricultural Marketing Service for fruits, vegetables, meats, poultry, and fish; and the Farm Service Agency for dairy, grains, and oils. Past compilations of volunteer hours and services by the National CSFP Association are on file in the Food Distribution Division of FNS.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight: 11%

Explanation: Local CSFP agencies are required to advise participants of the availability and location of health care services. They must also provide written information about Food Stamps, Medicaid, Temporary Assistance for Needy Families (TANF), and the child support enforcement to women, infants and child participants. For the elderly, local agencies must provide written information about Food Stamps, Supplemental Security Income, and medical benefits provided under Title XVI and Title XIX. CSFP and WIC States must enter into agreements to detect and prevent dual participation. Federal CSFP and WIC staff collaborate on memos and guidance materials applicable to both programs. FNS promotes a referral system through which CSFP local agencies recommend WIC to eligible persons; and vice-versa. HHS' Administration on Aging is participating in the review of the CSFP food package.

Evidence: 7 CFR 247.6 provides referral requirements. Regulations at 7 CFR Part 247.5(a)(10) require State agency agreements to detect and prevent dual participation in local areas where both CSFP and WIC operate. The WIC/CSFP joint guidance memorandum dated August 31, 2000, entitled "CSFP: Collaboration Between WIC and CSFP Local Agencies" addresses dual participation issues. The WIC/CSFP joint memorandum also provides guidance on WIC/CSFP cross-program referrals and the sharing of information. A second joint memorandum providing additional guidance on dual participation issues is currently in development, involving collaboration between FDD and SFPD.

PART Performance Measurements

Program: Commodity Supplemental Food Program (CSFP)
Agency: Department of Agriculture
Bureau: Food and Nutrition Service, Food Distribution Division
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	67%	7%	Demonstrated

3.6 Does the program use strong financial management practices? Answer: YES Question Weight: 11%

Explanation: Agency received an unqualified opinion from 1998 through 2000 in its financial statements audit. The Agency has had no reportable conditions in the Department's consolidated financial statements audit in 2001 through 2003. CSFP adheres to a set of established financial policies that are clearly articulated in program directives, Departmental Regulations and OMB Circulars. Program standards require State agencies to maintain a financial management system that provides accurate, current and complete disclosure of CSFP's financial status. However, there are no national requirements to verify the eligibility of applicants; only a limited number of program operators undertake such verification. The reliance on participant attestation of eligibilty represents a risk of erroneous payments.

Evidence: USDA OIG audits of Consolidated Balance Sheet as of September 30, 2001, 2002 and 2003. FNS financial statements audits, 1998 through 2000.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight: 11%

Explanation: USDA has proposed to require States to attain 95 percent (rather than 90 percent) caseload utilization in order to expand the program in future years. USDA is in the process of developing guidance for regional office staff to use when conducting management evaluations. USDA plans to review the CSFP food package on the same five-year cycle as the update to the USDA Dietary Guidelines. With this review, USDA plans to increase levels of key nutrients in the food package known to be lacking in the diets of low-income elderly, and decrease the levels of sodium or fat.

Evidence: CSFP Plain Language Proposed Rule (68 FR 62163) contains proposed changes to the minimum requirements for caseload expansion; Draft CSFP Managemetn Evaluation Guide.

3.BF1 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: NO Question Weight: 11%

Explanation: USDA conducts financial management reviews in all States every 3 to 5 years to obtain reasonable assurance that the financial information reported by State agencies is correct and complete; that it represents proper expenditures of Federal funds; and that States have complied with applicable financial requirements. USDA also conducts management evaluations on a similar cycle. However, CSFP may not be a signficant focus of the review, or not included in the review at all.

Evidence: FNS Financial Management Review (FMR)Guide; Management Evaluation and Reviews; Commodity Supplemental Food Program Regulations.

3.BF2 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? Answer: NO Question Weight: 11%

Explanation: FNS collects program data from States, some of which is published annually, or more frequently, on the FNS web site. However, most of the data on the website is aggregated on a program-wide level. In addition, the website provides data on total program costs, but not detailed by spending category. FNS publishes state-level participation data and updates it monthly. However, it does not publish other state-level data, such as types of participants or program cost.

Evidence: CSFP information on the FNS website may be found at the following links: http://www.fns.usda.gov/pd/fdpmain.htm; http://www.fns.usda.gov/fdd/default.htm; and www.fns.usda.gov/fdd/programs/csfp/.

PART Performance Measurements

Program: Commodity Supplemental Food Program (CSFP)
Agency: Department of Agriculture
Bureau: Food and Nutrition Service, Food Distribution Division
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	67%	7%	Demonstrated

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight20%

Explanation: CSFP does not have long-term program-specific performance goals. The most recent available data for FNS' long-term cross-cutting performance goals indicates: (1) Rising unemployment and increased poverty have contributed to an increase in the rate of hunger among low-income people between 2000 and 2002; (2) there was no change in the Healthy Eating Index scores between 1996 and 1999-2000.

Evidence: Nord, M., and M. Andrews. Reducing Food Insecurity in the United States: Assessing Progress Toward a National Objective. U.S. Department of Agriculture, Economic Research Service; Basiotis, P., A. Carlson, S. Gerrior, W.Y. Juan, and M. Lino (2002). The Healthy Eating Index: 1999-2000. U.S. Department of Agriculture, Center on Nutrition Policy and Promotion.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: NO Question Weight20%

Explanation: USDA plans to implement two new annual efficiency measures, for which it will collect baseline data at the end of FY 04. Achievement of these goals cannot be assessed until baseline data and annual targets are set. USDA has not established measures for CSFP that will demonstrate progress towards the program's long-term goals or purpose.

Evidence: Program regulations at 7 CFR 247.10(a)(2)(ii) contain current requirements for assigning state caseload. Per Public Law 107-171, states are allocated an administrative grant per caseload slot. See 68 FR 51675. The CSFP Plain Language Proposed Rule is available at 68 FR 62163. Proposed changes to the performance measure are available at proposed Part 247.21.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: NO Question Weight20%

Explanation: USDA plans to implement two new annual efficiency measures, for which it will collect baseline data at the end of FY 04. Achievement of these goals cannot be assessed until baseline data and annual targets are set.

Evidence: FNS's intention to track national total expenditures of administrative funds per food package actually distributed to a participant was announced in a memorandum entitled 'Commodity Supplemental Food Program (CSFP): Caseload Assignments for the 2003 Caseload Cycle, and Administrative Grants,' which was issued electronically on March 4, 2003.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: SMALL EXTENT Question Weight20%

Explanation: CSFP has not been evaluated since the 1980's, and, thus, does not have results that can be compared to other Federal, state or local nutrition assistance programs. Over time, the WIC program has grown, while participation of women, infants and children in CSFP has declined. This trend reflects a significant preference of participants, Federal policy-makers, and state and local program administrators for WIC over CSFP. For elderly individuals, now the majority of CSFP participants, evidence suggests that CSFP may represent a favorable alternative to the Food Stamp Program, and contribute positively to access to food assistance for low-income elderly people in the places where the program operates.

Evidence: FNS FY 2005 Explanatory Notes, showing Federal funding and participation in WIC and CSFP over time. Ponza, et al., Evaluation of the Food Assistance Needs of the Low-income Elderly and their Participation in USDA Programs, 1990, pp. 120-125.

PART Performance Measurements

Program: Commodity Supplemental Food Program (CSFP)
Agency: Department of Agriculture
Bureau: Food and Nutrition Service, Food Distribution Division
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	67%	7%	Demonstrated

4.5 **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: NO Question Weight 20%

Explanation: There has not been an independent evaluation of CSFP since the 1980's.

Evidence:

PART Performance Measurements

Program: Commodity Supplemental Food Program (CSFP)
Agency: Department of Agriculture
Bureau: Food and Nutrition Service, Food Distribution Division
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	67%	7%	Demonstrated

Measure: Percentage of allocated caseload slots utilized

Additional Information: FY04 data will be used for the national baseline. The highest avg. participation (not to exceed 100% of assigned caseload) of two periods--the entire FY or the last quarter of the FY--will be used to determine each State's participation/caseload utilization; and subsequently totaling all States' highest avg. participation of the two periods discussed above will yield the national baseline for participation and caseload utilization. Annually, FNS will target a 5% reduction in the gap between total caseload slots utilized and caseload slots allocated.

Year	Target	Actual	**Measure Term:** Annual
2004		97.30%	
2005	97.4%		
2006	97.6%		

Measure: Monthly administrative grant per case as a proportion of actual cost per food package distributed

Additional Information: FY 2004 data will be used as a baseline. Annually, FNS will target a 5% reduction in the gap between national avg. administrative funds spent per food package distributed and the prorated monthly admin. grant per assigned caseload slot.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline	TBD	
2005	TBD		
2006	TBD		

Measure: NA

Additional Information: NA

Year	Target	Actual	**Measure Term:** Annual
2004			
2005			
2006			

PART Performance Measurements

Program: Community Facilities Program
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight 20%

Explanation: The Community Facilities Direct Loan Program provides direct loan assistance for essential community facilities such as community health facilities, schools, fire department buildings and trucks, and day care centers. Loans are available to public entities such as municipalities, counties, non-profit corporations, and tribal governments.

Evidence: The program is authorized in section 306 of the Consolidated Farm and Rural Development Act, as amended (7.U.S.C.1926). The mission statement of RHS is to enhance the quality of life in rural America by creating opportunities for housing and community facilities.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight 20%

Explanation: The Community Facilities program is designed to provide direct loan assistance for essential community facilities. Many rural communities are unable to provide even the most basic services to their residents due to a number of economic factors, including declining population, changes in agricultural economics (movement from family farms to conglomerates), and the loss of small manufacturing operations, which often provided the second income needed to keep the family farm viable. Furthermore, rural areas generally have a higher proportion of elderly persons in their total population and thus may have a greater need for health care services. These factors are coupled with the increased cost of constructing many facilities, such as hospitals.

Evidence: Many rural areas have difficulty financing infrastructure such as hospitals, fire departments, day care centers, and schools. USDA analysis has also found that while rural counties tend to exceed metro areas in funds received from income security, funding for community resource development is primarily directed towards metropolitan counties. For example, the per capita supply of physicians is lower than in nonmetro areas: in 1998, 14 percent of primary care physicians practiced in nonmetro areas, substantially lower than the nonmetro share (20 percent) of the total population. In addition, studies have found that African Americans, Hispanics, and Native Americans are more likely to live in counties that fall into the bottom quartile for physician-to-population ratio.Samuels, M.E., and et al. 'Rural Research Focus: Minorities in Rural America.' U.S. Department of Health and Human Services.Rogers, C.C. 'Rural Health Issues for the Older Population.' Rural America, vol. 17 (2) Summer 2002.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight 20%

Explanation: There are several federal community development programs and state and local economic development agencies that are designed to serve low-income and rural communities. A recent GAO report highlighted 73 federal agencies that serve the purpose of economic development, with several federal agencies specifically supporting the construction of facilities in low-income rural communities (USDA, Appalachian Regional Commission (ARC), Economic Development Agency, HUD's Community Development Block Grant program, and the Federal Housing Adminstration). Some programmatic distinctions do exist. For example, ARC serves a limited geographical area and small rural communities may find themselves at a disadvantage with larger communities competing for CDBG funds. In addition, funds may be leveraged with other programs to provide a greater level of support to low-income rural communities. However, without good outcome measures and evaluations it is difficult to assess the extent of overlap and whether it is resulting in inefficient program delivery.

Evidence: GAO report 00-220. 'Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities' (September 2000)' Catalog of Federal Domestic Assistance

PART Performance Measurements

Program: Community Facilities Program
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: YES Question Weight 20%

Explanation: Direct loans are best for serving the low and very low income populations. The program criteria requires that the community is unable to qualify for credit from private sources.

Evidence: The latest OIG review of the Community Facilities Direct Loan program did not cite any concerns with the program. The proposed subsidy rate in the Community Facilities direct loan program for FY 2004 is negative.

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight 20%

Explanation: The Community Facilities program has clearly stated population and income requirements targeting low-income rural communities which, by definition, have severely limited resources to meet the needs of their residents. Communities with a population in excess of 20,000 are not eligible. Priority is given to communities with populations of 2500 or less and 5500 or less. Priority points are also given to communities where the median household income of the service area is less than the poverty line for a family of four, or less than 80 percent of the Statewide nonmetropolitan median household income.

Evidence: The Community Facility Direct loan funds are allocated to the Rural Development State Office based upon rural population and demographic data which effectively targets intended beneficiaries. The formula for allocation is found in 7 CFR, Part 1942, subpart A.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: NO Question Weight 12%

Explanation: Community Programs is currently developing long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program. Specifically, measures should identify the need or gap being addressed--for example, measures could target reductions in the percent of the rural population living in medically unserved/underserved communities.

Evidence: The goals are being developed under the statutory direction of section 306c of the Consolidated Farm and Rural Development Act.

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight 12%

Explanation: Community Programs is currently developing ambitious targets and timeframes for its long-term measures.

Evidence: The goals are being developed under the statutory direction of section 306c of the Consolidated Farm and Rural Development Act.

PART Performance Measurements

Program: Community Facilities Program
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:12%

Explanation: The Community Facilities Direct Loan program performance measures are:' Number of public safety, education and health care facilities financed' Number of rural residents served by community facilities financed by RHS' Percent of loans in delinquencyWhile these measures support the long-term goal of the program to enhance the quality of life in rural America, they do not assess the extent to which those with the greatest need are benefiting from the program. However, the development of outcome-oriented long-term measures could help inform program managers of whether annual increases in outputs (such as facilities financed) is having a meaningful impact on addressing the lack of essential community facilities in rural areas. RHS is using its portfolio delinquency rate to measure the program's efficiency. Higher delinquencies increase the likelihood of loss and the cost of the program. Delinquencies are largely dependent on strong oversight of lender servicing and loan making.

Evidence: Annual Performance Plan

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:12%

Explanation: Community Program assumes increased efficiency in outreach and leveraging funds in the development of its performance measures. Baselines were established from 2002 actual performance. Targets for the number of facilities financed and residents served are ambitious given that targets increase substantially although funding is expected to remain at near the same level. To achieve such targets the agency will need to enhance outreach efficiencies and increase the leveraging of funds. However, the targets for percentage of loans in delinquency are weaker as the agency has not sought any decreases in this measure between 2002 and 2005.

Evidence: Community Programs projects increased outcome levels for the Community Facilities Direct loan program measures while the proposed funding remains constant over the long-term.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight:12%

Explanation: Through program regulations, the Agency/lender/borrower mutually agree to both creditworthiness standards and reporting requirements to document the goals and objectives of the program.

Evidence: Agency regulations, primarily 7 CFR, Part 1942, Subpart A.

PART Performance Measurements

Program: Community Facilities Program
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight:12%

Explanation: Program evaluations are largely focused on loan making and servicing activities and do not assess whether the program is achieving its desired long-term outcomes. OIG periodically reviews aspects of the program to identify potential areas of improvement, but reviews are largely focused on the financial integrity of the portfolio and to ensure that funds are spent for authorized purposes. In addition, the Agency performs Management Control Reviews and State Internal Reviews and these evaluations have been used to improve program management (see answer to question 3.7). However, the development of long-term goals and measures will help the agency track performance and identify impediments to achieving the program's desired outcomes.

Evidence: USDA Office of Inspector General Midwest Region Audit Report. Rural Housing Service Community Program Loans to River Valley Health System, Columbus OH (June 2001).Management Control Reviews; State Internal Reviews

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight:12%

Explanation: Budget requests are not currently tied to the accomplishment of long-term performance goals, which are currently under development. Funding requests are largely determined by the demand for community facilities in rural areas. However, the program is unable at this time to determine the level of resources necessary to meet key outcomes (e.g., reducing the number of rural areas that lack access to essential facilities such as fire facilities and hospitals).

Evidence:

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight:12%

Explanation: The Agency has undertaken a complete rewrite of program regulations to address identified concerns and deficiencies. Community Programs is also revising its performance measures to include new long-term measures. Work on a new automated loan and grant processing system (GLS) is nearing completion. GLS will allow more comprehensive monitoring of program accomplishments.

Evidence: RHS is revising program regulations (7 CFR, Part 1942, Subpart C). GLS is undergoing final testing and corrections.

PART Performance Measurements

Program: Community Facilities Program
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight:11%

Explanation: The Agency tracks use of funds by the States and pools funds at least once per year to ensure that funds are directed to those with the most needs. It also monitors delinquency on a monthly basis. Borrowers are required to submit financial and other operational information each year. Agency staff consult frequently with HHS and HUD staff, periodically meet with them, and frequently participate in conferences and meetings together. Data/information collected from these sources is used to plan direction of the field, assistance visits, training, and other actions needed to manage the program and improve performance. For example, recent servicing reports show a significant number of total delinquencies are in health care facilities. Staff members are currently studying these cases and compiling a checklist of warning signals to look for in processing these loans. This information will be provided in training to field office staff.

Evidence: Agency delinquency reports and servicing reports. Monthly reports and other obligation information. See "Explanation" for a more detailed example.

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight:11%

Explanation: Program Directors are rated on maintaining a low delinquency rate. Contractors are subject to requirements of the contract documents that include quality and schedule components. Contract documents typically specify the quality and quantity of components to be used in construction (e.g., restroom fixtures to be American Standard or equivalent).

Evidence: Guidance in 7 CFR Part 1942, Subpart A and standard contract documents.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight:11%

Explanation: All appropriated funds are obligated each year. Field staff monitors the use of funds through project completion.

Evidence: Guidance in 7 CFR, Part 1942, Subpart A.

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight:11%

Explanation: The agency has shown increased efficiencies in program delivery. While funding levels have remained the same or decreased, the number of facilities being financed has increased. To accomplish such goals, the agency has achieved greater outreach efficiencies and increased the leveraging of funds. In addition, RHS is using its portfolio delinquency rate to measure the program's efficiency. Higher delinquencies increase the likelihood of loss and the cost of the program. Delinquencies are largely dependent on strong oversight of lender servicing and loan making. The agency also opens all construction costs to competition with the majority of such costs being competitively bid.

Evidence: Guidance in 7 CFR, Part 1942, Subpart A; Annual Performance Plans The program currently has a negative subsidy rate and the default component of the subsidy rate has remained low. It was .12% in FY 2002, .28% in 2003 and .23% in 2004.

PART Performance Measurements

Program: Community Facilities Program
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight: 11%

Explanation: RHS has several Memorandums of Understanding (MOUs) with federal agencies such as HHS, ARC, and EDA. Such MOUs set forth the cases in which supplementary grant funding may be combined with CF loan financing, what the maximum percentages may be, how those funds will be transferred and managed, and how responsibility for oversight will be shared between the Agencies. The agency also frequently consults and participated in conferences and meetings with HHS and HUD staff.

Evidence: Agency has MOU with Health and Human Services (HHS) for cases where communities are eligible for financing from both agencies--for example, RHS agrees to provide financing for the construction of the facility and HHS financing (through the Office of Rural Health) is used for technical assistance and capacity building. A MOU with the Appalachian Regional Commission (ARC) allows RHS field staff to administer ARC funding in cases where ARC does not have a field presence (similar agreements have also been established with the Economic Development Agency).

3.6 Does the program use strong financial management practices? Answer: YES Question Weight: 11%

Explanation: Proper underwriting practices are reflected in the delinquency rate that is usually maintained at approximately 2 percent. The FY 2004 Community Facilities Direct Loan program proposed subsidy rate is negative. Work on a new automated loan and grant processing system (GLS) is nearing completion. GLS will allow more comprehensive monitoring of program accomplishments.

Evidence: RHS accounting system requirements, borrower management reports, and the annual IG audit of Agency financial statements.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight: 11%

Explanation: Management control reviews and state internal reviews are conducted periodically. Assistance visits are made to a number of states each year. Common deficiencies, such as display of civil rights signage or the provision of adequate handicapped parking (to name two recent issues) are addressed to program personnel nationwide through training sessions, teleconferences, or issuance of Administrative Notices, as deemed appropriate. Program regulations, which are more than 20 years old, are being revised to reflect current conditions in the rural environment, as well as the field staff structure which now exists.

Evidence: Compliance with MCR requirements and documentation on state internal reviews.

3.CR1 Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled? Answer: YES Question Weight: 11%

Explanation: Proper underwriting practices are reflected in the delinquency rate that is usually maintained at approximately 2 percent. Periodic management control reviews and state internal reviews are conducted periodically. USDA Office of Inspector General also conducts periodic reviews to ensure funds are spent for intended purpose and that proper loan-making and servicing procedures are used.

Evidence: Guidance in 7 CFR, Part 1942, Subpart A.USDA Office of Inspector General Midwest Region Audit Report. Rural Housing Service Community Program Loans to River Valley Health System, Columbus OH (June 2001).

PART Performance Measurements

Program: Community Facilities Program
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

3.CR2 **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight 11%

Explanation: An annual subsidy rate is calculated using an audited cash flow model. This computes the risk of the loan program for the Federal government. The FY 2004 Community Facilities Direct Loan program proposed subsidy rate is negative. The Agency monitors delinquency rates on an ongoing basis.

Evidence: Federal Credit Supplement; OIG audits of credit subsidy model

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight 20%

Explanation: The Agency is currently developing long-term performance goals.

Evidence:

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: SMALL EXTENT Question Weight 20%

Explanation: Annual measures for this program have been revised due to improved efforts regarding budget and performance integration. Little data has been generated under these revised measures, although past performance under previous measures shows that the Agency has typically met performance goals.

Evidence: Annual performance measures and Agency Accounting Information systems.

4.3 **Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: LARGE EXTENT Question Weight 20%

Explanation: Annually, the program finances essential community facilities serving over 10 million rural residents. Although the program is facing decreased funding levels and deteriorating economic conditions in rural areas, annual goals are still being met. To accomplish such goals, the agency has achieved greater outreach efficiencies and increased the leveraging of funds.

Evidence: Annual Performance Plans and Reports. The FY 2004 Community Facilities Direct Loan program proposed subsidy rate is negative.

PART Performance Measurements

Program: Community Facilities Program
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: By and large the program does a good job providing financing for the construction of essential community facilities and leveraging funding from other sources where appropriate. For example, RHS funding is used to finance the construction of rural hospitals and health care facilities, while HHS funding is focused on improving rural health care technical capacity and quality. The financial performance of the portfolio is also strong as the program's subsidy rate has been negative over the last couple of years. However, the lack of long-term outcome measures and adequate performance evaluations makes it difficult to assess the extent to which the program is having an impact on reducing the lack of essential community facilities in rural America, how specific performance compares with other agencies, and whether the structure of this program and others is the most efficient (particularly in instances where multiple sources of funding are available).

Evidence: USDA's Strategic Plan 2002-2007; FY 2004 Annual Performance Plan; FY 2004 Congressional Justification materials; HHS Strategic Plan 2003-2008; HUD FY 2004 Annual Performance PlanFederal Credit Supplement: subsidy rates are -0.90% for the Community Facilities Program as compared to 3.52% for HHS's Health Facilities Construction Loans and 2.30% for HUD's Community Development Loan Guarantees (Section 108).

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: No evaluations based on program performance are conducted (see answer to question 2.6). However, periodic reviews conducted by the OIG have evaluated the financial performance of the portfolio and lender servicing activities. Recent audits have not identified any areas of concern regarding the expenditure of funds or the financial integrity of the portfolio. Management Control Reviews and State Internal Reviews have been used to improve program management and the agency is currently revising its regulations based on such evaluations (see answer to question 3.7).

Evidence: OIG audits, Management Control Reviews and State Internal Reviews.

PART Performance Measurements

Program: Community Facilities Program
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

Measure: Millions of rural residents served by community facilites financed by the Rural Housing Service

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2002		6.8	
2003	6.8		
2004	7.5		
2005	10		

Measure: # of public safety, educational, and health care facilities financed

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2002		570	
2003	570		
2004	600		
2005	800		

Measure: Percentage of loans in delinquency

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2002	2%	2%	

Program: Community Facilities Program
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

2003	2%
2004	2%
2005	2%

PART Performance Measurements

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The broad purpose of Conservation Technical Assistance (CTA) is to provide help to people by providing technical assistance on private lands to protect the nation's natural resource base utilizing science-based technology. To accomplish this, the program provides direct and individualized conservation planning and implementation assistance to land users. Beyond this broad goal, however, CTA funds NRCS's management activities, resource assessments at the local and regional levels, conservation technology development, and conservation standards development. Because of these multiple missions and purposes, however, it will be important for the program to devise management and performance measurements strategies that cover the full spectrum of the program's activities.

Evidence: Section 1 of P.L. 74-46--the Soil Conservation Act of l935 & additional legislative authorities; Conservation Operations Regulation, 7 CFR Part 610, Subpart A; America's Private Land - Geography of Hope; The NRCS Strategic Plan, 2000-2005; Draft CTA Program Policy; A Grazing Lands Conservation Initiative-For Private Grazing Lands.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The CTA Program addresses national, natural resource concerns at the local level utilizing local leadership through conservation districts. Further, the program provides help to people who are the individuals, groups of individuals, units of governments and Tribes and are connected mostly to private lands in the U.S. Technical assistance is provided for the land to protect the Nation's natural resource base which refers to treating local, natural resource concerns that are national priorities such as soil erosion, non-point source pollution, animal feeding operations, water shortage management, grazing lands, wildlife habitat (including wetlands) and reducing/avoiding emissions. Science-based technology guidelines refers to development and dissemination of national conservation practice standards, specifications and other technical support materials. The problems the program was created to address still exists and are well documented.

Evidence: NRCS Strategic Plan, 2000-2005; Resources Conservation Act (RCA) Report-The Interim Appraisal and Analysis of Conservation Alternatives; 2001 National Workload Analysis (WLA)-highlights estimated CTA funds & percent of CTA time by major resource concern category; the Electronic Field Office Technical Guide (e-FOTG) description; National Resource Inventory (NRI) selected information; and other WLA grazing data.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The CTA Program provides comprehensive natural resource planning and implementation assistance that addresses resource concerns at the local level. The program and the activities it funds overlaps to a great extent, however, with local units of government, the soil conservation districts. For many conservation needs, the purposes, long-term goals, and targeted beneficiaries of CTA and the local districts are the same or similar. CTA is unique, however, in that it is designed to be synergistic and complementary with the local soil conservation districts. And in many conservation districts, it is appropriate that there is more than one technical assistance delivery system. NRCS, state governemnts, and the local soil districts have signed Mutual Agreement that allows the federal employees to provide technical assistance on private lands.

Evidence: RCA Report - The Interim Appraisal and Analysis of Conservation Alternatives, 2002; copy of a Mutual Agreement; document entitled: "Balancing Federal & Local Investments in CTA, 2000"; Conservation Operations Regulation - 7 CFR Part 610, Subpart A

PART Performance Measurements

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: It is designed to respond to land user and units of government requests for technical assistance. The soil and water conservation technology development and dissemination system continues to be the envy of the world and produces high annual public benefits. The CTA Program has provided a basis for cooperation between federal, state and local interests and provides the infrastructure and foundation to deliver other federal, state and local financial assistance programs, train field staffs, and respond to natural resource emergencies. However, many different activities are funded within CTA's budget and the overall structure and funding allocation process is not transparent. In addition, the program's flexibility to respond to changes in regional and national conservation priorities is also questionable--once field staff is deployed to a local soil district or to a state, NRCS has difficulty adjusting its field staff structure to repond to changing needs. The lack of transparency makes it difficult to determine whether the program is free of major design flaws that impacts its effectiveness and efficiency.

Evidence: NACD & NASCA Conservation Delivery Systems Task Force Report; Public Benefits Study on CTA Science and Technology; and CTA Program Evaluations, 1985

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: NO Question Weight 20%

Explanation: In order to change the answer in this question to a "yes," NRCS needs to better explain how resources are prioritized and targeted. Many different activities are funded within CTA's budget and the overall structure and funding allocation process is not transparent. In addition, CTA also subsidizes other NRCS programs. The lack of transparency makes it difficult to determine whether the program is effectively prioritized and targeted. Also, the program's flexibility to respond to changes in regional and national conservation priorities is also questionable--once field staff is deployed to a local soil district or to a state, NRCS has difficulty adjusting its field staff structure to repond to changing needs. The program addresses local, natural resource concerns that provide public benefits such as soil erosion, nonpoint source pollution, water shortage management, wildlife habitat and reducing/avoiding emissions.

Evidence: RCA Report - The Interim Appraisal and Analysis of Conservation Alternatives, 2002; NRI Report; C0-01 Allocation Formula, NRCS Strategic Plan, 2000-2005; Geography of Hope; and 2001 National Workload Analysis data

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: NO Question Weight 12%

Explanation: The CTA Program has difficulty developing a concise list of long-term measures for the PART exercise because it funds many activities beyond providing field-level technical assistance (e.g., training, technology and conservation practice standards development, resource assessments). The program does not have adequate outcome-based performance measures that appropriately evaluate many of these activities. In addition, the measures counted as long-term measures as part of this review are largely annual measures. The program also does not have an efficiency measure. NRCS is developing a "Logic Model" that will move the program towards better long-term outcome measures. The model is proposed for implementation in FY 2004 will utilize shared outcomes, including the CTA Program.

Evidence: PRMS FY 2002 Performance Reports; National Resource Inventory (NRI) Background and Highlights, 2000; Electronic Field Office Technical Guide (e-FOTG) Website and information; the Logic Model Spreadsheet with explanation.

PART Performance Measurements

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight:12%

Explanation: Because the long-term measures have not been finalized and are not yet in use by program managers, according to PART guidance the answer to this question must be "no."

Evidence: PRMS Business Rules; PRMS Website Information Sheet; and NRCS Strategic Plan, page 46, 2000-2005

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:12%

Explanation: The CTA Program has a limited number of annual measures that track the annual work output of the program. Several of the output measures are appropriate as indicators of CTA's work and how the program contributes to NRCS's overall mission. Other measures may not be as appropriate, however, such as the number of acres of wetlands CTA funding helped to restore--USDA has at least five programs that create or restore wetlands and it is difficult to parcel out CTA's unique contribution to wetland conservation. Finally, as stated above in Question 2.1, CTA funds a number of activities beyond field-level technical assistance. NRCS did not provide annual measures for these important activities.

Evidence: PRMS Business Rules; PRMS Description of Practices; Interview with a State CTA Program Manager on Goal Establishment; 2004 Explanatory Notes-FY 2002 goals; and NRI Background & Highlights, 2000

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:12%

Explanation: The CTA Program has a limited number of annual measures that track the annual work output of the program. Several of the output measures such as the acres of cropland that are treated against soil erosion and the number of acres of wetlands created are appropriate as indicators of CTA's work and how the program contributes to NRCS's overall mission.

Evidence: NRCS Strategic Plan, 2000-2005-page 12.; and NRCS Explanatory Notes-FY 2002 goals.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight:12%

Explanation: The programs warrants a "yes" to this question because the technical assistance portion of CTA is specifically designed to work in conjunction with the state and local units of government to protect and conserve resources. The federal, state, and local conservation agencies share common missions and goals, and this integration is central to the CTA Program's purpose. The CTA Program is coordinated through a Mutual Agreement and other agreements with the conservation districts, our major partner. The agency has a number of working relationships and/or cooperative agreements with other partners such as with GLCI Steering Committee, Wildlife and environmental organizations and commodity groups that assist with the conservation effort on private lands.

Evidence: Locally-led National Policy; and Mutual Agreement; GLIC Cooperative Agreement; Articles of Association for the National Grazing Lands Conservation Initiative Steering Committee (October 1997), and Winter Grazing Successes on Montana Ranches

PART Performance Measurements

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 12%

Explanation: From the evidence provided, the audits by independent entities do not appear to be regularly scheduled. The USDA OIG audits have focused on relatively small aspects of the CTA Program's overall activities. The program warrants a "yes" to this question, however, because of a relatively recent audit by GAO in 2000 that reported on CTA's financial and programmatic accountability. NRCS has responded to the 2000 GAO report and worked to improve its management and oversight activities. NRCS has also used a number of internal Oversight and Evaluation (O&E) reviews that assessed the program's effectiveness.

Evidence: GAO Audits; USDA OIG Audits; and NRCS Oversight & Evaluation Reviews

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 12%

Explanation: The CTA Program's budget does not have adequate transparency. It funds a number of activities beyond field-level technical assistance and it is difficult to track and connect the budget requests with agency performance and results.

Evidence: AFO/CAFO Analysis, Cost Estimate Package; FY 2004 Explanatory Notes-FY goals and targets; Cost of Programs Data-example; and copy of Logic Model

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 12%

Explanation: A Oversight & Evaluation Review of the NRCS Integrated Accountability System was completed in 2001 and a number of actions have been and are being taken to correct strategic planning activities in the agency. The major initiative in FY 2004 is the update of the Strategic Plan with more performance measure analysis and very serious look at some Index tools to derive outcomes. Again, the Logic Model is planned for FY 2004 which will serve as a framework for costing out measures and assigning more measurable outcomes for the CTA Program. NRCS has also made efforts to respond to the 2000 GAO report to improve its accountability.

Evidence: O&E Review-Integrated Accountability System, 2001; Logic Model copy; and FY03 GLCI Work Plan - South Central Region, West Virginia Grazing Lands Strategic Plan

PART Performance Measurements

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:14%

Explanation: The CTA Program collects performance goal accomplishments in number or acres at the field office on a daily basis and is updated nightly. Some progress is also collected at the state and national levels, such as number of requests for PLANTS Data Base or Review of National Conservation Practice Standards. Performance data is identified by NRCS or conservation partner. Progress is also identified by status (white, black, Asian, Native American etc.). The (PRMS) has business rules, performance measure definitions and specific automated queries to check for erroneous data entries. Results are analyzed bi-weekly and quarterly for credible data and progress toward meeting goals. While we can't make partners input progress data, our policy is to invite their data entry and even provide flexibilities for state and local reporting and tracking of their program data.

Evidence: O&E Review Report, 2001; PRMS Field Performance Measure descriptions and Business Definitions; NRCS Strategic Plan, 2000-2005; NRCS Draft CTA Policy document; Chief's Annual grazing Lands Conservation Initiative Letter, grazing Lands Conservation Initiative FY 1999-2002 Progress Reports.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:14%

Explanation: Regional and State Conservationists are responsible by policy for ensuring that progress data is entered on a timely basis, daily as performed. Additional requirements for progress entry and accomplishments are included in business performance plans. Corrective actions are taken to correct deficiencies. Failure to meet target goals is identified in Individual Performance Plans. State Conservationists and District Conservationists have performance reporting requirements in their Individual Performance Plans. Performance results are provided to managers weekly at headquarters who take actions to correct deficiencies. Local, state and national reports of progress are accessible by program managers. There are no funding grants in the CTA Program. Financial reimbursements are tracked through the FSIS system and audited periodically for cooperative agreements with partners. Program managers at headquarters and state offices monitors deliverable agreements and takes action on deficiencies. The CIS provides provides on-line status review of financial obligations and outlays.

Evidence: PRMS performance summary reports; NRCS Accountability System policy, CIS Fact Sheet and example reports; FSIS Financial Obligation and Outlay Reports; CTA Draft Policy document; and a copy of State Conservationist and District Conservationist-Individual Performance Plans

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:14%

Explanation: Funds are tracked through CIS accountability system and the FSIS system by line officers and program managers. It is the policy of the agency to obligate all of the funds within a fiscal year. Carryover has averaged less than 2% in the last 5 years. Spending, fund obligation guidance and CIS training has been provided to CTA national and state program managers in past six months. The agency has received a FFIS "clean opinion" again and never have reported an anti-deficiency for CTA funds in 65 years+.

Evidence: CIS Fact Sheet; CIS reports; FSIS Reports; CTA Allowance Formula; CIS Financial Management Training Agenda; GLCI & AFO/CAFO's state; GLCI Budget Allocations

PART Performance Measurements

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight:14%

Explanation: Civil engineering technicians, mail handlers, cartography and mapping functions, over 1300 FTE, are being studied in 2003 and 2004 for A-76 Competitive Sourcing as part of the President's 2005 Budget initiative. A number of IT initiatives have been developed to significantly increase efficiencies. They include the Conservation Toolkit, the Integrated Accountability System (IAS), Included in the IAS, is the PRMS, launched also in l998 and updated in 2001. The Total Cost Accounting System (TCAS) was launched in l999. The electronic Field Office Technical Guide (FOTG was launched in 2002. All agency Manuals, Handbooks and bulletins are now automated and "online". The Workload Analysis (WLA) and the Conservation Information System (CIS) were also implemented. The program should develop efficiency measures, however.

Evidence: Competitive Sourcing Goals by Function Areas, website information on competitive sourcing; Example of CTA average costs-staff, Toolkit Website Information; IAS Website Information; CIS Website, reports and CIS Informational Fact Sheet.

3.5 **Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight:14%

Explanation: The CTA Program assists land users in developing natural resource plans that may use technical or financial cost share assistance for accessing other federal, state or local programs. The CTA establishes the conservatin practice standards that are maintained within the Field Office Technical Guide for use by field staffs to plan and design practices for all NRCS programs. The CTA maintains and updates other technical tools, such as the Engineering Field Manual, Agriculture Waste Management Handbook--tools used by engineers and technicians to plan and design practices. All of these technical guide materials are used by private consultants worldwide. The Chief has made a decision to collaborate and coordinate the first seven of the nine steps in the conservation planning process with all mandatory conservation programs. Managers have collaborated among all the programs to draft a "Logic Model" which is propsed for FY 2004, to allocate outcomes between other technical and financial assistance programs in the agency.

Evidence: Copy of the Proposed Logic Model; Chief's FY 2003 Allocation Letter; 2000 NRCS and District Program Analysis on Costs and Strengths; Draft CTA Program policy; 2002 EQIP Payments for 1997-2002 Grazing Land Practices.

3.6 **Does the program use strong financial management practices?** Answer: YES Question Weight:14%

Explanation: Internal control mechanisms are established by the Financial Management Services Division of NRCS. The CTA Program Manager does not receive these audit reports unless there is an error or a discrepancy. The CTA Program allocates funds to the states (staff technical services) based on full annual costs and expenditures that are tracked through the National FSIS by state. Allocations to entities above the state level (management and IT) are tracked separately based on full cost for administration and support of program. NRCS is taking additional actions to improve its accountability by: Accepted and implemented the 2000 GAO evaluation on financial management practices which includes a.) improve integration of financial management and the accountability approach by revising the agency's strategic planning and accountability policy and to make financial management an integral part; and b.) developing a plan with methodolgy and time frame to incorporate no alternatives and taking actions to account for costs reported by its financial management systems.

Evidence: GAO Report-"NRCS-Additional Actions Needed to Strengthen Program and Financial Accountability", Average Staff Costs for CTA FTE

PART Performance Measurements

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: The CTA Program uses strong financial management practices and procedures. It records budgets, commitments, obligations and payments in the USDA FFIS (an agency wide accounting system.) This system reports variances in budget by expense classifications and corresponding obligation monthly. It records and reports all other accounting transactions such as cash, receivables, payments, collections etc. All these reports are to the various levels of the NRCS organization. The FFIS audit opinion of 2002 was "clean". The auditors found no material weaknesses in the CTA program. NRCS has reported no financial management weaknesses in the FMFIA report.

Evidence: FFIS Reports

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight 25%

Explanation: The program does not have adequate long-term performance measures in place. They are currently under development.

Evidence: National Resources Inventory (NRI): Background and Highlights, 2000; Customer Satisfaction Index Survey Fact Sheet; RCA Conservation Report, 2002; Grazing Land Resources & the Grazing Land Conservation Initiative.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight 25%

Explanation: Federal, state, and local conservation agencies share common missions and goals, and this integration is central to achieving the CTA Program's annnual work output.performance. The CTA Program is coordinated through a Mutual Agreement and other agreements with the local conservation districts, our major partner.

Evidence: 2004 Explanatory Notes- FY 2002 goals and accomplishments; National Resources Inventory (NRI): Background and Highlights, 2000

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight 25%

Explanation: The CTA Program is demonstrating improved efficiencies or cost effectiveness in several number of CTA areas. National indicators such as soil erosion have continued to show improvements in performance. Major components of the CTA is presently undergoing A-76 competition for civil engineering technicians, mail handlers and cartographic and mapping functions--all total in excess of 1,300 FTE's are being considered. Another one is the implementation of the Toolkit which is estimated to reduce conservation plan documentation time requirements by 50%. The e-FOTG and the Electronic Directives System have also improved efficiency and eliminated printing and mailing costs.

Evidence: Competitive Sourcing functions/website; NRCS Toolkit Website information; e-FOTG and Electronic Directives System Website and information.

PART Performance Measurements

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: NA Question Weight: 0%

Explanation: To change the answer to this question to a "yes," NRCS needs to provide evidence as to how CTA performs relative to other conservation technical assistance programs, such as those operated by the local soil conservation districts. Comparing CTA with other technical assistance funding provided by NRCS's mandatory programs in not a valid comparison.

Evidence: CIS Printouts --showing cost of various components of conservation planning and implementation for CTA vs. other programs.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: NO Question Weight25%

Explanation: The CTA Program is large enough (in terms of funding) and important enough to warrant independent performance evaluations. There are not recent, independent analyses that evaluate the program's effectiveness. While a number of independent evaluations have been conducted in recent years (such as GAO reports), they have focused on financial management and not on the program performance or effectiveness of the CTA program. To change the answer to this question to a "yes," NRCS needs to provide evidence of these performance quality evaluations.

Evidence: Oversight & Evaluation Survey Report, 2000-Conservation Planning Effectiveness; O&E Survey Report, 2001-Quality Conservation Planning; American Society for Public Administration award presentation; and American Customer Satisfaction Index Survey

PART Performance Measurements

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

Measure: Reduction in the number of acres of cropland soils damaged by erosion (measured in millions of acres).

Additional Information:

Year	Target	Actual
2002	3,177	3,390
2003	3.3	3.3
2004	3.3	
2005	2.6	
2006	2.8	

Measure Term: Annual

Measure: Number of acres with irrigation management improvements.

Additional Information:

Year	Target	Actual
2002	491,500	798,616
2003	799,000	941,675
2004	759,000	
2005	760,000	
2006	760,000	

Measure Term: Annual

PART Performance Measurements

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

Measure: Nutrient Management Applied (in thousands of acres)

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2002	2,195	2,674	
2003	2,674		
2004	2,540		
2005	2,054		

Measure: Number of acres of wetlands created, restored, or enhanced.

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2002	42,900	62,593	
2003	63,000		
2004	59,000		
2005	59,460		
2006			

Measure: National Conservation Practice Standards Reviewed To Ensure They Are Current & Reflect Best Available Technology (number)

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2002	38	38	

Program: Conservation Technical Assistance
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

2003	36
2004	36
2005	36

Measure: Cumulative number of soil surveys available in digital form.

Additional Information:

Year	Target	Actual
2002	1,368	1,404
2003	1,600	
2004	1,820	
2005	2,170	
2006		

Measure Term: Annual

PART Performance Measurements

Program: Counter Cyclical Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	71%	60%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: Counter-cylical payments are one part of the Government's farm "safety net" for farmers that provides minimal income support without distorting trade or production. The income guarantee is a financial hedge against unexpected events (i.e., low prices or low yields) beyond the farmer's control that helps ensure farmers cash flow needs are met and ample commodity supplies are available at competitive market prices. Counter-cyclical payments are based on historical acreage and yields and payments are triggered when market prices fall below levels specified under the Farm Security and Rural Investment Act of 2002, Public Law 107-171. Payments are made to farmers who: (1) each crop year, sign a direct and counter-cyclical agreement; (2) report how they use all their farm's cropland acreage; (3) comply with conservation and wetland protection requirements on all their farms; (4) comply with the planting flexibilty requirements; (5) use their cropland for agricultural related activities; and (6) control noxious weeds and maintain land in sound condition, if the field is uncultivated.

Evidence: Farm Security and Rural Investment Act of 2002, PL 107-171. Farm Security and Rural Investment Act of 2002, PL 107-171. The following Farm Service Agency Factsheets: "Direct and Counter-cyclical Payment Program"; "Feed Grains: Summary of 2002-2007 Program"; "Oilseeds- Summary of 2002-2007 Program"; "Rice- Summary of 2002-2007 Program"; and Upland Cotton-Summary of 2002 Commodity Loan and Payment Program". These factsheets sre available at the following website address: http://www.fsa.usda.gov/pas/publications/facts/pubfacts.htm

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: Financial commitments for planting field crops must be made at least 4 months before the commodities are harvested. Farmers and commercial agricultural creditors face large financial risks. Market returns per acre to management and labor have, historically, been perenniely low compared with other investments with similar risks. Counter-cyclical payments ensure income support in the event that market prices are below specified levels with minimal planting requirements and no acreage restrictions. The cash flow certainty provides a financial hedge against unexpected events beyond the farmer's control that helps ensure financial stability throughout the agriculture sector and ample, stable commodity supplies.

Evidence: The program has helped stabilize farm income and reduce financial risks unique to the agricultural production sector by providing financial assistance to farmers when market prices are low and improving production efficiencies by removal of planting restrictions and planting requirements. Appendix Table 1 shows the large year-to-year changes in market revenue for major commodities. Mishra, Ashok, and Sandretto, Carmen. Stability of Farm Income and the Role of Nonfarm Income in U.S. Agriculture. Review of Agricultural Economics, Volume 24, Number 1, Summer/Spring 2002, pages 208-221. Commodity Costs of Production are available at the following ERS website address: http://www.ers.usda.gov/data/costsand returns/testpick.htm.

PART Performance Measurements

Program: Counter Cyclical Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	71%	60%	

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight 20%

Explanation: No other state, local or private efforts exist to provide this form of support. Federal assistance includes direct payments, counter-cyclical payments, nonrecourse marketing assistance commodity loans, and crop and revenue insurance that provide farmers an income safety net. Crop and revenue insurance, jointly underwritten by the Government and private insurance companies, is available to producers through private insurance companies.

Evidence: No other program addresses a similar problem in a similar way. No other program provides income support to farmers when market prices average between the: (1) respective commodity loan rate; and (2) direct payment rate plus the commodity loan rate. The FY05 President's Budget Estimates shows that 2002-crop counter-cyclical payments totalled $1.8 billion and 2003-crop counter-cyclical payments are estimated to total about $2.4 billion to farmers. CCC Comodity Estimates Book, FY 2005 President's Budget, February 2004.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight 20%

Explanation: Limited statutory discretion for program administration reduces the program's effectiveness. The commodities available for payments are the major field crops. Producer's without acreage and yield histories of counter-cyclcial eligible commodities cannot earn payments. A compensating design feature is that counter-cyclical payments are minimally production and trade distorting, compared with other farm program assistance, because they are largely decoupled from current production.

Evidence: Farm Security and Rural Investment Act of 2002, PL 107-171. Farm Security and Rural Investment Act of 2002, PL 107-171. The following Farm Service Agency Factsheets: "Direct and Counter-cyclical Payment Program"; "Feed Grains: Summary of 2002-2007 Program"; "Oilseeds- Summary of 2002-2007 Program"; "Rice- Summary of 2002-2007 Program"; and Upland Cotton-Summary of 2002 Commodity Loan and Payment Program". These factsheets sre available at the following website address: http://www.fsa.usda.gov/pas/publications/facts/pubfacts.htm

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: Counter-cyclical payment beneficiaries are farmers of major field crops with planting histories of commodities eligible for counter-cyclcical payments. Commodities eligible for counter-cyclcical payments are wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, other oilseeds, and peanuts and consistently account for nearly 80 percent of the 15 principal commodities grown. These payments help farmers meet their cash flow needs and provide farm income support for producing any crop, except for fruits, vegetables (other than lentils, mung beans, and dry peas), and wild rice. Thus, counter-cyclical payments are decoupled from current production.

Evidence: Planted acreage of counter-cyclcial payment eligible commodities averaged 78.9 percent of acreage planted to the 15 principal commodities during the 1996-2003 crop years. During this period, the percentage ranged from 78.2 to 79.4. Two years of data are used to determine the effectiveness of program. Agency, Dept. and OMB personnel participated on Farm Bill Implementation Team to review implementation options. Audits of programs over the last 5 years have not disclosed any material weaknesses in the design of the program delivery process or the related payment process.

PART Performance Measurements

Program: Counter Cyclical Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	71%	60%	

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight:14%

Explanation: FSA has developed long term performance measures that directly and meaningfully support the purpose of the program and its long term goals. The only portion the Agency and its managers can control are those that concentrate on monitoring the timely and accurate delivery of programs to our customers. Counter cyclical payments provide important cash flow assurance to program participants, thereby reducing the revenue risk associated with price and production variability. Additionally, the planting flexibility provision enables producers to make production decisions based on market signals rather than in response to program benefits, which improves the efficiency of the farm sector. However, from a policymaker's perspective, it is important to assess how effective the programs are. This is why how the payments contribute to farmers' revenue is measured.

Evidence: FSA continues to develop new and meaningful performance measure that support the program's goals. New measures include: (1) reduction in late penalty payments(%) ; (2) program payments made electronically(%).; (3) counter-cyclcical payments as a percentage of market revenue; and (4) annual percentage change in revenue (market revenue plus counter-cyclical payments). FSA will continue to develop more outcome and output measures that will further provide management with the ability to analyze program performance.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight:14%

Explanation: The new measures are designed to promote continuous improvement and include targets through FY 2007.

Evidence: Targets are based on economic forecasts, which can vary significantly as a result of changes in market conditions. The target for "% of gross farm income from FSA sources" is based on economic forecast for the agricultural sector published by the Economic Research Service.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:14%

Explanation: Due to the nature of the counter-cylical payments, the most significant measures to the Agency and its managers are those that concentrate on monitoring the timely and accurate delivery of programs to our customers. FSA's annual performance measures are directly related to its long-term measures. For example, timeliness will be measured by the amount of prompt payment interest paid on the Direct and Counter-cyclical Program.

Evidence: Annual performance goals include: (1) Reduction in late penalty payments; (2) Reduction in erroneous program payments.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:14%

Explanation: Established baselines and clear timeframes and targets support FSA's annual measures for this program.

Evidence: Baselines and performance targets for this type of program were developed as part of the FY05 BPI and strategic plan efforts. New measures include the impact of program payments on market revenues and the variability in market revenue.

Program: Counter Cyclical Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	71%	60%	

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: NA Question Weight: 0%

Explanation: FSA does not have any partners in this program

Evidence: FSA does not have any partners in this program.

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight14%

Explanation: There are no systematic external reviews conducted. At agency level, County Office reviews are scheduled and other evaluations are done on an ad-hoc basis. Every county office is reviewed on average once every four years. The Office of Inspector General also monitors the payment system and conducts annual audits of the CCC. GAO monitors as well.

Evidence: The County Office Review Program and compliance reviews are scheduled throughout the fiscal year. As indicated in their January 2004 to Congress, in FY 2004 OIG is continuing to monitor program implementation. OIG schedules and conducts reviews and other ad-hoc reviews are conducted.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight14%

Explanation: Budget outlays are inversely related to a commodity's effective price when it falls below its target price. This program is meant to support and stablize farm income when the effective price falls below the target price by issuing counter-cyclical payments to producers of selected commodities. As this is a mandatory program, budget projections take into account price changes that would affect budget outlays.

Evidence: Actual outlays are obtained from the accounting system. FSA Budget Division keeps program staff routinely informed of funding levels and outlays in daily and monthly reports.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight14%

Explanation: FSA is currently developing a new strategic plan, which emphasizes outcome oriented goals and measures. The new plan is scheduled to be completed in Sept. 2004.

Evidence: See evidence in questions 2.1 and 2.3.

PART Performance Measurements

Program: Counter Cyclical Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	71%	60%	

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: NO Question Weight 14%

Explanation: The type of data collected cannot be used to measure performance. Internal audits and reviews of compliance are conducted which improve program effieciency, and minimize fraud, waste and abuse.

Evidence: The County Office Review Program produces an annual report that identifies areas in need of improvement. Based on recommendations from this report, the Agency has taken action to re-enforce instrictions and resolve problem areas.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 14%

Explanation: Agency managers are responsible for implementing and monitoring program activities. Program managers are introducing electronic delivery features into the program and E-Forms to improve overall program efficiency. The number of offices used to service customers continues to be reduced further reducing the cost of delivering the program. The Agency has implemented a yearly signup for the program which should further improve performance results by reducing the number of unearned payments that are made.

Evidence: Federal Managers Financial Integrity Act

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 14%

Explanation: Because this is a non-apportioned program, there are no unobligated funds remaining at the end of the FY. The obligation occurs simultaneously with the disbursement. Also, recipients (producers) must maintain their program eligibility throughout the program year and are subject to spot checks to ensure compliance with program objectives.

Evidence: Accounting procedures are defined in requirements approved by the Chief Accountant of CCC. Disbursement entries are created in an automated environment when the payment amount is calculated in the program software. FMD is currently overseeing a Risk Assessment of erroneous payments for this program under guidelines set forth by OMB as required by the Improper Payments Information Act (IPIA).

PART Performance Measurements

Program: Counter Cyclical Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	71%	60%	

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 14%

Explanation: The Agency does have procedures, particularly in terms of complicance with program rules and requirements. The Agency has procedures to measure the efficiencies of the program through the prompt payment reports and EFT versus paper checks reports. Of approximately $289 million in Counter Cyclical Program payments made in FY 2003, 67% were made by ACH rather than check.

Evidence: The Agency reports the number of prompt payment penalties paid and the ratio of Electronic Funds Transfer (EFT) payments versus payments issued via Treasury Check. To achieve further efficiencies the Agency is introducing more E-forms to improve the data collection process and reduce data imput time and errors. The Agency has implemented a yearly signup for the program to reduce unearned payments and has implemented more stringent guidelines for funds control. Monthly reports detail the number of payments made by EFT and their dollar amounts. FMD is in the process of gathering information on the costs involved for each transaction for payments made by checks vs. EFT.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: Counter-Cyclical payments are an integral component of the farm safety net. They work with with direct payments, marketing loans, and crop insurance, for farm producers, to help maintain stability and viability in agri-business. Direct payments, counter-cyclical payments, and marketing loan programs are monitored jointly and data will soon be cross-checked with crop insurance data to ensure compliance with all farm support programs.

Evidence: Counter-cyclical payments are authorized only when the effective price for a commodity falls between the commodity's target price and its loan rate. Direct payment rates are added to the higher of the average market price or national loan rate, to determine the effective price for a commodity. When average market prices fall below loan rates producers may be eligible to earn marketing loan gains or loan deficiency payments.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: Disbursement data is collected and reported in the financial statements of the Commodity Credit Corporation. These statements are audited every year and for FY 2003, CCC received a clean audit opinion. Auditors have questioned the absence of obligations, but since this is a non-apportioned program whereby the obligation occurs simultaneously with disbursement, it is not an issue.

Evidence: There are no material findings on the internal controls related to the disbursement process used by CCC. FSA is currently performing an assessment of the risk of erroneous payments in this program to identify any program management deficiencies.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: NO Question Weight 14%

Explanation: This is a fairly new program and it is unclear whether Agency management has developed procedures to assess what their management deficiencies are.

Evidence: None provided.

PART Performance Measurements

Program: Counter Cyclical Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	71%	60%	

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight20%

Explanation: FSA's long-term goals for the program are: 1) reduce the financial risks if when commodity prices are low; 2) ensure ample commodity supplies are available at competitive prices; and 3) provide timely, cost-effective services.

Evidence: As previously indicated, performance measures for the Counter-cyclical Program will be tracked beginning with the FY 2006 APP.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight20%

Explanation: FSA has established performance goals for reducing late penalty payments(%), increasing program payments made electronically (%), providing income support of up to 15 percent of the annual aggregate market value of counter-cyclcial payment eligibile commodities, and sustaining annual revenue (counter-cyclical payments plus market revenue) changes to less than 10 percent.

Evidence: Based on experience to date we fully anticipate the program will continue to meet its performance goals. For example, the percentage of farm program payments made electronically has increased from 72.4% in 2001; to 75.9% in 2002 (increase of 3.5%); & to 76.1 in 2003 (increase from 2002 of 0.2%). The target for FY 2005 is 79%. The percentage payments made on time has increased from 97.4% in FY 2002 to 98.7% in FY 2003 (an increase of 1.3%).

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: SMALL EXTENT Question Weight20%

Explanation: The Agency reports that for the Counter Cyclical Program, the prompt payment penalty amount increased by approximately $57,000 when comparing the first two quarters of FY 2003 to the first two quarters of FY 2004. This is .00019% of total dollars paid in this program in FY 2003. There was a 289% increase in the number of all program payments made by county offices during the 1st quarter FY 2003 compared to the 1st quarter of FY 2004. For the same period comparison there was a 288% increase in the number of payments made using EFT.

Evidence: The Agency reports the number and value of prompt payment penalties paid and the ratio of EFT payments versus payments made by paper check in regular reports to OMB. The Agency reports comparing prompt payment interest penalties paid for the first two quarters of FY 2003 and FY 2004 are used as a measurement of efficiency. The Agency reports for EFT vs Check usage for the first quarter of FY 2003 compared to the first quarter of FY 2004. Increased use of EFT over checks reduces agency costs in making disbursements.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight20%

Explanation: The support provided by this program is less market distorting than that provided by marketing loans and Loan Deficiency Payments (LDP's).

Evidence: LDPs are paid based on current production. This has resulted in an increasing acreage planted to program crops and has contributed to a reduction in crop prices. USDA/ERS Agricultural Outlook, October 2002, p. 12-13.

PART Performance Measurements

Program: Counter Cyclical Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	71%	60%	

4.5 **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?**

Answer: LARGE EXTENT

Question Weight 20%

Explanation: A number of studies by the Economic Research Service have analyzed the impact of U.S. commodity programs. Those studies indicate that relative to LDP's counter-cyclical payments are less distorting and that they effectively stabililize farm income.

Evidence: U.S. Farm Program Benefits: Links to Planting Decisions & Agricultural Markets. USDA/ERS Agricultural Outlook, October 2000. "A Safety Net for Farm Households" USDA/ERS Agricultural Economic Report No. 788. 44 pp, Dec 2000. USDA/ERS The 2002 Farm Act: Provisions and Implications for Commodity Markets; ERS Agriculture Information Bulletin No. AIB778.67pp, November 2002

PART Performance Measurements

Program: Counter Cyclical Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	71%	60%	

Measure: Counter-Cyclical payments as a percentage of market revenue

Additional Information: This measure indicates the amount of income assistance from counter-cyclical payments.

Measure Term: Long-term

Year	Target	Actual
2002	<=10%	3.9%
2006	<=10%	
2005	<=10%	
2004	<=10%	
2003	<=10%	
2006	<=10%	
2005	<=10%	
2004	<=10%	
2003	<=10%	
2002	<=10%	0.0%
2006	99.7%	
2005	99.5%	
2004	99.0%	
2003	98.5%	98.7%
2002	NEW	0.974

PROGRAM ID: 10002014

Program: Counter Cyclical Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	71%	60%	

2006	80.0%	
2005	79.0%	
2004	78.0%	
2003	77.0%	0.761
2002	76.0%	0.759

Measure: Annual variation in total crop revenue (percent change in market revenue plus counter-cyclical payments)

Additional Information: This measure is an indicator of the effectiveness of stablizing farm income.

Year	Target	Actual	**Measure Term:** Long-term

Measure: Increase in on-time payments (%).

Additional Information: Timely delivery of program payments is an indicator of FSA's effectiveness in meeting customers needs and reduces prompt payment penalty costs.

Year	Target	Actual	**Measure Term:** Annual

Measure: Increase the percentage of program payments made electronically.

Additional Information: Meets customer needs more timely, accurately, and efficiently.

Year	Target	Actual	**Measure Term:** Annual

OMB Program Assessment Rating Tool (PART)

Direct Federal Programs

Name of Program: Crop Insurance

Section I: Program Purpose & Design (Yes,No, N/A)						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Is the program purpose clear?*	Yes	The purpose of the program is to provide a risk management tool and protect the income of farmers, which ultimately should result in improving the stability of the agriculture economy and reduce the need for ad hoc government farmer related relief.	The Federal Crop Insurance Act, as amended (7 U.S.C. 1501 et. seq.), and the crop insurance program regulations at 7 C.F.R. 400, et. seq.	20%	0.2
2	*Does the program address a specific interest, problem or need?*	Yes	Without this program, risk management through insurance would be prohibitively expensive, and in effect, non-existent. This is due to the fact that catastrophic losses are the norm rather than the exception with crop losses. For instance, when drought strikes it will generally impact a large geographic area. The regular widespread loss areas common to agriculture industry prevented the commercial development of crop insurance.	The fact that only rain and hail policies were commercially available to the general farming community prior to the introduction of crop insurance in the 1930's. The devastation from the dust bowl that resulted for many in the agriculture community has not been replicated as a result of a variety of programs. Collectively these programs create the farm safety net. Crop insurance is a large part of that net.	20%	0.2
3	*Is the program designed to have a significant impact in addressing the interest, problem or need?*	Yes	The program is available on 80 commodities, and has an overall average participation rate of 77%. Additionally, the amount of coverage levels farmers are opting has increased in recent years.	FCIC web site provides crops covered and levels of coverage available. The annual performance plan includes number of eligible acres covered using National Agriculture Statistical Service data and the Risk Management Agency's Summary of Business Data base. Data on total number of acres of a particular crop and total number of acres covered are used in this calculation.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?*	Yes	FCIC is restricted by the FCIA from offering insurance available in the private sector. There is no other like product to crop insurance at either the Federal, state or local level.	Common measure for disaster insurance participation rates used benchmarking for comparison due to the fact that there were no other comparable programs.	20%	0.2
5	*Is the program optimally designed to address the interest, problem or need?*	No	Crop insurance had not resulted in allowing the Federal Government to point to the program in times of natural disasters as the main source of risk management for the agriculture community at large. Since the program was redesigned in the mid-90s, the government has continued to provide large disaster assistance payments to the agriculture community, regardless of the amount of crop insurance they have purchased. Additionally , there are still commodities that do not have policies in place to allow for any risk management, such as livestock. Crop insurance provides many farmers the ability to manage their risk through the purchase of insurance. Additionally, use of the private sector equals low administrative costs for the government. And the private sector shares some of the risk of loss on the policies. But an optimal design should allow the federal government the ability to minimize or discontinue disaster relief.	Various Disaster Relief Bill from 1994 through 2000.	20%	0.0
Total Section Score					**100%**	**80%**

Section II: Strategic Planning (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?*	No	RMA's strategic goal is to strengthen the safety net for agricultural producers. As participation and the levels of coverage increase the overall stability of the agriculture economy is assured, however, general "strengthening" of the agriculture economy is not strategic and difficult to measure.	RMA's strategic plan.	17%	0.0
2	*Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?*	Yes	RMA's annual performance plan includes 5 objectives along with associated performance measures that show progress toward the strategic goal. Including participation rates and the average level of coverage purchased.	RMA's annual performance plan.	17%	0.2
3	*Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?*	Yes	RMA's primary partners are the private sector insurance companies that sell and service the crop insurance nationwide. By their acceptance of the Standard Reinsurance Agreement, and through their ongoing discussions with RMA, they are involved with and committed to the long-term goals of the program.	RMA's Standard Reinsurance Agreement	17%	0.2
4	*Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?*	N.A.	FCIC is restricted by the FCIA from offering insurance available in the private sector. There is no other like product to crop insurance at either the Federal, state or local level.	OMB's 2004 Budget Common Measure for disaster insurance participation rates used benchmarking for comparison due to the fact that there were no other comparable programs.		

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	*Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?*	Yes	The Crop Insurance program is annually audited (typically by a big six accounting firm) to assure that the program projection and business are fiscally sound. Additionally, the USDA's OIG performs ad hoc reviews. RMA also does an internal assessment of its risk sharing agreements and reimbursement rates when preparing its justification for the renegotiations of the Standard Reinsurance Agreement. That analysis is directly linked to the performance of the program in that, without the willingness of the private sector to sell and service these policies, RMA could not achieve increased participation or increase the amount of coverage that the farmers are purchasing. RMA relies upon this contract, that reflects the risk sharing agreements fairly between the gov't and the insurance companies.	Annual Audit Report. Various OIG reports and USDA-RMA renegotiation documents.	17%	0.2
6	*Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?*	Yes	This is a mandatory program, so projections take into account current law along with proposed policy changes. When the Agriculture Risk Protection Act of 2000 was enacted the average premium subsidy for the farmer increased from 37% to 60%. The effect of this legislation was realized immediately. For the 2004 budget cycle, RMA is linking its annual budget with performance measures.	RMA's summary of business for 2000 and 2001. The Federal Crop Insurance Act. The Appendix of the Budget of the United States. The 2004 annual budget submission. The Standard Reinsurance Agreement.	17%	0.2
7	*Has the program taken meaningful steps to address its strategic planning deficiencies?*	No	RMA is currently reevaluating its mission, vision, and goals, both strategically and tactically. However, this new strategic plan and resulting organization structure have no defined date of completion. Additionally this change is more a result of legislated changes over the past few years rather than because of recognized deficiencies with the current long-term goal.	Internal RMA memoranda from the Administrator to all RMA staff instructing them to participate fully in the re-evaluation of RMA's mission, vision and goals.	17%	0.0
Total Section Score					**100%**	**67%**

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Section III: Program Management (Yes,No, N/A)						
	Questions	**Ans.**	**Explanation**	**Evidence/Data**	**Weighting**	**Weighted Score**
1	*Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?*	Yes	Participation information, such as policies sold, liability, acres, and premium are some of the performance indicators in RMA's strategic plan. RMA's delivery partners provide this information to RMA on a daily basis at a producer level.	The SRA and Manual -13 provide specifications for the type and timing of required data reporting. Current information received from the companies includes, price and coverage level, insured acres, premium, actual production history data, subsidy and indemnity amounts. Data received is validated through the Data Acceptance System and accepted data is used as the basis for payment of expense reimbursement to companies, as well as for analytical and statistical reporting within RMA. For example these current and historical actual data sets are used by the agency in subsequent years to establish premium rates.	14%	0.1
2	*Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?*	Yes	RMA enters into a financial arrangement with the reinsured companies, called the Standard Reinsurance Agreement (SRA). The SRA contains specific language regarding types of data to be reported and timeliness of reporting. Requirements of timely reporting center around critical policy and administrative dates associated with the crop insurance cycle. Penalties are imposed for late reported data. In extreme cases, companies may be disbarred.	In accordance with the SRA and the Federal Crop Insurance Act (FCIA), reinsured company expense reimbursements are reduced if sales or acreage information is not reported within specified time periods based on when they should have received the information from the producer (e.g., Individual crop policy provisions require producers to apply for insurance by specified sales closing dates and report acreage planted by certain acreage reporting dates).	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?*	Yes	Section 516(a) of the FCIA authorizes RMA to be appropriated such sums as are necessary to cover administrative and operating expenses of the Corporation for sales commissions of agents and premium subsidies, including the administrative and operating expenses of an approved insure provider.	Section 516(b) identifies the types of expenses such as premium subsidies and indemnities, and all administrative and operating expenses of agents commissions, and approved insurance providers. In accordance with the SRA, amount of premium sold is the basis for administrative expense reimbursement. Producer premium data is electronically audited by RMA and used to calculate the amount of expense reimbursement and premium subsidy due. Payments are made on a monthly basis. Indemnity payments are made by the companies to producers in accordance with policy terms (e.g., within 60 days of signature date on the claim). On a daily basis, and as companies issue checks to the producers, indemnity information is also submitted to RMA to fund escrow accounts. Accepted indemnity information is funded and paid on a daily basis.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?*	No	Internally, RMA utilizes competitive outsourcing for IT contracts, and to develop new products. However, from a program standpoint, there are no other private programs that provide products encompassing the variety of programs that RMA regulates; therefore, there are no meaningful cost comparisons that can be done on the program as a whole.	Since Fiscal Year 2000, RMA has been in a contractual relationship with GSA/FEDSIM to provide IT integration services to RMA. The prime contractor was competitively selected through the Millennia contract process based on cost and technical expertise. Although a sole contractor is the lead on this support, they also employ several sub-contractors that provide various services. With the exception of oversight and testing functions, RMA contracts for the majority of its IT needs. RMA also conducts competitive outsourcing of its new product development functions through various contractual vehicles. Many of these contracts will provide new products to areas of the country currently underserved by risk management programs as required by the FCIA, as amended	14%	0.0
5	*Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?*	Yes	RMA estimates and budgets for the full costs of operating the Federal Crop Insurance Program. There are no changes in a fiscal year funding level unless new legislation is enacted or additional funding is needed to cover unforeseen circumstances (e.g., drought) that increase the estimated funding needs to cover losses.	The Federal Crop Insurance Fund Projections included in the Annual Federal Budget. RMA's summary of business data, which is available by year on their website. Annual Apportionments for Fund that reflect the estimated "such sums" anticipated for the year.	14%	0.1
6	*Does the program use strong financial management practices?*	Yes	RMA follows departmental, OMB, Treasury circulars regarding financial management practices.	Each fiscal year an audit is conducted of FCIC by a CPA firm who has been contracted by OIG. RMA has received a clean opinion each year and the consolidated financial statements present fairly, in all material respects, the financial position of the FCIC each year.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7	*Has the program taken meaningful steps to address its management deficiencies?*	Yes	RMA is currently doing a study of the current structure of the risk sharing agreement (SRA) they have with the private companies. It will identify areas where direct costs may be reduced, determine a reasonable rate of return for the private sector, and will allow FCIC to set new, more meaningful terms for more equitable allocation of risk. This study will impact the 2004/2005 SRA.). RMA compiled state-level NASS data for 1995-2001 by crop and State for the 28 crops for which NASS publishes data and compared this with RMA data by crop and State, and by crop plan. RMA is resolving differences between NASS and RMA data. This new process will enable year-to-year tracking of progress in a straight-forward and easily explainable format. Additionally, a number of new programs are being developed especially for underserved producers. Underserved producers produce a crop that is not currently insured under the Federal crop insurance program, or are located in one of the 15 identified underserved States.	As a result of the Presidents 2002 Management Initiatives, RMA identified 4 areas of the program that can be improved. These initiatives have been included in RMA's annual performance plan for FY 2002.	14%	0.1
Total Section Score					**100%**	**86%**

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?*	No	Crop insurance had not resulted in allowing the Federal Government to point to the program in times of natural disasters as the main source of risk management for the agriculture community at large. The government has continued to provide large disaster assistance payments to the agriculture community, regardless of the amount of crop insurance they have purchased. Additionally , there are still commodities that do not have policies in place to allow for any risk management, such as livestock. Crop insurance provides many farmers the ability to manage their risk through the purchase of insurance, but the agriculture community is not stabilized completely in times of natural disasters as a result of crop insurance.	All of this data is derived from RMA and other USDA databases and is reported in the USDA 2004 Annual Performance Plan.	25%	0.0

Long-Term Goal I:	Expand the level of risk management readily available and suitable for agricultural producers to use in managing their risks.
Target:	See annual performance goal data
Actual Progress achieved toward goal:	Progress is being made toward the goal, as measured by annual target achievements.

2	*Does the program (including program partners) achieve its annual performance goals?*	Yes	Annual indicators such as number of insurance plans available are being achieved.	This data is available in the USDA 2004 annual performance plan.	25%	0.3

Key Goal I:	Percent Participation-percent of planted acres of principal crops as reported by NASS that are insured .
Performance Target:	2001 target: 69.9%
Actual Performance:	77%
Key Goal II:	Number of crop insurance and other risk management plans available to American agricultural producers.
Performance Target:	2001 target: 149
Actual Performance:	155
Key Goal III:	Total
Performance Target:	2001
Actual Performance:	This goal

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?*	Small Extent	The passage of ARPA resulted in greater participation rates and higher levels of coverage being purchased by farmers. Additionally, RMA has just published the proposed rule that implements specific provisions regarding double insurance and prevented planting, which will improve program integrity. RMA went beyond these ARPA mandated changes in the rule by including certain restrictions on Actual Production History to correct for abuses that have occurred in the past. This rule should reduce fraud, waste and abuse, and improve the efficiency and effectiveness of Crop Insurance.	Agriculture Risk Protection Act of 2000. Subpart T-Federal Crop Insurance Reform, Insurance Implementation Regulations for the 1999 and Subsequent Reinsurance Years; Group Risk Plan of insurance and Common Crop Insurance Regulation, Proposed Rule: September 2002.C13	25%	0.1
4	*Does the performance of this program compare favorably to other programs with similar purpose and goals?*	N.A.	FCIC is restricted by the FCIA from offering insurance available in the private sector. There is no other like product to crop insurance at either the Federal, state or local level.	OMB's 2004 Budget Common Measure for disaster insurance participation rates used benchmarking for comparison due to the fact that there were no other comparable programs.	0%	
5	*Do independent and quality evaluations of this program indicate that the program is effective and achieving results?*	Yes	Annual audits confirm that the program is effective and achieving results.	USDA OIG Annual Crop Insurance Audit Report: Report # 05401-9-FM, February 2002	25%	0.3
Total Section Score					**100%**	**58%**

PART Performance Measurements

Program: Crop Insurance
Agency: Department of Agriculture
Bureau: Risk Management Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	67%	86%	58%	Demonstrated

Measure: Measure under development

Additional Information:

Year	Target	Actual

Measure Term: Long-term

Measure: Percent Participation (percent of planted acres of principal crops as reported by NASS that are insured)

Additional Information:

Year	Target	Actual
2000	71.5%	76.5%
2001	69.9%	77%
2002	77.7%	80%
2003		78%
2004		82%
2005		
2006		

Measure Term: Annual

PART Performance Measurements

Program: Crop Insurance
Agency: Department of Agriculture
Bureau: Risk Management Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	67%	86%	58%	Demonstrated

Measure: Measure under development

Additional Information:

Year	Target	Actual

Measure Term: Annual

PART Performance Measurements

Program: Dairy MILC Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	57%	86%	40%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The MILC program is a direct payment counter cyclical program designed to increase dairy farmers income when milk prices decline. With payment limited by an annual production eligibility cap, payments to small and mid-size operations make up a larger share of total income. The additional income from this program increases the likelihood that small to mid-size dairy operations continue production during low price periods.

Evidence: Program features detailed in 2002 Farm Security and Rural Investment Act, Section 1502.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The 2002 Farm Bill enacted the program as a compromise transition from the Northeast Interstate Compact and based it upon prior Dairy Market Loss ad hoc relief programs. The program is designed to augment producer income when producer prices weaken. The program is national in scope.

Evidence: Northeast Interstate Compact operated until September 2001. Dairy Market Loss programs operated in 2000 and 2001. MILC went into affect in FY 2003.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: No other program makes direct payments to dairy producers based on milk price levels.

Evidence: Other programs divert product to export or storage in order to enhance dairy product prices but no other program makes direct payments based on price movements.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: The programs effectiveness is limited by the fact that the program by statute is administered on an operation by operation basis in accordance with the same standards used in implementing the previous Dairy Market Loss Assistance (DMLA) programs, which has caused variation in the administration of the program among States nationwide due to the general definition of a dairy operation used under the previous DMLA programs.

Evidence: The lawsuit argues that the 2.4 pound annual production cap does not apply to the transition period. Large producers can wait to signup for the program until September FY 2005 and collect payments on all production if the cap does not apply to the transition period. As far as the dairy operation definition is concerned, the program, by statute, is administered on an operation by operation basis in accordance with the same standards used in implementing the previous DMLA programs. Many States under the previous DMLA programs did not use the definition of a dairy "operation" uniformly. Therefore, under the MILC program field offices have been instructed to apply the definition in the same manner the definition was applied for the DMLA program according to their States' interpretation, with no variation. As a result, there is some slight variation throughout the nation in how the definition is applied, however the administration of the program is consistent with the legislative statute.

PART Performance Measurements

Program: Dairy MILC Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	57%	86%	40%	Demonstrated

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: NO Question Weight 20%

Explanation: All milk operations are eligible to receive payments up to an annual production cap of 2.4 million pounds - no income eligibility is required to participate in the program. Larger producers, because of their volume of production, are able to recieve a higher payment up to the 2.4 million pound cap by choosing the month they want to participate in the program, allowing them to mazimize their payment under the annual production cap.

Evidence: Average payment per dairy operation is smaller in states where the majority of producers having smaller herd sizes. Average payment per operation is larger in states with primarily producers with large herd sizes.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: NO Question Weight 14%

Explanation: Currently FSA monitors the timely and accurate delivery of MILC payments. Direct payments provide important cash flow assurance to program participants, thereby reducing the revenue risk associated with price variability. Measuring the impact (outcomes) of direct payments, as well as other income support programs through the use of performance measures is difficult. In depth program evaluations are needed to study how farmers use government payments. Particularly how the increased cash flow and liquidity provided by direct payments affect production, borrowing activity, and agricultural investment, and how expectations of future program benefits influence current choices.

Evidence: FSA is currently developing a new strategic plan, which emphasizes outcome oriented goals and measures. The new plan is scheduled to be completed in Sept. 2004. New measures include "% of gross farm income from FSA sources." Another measure being considered pertains to the impact of program payments on farmer gross revenue.

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight 14%

Explanation: The program is legislated to end in FY 2005 so no long-term targets and timeframes are planned.

Evidence: Farm Security and Rural Investment Act of 2002 set program duration from December 1, 2001 to September 30, 2005.

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: NA Question Weight: 0%

Explanation: FSA monitors the timely and accurate delivery of MILC payments as output performance measure. Longterm outcome measures are under development in the new FSA strategic plan. Once these outcome measures are in place, annual performance measures can be used to demonstrate progress towards achieving the long-term goals.

Evidence: Annual output performance measures include: (1) reduction in late penalty payments, and (2) reduction in erroneous program payments. In addition, FSA is considering an additional measure on "% of eligible production receiving payments."

2.4 **Does the program have baselines and ambitious targets for its annual measures?** Answer: NO Question Weight 14%

Explanation: Established baselines and clear timeframes and targets are needed once FSA's has established annual and long term measures for this program.

Evidence: Currently, in measuring the percentage of program payments made electronically, FSA has set an ambitious target of 93% by FY 2006.

PART Performance Measurements

Program: Dairy MILC Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	57%	86%	40%	Demonstrated

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight 14%

Explanation: Contracts are signed with producers and agents to receive payments in return for compliance with conservation programs in the Federal Regulations. The Natural Resources Conservation Service works with the Agency to determine compliance with highly erodible land and wetland conservation provisions. In addition, the monthly milk payment rate is determined from information obtained from the Agricultural Marketing Service. The FSA County Offices also work with MILC agents who serve special groups or communities.

Evidence: Spot checks are done to ensure compliance with conservation regulations. The Natural Resources Conservation Service determines if an applicants land is eligible for participation in the MILC program and forwards that determination to FSA. Federal Milk Marketing Orders issued by the Agricultural Marketing Service help determine the monthly milk payment rate for the MILC program when the Boston Class I fluid milk price falls below a specified level. FSA County Offices are also partnered with MILC agents who act as a liason between special groups or communities and FSA in an effort to help eligible producers participate in the MILC program so that they can supplement their income with program payments so that they may stay in the dairy business, thereby meeting the goal of the program.

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 14%

Explanation: The Agency conducts an internal audit of the MILC program on a periodic basis through a County Office Review team who evaluate the administration of the program and as appropriate make recommendations for improvement or assess programatic issues that may need further clafication. Also, academic studies have been proposed but insufficient program data is available at this time. In addition, studies mandated by Congress have been performed.

Evidence: County Office Review findings are published in an annual FSA publication. The new web-based program processing and delivery platform currently in development for the MILC program will generate reports that can be used to evaluate the program. "Economic Effects of U.S. Dairy Policy and Alternative Approaches to Milk Priving" forthcoming USDA ERS.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight 14%

Explanation: Budget outlays are linked to participation level. Direct payments are issued as calculated from milk price levels; the calculation is set in the 2002 Farm Bill. As this is a mandatory program, budget projections take into account proposed policy change.

Evidence: Actual outlays are obtained from the accounting system. FSA Budget Division keeps program staff routinely informed of funding levels and outlays in daily and monthly reports.

PART Performance Measurements

Program: Dairy MILC Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	57%	86%	40%	Demonstrated

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 14%

Explanation: FSA is currently developing a new strategic plan, which emphasizes outcome oriented goals and measures. The new plan is scheduled to be completed in October 2004.

Evidence: FSA has developed a Strategic Plan framework, which will include strategic outcome goals as well as output and efficiency measures.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: The Agency does collect specific program data to measure program performance. The payment rate each month is based on the Boston Class I milk price under the applicable Agricultural Marketing Service milk marketing order to calculate a monthly payment rate. Funding reports are generated monthly to monitor program expenditures. Agency focus groups consisting of field representatives also meet as needed to discuss program performance and assess potential program needs. In addition, the Agency investigates and addresses all programmatic issues brought to the attention of the Agency by any milk industry partners.

Evidence: Because the MILC payments are counter-cyclical and triggered when the Boston Class I milk price falls below $16.94, the Agency can determine when the dairy industry is in most need and make direct payments accordingly. In addition, funding reports help us determine program participation levels so that we can determine the low participation States where outreach efforts should be targeted. County Office reviews are also conducted by Agency representatives to ensure that field offices are properly following program policy and procedures. The Agency is also assessing the risks for improper payments in the MILC program in accordance with the Improper Payments Information Act of 2002, so that the appropriate internal controls for prevention can be implemented.

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 14%

Explanation: Agency managers are responsible for implementing and monitoring program activities. Program managers are introducing electronic processing and delivery features into the programs, and have made e-forms available to improve overall accessibility and program efficiency. This initiative reduces the salaries and expenses cost of delivering the program and is used as an efficiency measure.

Evidence: FSA has added performance measures from FSA's Strategic Plan to individual performance plans of all managers in FY 2004.

Program: Dairy MILC Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	57%	86%	40%	Demonstrated

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 14%

Explanation: Field offices have 60 days after a producer submits all needed information to issue a payment to that producer. In addition, new procedures have been developed to improve program management efficiency (e.g. direct deposit and e-funds control). To achieve further efficiencies the Agency is introducing a web-based platform for MILC program transactions. MILC program funds are obligated and disbursed at the same time. MILC disbursements are corresponding to the established resource funding schedules for FY 2003. There have been no significant findings of payments being made incorrectly.

Evidence: Accounting records are maintained in CCC's CORE accounting system. At the end of FY 2003 approximately 28 percent of MILC funds authorized had not been utilized. FSA is currently performing a Risk Assessment of erroneous payments for this program under guidelines as set forth by OMB as required by the IPIA.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 14%

Explanation: As far as IT improvements, this is the first FSA program to be functional on the new web-based platform. No longer will it be on IBM system 36 but on the web programmed in JAVA. This allows for real-time correction process, something that is lacking with the System 36. It also allows for nationwide centralized processing and program administration. This brings about efficiency in the program administration. It also provides a superior reporting capability not only for USDA offices, but for our customers who can access and track their activities in the program via the internet. The Agency reports that for the MILC program, the prompt payment penalty amount paid was $647.15 for the first two quarters of FY 2004. For the same period, the count of prompt payment penalties paid was 61 payments. During the first quarter of FY 2004, 78% of the 5,436,456 payments made for all programs by county offices were made by EFT.

Evidence: The Agency reports the count and amount of prompt payment penalties paid and the ratio of EFT payments versus payments issued via paper checks. The Agency has implemented more stringent guidelines for the web-based funds control process.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: The MILC program is a continuation of previous Dairy Market Loss Assistance programs and also serves as a transition from the Northeast Interstate Compact. The program effectively collaborates with the Dairy Indemnity Payment Program, as well as, with Conservation programs administered by the Agency. In addition, FSA County Office employees inform producers of other USDA programs pertaining to their specific industry.

Evidence: Previous Dairy Market Loss Assistance programs were administered by the Agency from 1998 through 2001. The Northeast Interstate Compact operated until September 2001. The MILC program went into effect in FY 2002. The MILC program, which compensates producers for eligible production that is commercially markted, collaborates with the Dairy Indemnity Payment Program by compensating producers for milk production that cannot be commercially marketed because it has been contaminated and removed from the commercial markets. In addition, the MILC program collaborates with Conservation and NRCS Programs by having an eligibility requirement that eligible applicants be in compliance with Highly Erodible Land Conservation and Wetland Conservation provisions in accordance with the Food Security Act of 1985 and 7 CFR Part 12. Additionally, FSA County Office personnel are continuously in contact with producers who are involved in other USDA programs and constantly keep them informed about other pertinent programs that may be beneficial to their commodity.

PART Performance Measurements

Program: Dairy MILC Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	57%	86%	40%	Demonstrated

3.6 Does the program use strong financial management practices? Answer: NO Question Weight 14%

Explanation: FSA has not completed an internal or external audit to determine whether program payments are meeting statutory requirements. The Debt Collection Improvement Act of 1996 mandates that Federal payments to a recipient who becomes first eligible for that type of payment after July 25, 1996, shall be made by electronic funds transfer. The Improper Payments Information Act of 2002 is intended to identify those that may be susceptible to significant improper payments.

Evidence: No evidence is presented of timely and accurate financial managment. The Improper Payments Information Act of 2002 is intended to identify those that may be susceptible to significant improper payments. FSA does not have a monitoring system in place ensure consistent interpretation of the definition of dairy operation. No audits have been done to ensure program implementation consistency between States and counties.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: With the development of a new web-based program delivery platform, producer payments will be processed in a more timely and efficient manner with a great improvement on reporting capabilities that can be generated through a centralized system. In addition, the MILC program is included in the 2004/2005 Annual Performance Plan. Several Agency directives have also been issued to assure proper guidance and instruction regarding programmatic issues. The Agency is also assessing the risks for improper payments in the MILC program so that the appropriate internal controls for prevention can be implemented. Annual County Office Reviews also identify management and administrative deficiencies for which corrective actions are taken as appropriate. Disbursement procedures are in place to ensure that MILC monthly payments and transition payments are made properly. Disbursement data is collected and reported in the financial statements of the Commodity Credit Corporation. CCC Financial Statements are audited every year and for FY 2003, CCC received a clean audit opinion.

Evidence: Increased reporting capabilities in the new web-based delivery environment will more efficiently identify program deficiencies because all information will be centralized and available in less time. The Annual Performance Plan analyzes performance goals and indicators through verification and validation of performance data. The Improper Payments Information Act of 2002, is intended to identify those payments that may be susceptible to significant improper payments. There are no material findings on the internal controls related to the disbursement process used by CCC. FSA is currently performing an assessment of the risk of erroneous payments in this program to identify any program management deficiencies. The disbursement process is documented for county offices in a national Handbook, 1-FI. The financial information is reported accurately and timely through the data warehouse in the "Payment Data Mart."

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight 20%

Explanation: The program does not have adequate long term measures so progress cannot be demonstrated. Increases in electronic payments and timeliness of payments has improved over the life of the program.

Evidence: Initial payments were made by manual systems. Wider installation of software systems allowed more automated payments.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: NO Question Weight 20%

Explanation: Timely and accurate delivery of payments that increase dairy farm income has been achieved.

Evidence: Increasing portion of payments made with automated system.

PART Performance Measurements

Program: Dairy MILC Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	57%	86%	40%	Demonstrated

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight20%

Explanation: Agency directives issued have provided the necessary guidance and instruction to make the program operate more efficiently. In addition, cost-savings will be incurred with the implementation of the new web-based program delivery platform. The Agency reports that for the MILC program, the prompt payment penalty amount paid decreased by 27% when comparing the first two quarters of FY 2003 to the first two quarters of FY 2004. For the same period comparison, the count of prompt payment penalties paid decreased by 9%. There was a 289% increase in the number of all program payments made by county offices during the 1st quarter FY 2003 compared to the 1st quarter of FY 2004. For the same period comparison there was a 288% increase in the number of payments made using EFT.

Evidence: When deficiencies are identified through discussion with internal offices, focus groups and field offices appropriate action is taken to correct or improve the deficiency through procedural directives to ensure that program goals are being met and the program is being administered as intended. Web-processed payments will allow for quicker payment processing in less time. The Agency reports the number and value of prompt payment penalties paid and the ratio of EFT payments versus payments made by paper check in regular reports to OMB. The Agency reports comparing prompt payment interest penalties paid for the first two quarters of FY 2003 and FY 2004 are used as a measurement of efficiency. The Agency reports for EFT vs Check usage for the first quarter of FY 2003 compared to the first quarter of FY 2004. Increased use of EFT over checks reduces agency costs in making disbursements.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight20%

Explanation: Less market distorting than price support program because payments are capped so the program does not encourage overproduction.. Targets benefits to small producers more effectively than other direct payment programs.

Evidence: Payments to states with producers having smaller herd sizes are a larger proportion of total payments than those states proportion of total milk production and the opposite is true for states with primarily producers with large herd sizes. Does not impact milk prices differently through Class III and Class IV products.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: NO Question Weight20%

Explanation: Lack of data from this new program have limited independent evaluations.

Evidence: Academic studies are planned as data becomes available.

PART Performance Measurements

Program: Dairy MILC Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	57%	86%	40%	Demonstrated

Measure: Percent of payments made electronically.

Additional Information: Reflects timeliness and efficiency of program delivery.

Year	Target	Actual
2003	Baseline	90%
2004	90%	
2005	92%	
2006	93%	

Measure Term: Annual

Measure: Under Development

Additional Information:

Year	Target	Actual
2003		
2004		
2005		
2006		

Measure Term: Long-term

PART Performance Measurements

Program: Dairy Price Support Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
40%	63%	100%	26%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The dairy price support program was authorized by the Agricultural Adjustments Act of 1933, with permanent authority provided by the Agricutlural Act of 1949. The stated purpose of the program in the 1949 Act is to assure an adequate supply of milk and a level of farm income to maintain productive capacity sufficient to meet future needs. The Dairy Price Support (DPS) program has been renewed in numerous Farm Bills. The most recent, the Farm Security and Rural Investment Act of 2002 authorizes the DPS through 2007, replacing the suspended 1949 permanent authority. While recent Farm Bills have updated the price support level and mechanisms, no subsequant legislation has identified a different DPS purpose. In the absense of legislation or a Mission Statement that would change the original purpose, the DPS program purpose of maintaining adequate supply and farmer income remains the guiding principal.

Evidence: The purpose is stated in the authorizing legislation, "Agricultural Act of 1949", subsequently suspended under P.L 101-624. The Farm Service Agency mission is to ensure the well-being of American agriculture and the American public through efficient and equitable administration of agricultural commodity, farm loan, conservation, environmental, emergency assistance, and domestic and interntaional food assistance programs.

1.2 Does the program address a specific and existing problem, interest or need? Answer: NO Question Weight20%

Explanation: The structure of the current U.S. dairy industry has changed fundamentally since the inception of the dairy price support program in 1933. Industy consolidation and national markets have evolved due to advances in transportation and marketing systems, and changing consumer demand. As the industry structure has changed, so have the problems facing the dairy industry and consumers. The original problem the program was designed to address was to assure that milk producers received a price adequate to maintain production capacity to ensure future milk supply. Minimizing producer price fluctuation was not a stated goal of the program. No evidence is presented indicating that the US has a current problem with dairy production capacity, or showing a linkage between price support levels and supply. Evidence does support the fact that overall dairy supply will remain strong due to continued increases in productivity, and a transition towards concentration in lower cost production areas.

Evidence: The forthcoming ERS report on U.S. Dairy Policy found that dairy programs, included DPS, have a limited effect on dairy prices and production -- contributing to less than a 2 percent increase in the all milk price, over a 5 - 6 year period. To the extent that minor price increases keep marginal milk producers in production, the overall impact is to keep some smaller or less efficient producers in production for a longer period of time. This in turn has the countervailing impact of increasing production and contributing to lower prices. "Economic Effects of U.S. Dairy Policy and Alternative Approaches to Milk Pricing" USDA ERS forthcoming.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The Milk Price Support Program is the only USG program that reduces milk price fluctuations through dairy product purchases, storage, and resale of inventories.

Evidence: Other programs divert dairy products to export or provide direct payments when prices are relatively low but do nothing to limit price increases. No data is provided to support the theory of inelasticity of demand for dairy products.

PART Performance Measurements

Program: Dairy Price Support Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
40%	63%	100%	26%	Demonstrated

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight 20%

Explanation: The Milk Price Support Program maintains milk prices above the mandated support rate but it is inefficient in that expenditures continue at times when manufacturing milk prices are well above the support rate. Adjustments to dairy product purchase prices can be difficult to implement leading to this inefficiency and large stocks of individual products.

Evidence: USDA owned over 1.3 billion pounds of NDM as of 10/01/03. Storage, transportation, processing, and other costs associated with acquiring and maintaining this inventory exceed $700 million in FY 2003. USDA CCC Commodity Estimates Book FY 2005 President's Budget.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: NO Question Weight 20%

Explanation: By its design, the DPS is not efficiently targeted directly to producers and has unintended market consequences that do not relate to the program goal of supporting dairy production capacity. While all processors are eligible to sell dairy products to CCC, the great bulk of sales come from a small number of processing plants in the western United States. The benefit to producers is indirect through the increase in product demand generated from CCC purchases.

Evidence: No baseline or evidence is available to define a target of adequate capacity regionally or nationally, or validate a targeted connection between production capacity and price support. The recent ERS analysis of dairy program effects on the financial conditions of representative farms around the United States revealed that DPS has a minor impact on prices and may lower the returns of some Western dairies.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: NO Question Weight 13%

Explanation: The long-term measures provided show progress but still do not address the long-term goals of the program to maintain adequate domestic dairy supplies and farmer income. The first long-term outcome measure is the rate of decline in milk production in low-price years. This does not address defining or ensuring an' adequate' supply of milk, nor is it able to measure the problem often resulting in large surpluses of dairy products. A better measure would be to determine an optimal 'normal' level of stocks and to compare actual stocks to the optimal level. FSA's second measure is increased revenue and profit of farms and ranches. However, the program purpose is to maintain producer income level in order to ensure production capacity for future needs - the latter must be defined first. The third long-term measure is the increased percent of gross farm income from non-governmental sources. This has been used as a measure for the crop safety-net programs where producers receive a government payment. Because DPS does not utilize a producer payment, it is unclear how this measure relates to the long-term performance of the DPS program.

Evidence: FSA has developed a new strategic plan framework, which emphasizes outcome oriented goals and measures. New measures under development are: - limit the decline in milk production in order to ensure adequate milk supply- Increased revenue and profit of farms and ranches. - Increased % of gross farm income from non-governmental sources.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 13%

Explanation: New targets will be developed after long term performance measures are finalized.

Evidence: Expenditure targets may be included along with new targets that directly measure adequacy of U.S. milk production/supply.

PART Performance Measurements

Program: Dairy Price Support Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
40%	63%	100%	26%	Demonstrated

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: Maintaining annual average manufacturing milk prices above the support rate and having the support rate reflect cost of production. This annual measure is used as an indication that U.S. dairy production capacity is above that needed to maintain an adequate domestic supply.

Evidence: The average annual manufacturing milk price has been above the support rate for the last 10 years. About half of producers have a variable cost of production below the support rate so most producers stay in production in the short-run when receiving the support rate for manufacturing milk. Blend prices (i.e. reflecting fluid milk and manufacturing milk prices) will bring the producers all milk price above the manufacturing milk price ensuring an adequate supply of milk.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: The support rate is mandated by Congress. Targets are based on mid level variable production costs in relation to the support rate. Baseline targets are not established to ensure continued level of program efficiency.

Evidence: The measure is "Reduce average processing time for program benefits."

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: FSA partners with the Agicultural Marketing Service to provide adequate supplies of milk and with the Food and Nutrition Service (FNS) to provide surplus dairy products to feeding programs for school lunch and the needy.

Evidence: The Federal Milk Marketing Orders provide the regional price differentials that ensure milk distribution in each region while FSA supports national prices through the Milk Price Support Program. FNS distributes surplus dairy products purchased through price support to needy families so they obtain adequate dairy products.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight 13%

Explanation: Studies mandated by Congress have been carried out and academics have also studied the impact of the program and its operations.

Evidence: Studies are carried out on a regular but unscheduled basis. A Congressionally mandated study is forthcoming ("Economic Effects of U.S. Dairy Policy and Alternative Approaches to Milk Pricing," ERS. Prior to this, most recent reports given as evidence by FSA are dated 1984, 1989, and 1991.

PART Performance Measurements

Program: Dairy Price Support Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
40%	63%	100%	26%	Demonstrated

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: CCC outlays are not constrained by minimal price support performance. Administrative costs associated with the personnel and operations of the headquarters, regional, and field operating staff are not tied to program performance or otherwise measured for most efficient use of government resources to achieve the program purpose of maintaining an adequate U.S. dairy supply.

Evidence: No evidence is presented of recent reviews of the administrative FSA costs associated with implementing the dairy price support program.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: FSA is currently developing a new strategic plan, which emphasizes outcome oriented goals and measures. The new plan is scheduled to be completed in Sept. 2004.

Evidence: FSA has developed a preliminary Logic Model to organize information on outcome goals and measures. The model is the foundation of the new strategic plan. Provide further information on how FSA will identify strategic planning deficiencies.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: Program implementation data is collected is on every dairy commodity transaction to ensure that the required standards of quality, weight, and packaging are met. In addition, surveys of diary product manufacturers and suppliers are conducted as needed to ensure that the appropriate internal controls and required program parameters are met.

Evidence: The USDA, Agricultural Marketing Service (AMS), Dairy Programs (DA), issues diary product commodity certificates. FSA surveyed dairy industry suppliers and product manufacturers in 2003 to compare selling costs to CCC versus commercial sales costs.

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 14%

Explanation: Agency managers are held responsible for performance and cost effeciency of operating the price support program. Managers are responsible for accomplishing the broad objectives of the Farm Service Agency, the Department, and the Administration. Decision memorandum, on price adjustments are made semi -annually or when the Secretary deems necessary and dairy forecast are done monthly throughout the duration of the fiscal year.

Evidence: FSA has added performance measures from FSA's Strategic Plan to the individual performance plans of all managers for FY 2004. Manager's performance indicators are evaluated quarterly for responsiveness to the objectives and requirements of the Agency at each organizational level of the Agency through the Department level. Annual reports are provided to Congress detailing expenditures for the program. Program costs are continuously monitored through Agency Budget and Fiscal Management Offices and reported throughout the Department.

PART Performance Measurements

Program: Dairy Price Support Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
40%	63%	100%	26%	Demonstrated

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:14%

Explanation: The Milk Price Support Program is a non-apportioned program, therefore, no unobligated funds are remaining at the end of the FY. The obligation occurs simultaneously with the disbursement.

Evidence: Disbursement entries are created in an automated environment when the payment amount is calculated in program software. FSA is currently performing a Risk Assessment of erroneous payments for this program under guidelines as set forth by OMB as required by the IPIA.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:14%

Explanation: Approximately $521 million in Milk Price Support Payments were made in FY 2003, about 98% were made by EFT rather than check. For payments made from the Processed Commodity Inventory Management System (PCIMS), for the 2nd Quarter of FY 2004, 59 payments were made late in the amount of $4,050.55 in penalties being paid.

Evidence: The check register details the number of and dollar amount of payments made by ACH and by check. The Agency has reports that provide the count and amount of prompt payment penalties paid and the ratio of EFT payments versus payments issued via paper checks.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight:14%

Explanation: In supporting dairy farmers through the Milk Price Support Program (MPSP), the Farm Service Agency (FSA) acquires nonfat dry milk (NDM), cheese and butter. FSA collaborates with the Food and Nutrition Service (FNS) to provide commodities to domestic programs including: the Commodity Supplemental Food Program, Food Distribution on Indian Reservations, and National School Lunch Program, serving low income families, school children, elderly, pregnant and postpartum women, and families residing on or near Distribution on Indian Reservations, and National School Lunch Program, serving low income families, Distribution on Indian Reservations, and National School Lunch Program, serving low income families, school children, elderly, pregnant and postpartum women, and families residing on or near Indian Reservations. Commodities are available to State agencies, and the local agencies they work with, to produce and deliver ready-to-eat end products for domestic feeding programs. Each year FNS sets pricing ratios at which NDM and cheese will be valued for processing based on cost and availability information provided to them by FSA and the Agricultural Marketing Service.Another collaboration is the establishment of a pilot program in April 2003 to allow CCC-owned NDM to fortify shelf stable milk drinks for use in the National School Lunch Program. The program allows FNS to monitor the popularity of the product in its programs, and allows FSA to created additional avenues for consumption of fluid milk, thus reducing the level of price support purchases and storage costs

Evidence: A National Policy Memorandum issued February 3, 2003, alerted state and local agencies, as well as private contractors, of the large surplus of NDM and the decision to allow participants in the processing program to utilize more NDM than previous regulations allowed. Between school year 2002-03 and 2003-04, shipments of NDM increased from 15.9 million pounds to 58.7 million pounds'over a 3½ fold increase from this coordinated effort. This helped each agency to better meet program goals by providing calcium and protein rich end products made from NDM to meet recipients' needs in domestic feeding programs, and to increase NDM usage so as to reduce price support purchase and storage costs being absorbed by FSA. Other FNS domestic program needs were met using surplus NDM through exchanges of NDM for ready-to-eat pudding and cheese, together accounting for an additional usage of 36.5 million pounds of NDM in FY2003.

PART Performance Measurements

Program: Dairy Price Support Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
40%	63%	100%	26%	Demonstrated

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: Disbursement procedures are in place to ensure that Dairy Price Support Program payments are made properly. Disbursement data is collected and reported in the financial statements of the Commodity Credit Corporation. CCC Financial Statements are audited every year and for FY 2003, CCC received a clean audit opinion. Auditors have questioned the absence of obligations, but since this is a non-apportioned program whereby obligation occurs simultaneously with disbursement, it is not an issue.

Evidence: According to the latest audited CCC financial statements, there are no material findings of weaknesses on the internal controls related to the disbursement process used by CCC. FSA is currently performing an assessment of the risk of erroneous payments in this program to identify any program management deficiencies. The disbursement process is documented for county offices in a national Handbook, 29-FI. The financial information is reported accurately and timely through the data warehouse in the "Payment Data Mart."

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: The Farm Security and Rural Investment Act of 2002 (FSRI), extended the Milk Price Support Program (MPSP) to December 31, 2007. FSRI permits the Secretary of Agriculture to change the butter and nonfat dry milk (NDM) purchases price biannually to reduce Commodity Credit Corporation (CCC) expenses or attain other objectives the Secretary deems appropriate. CCC purchase prices for butter and NDM are out of alignment with each other and their respective market prices. Misalignment is causing unnecessary expenditures, product accumulation well above use, and significant market distortions.The FSRI states the MSPS purchase prices shall be sufficient to enable plants of average efficiency to pay producers, on average, a price not less than $9.90 per hundredweight (cwt). In January 2002, CCC adopted the Federal Milk Marketing Order (FMMO) formulas (1) to keep the two programs' pricing equations consistent and (2) in recognition of the extensive Agricultural Marketing Service had undertaken to establish the pricing formulas. Additional costs for CCC sales historically were included in the MPSP make allowance. CCC make allowances were independent from the FMMO make allowances until the FMMO reform, when Class III and Class IV milk prices were tied directly to individual product prices for products that CCC buys.

Evidence: Two purchase price adjustments have been made to bring NDM and butter prices into better alignment with market prices for the two commodities. Additional adjustments may be warranted when milk prices decline and an automated system of purchase price adjustments needs to be developed.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight 20%

Explanation: The program does not have adequate long term measures so preogress can not be demonstrated. Adjustments in purchase prices for dairy products have allowed the program to improve operation.

Evidence: Purchases have become more balanced but continue to favor some products over others causing market distortion and excess expenditures.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: Support rate is being met and independent studies show the support rate to be at the mid level of producer's variable cost of production.

Evidence: Annual average manufacturing milk prices have been above the support rate for the last 10 years.

PART Performance Measurements

Program: Dairy Price Support Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
40%	63%	100%	26%	Demonstrated

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: The price support program is not currently achieving cost effectiveness in meeting the goals of the program as evidenced by the fact that CCC continues to purchase dairy commodies when prices are well above the mandated support rate in the underlying legislation. Secondary efficiencies are obtained when government owned nonfat dry milk (NDM) is donated, rather than incurring storage costs.

Evidence: Under Section 416(a) of the Agricultural Act of 1949, the United States Department of Agriculture (USDA) exchanged Commodity Credit Corporation (CCC) owned nonfat dry milk (NDM) for processed commodities and donated products.These exchanges of NDM for further processed products allowed products to be obtained without as much cash cost and moved NDM out of inventory saving storage costs.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: The price support program has resulted in large, costly stocks of skim milk powder, and has contributed to an over supply of dairy capacity in certain regions and in certain dairy product categories, discouraging private investment in dairy products that are currently imported (such as MPCs). Other agricultural support programs demonstrate ability to support income and production capacity with fewer market distortions and less cost.

Evidence: International Trade Commision report on milk protein concentrates. Dairy hearing testimony of Keith Collins Winter 2004. The recent ERS report on national dairy programs showed that federal dairy programs have a modest (less than 2%) on production and prices, which resulted in limited impact (compared to other factors) on the profitability and viability of dairy farms. Within this modest impact, the analysis showed that MILC and marketing orders, had a greater impact on production than DPS.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: Academic and ERS studies have shown that the program has supported the milk price, but with many undesirable consequences such as large surpluses of non-fat dried milk. ERS' congressionally mandated study found that U.S. dairy programs have had a minimal impact on milk prices, contributing to less than a 2 percent increase in the all milk price, over a 5 - 6 year period. This would seem to be a minimal impact, given the high cost of the programs. Independent evaluations are needed to address the larger DPS goal of adequate milk supply and production capacity.

Evidence: Brown, Scott, "The Effect on the United States Dairy Industry of Removing Current Federal Regulations." Food and Agricultural Policy Research Institute, University of Missouri, Columbia, MO, FAPRI-UMC report #03-03, April 2003.

PART Performance Measurements

Program: Dairy Price Support Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
40%	63%	100%	26%	Demonstrated

Measure: USDA is operating the program to successfully support the average price paid from manufacturers to dairy producers of $9.90 per hundred weight.

Additional Information: Annual average manufacturing milk price.

Year	Target	Actual
2002	$9.90	$11.46
2003	$9.90	$11.03
2004	$9.90	
2005	$9.90	
2006	$9.90	
2007	$9.90	

Measure Term: Annual

Measure: Support Rate Relative to mid-point production cost.

Additional Information: This measure compares the mandated price support level of $9.90 to the average operating cost of producers. It demonstrates that the support rate covers cover production costs.

Year	Target	Actual
2000	$9.90	$9.90
2001	$9.90	$9.90
2002	$9.90	$9.90
2003	$9.90	$9.90
2004	$9.90	$9.90
2005	$9.90	$9.90
2006	$9.90	$9.90

Measure Term: Annual

PROGRAM ID: 10002436

Program: Dairy Price Support Program
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
40%	63%	100%	26%	Demonstrated

2007	$9.90	$9.90

Measure: Expenditure level if manufacturing milk price is above $9.90 per cwt. (in millions)

Additional Information: Expenditures should decline as milk price increases and price support activities should decrease.

Year	Target	Actual	**Measure Term:** Long-term
2000	Baseline	$496	
2004	$400		
2005	$300		
2006	$200		
2007	$100		

Measure: Measure Under Development

Additional Information:

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline		
2004			
2005			
2006			

PART Performance Measurements

Program: Direct Crop Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: To remove the link between income support payments and farm prices by providing production flexibility contracts (PFC) , whereby producers on farms enrolled during the one-time signup receive annual fixed but declining PFC payments for FY 1996-2002. From 2003 to 2007, the purpose is to provide direct payments to provide a minimal level of income support to keep land in farm uses (including idle).

Evidence: Federal Agriculture and Reform Act of 1996, P.L. 104-127 (1996 Act) and Farm Security and Rural Investment Act of 2002, P.L. 107-171.

1.2 Does the program address a specific interest, problem or need? Answer: NO Question Weight20%

Explanation: The program is designed to provide a minimum level of income support to keep land in farm uses. However, the program provides support to 36% of farmers, 60% of whom have annual sales of at least $50,000.

Evidence: ERS/USDA Agricultural Outlook, October 2000, p.10-14. "A Safety Net for Farm Households" USDA/ERS Agricultural Economic Report No. 788. 44 pp, Dec 2000.

1.3 Is the program designed to have a significant impact in addressing the interest, problem or need? Answer: NO Question Weight20%

Explanation: If program would have had a significant impact, producers would have been weaned off of direct government support. Conversely, a number of supplemental AMTA payments were made to producers, and the 2002 Farm Bill re-instituted fixed direct payments. Direct payments are designed as part of a safety-net for farmers, but direct payments go to about a third of all farmers, the majority of which have annual sales of at least $50,000 (not necessarily needing a safety-net).

Evidence: 2002 Farm Bill. For FY02, PFC payments of over $4 billion of assistance was made to producers. For FY03, as direct payments begin, payment amounts have not been determined but we anticipate similar payment amounts. ERS/USDA Agricultural Outlook, October 2000, p.10-14. "A Safety Net for Farm Households" USDA/ERS Agricultural Economic Report No. 788. 44 pp, Dec 2000.

1.4 Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)? Answer: YES Question Weight20%

Explanation: PFC payments provided a base level of guaranteed income for farmers from the implementation of the 1996 Act until 2002, which was designed to be phased out, reducing producers' reliance on government support. The 2002 Act authorizes direct payments to replace the PFC payments, which also provided income support regardless of commodity production or prices. Both types of payments are very minimally production/trade distorting, compared to other farm program payments.

Evidence: 1996 Act and 2002 Farm Bill. No other program provides farmers a minimum level of guaranteed income for keeping land in agricultural uses, regardless of market prices, and no other agricultural payment program has been designed to reduce producer reliance on financial support.

PART Performance Measurements

Program: Direct Crop Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

1.5 Is the program optimally designed to address the interest, problem or need? Answer: NO Question Weight 20%

Explanation: Limited Department discretion in program administration reduces effectiveness. As a program transitioning farmers off of support it failed, and as a safety-net it is not well targeted. Less than 50% of farmers receive payments and more than half of the payments go to farms with sales of at least $50,000.

Evidence: "U.S. Farm Program Benefits: Links to Planting Decisions & Agricultural Markets." USDA/ERS Agricultural Outlook, October 2000. "A Safety Net for Farm Households" USDA/ERS Agricultural Economic Report No. 788. 44 pp, Dec 2000.

2.1 Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 16%

Explanation: Long-term goal of PFCs was to reduce producer support, weaning them from payments. The Strategic Plan will be revised to replace PFC's with Direct Payments and to update the long-term goal to reflect the statutory changes in the program. PFC payment levels were determined by legislation which was intended to reduce producers' dependence on payments.

Evidence: Long-term goal of PFCs was to reduce producer support, weaning them from payments (USDA Annual Performance Plan).

2.2 Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals? Answer: YES Question Weight 16%

Explanation: None currently are included in the FSA Annual Performance Plan for PFCs. However, the annual goals listed in Section IV will be added to next year's performance plan for Direct Payments.

Evidence: The annual performance goals will be(1) to eliminate fraudulent payments, and (2) to reduce interest penalty payments.

2.3 Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program? Answer: NA Question Weight: 0%

Explanation: Program criteria and funding levels determined through legislation. FSA is dedicated to deliver the program.

Evidence: FSA does not have any partners in this program.

2.4 Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives? Answer: YES Question Weight 16%

Explanation: Direct payments in combination with counter-cyclical payments and the marketing loan program provide a comprehensive safety net for farmers while remaining in compliance with international trading rules.

Evidence: All these programs are delivered through a field office structure and share data related to eligible producers. The programs are described in the legislation and in FSA documentation.

PART Performance Measurements

Program: Direct Crop Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

2.5 **Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?** Answer: YES Question Weight 16%

Explanation: At Agency level, County Office Reviews are scheduled and other evaluations are done on an ad-hoc basis. Every county office is reviewed on average once every four years. The Office of the Inspector General also monitors the payment system and conducts annual audits of the Commodity Credit Corporation (CCC), and GAO monitors as well.

Evidence: The County Office Review Program and compliance reviews are scheduled throughout the fiscal year, OIG schedules and conducts reviews, and other ad-hoc reviews are conducted.

2.6 **Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?** Answer: YES Question Weight 16%

Explanation: In terms of the PFC program, budget outlays were linked to the goal of reducing producer support. As budget outlays are linked to stable participation levels, any changes could be closely determined because of the linkage. As this is a mandatory program, budget projections take into account proposed policy change (such as the move from PFC's to direct payments).

Evidence: Budget keeps program staff routinely informed of funding levels and outlays in daily and monthly reports.

2.7 **Has the program taken meaningful steps to address its strategic planning deficiencies?** Answer: NO Question Weight 16%

Explanation: The only area that the Agency really controls is the delivery of the program. The Agency does have a strategic plan in the delivery of the program each year. Some deficiencies noted relate to the timeliness of getting payments to producers. The strategic plan will be modified to address the deficiencies.

Evidence: Deficiencies in the timeliness in program delivery are identified by increased prompt payment interest being paid by the Agency related to the program. When payments are determined to be unearned, receivables are established and collections made. Receivable are reported by program for control purposes. The Agency plans to implement a yearly sign up program that should minimize the number of unearned payments.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: NO Question Weight 16%

Explanation: Data collected can not be used to measure performance. Internal audits, reviews, and compliance checks are performed, which improves efficiency of program, minimizes fraud, waste and abuse.

Evidence: The County Office Review Program produces an annual report that identifies areas in need of improvement. Based on recommendations from this report the Agency has taken action to re-enforce instructions and resolve problem areas.

PART Performance Measurements

Program: Direct Crop Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

3.2 Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results? Answer: YES Question Weight:16%

Explanation: Agency managers are responsible for implementing and monitoring program activities. Program managers are introducing electronic delivery features into the program and E-Forms to improve overall program efficiency. The number of offices used to service customers continues to be reduced further reducing the cost of delivering the program. The Agency plans to implement a yearly sign up for the program which will further improve performance results, by further reducing the number of unearned payments that are made.

Evidence: Federal ManagersFinancial Integrity Act of 1982

3.3 Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:16%

Explanation: Strict accounting and participant compliance are included in individual participants contracts.

Evidence: Accounting records are maintained. CCC obligates these funds as they are expended until fiscal year end where CCC will accrue the payments still due and payable on 9/30.

3.4 Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:16%

Explanation: In terms of compliance with program rules and requirements. Agency has procedures to measure the efficiencies of the program through the prompt payment reports and EFT versus paper checks reports.

Evidence: The Agency reports the number of prompt payment penalties paid and the ratio of Electronic Funds Transfer (EFT) payments versus payments issued via Treasury Check. To achieve further efficiencies the Agency is introducing more E-forms to improve the data collection process and reduce data input time and errors. The Agency is recommending a yearly sign up for the program to reduce unearned payments and the Agency has implemented more stringent guidelines for funds control and will have a web-based funds control process available for Fiscal Year 2003.

3.5 Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels? Answer: NA Question Weight: 0%

Explanation: On County basis. For budget purposes, a program level and outlay amount is estimated and tracked each fiscal year. However, the direct payments are not required to be apportioned.

Evidence: Budget estimates are based on forecasts provided by the Economic Policy and Analysis Staff. Actual outlays are obtained from the accounting system.

PART Performance Measurements

Program: Direct Crop Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 16%

Explanation: Disbursement data is collected and reported to the financial statements of the Commodity Credit Corporation. These statements are audited every year.

Evidence: There are no material findings on the internal controls related to the disbursement process used by CCC.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 16%

Explanation: New procedures developed to improve program management efficiency (e.g. direct deposit and consolidated payments). To achieve further efficiencies the Agency is introducing more E-forms to improve the data collection process and reduce data input time and errors. The Agency is recommending a yearly sign up for the program to reduce unearned payments and the Agency has implemented more stringent guidelines for funds control and will have a web-based funds control process available for Fiscal Year 2003.

Evidence: The Agency reports the number of prompt payment penalties paid and the ratio of Electronic Funds Transfer (EFT) payments versus payments issued via Paper Check.

4.1 Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)? Answer: SMALL EXTENT Question Weight 20%

Explanation: Producers are no less dependent on Government support than they were prior to the 1996 Act. However, payments have been made in a timely fashion.

Evidence: The 2002 Farm Bill includes direct payments at a fixed level from 2002 to 2007.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight 20%

Explanation: Over time, the PFC program decreased fraudulent payments and interest penalty payments. However, the annual goals did not help meet the long-term goal for the PFC program. The Direct Payment program should further reduce fraudulent payments, as an annual sign-up is required, reducing the number of payments going to people that have left farming.

Evidence:

4.3 Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year? Answer: YES Question Weight 20%

Explanation: The Agency reports the number of prompt payment penalties paid and the ratio of Electronic Funds Transfer (EFT) payments versus payments issued via Treasury Check. To achieve further efficiencies the Agency is introducing more E-forms to improve the data collection process and reduce data input time and errors. The Agency is recommending a yearly sign up for the program to reduce unearned payments and the Agency has implemented more stringent guidelines for funds control and will have a web-based funds control process available for Fiscal Year 2003.

Evidence: Paper Check and 2002 Farm Bill regulations.

PART Performance Measurements

Program: Direct Crop Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

4.4 Does the performance of this program compare favorably to other programs with similar purpose and goals?

Answer: LARGE EXTENT

Question Weight 20%

Explanation: Less market distorting than Loan Deficiency Payments (LDP). In times of low prices, counter-cyclical payments will supplement direct payments (after 2002).

Evidence: LDPs are paid based on current production, This has resulted in an increase in acreage planted to program crops and has contributed to a reduction in crop prices. USDA/ERS Agricultural Outlook, October 2002, p. 12-13.

4.5 Do independent and quality evaluations of this program indicate that the program is effective and achieving results?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: Outside sources have reviewed the PFC program and determined that it has provided support in maintaining farm income but has not been effective in reducing the need for Government payment support. Direct Payments authorized under the 2002 Farm Bill will not be implemented until FY03 and cannot be assessed at this time. However, like in the PFC program, only a small portion of farmers will be eligible for direct payments and the majority of those farmers will earn at least $50,000 farming.

Evidence: "U.S. Farm Program Benefits: Links to Planting Decisions & Agricultural Markets." USDA/ERS Agricultural Outlook, October 2000. "A Safety Net for Farm Households" USDA/ERS Agricultural Economic Report No. 788. 44 pp, Dec 2000.

PART Performance Measurements

Program: Direct Crop Payments
Agency: Department of Agriculture
Bureau: Farm Service Agency
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

Measure: Percentage of gross farm income from government payments (%)

Additional Information:

Year	Target	Actual
2003		8.44%
2004	7.26%	
2005	6.08%	
2006		

Measure Term: Long-term

Measure: Reduction in erroneous payments (%)

Additional Information:

Year	Target	Actual
2003	0.05%	<.05%
2004	0.05%	
2005	0.05%	
2006		

Measure Term: Annual

PROGRAM ID: 10000438

PART Performance Measurements

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The Emergency Watershed Protection (EWP) program has two primary purposes: (1) to relieve imminent hazards to life and property created by natural disasters, and (2) to alleviate future flood water risk. EWP has historically been an natural disaster recovery program, whose primary purpose is to provide assistance through runoff retardation and soil erosion prevention to safeguard lives and property from sudden watershed impairments. Congress amended the program's statute in 1996 to authorize EWP to also purchase floodplain easements to alleviate future flood water risks on land that has been recently flooded.

Evidence: Evidence is contained in the statute and regulation. Also, evidence is contained on the NRCS EWP web page information.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The EWP program's primary function is that of a emergency recovery program that responds to areas that have been recently damaged by natural disasters, such as floods and wildfires. The assistance EWP provides remains necessary on an annual basis. The utilization of the program varies depending on the number and extent of natural disasters that occur throughout the country. NRCS state offices are only provided funding based upon needs associated with natural disaster events. A Damage Survey Report (DSR) is completed to determine eligibility for recovery funds and forwarded by the state conservationist with a request for funding.

Evidence: Evidence is contained in the statute and regulation. Evidence is contained in the DSR and fund request form which are located on the NRCS EWP web page.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: Under the program's emergency recovery purpose, NRCS has established EWP policies to minimize duplication for emergency recovery activities. In cases where the Federal Emergency Management Agency (FEMA) and NRCS are responding to a natural disaster, FEMA is the lead and the agencies determine which has the more appropriate program to address the specific situation. NRCS established procedures with the Corps of Engineers regarding levee repair to specify which agency should conduct the repair. EWP will not provide assistance for long-term conservation practices that are eligible under the Farm Service Agency's Emergency Conservation Program. Under the program's second purpose to alleviate future flood risk, NRCS targets its purchase of floodplain easements at lands that have recently been flooded (within past 12 months) or have a history of flooding (flooded at least twice in past ten years). This focus on flood-prone acres reduces the potential for redundancy with other USDA programs (such as the Wetlands Reserve Program and Conservation Reserve Program).

Evidence: Evidence is contained in the regulation and NRCS EWP policy, including an MOU with the Corps of Engineers.

PART Performance Measurements

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: NO Question Weight 20%

Explanation: EWP's historical funding mechanism ' supplemental appropriations ' inhibits the program's ability to perform. Because the program does not have a predictable funding source, NRCS has difficulty developing a strategic program design, setting performance measures and targets, and identifying and funding non-exigent recovery and flood plain easement purchase priorities. In years when the program does not receive a supplemental appropriation or does not have uncommitted unobligated balances, EWP may be constrained or prevented from responding in a timely or adequate manner to emergency recovery needs. During such years, the program is also likely not to have the resources necessary to purchase priority flood plain easements as they become available. NRCS conducted an internal Oversight and Evaluation (O&E) study in 1997 that identified several areas in need of improvement. All of the recommendations have been adopted and incorporated with the exception of those which require the promulgation of a regulation. NRCS is currently preparing the final regulation and Programmatic Environmental Impact Statement that will incorporate improvements.

Evidence: Evidence is contained in the O&E report, draft final EWP regulations, and drawing account information

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight 20%

Explanation: The EWP program is only utilized when natural disasters strike. NRCS works in partnership with units of state and local government, including indian tribal governments to determine needs as a result of the natural disaster. All EWP recovery measures must meet the eligibility criteria. NRCS modified the Damage Survey Report in 2000 to ensure NRCS staffs conducted eligibility determinations in a consistent manner. For the floodplain easement component of the program, NRCS works directly with private landowners impacted by the natural disaster who wish to voluntarily enroll their lands into the program.

Evidence: Evidence is contained in the regulation and NRCS policy. Evidence is also contained in the DSR.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: NO Question Weight 13%

Explanation: NRCS has developed a new long-term measure for EWP. However, the one measure does not fully assess the program's purpose ' the measure evaluates the program's flood plain easement activities, not its disaster recovery efforts. NRCS should continue to work on developing long-term measures that reflect more of the program's activities.The program is a natural disaster recovery program and, historically, the agency has concentrated on annual performance measures that evaluate the time to obligate funds and construct projects. With the uncertainity of the number, type, and scope of disasters affecting the country it is difficult or impossible to establish a suite of long-term performance measures. Additionally, the EWP program is not a line item funded program and funding is typically not available when disasters occur so it is impracticable to establish long-term performance measures with no guarantee of funding.

Evidence:

PART Performance Measurements

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight 13%

Explanation: The EWP program does have meaningful targets for its new long-term measure that assesses the programs flood plain easements activities. However, until the program has long-term measures that reflect all of the program's activities, this question must receive a 'no.'

Evidence:

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight 13%

Explanation: EWP is developing several new annual performance measures, including efficiency measures, that assess the program's delivery of emergency recovery assistance. In addition, the program has several annual measures that assess past performance. These measures could be improved, however. NRCS should continue to refine the annual measures.

Evidence:

2.4 **Does the program have baselines and ambitious targets for its annual measures?** Answer: YES Question Weight 13%

Explanation: The targets for the annual measures that demonstrate past performance are adequate. NRCS should continue to work on developing new measures and targets, however.

Evidence:

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight 13%

Explanation: NRCS's efforts focus primarily to complete the project in a timely manner due to the emergency nature of the program. A sudden impairment that is an imminent threat to life or property must exist to be qualify for program assistance which drives NRCS, sponsors and contractors to complete the recovery measures promptly. Sponsors sign an agreement with NRCS which requires their compliance with timeframes to obligate funding and complete work.

Evidence: Evidence is contained in the regulation and policy.

PART Performance Measurements

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 13%

Explanation: In 1997 NRCS conducted an in-depth, internal Oversight and Evaluation (O&E) Team study of the EWP program and found several deficiences. NRCS staff which prepared the report were not involved in program delivery and conducted an independent, extensive review of records and interviews with NRCS staff and sponsors in states that had experienced frequent natural disasters. The report provided a number of findings and recommendations for improving the program, and many of these recommendations have been incorporated either into the program's guidance documents or into the proposed final regulation. In addition, USDA's Office of the Inspector General conducted in 2000 a review of EWP in NRCS's Arizona state office. NRCS intends to perform another O&E Team review of EWP three years after the proposed final rule is implemented

Evidence: Evidence is contained in the NRCS O&E report.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: The 2005 Budget did not request regular appropriation funding for EWP. Historically, Congress has funded the program through emergency supplemental appropriations, and NRCS uses the supplemental dollars to fund projects on an as needed basis. (The 2003 Budget requested a regular appropriation based on the 10-year average for emergency recovery spending. Congress did not fund the President's request.) Also, the program does not have annual and long-term performance measures and targets. This is, in part, because the program is funded on a supplemental basis and does not have predictable, annual resources to allow for strategic planning and resource allocation. As a consequence, when Congress provides funding, the amount is not based on achieving improved program performance.

Evidence: Data is contained in the EWP fund appropriations for the last ten years.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: NRCS has made significant changes to program implementation since 2000 as a result of the 1997 Oversight & Evaluation Team study. NRCS will immediately implement additional improvements through the proposed final rule once the Department promulgates the regulation.

Evidence: Evidence is contained in the NRCS O&E report and power point presentation that identifies steps taken by NRCS to improve program consistancy and efficiency.

PART Performance Measurements

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?

Answer: YES Question Weight 14%

Explanation: NRCS headquarters regularly collects timely state- and project-level dollar obligation and expenditure data to help to ensure EWP's effective delivery. The information is used for tracking purposes to explain the type of activities undertaken. NRCS uses the data to allocate (or re-allocate) dollars to disaster events, as well as to prioritize funding for exigencies. State conservationists submit monthly the status of their pending floodplain easement acquisition activities, including the number and acres of easements closed the previous month. EWP also collects end-of-year performance data to summarize the benefits of the program during the previous fiscal year (such as the value of property protected by the program, number of people benefited, amount of debris removed, amout of streambank stabilized, etc.).

Evidence: Data is contained in the benefit and accomplishment report summaries.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?

Answer: YES Question Weight 14%

Explanation: NRCS requires that the construction of projects be completed and funds obligated within 10 days after receipt of funding for exigency situations and 220 days for non-exigency situations. NRCS requires that restoration activities on floodplain easements be initiated within the first year of easement acquisition and completed within 3 years.

Evidence: Evidence is contianed in the regulation and NRCS policy.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?

Answer: YES Question Weight 14%

Explanation: NRCS requires the construction of projects be completed and funds obligated within 10 days after the NRCS state office receives funding for exigency situations and within 220 days for non-exigency situations after the NRCS state office receives funding. For easement acquisitions, since a land appraisal is necessary, the funds are not obligated until the landowner accepts the easement offer and executes an option agreement to purchase. The landowner is given 15 days in which to sign the option agreement. NRCS requires that restoration activities on floodplain easements be initiated within the first year of easement acquisition and completed within 3 years.

Evidence: Evidence is contained in the regulation and NRCS policy.

PART Performance Measurements

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight 14%

Explanation: EWP recovery measures and restoration activities are typicially completed through a competitive bidding process following Federal contracting procedures and requirements. In cases where local sponsors conduct the emergency recovery measures through a local agreement with NRCS, similar competitive bidding processes must be followed as required by state law. In addition, the program has disaster assessment and dollar obligation timing targets to help to ensure that program funds are used efficiently.

Evidence: Evidence is contained in the Federal contracting regulations and procedures.

3.5 **Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight 14%

Explanation: Each state conservationist has developed an Emergency Recovery Plan (ERP) which identifies other agencies with similar programs to ensure effective and efficient coordination. When a natural disaster has been declared by the President, the Federal Emergency Management Agency is the lead federal agency to conduct natural disaster recovery. NRCS works with FEMA and only conducts activities where FEMA's program are not utilized or available. When the state conservationist declares a disaster, NRCS is the lead to coordinate with applicable federal and state emergency offices and coordination procedures are identified in the ERP.

Evidence: Evidence is contained in the state Emergency Recovery Plans.

3.6 **Does the program use strong financial management practices?** Answer: YES Question Weight 14%

Explanation: NRCS maintains the Financial Assistance funding at the national level and will provide the states funding once they have demonstrated that funding needs for eligible work. Technical Assistance funding is also held and provided on an as needed basis. Both FA and TA are managed through the use of state/project drawing accounts. NRCS uses FFIS to manage state allocation of funding.

Evidence: Evidence is contained in the EWP drawing accounts and FFIS.

3.7 **Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight 14%

Explanation: An internal Oversight and Evaluation Study conducted in 1997 identified several areas in need of improvement. All of the report recommendations have been adopted and incorporpated with the exception of those which require the promulgation of a regulation. NRCS is currently preparing the final regulation and Programmatic Environmental Impact Statement. An OIG investigation was conducted on a situation in AZ where a few landowners were paid through the EQIP and EWP programs for similar activities to address drought recovery measures. NRCS requested and received reimbursement from the landowners for the EWP program. Other states with the potential to conduct similar drought recovery measures were notified and advised to ensure that sponsors/landowners were not provided assistance for similar activities through two USDA conservation programs.

Evidence: Evidence is contained in the NRCS O&E and USDA OIG reports.

PART Performance Measurements

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight20%

Explanation: NRCS is reviewing whether additional annual and long-term performance goals are applicable for the EWP program. Due to the varying types and frequency of natural disasters and recovery measures, the goals will focus on timely obligation of funding and project construction. NRCS states that, because the program is funded through supplemental appropriations, EWP does not have predictable, annual funding to be able to establish a strategic plan and performance measures/targets. Because the program received a "no" in question 2.1, the program must receive a "no" to this question.

Evidence: Evidence is contained in the performance measures for the EWP program.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight20%

Explanation: Because the program has two existing annual measures that demonstrate program activity and achievement, the program may receive partial credit for this question. However, NRCS should continue to work to development annual measures that more fully reflect all of the activities of the program (such as the flood plain easement acquisition). The program may receive more credit once it has demonstrated results through its new performance measures.

Evidence: Evidence is contained in the EWP performance measures for the EWP program.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: SMALL EXTENT Question Weight20%

Explanation: EWP does not have efficiency measures to demonstrate that the program is achieving greater cost-effectiveness. However, NRCS has implemented all of the in-depth O&E. This effort has resulted in more consistent eligibility determinations through better documentation and improved state and local NRCS office EWP training and preparedness ' this work has facilitated improved program efficiency.

Evidence: Evidence is contained in the powerpoint presentation indicating the changes all ready made through policy and identifies those changes that will be implemented upon finalization of the regulation. Evidence is also contained in the draft final PEIS, draft final regulations, and draft EWP manual currently being finalized.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: LARGE EXTENT Question Weight20%

Explanation: The performance of the program can be reviewed by looking at the benefits and accomplishments. While this does not allow a comparison for purposes of performance measures since the benefits and accomplishments vary greatly from year to year based upon the number, type and scope of natural disasters, it does provide a comparison of the program's benefit-cost ratios from year to year. However, NRCS has not assessed how the program compares with other similar programs. Until the agency meaningfully demonstrates how EWP compares with similar recovery programs, the program cannot earn full credit for this question.

Evidence: Data is contained in the EWP benefit and accomplishment summaries.

PART Performance Measurements

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

4.5 **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: NO Question Weight 20%

Explanation: While NRCS conducted an in-depth performance review of EWP in 1997, the resulting report offered findings and recommendations for improving the program; the report did not indicate the program's effectiveness or ability to achieve results. An additional O&E study would be necessary and the most effective approach to determine whether the EWP program has achieved the results based upon the 1997 O&E recommendations. NRCS will schedule the O&E study only after the agency has 3 years to operate under the new final rule.

Evidence: A follow-up O&E review is planned in FY07 or 08. This will provide an opportunity for state conservationists to implement the new regulations and policy for a sufficient period to conduct a meaningful O&E reivew.

PART Performance Measurements

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

Measure: Percent of the amount of local contracts administered by sponsors.

Additional Information: Measures the reduction in the amount of federal expendures to implement the Emergency Watershed Protection Progam.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline	20%	
2005	24%		
2006	27%		
2007	30%		

Measure: Percent of the amount of out-sourcing for project design and inspection.

Additional Information: Measures the reduction in the amount of federal expendures to implement the Emergency Watershed Protection Progam

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline	2%	
2005	4%		
2006	6%		
2007	7%		

Measure: Percent of EWP-eligible watershed damage restored to pre-disaster condition.

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2000	baseline	98%	
2001	100%	100%	

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

2002	100%	100%
2003	100%	100%
2004	100%	

Measure: Percent of EWP floodplain easements in high-priority watersheds that are developed in conjunction with other easement program

Additional Information: Measures whether NRCS is more effectively and efficiently coordinating its easement programs to restore floodplain functions and values.

Year	Target	Actual
2004	baseline	0%
2005	20%	
2006	30%	
2007	35%	
2008	40%	
2009	45%	
2010	50%	

Measure Term: Long-term

Measure: Percent of NRCS State Office Emergency Recovery Plans that meet national standards.

Additional Information: Indicates NRCS's ability to respond to natural disaster recovery in a timely manner.

Year	Target	Actual
2000	baseline	0%
2001	100%	65%
2002	100%	99%

Measure Term: Annual

Program: Emergency Watershed Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	63%	100%	27%	Demonstrated

2003	100%	100%
2004	100%	

Measure: Percentage of states meeting timeframes to complete EWP recovery measures

Additional Information: Measures NRCS's abmility to respond and complete recovery assistance in a timely manner.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline		

Measure: Percentage of final reports adequately completed and submitted within the required timeframe

Additional Information: Measures timeliness of receipt of performance data collected for the EWP program

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline		

Measure: EWP training will be provided for appropriate state staff at least every three years

Additional Information: Ensures NRCS is prepared to respond to natural disasters and make eligibility determinations without delay.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline		

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The Environmental Quality Incentives Program (EQIP) is a conservation program that provides technical and financial assistance to help eligible agricultural producers address soil, water, air, and related natural resource concerns through the application of cost-effective conservation practices and systems. EQIP also assists producers in complying with federal, state and local environmental regulations and requirements. The environmental enhancements resulting from EQIP are achieved by farmers and ranchers implementing vegetative, structural, and land management conservation practices and systems on eligible working lands. Agricultural producers who participate in EQIP agree to carryout long-term environmental stewardship of the nation's private working lands natural resources, while simultaneously producing a safe and abundant food and fiber supply.

Evidence: Federal Agriculture Improvement and Reform Act of 1996 (Pub. L. 104-127), Farm Security and Rural Investment Act of 2002 (Pub. L. 107'171), EQIP Streamlining Team Report, 7 CFR Part 1466. 5/30/03, Conservation Programs Manual Part 515 02/99

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: EQIP promotes the long-term stewardship of the nation's private working lands and natural resources. The program assists farmers and ranchers to address environmental needs and comply with federal, state, and local regulatory requirements on private land. Using local, state, Tribal, and federal partnerships, EQIP focuses on four national natural resource priorities: 1. Reduction of non-point source pollution, such as nutrients, sediment, pesticides, or excess salinity, in impaired watersheds consistent with TMDLS where available, as well as the reduction of groundwater contamination and the conservation of ground and surface water resources; 2. Reduction of emissions, such as particulate matter, nitrogen oxides, volatile organic compounds, and ozone precursors and depleters that contribute to air quality impairment violations of National Ambient Air Quality Standards; 3. Reduction in soil erosion and sedimentation from unacceptable levels on agricultural land; and 4. Promotion of habitat conservation for at-risk wildlife species.

Evidence: 7CFR1466 and Conservation Programs Manual, Part 515.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: EQIP is a primary federal program in providing assistance to help agricultural producers solve complex and costly environmental concerns on private lands, while maintaining agricultural productivity. No other single federal, state, or local program has the financial assistance capacity or breadth of EQIP. EQIP is the nation's largest conservation cost-share program focused on private working lands. It also has the authority to address the broadest spectrum of resource concerns. Another federal program that has offered some level of financial conservation assistance on private lands has been the Section 319 Program offered by the Environmental Protection Agency (EPA) through delegated state agencies. However, in recent years the 319 Program funding has been redirected more from on-the-ground implementation to watershed planning efforts, especially in support of EPA's water quality regulations (such total maximum daily load [TMDL] requirements).

Evidence: 7CFR1466 and Conservation Programs Manual, Part 515.

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: EQIP is designed to allow state and local NRCS offices to help address local natural resource concerns within the framework of the national priorities for the program (see priorities listed in question 1.2). Agricultural producer applications are ranked and applications yielding the greatest environmental benefits, consistent with priorities, are funded. Since program implementation first began in 1997, NRCS has identified and addressed administrative policies or requirements that impaired program delivery. Many of these obstacles were associated with the retention of programmatic functions characteristic of the programs that EQIP replaced. These former functions caused confusion about EQIP and previous conservation programs and were in conflict with the statute that made EQIP distinctively different. Numerous improvements including policy and procedural changes have been made to eliminate inefficiencies over the eight years of program implementation and to simplify EQIP administration. EQIP was last modified through significant changes in the EQIP final rule 7CFR1466, published on May 30, 2003.

Evidence: NRCS Operations Management Oversight Division (OMOD) - National EQIP Program Evaluation (Phase I & II), EQIP Streamlining Team Report, EQIP Roundtable Listening Sessions National Summary Report, USDA Office Inspector General (OIG) Audit Report No. 10005-1-KC, 11/02. 7CFR1466.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: EQIP distributes funding to state NRCS offices via a national allocation formula based on 30 natural resource factors reflecting the nation's natural resource concerns, impacts from agricultural production, and the national priorities established by the NRCS Chief consistent with the statute and rule. State NRCS offices target state and local resource concerns consistent with national priorities. State offices also determine which additional resource concerns may require technical and financial assistance. Producers' applications are then ranked within state office guidelines, and the highest ranking applications are funded until the state offices' annual EQIP allocation is fully obligated.

Evidence: National Allocation Formula, State and local Ranking Systems.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: NRCS has developed several new EQIP performance measures that focus more on the program's outcomes. The measures are new and under development and the agency has not presented baselines and targets yet, but the new measures will be added to NRCS's 2006 GPRA strategic plan.

Evidence: Strategic Plan, PRS, EQIP Enrollment Summary, Backlog Data,

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 13%

Explanation: NRCS has developed a series of new long-term, outcome-oriented performance measures for EQIP. However, because these measures are new and still under development, at the time of this PART review, the agency has not presented targets or baselines for the measures. This question must receive a 'no' until NRCS develops baselines and targets for the new long-term measures.

Evidence: Strategic Plan, PRS

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: The annual measures indicate progress toward achieving the goals of the strategic plan. Several of the annual measures are new, having been selected for FY 2005 as part of the Budget and Performance Integration process. These new measures more closely track progress related to the national priorities set for EQIP in the final rule. The measure for reduction in acreage of cropland damaged by erosion is a new measure that focuses on the prevention of damage to soil quality. The measures for potential reduction of delivery of sediment, nitrogen, and phosphorus from agricultural operations are also new annual measures. The measure for water conserved reflects the physical effect of producers' actions to improve irrigation water management.NRCS has developed a new efficiency measure for EQIP that evaluates the agency's technical assistance delivery costs, but the agency has not yet established a baseline or documented performance. The agency should consider, however, an additional efficiency measure that evaluates the cost-effectiveness of the program's environmental benefits.

Evidence: PRMS, EQIP Studies, Maps and data sets

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: Baselines for the annual measures are provided by the data collected through the NRCS Performance and Results Measurement System since FY 2000. Targets are ambitious, assuming that increased efficiency will enable continual increases in reported performance.

Evidence: PRS, EQIP Studies

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: Many NRCS partners have missions which address goals similar to the goals of EQIP. Partners from federal, state and local governmental agencies, as well as non-governmental organizations, agribusiness entities, farmer groups, and others regularly participate in State Technical Committees across the country, providing technical advice to NRCS programs including EQIP. This input indicates that these groups are working toward the goals of EQIP. Governmental officials from partnering agencies also participate at the local level to help provide NRCS with the local concerns and priorities which are compatible with the national and State EQIP goals. NRCS has also entered into many contractual agreements with non-federal partners to help deliver EQIP. In these agreements, partners commit to delivering EQIP according to NRCS standards and specifications. They also report performance data on EQIP contracts they service.

Evidence: Partners' Mission Statements, membership and attendance records of State Technical Committees, membership and attendance records of Local Work Groups, landowner agreements, TSP agreements, cooperative agreements, contribution agreements, publications promoting Farm Bill programs including EQIP.

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight 13%

Explanation: The NRCS Operations Management and Oversight Division (OMOD) conducts regular evaluations of EQIP as a part of the Division's responsibility for oversight of all Farm Bill conservation programs. EQIP has been evaluated by Congress, USDA Office of Inspector General (OIG), and through five USDA Roundtable Listening Sessions. Consistent, ongoing evaluation of EQIP is performed by State Technical Committees. These committees are organized at the State level and consist of representatives of producer organizations, commodity groups, advocacy groups, private industry, State and local government, Federal Agencies and others. Technical Committees meet quarterly or more often. In addition to other duties they review the implementation of EQIP in the state and recommend funding allocation, resource concern priorities and changes in program administration. Since the membership includes farmers and ranchers they also provide an accurate, although subjective, assessment of program impact.

Evidence: EQIP listening sessions, OMOD reviews, Congressional hearings, OIG review, NACD review, Streamlining Team

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: YES Question Weight 13%

Explanation: Budget requests are accompanied by annual targets for the outcome-related performance goals described in the questions above. In addition, budget requests include data on program outputs and activities, such as the number of participants who will be approved for funding and the number of acres for which contracts will be signed. The program budget for FY 2005 included estimates of the funds that would be expended for the primary purpose of achieving each of the goals in the agency's strategic plan. For each goal, the budget showed the major types of activities that are conducted by the program and the resources needed to carry out the activities. For example, for Strategic Goal 1, the budget includes projections of the FTEs of technical assistance (TA) needed to develop conservation plans for agricultural land, the dollars to support the TA, and the dollars of financial assistance that would support the objectives of that goal. The estimates of resources needed for key activities are based on the agency's Cost of Programs model.

Evidence: NRCS EQIP Budget for FY 2005

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight 13%

Explanation: Program evaluation is required as part of the NRCS Strategic Plan. An assessment of 2002 Farm Security and Rural Investment Act (FSRIA) conservation programs is scheduled for completion in 2005. This will identify strategies to coordinate land retirement and 'working lands' conservation programs to eliminate redundancy, streamline delivery, and improve services to farmers and ranchers. Our ability to assess the environmental impacts of Farm Bill conservation programs, including EQIP, will be improved by the Conservation Effects Assessment Project (CEAP). NRCS will develop the capacity to report in quantitative terms the annual soil quality improvements, water quality improvements, and carbon sequestration gains resulting from application of conservation under the Farm Bill programs. The watershed-level studies will provide additional insight into the collateral, off-site effects of the application of conservation practices.

Evidence: OMOD reviews, OIG review

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 14%

Explanation: Performance accomplishments for EQIP and other programs are collected at the field office on a daily basis using NRCS's Performance Results System (PRS). The PRS has business rules, performance measure definitions, and automated queries to check data entries. Results are analyzed bi-weekly and quarterly to assess progress toward meeting national and state goals. In addition, NRCS tracks participation and performance data based on ethnicity to help monitor the extent to which EQIP assistance is provided to historically underserved groups. Starting in FY 2002, NRCS implemented an EQIP performance incentives program to reward states that achieve a high level of program efficiency and also optimize environmental benefits. Most of the background data used in the EQIP performance incentives program allocation formula is derived from PRS.

Evidence: O&E Review Report, 2001; PRS Field Performance Measure descriptions and Business Definitions; NRCS Strategic Plan, 2000-2005Policy document; Chief's Annual grazing Lands Conservation Initiative Letter, grazing Lands Conservation Initiative FY 1999-2002 Progress Reports.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 14%

Explanation: NRCS Regional and State Conservationists are responsible for ensuring that performance data are entered on a timely basis (usually on a daily basis as work is performed). Performance results are provided on a weekly basis to managers at headquarters who take actions to correct deficiencies. Local, state and national reports of progress are accessible by program managers. Furthermore, NRCS identifies EQIP accomplishment goals in the Individual Performance Plans for employees that help to deliver the program. Non-federal technical service providers that provide technical assistance to help deliver EQIP are also required to enter their performance date into the on-line Performance Results System. Financial reimbursements are tracked through the Foundation Financial Information System (FFIS) and audited periodically. Program managers at national headquarters and state offices monitor deliverable agreements and take action on deficiencies. The NRCS Conservation Information System provides on-line status reviews of financial obligations and outlays.

Evidence: PRS performance summary reports; NRCS Accountability System policy, CIS Fact Sheet and example reports; FSIS Financial Obligation and Outlay Reports; CTA Draft Policy document; and a copy of State Conservationist and District Conservationist-Individual Performance Plans.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 14%

Explanation: EQIP allocations are distributed to states within a few days of NRCS officially receiving the funds. NRCS has consistently obligated all of the EQIP funds by the end of the fiscal year in which the agency receives the funds. Fund obligations are tracked through the Conservation Information System and the Foundation Financial Information System, and obligations are tracked down to the field office and program manager levels. Through 'status of funds report,' national and state EQIP program managers are able to track obligations in percent for year, summary of obligations vs. costs for personnel, personnel benefits, travel and transportation, rent-utilities, printing, equipment, etc. These reports are used extensively by program and financial managers to provide accountability and to take corrective action to ensure funds are obligated in a timely manner.

Evidence: Obligations for FY2002 and FY2003 and percent obligated by year

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?

Answer: YES Question Weight 14%

Explanation: The Chief of NRCS annually sets performance incentives to states that demonstrate a high level of program efficiency and who implement EQIP in a manner that most optimizes the program's environmental benefits. The incentive consists of supplemental EQIP technical and financial assistance allocations to the state NRCS office. A select number of states with the highest level of program performance are awarded a performance incentive. NRCS will generate improved efficiencies by using conservation planning and contracting software tools such as Tool Kit and ProTracts. NRCS has set a goal of, starting in FY 2004, all EQIP planning and contract development must be accomplished using Tool Kit and ProTracts. NRCS's Texas offices processed over 17,000 EQIP applications totaling over $100 million in value in just six weeks using the new on-line conservation planning and contracting software. ProTracts reduced EQIP workload for processing applications and performing contract management by over 30 percent.

Evidence: Performance Incentive News Release, 9/12/03, ProTracts Fact Sheet

3.5 Does the program collaborate and coordinate effectively with related programs?

Answer: YES Question Weight 14%

Explanation: NRCS collaborates with many of the state governments that provide a conservation cost-share program. The agency has designed EQIP to work complimentary with state and local conservation programs and to reduce the potential overlap/duplication with other programs. EQIP works with the Environmental Protection Agency's Section 319 Program to develop non-point source pollution guidelines and area conservation plans to address water quality. NRCS also works with states to help to ensure that EQIP is effectively implemented alongside the state programs. For example, the NRCS State Conservationist works with the Missouri Department of Natural Resources to structure the program so EQIP is not redundant with Missouri's cost-share conservation program. The Missouri program assists with installing ponds and grade stabilization structures; EQIP does not. EQIP provides assistance to install wells for livestock water; the Missouri program does not. The Missouri program assists producers with installing management intensive grazing systems on a demonstration scale, limited to $9,000 per person. EQIP offers assistance on projects greater than $9,000.

Evidence: Example sheet from NRCS's "Full Cost of Programs Model: EQIP."

3.6 Does the program use strong financial management practices?

Answer: YES Question Weight 14%

Explanation: Internal control mechanisms are established by the Financial Management Services Division of NRCS. The Financial Management Services Division alerts the EQIP Program Manager an audit reports uncovers an error or a discrepancy. The EQIP Program allocates funds to the states based on full annual costs and expenditures that are tracked through the national Foundation Financial Information System by state. NRCS is taking additional actions to improve its accountability by: accepting and implementing the FY 2000 GAO evaluation on financial management practices which includes a.) improve integration of financial management and the accountability approach by revising the agency's strategic planning and accountability policy and to make financial management an integral part; and b.) Developing a plan with methodology and time frame to incorporate no alternatives and taking actions to account for costs reported by its financial management systems. For FY 2003, the agency Financial Management Director certified that the NRCS financial management system is in compliance with Federal financial management system requirements.

Evidence: Conservation Programs Manual, Title 440, Part 515: Environmental Quality Incentives Program, OMOD EQIP Review, OIG Audit

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: As explained above, NRCS has initiated the web-based Performance Results System that collects data from field managers in a timely manner. NRCS state and national program managers review these data on a regular basis to ensure that the agency delivers the program most effectively. In addition, an NRCS Oversight and Evaluation (O&E) team conducted an in-depth review of EQIP in FY 2002. This review assessed the structure and performance of EQIP, and made recommendations on measures to improve the program's overall performance. O&E teams have conducted periodic follow-up reviews to ensure that their findings and recommendations are successfully implemented.In 2003, an independent assessment of EQIP was conducted by the Center for Conservation Incentives of Environmental Defense. In order to maintain a 'yes' in the future, NRCS should specify how it has addressed the findings and recommendations from this assessment.

Evidence: NRCS Performance Results System: National Summary of EQIP

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: NRCS has developed several new long-term, outcome-oriented performance measures for EQIP. In addition, NRCS is tracking long-term performance using measures developed for prior strategic plans. EQIP appears to be making progress towards meeting these long-term goals. However, there is not enough data yet to determine trends and performance for the new measures. The program cannot receive full credit until more data are available and results are demonstrated.

Evidence: NRCS Performance Results Measurement System: National Summary of EQIP

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight 20%

Explanation: NRCS set the baselines for most of EQIP's performance measures in FY 2003. Because of this, there are not sufficient trend data to report how well EQIP is meeting its performance targets. More performance data will be required before full credit can be given in this question. The annual measure that tracks the number of Comprehensive Nutrient Management Plans applied on Animal Feeding Operations indicates that the program is generally meeting its performance goal.The PRS database tracks EQIP performance targets and progress on these targets. Tracking these annual targets and accomplishments provides EQIP managers a powerful tool for managing the program. The measures are outcome-related and, taken together, they present a picture of how NRCS uses EQIP funds and point to areas where more effort can be concentrated.

Evidence: NRCS Performance Results Measurement System: National Summary of EQIP

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately Effective
100%	88%	100%	47%	

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: LARGE EXTENT

Question Weight20%

Explanation: NRCS has developed a new efficiency measure for EQIP that evaluates the agency's technical assistance delivery costs, but the agency has not yet established a baseline or documented performance. In addition, the agency should consider an additional efficiency measure that evaluates the cost-effectiveness of the program's environmental benefits. Because of this, the program cannot receive full credit for this question.However, EQIP program managers have worked to improve efficiencies and cost-effectiveness. These improved efficiencies include the lessening of administrative burdens on producers and the more punctual application of conservation treatments on the landscape. NRCS has also implemented new planning and contracting software tools to enhance efficiency. The implementation of ProTracts in FY 2004 is providing field offices across the nation with a new highly efficient tool for managing EQIP applications and contracts.

Evidence: EQIP listening session summary report, EQIP streamline team documents, Listing of removed administrative burdens. National EQIP Funding Allocation Worksheet (8/14/98). EQIP Funding Allocation Process explanatory sheet. EQIP Enrollment Summary that includes information on partner's contributions.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: SMALL EXTENT

Question Weight20%

Explanation: No analysis has been conducted of how EQIP compares with other similar federal, state, and local conservation cost-share assistance programs. Therefore, the program may not receive full credit for this answer.However, because the program is designed to integrate with and complement other programs, the program should receive some credit. Anecdotally, EQIP does compare favorably with other federal, state, and local programs. Many states have developed a local approach that maximizes the conservation opportunities for producers by utilizing the strengths of both an EQIP and state and local conservation programs. State cost-share conservation programs available to producers complement the federal EQIP program. In many instances NRCS, local conservation districts, and state partners work to build these programs so that they complement each other and provide the opportunity for producers and maximize the effect from conservation expenditure. The overall benefit is an increase in conservation applied to the land.

Evidence: NACD: Summary of State Cost Share Programs

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT

Question Weight20%

Explanation: A number of organizations, including GAO, OIG, external entities, and NRCS evaluation staff, have conducted reviews of EQIP to support program development and to ensure that program rules are implemented efficiently. Reviews have generally focused on identifying changes that could be made in program operations to increase efficiency or effectiveness. These reviews, however, have not sufficiently analyzed EQIP's effectiveness or whether it is achieving results. An example of a review conducted by GAO that related to EQIP effectiveness is the report: State Advisory Committees' Views on How USDA Programs Could Better Address Environmental Concerns, GAO-02-295, February 2002. In 2003, an independent assessment of EQIP was conducted by the Center for Conservation Incentives of Environmental Defense.

Evidence: NACD Review, Social Science Institute review, etc

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

Measure: Percent of cropland acres with a positive Soil Conditioning Index (SCI).

Additional Information: A SCI index score of greater than zero reflects stable or improving soil quality and condition.

Year	Target	Actual	**Measure Term:** Long-term
2004	Baseline		
2008			
2012			

Measure: Number of acres of cropland and grazing land on which producers have adopted conservation to protect quality and maintain productive capacity of the resource base.

Additional Information: Acres needing conservation treatment with EQIP. Baseline is 530 milion acres needing conservation in 2001.

Year	Target	Actual	**Measure Term:**
2001	Baseline		
2007	90M		

Measure: Number of animal feeding operations with comprehensive nutrient management plans initiated.

Additional Information: Landowners developing plans and applying CNMPs. Baseline consists of 257,000 AFO's needing CNMPs; 30,000 AFOs assisted to implement CNMPs with EQIP by 2007.

Year	Target	Actual	**Measure Term:**
2002	Baseline		
2007	30,000		

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

Measure: Number of acres of agricultural land treated for improved irrigation water management.

Additional Information: Acres of irrigated cropland where landowners have improved their management of irrigation of water with EQIP.

Year	Target	Actual	**Measure Term:**
2001	Baseline	1.2M	
2007	5M		

Measure: Acres of cropland on which the erosion rate is reduced to T or below.

Additional Information: Cropland where erosion rate is reduced to no more than T value for the soil.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline		
2005			
2006			
2006			

Measure: Percent reduction in potential nitrogen delivery in impaired watersheds.

Additional Information: Potential delivery offsite, calculated from erosion reductions, CNMPs applied, and nutrient management applied by producers; shown as percent of baseline level of potential delivery

Year	Target	Actual	**Measure Term:** Long-term
2004	Baseline		
2008			
2012			

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

Measure: Percent reduction in potential phosphorus delivery in impaired watersheds.

Additional Information: Potential delivery offsite, calculated from erosion reductions, CNMPs applied, and nutrient management applied by producers; shown as percent of baseline level of potential delivery

Year	Target	Actual	**Measure Term:** Long-term
2004	Baseline		
2008			
2012			

Measure: Percent reduction in potential sediment delivery from cropland.

Additional Information: Potential offsite sediment delivery, calculated from erosion reductions, shown as percent of baseline level of potential delivery

Year	Target	Actual	**Measure Term:** Annual
2003	Baseline		
2004	0.08%		
2005	0.09%		
2006	0.10%		

Measure: Number of comprehensive nutrient management plans applied by owners and operators of animal feeding operations.

Additional Information: Long-term goal in strategic plan includes all CNMPs planned and with application underway; annual goals include only CNMPs fully applied.

Year	Target	Actual	**Measure Term:** Annual
2002	Baseline	956	
2003	1,305	948	
2004	1,000		

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

2005	1,100
2006	1, 188

Measure: Percent of irrigated cropland with agricultural water management improvements.

Additional Information: Percent of irrigated land on which irrigation water management practices have been applied

Year	Target	Actual	**Measure Term:** Long-term
2004	Baseline		
2008			
2012			

Measure: Number of acre-feet of water water conserved.

Additional Information: Acre-feet of water conserved on irrigated acres where soil and water conservation treatments have been applied

Year	Target	Actual	**Measure Term:** Annual
2002	Baseline	283450.25	
2003		267345	
2004	363700		
2005	404700		
2006	436727		

PART Performance Measurements

Program: Environmental Quality Incentives Program (EQIP)
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	47%	Effective

Measure: Percent reduction in the average annual technical assistance per active participant.

Additional Information: Percent reduction from FY 2003, total TA costs divided by total no. of participants

Year	Target	Actual
2003	Baseline	5%
2005	5%	
2006	5%	
2007	5%	
2008	5%	

Measure Term: Annual

PROGRAM ID: 10002026

OMB Program Assessment Rating Tool (PART)

Competitive Grant Programs

Name of Program: Farmland Protection Program

Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Is the program purpose clear?*	Yes	The statutorily stated purpose of the Farmland Protection Program (FPP) is to protect topsoil by limiting the nonagricultural uses of the land. The FPP is a voluntary program that helps farmers and ranchers keep their land in agriculture. The program provides matching funds to state, tribal, or local governments and non-governmental organizations with existing farmland protection programs to purchase conservation easements. Grants can also be used to purchase easements to protect historical or archaeological resources.	**Legislation:** Farm Security and Rural Investment Act of 2002 (P.L. 107-171). **NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program.	20%	0.2
2	*Does the program address a specific interest, problem or need?*	Yes	The problem is the conversion of farmland to non-agricultural uses, such as housing and non-agricultural commercial development. Between 1960 and 1990 metropolitan-area population grew by 50 percent while the acreage of developed land increased 100 percent. About 45 percent of new construction in 1994 -1997 occurred in rural areas, with nearly 80 percent being land bordering urban areas. Overall this translates to over 2.8 million acres being converted per year, with 2 million devoted to housing. According to USDA's National Resources Inventory (NRI), urban and built-up areas increased from 65.3 million acres in 1992 to 79 million acres in 1997, equaling an area approximately the size of Ohio. From a natural resource standpoint, this conversion of farm and forest land produces fragmentation in wildlife habitat, causing a decrease in flyways and species diversity; increases air pollution, due to more automobile travel and a probable decrease in vegetation; creates groundwater contamination and shortages resulting from increases in rural septic systems and wells; and increases stormwater runoff from roads, parking lots, etc.	**Resource Inventories, Policy and Economic Reports.** Natural Resources Inventory (USDA, 1997). "Development at the Urban Fringe and Beyond: Impacts on Agriculture and Rural Land." (USDA, Economic Research Service, 2001). "Maintaining Farm and Forest Lands in Rapidly Growing Areas." (USDA, Policy Advisory Committee, 2001). **Funding Waiting List.** NRCS estimated an FPP funding waiting list in FY 2001 of approximately $91 million, or over 500 percent more than was available from program dollars.	20%	0.2
3	*Is the program designed to have a significant impact in addressing the interest, problem or need?*	Yes	Since FPP's inception in 1996, 28 States have received nearly $51 million for financial assistance from FPP funds. Approximately 108,000 acres on 543 farms with estimated easement value of more than $184.9 million, are being permanently protected from conversion to nonagricultural uses. For every Federal dollar, an additional $3.68 has been contributed by the participating State and local government entities and nongovernmental organizations.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. **NRCS Documents:** FPP Financial Management Report (September 2002). FPP Easement Acquired Report (July 2002).	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?*	No	NRCS's FPP does not make a unique contribution towards addressing the problem. While there are no other Federal programs that specifically protect farmland, there are numerous state, local, and non-governmental programs around the country that specifically do protect agricultural lands. For example, the California Department of Conservation administers the California Farmland Conservancy Program, a grant program that provides funding to local governments and non-governmental entities to purchase conservation easements on farmland. There are also other urban growth/land conversion tools available to state and local governments, such as land use zoning, establishing agricultural districts, and enhancing or revitalizing urban centers.	**Other Conservation Programs:** Other USDA conservation programs, such as the Wetlands Reserve Program, Conservation Reserve Program, Grassland Reserve Program, and Forest Legacy Program purchase conservation easements or enter into rental contracts to protect resources and prevent conversion of land. In addition, there are numerous state and local government programs, as well as non-governmental organizations (both private and non-profit) that operate similar programs. The Land Trust Alliance estimated in 1998 that there were over 1,200 land trusts in the U.S. and U.S. territories protecting land from development by purchasing development rights. **Other Tools:** In addition to purchasing development rights, there are numerous other tools used by federal, state, and local governments to protect agricultural lands from development, such as agricultural protection zoning, preferential and differential taxation for farmland, and right to farm ordinances.	20%	0.0
5	*Is the program optimally designed to address the interest, problem or need?*	Yes	The current cost-shared, competitive grant program design has proved to be a logical method for conserving agricultural land and maintaining open space areas while ensuring accountability and performance. The FPP: (1) leverages significant financial assistance dollars (over 3 non-federal dollars for every 1 federal dollar), (2) utilizes ranking criteria to evaluate applications that incorporate both national and local conservation priorities, (3) provides flexibility at the state level to evaluate and award contracts, and (4) reduces federal oversight costs through cooperative agreements with applicants to monitor and enforce the conservation easements.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. **NRCS Documents:** FPP Financial Management Report (September 2002). FPP Easement Acquired Report (July 2002).	20%	0.2
Total Section Score					**100%**	**80%**

Section II: Strategic Planning (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?*	No	NRCS has set an FPP acreage goal of enrolling an additional 1.2 million acres by the end of FY 2007. This total acreage goal, however, is based on budget authority of $597 million over the six years of the new Farm Bill. While it is important to set acreage goals to chart the progress of the program, these goals are based on the average cost of an easement and cannot be influenced or controlled by NRCS management of FPP. Instead, these costs are influenced by the market prices for land and the types of applications the agency receives. Furthermore, this long-term acreage goal is an *output* goal, not an *outcome* goal. Finally, while NRCS tracks the average FPP cost per acre, the agency has not yet developed an efficiency performance goal for FPP.	NRCS recognizes this and has contracted with several universities and USDA's Economic Research Service to conduct studies evaluating the environmental benefits of FPP and to derive outcome-oriented performance goals. The first of these products are due in December 2002.	14%	0.0
2	*Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?*	Yes	FPP has annual acreage enrollment targets based on its annual budget authority provided by the new Farm Bill. These annual acreage enrollment targets contribute to the agency's long-term performance goal of enrolling 1.2 million acres by the end of FY 2007.	**NRCS Annual Acreage Target:** In FY 2002, FPP received $50 million. From this budget authority, NRCS estimates it will enroll 100,503 acres into the program. FPP's long-term goal is to acquire conservation easements to protect 1.2 million acres of agricultural land from development.	14%	0.1
3	*Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?*	Yes	FPP grants are awarded according to ranking criteria that evaluate a number of elements, including the amount of non-federal dollars that are leveraged, the per-acre cost of projects, and the applicants commitment and capacity for maintaining the conservation easements over the long term. Once FPP funding is awarded to an applicant, NRCS signs a cooperative agreement with the entity. The cooperative agreement: specifies the parcels to be protected, sets a deadline for FPP funding liquidation, stipulates the conservation easement requirements, and outlines the repoonsibilities of both parties (applicant and NRCS) for maintaining the conservation easement. These reponsibilities include reporting on the status of the easement acquisition and monitoring the parcel of land on an annual basis to ensure the requirements of the easement are being met. Failure to monitor or report to NRCS results in a violation of the cooperative agreement.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. **NRCS documentation:** Template FPP Cooperative Agreement. The New Hampshire and Ohio FY 2002 State FPP Plans.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?*	Yes	To ensure FPP success, coordination at all stages of the program is essential. These stages include: development of the application ranking criteria developed in consultation with state technical committees; development of the State FPP plan by NRCS offices where non-federal cooperators contribute data and conservation prioritization recommendations; evaluation of applications where both cooperating entities and projects are evaluated; and reviewal of FPP awards to ensure that conservation easement projects meet FPP objectives and requirements. State FPP plans are developed to ensure that FPP works collaboratively with state and local farmland protection programs. The NRCS state FPP plan contains not only a coordinated strategy within the state to protect farmland, but also state ranking criteria to evaluate parcels. NRCS State Program Managers are required to meet with their State Technical Committee to ensure that NRCS is not duplicating efforts made by its farmland protection partners.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. **NRCS Documentation:** FPP Request for Proposals (Fed. Register, Vol. 64, No. 104). The New Hampshire and Ohio FY 2002 State FPP Plans.	14%	0.1
5	*Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?*	Yes	In 2001, FPP underwent two separate evaluations. One audit, conducted by the Office of Inspector General, reviewed state FPP implementation. The other review, conducted by the General Accounting Office, evaluated the effectiveness of Farm Bill conservation programs, such as FPP. Aside from these two audits, NRCS has also circulated and received evaluations from state and local purchase of development right (PDR) managers on how to more efficiently manage the program. Recommendations from the PDR manager feedback evaluations, as well as recommendations from both evaluations were incorporated into FPP's manual guidance, CPM Part 519, which was issued in June 2002. NRCS has also scheduled an Oversight and Evaluation Review of FPP in fiscal year 2003.	**GAO Report:** Agricultural Conservation: Survey of USDA State Technical Committee Members. GAO-02-371SP March 1, 2002. **USDA OIG Report:** "NRCS's Farmland Protection Program," #10601-5-Te, August 5, 2002. **NRCS response to OIG report:** letter dated July 1, 2002. **PDR Surveys:** Surveys of purchase of development right (PDR) managers conducted the American Farmland Trust	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	*Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?*	Yes	This is a qualified "yes." Since FPP is a mandatory program, the funding allocation processes at the national and state levels determine the program's cost-effectiveness. The national NRCS office makes FPP funding allocations to states based on the quality of NRCS state FPP plans. At the national level, NRCS assesses the quality of state FPP plans developed by NRCS state offices. Allocation decisions are made partially based on a state's performance from the previous year, and also partially based on the leveraging ability and timeliness of use of funds by FPP partners. Other measures provide insight into the relative need for FPP funds in a state, such as the rate of development or farmland conversion, or the ratio of requested funding to available funding as an indicator of demand. There are no efficiency measures, however, that reward states for enrolling more acres in FPP conservation easements at less cost. For example, the percentage of NRCS techncial assistance that was required to acquire X acres of conservation easements on agricultural land should ideally decrease through time.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. **NRCS Documentation:** FPP Request for Proposals (Fed. Register, Vol. 64, No. 104). The New Hampshire and Ohio FY 2002 State FPP Plans.	14%	0.1
7	*Has the program taken meaningful steps to address its strategic planning deficiencies?*	Yes	FPP program managers at the national and state levels have adopted the finding and recommendations of the USDA OIG audit and revised NRCS's Conservation Program Manual in order to tighten the financial controls over the program. The OIG audit did not note deficiencies in FPP's strategic planning. Based on the findings from the OIG report, an NRCS Oversight and Evaluation (O&E) team will conduct a program review of FPP during FY 2003. Once the O&E team report is completed, any additional findings and recommendations will be adopted by FPP program managers. These O&E evaluations will be periodic after the 2003 assessment to ensure that FPP continues to be optimally managed.	**USDA OIG Report:** "NRCS's Farmland Protection Program," #10601-5-Te, August 5, 2002. **NRCS response to OIG:** Letter dated July 1, 2002.	14%	0.1
Total Section Score					**100%**	**86%**

Section III: Program Management (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?*	Yes	FPP managers regularly collect performance information at both the state and national levels. At a minimum, collection is done on a quarterly basis. NRCS requests the following information on each easement acquired using FPP funds: easement name and location, total acreage, total easement value, FPP's easement contribution ($), entity's easement contribution ($), and easement status (whether the easement is acquired or pending easement closure). After the state collects this information, state program managers submit this information to the national office. Through this quarterly update, NRCS is able to report on acreage acquired, the amount of FPP dollars spent, and the amount of a cooperator's financial contribution. The financial system (FFIS) is used to monitor financial progress. The National Program Manager receives reports on a regular basis to determine agency progress in obligating and disbursing funds. This information is used to monitor cooperating entity's progress and ascertain whether the entity's should receive funding in subsequent years.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program--Appraisal Policy and Monitoring Policy. **NRCS Documents:** FPP Easement Acquired Report (July 2002). The New Hampshire and Ohio FY 2002 State FPP Plans. **IT Proposal:** Environmental Easements Software Tool under development.	9%	0.1
2	*Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?*	Yes	The cooperative agreement signed between NRCS and the FPP partner entity is the primary means for holding project managers accountable. With FPP cooperating entities, the state NRCS offices track and evaluate their past performance (total project cost, cost per acre, dollar leveraging, and timeliness of funding obligation). State offices award FPP grants based on entities' past performance. While NRCS specifically identifies state FPP managers, most managers have other program management responsibilities. Field managers are not specifically identified for FPP. Managers are held accountable through quarterly performance appraisals. The NRCS national office periodically reviews state program efficiencies and provides training where needed. NRCS conduced the last national FPP training in November 2001.	**NRCS Documents:** Template FPP Cooperative Agreement. The cooperative agreement dictates roles and responsibilities of NRCS and the FPP partners, including but not limited to: the responsibilities of both entities to ensure a conservation plan is implemented; the pending offers must be acquired using the specified funds; and the conservation easements must be acquired within a specified timeframe, typically not to exceed two years.	9%	0.1
3	*Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?*	Yes	FPP funds are Commodity Credit Corporation funds. The absence of language within the legislation for rolling over prior year funds into new fiscal years prevents a delay in obligating funds. Prior to the end of the fiscal year, all funds are obligated to the cooperating entity. If the funds are not obligated, the funds are returned to the Treasury. To ensure that the funds, once obligated, are disbursed to the landowner within a timely manner, the cooperative agreement stipulates that all easements are to be acquired within two years of signing the cooperative agreement. Cooperative agreement extensions have been granted; however, such extensions are limited in scope.	**NRCS Documents:** Financial Management Report for FPP.	9%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?*	Yes	Since the program's inception, FPP has used ranking criteria to give higher points to entities and parcels that require less FPP financial resources. The more leveraging, the higher ranking the parcel would receive, thus making the federal dollar go farther. In addition to ranking criteria, NRCS has adopted information technology tools to monitor the program's efficiency. These procedures include tracking FPP progress through NRCS's on-line Performance Results Measurement System and monitoring easements through the Conservation Easement Toolkit. Finally, the program requires state offices to submit annual State FPP Plans, and allocations of FPP dollars from the national level are largely determined by the quality of these plans. This state planning process instills competition among the state offices to generate continually improving FPP plans.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program--Appraisal Policy and Monitoring Policy. **NRCS Documents:** FPP Easement Acquired Report (July 2002). The New Hampshire and Ohio FY 2002 State FPP Plans. **IT Proposal:** Environmental Easements Software Tool under development.	9%	0.1
5	*Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?*	Yes	NRCS has created a cost of programs model that estimates the full cost of delivering FPP on an annual basis. This model incorporates the direct and indirect costs needed to deliver FPP, including: salaries, benefits, rent, utilities, and travel.	Cost of programs model estimates the average hours needed to deliver an FPP project, disaggregated by tasks. The model then multiplies the number of projected FPP projects (based on total program budget authority) by the average task hours to arrive at a total technical assistance workload estimate for the year.	9%	0.1
6	*Does the program use strong financial management practices?*	Yes	FPP uses the FFIS system to track payments made. FPP payments are issued through the Kansas City Financial Office, operated by the Farm Services Agency. The Federal Financial Management Improvement Act established a statutory requirement for agency heads to assess, on an annual basis, whether their financial management systems comply with Federal financial management system requirements; applicable Federal accounting standards; and the Standard General Ledger at the transaction level. The agency Financial Management Director certified that the NRCS financial management system is in compliance.	**USDA OIG Report:** "NRCS's Farmland Protection Program," #10601-5-Te, August 5, 2002. **NRCS response to OIG report:** letter dated July 1, 2002.	9%	0.1
7	*Has the program taken meaningful steps to address its management deficiencies?*	Yes	NRCS's recent response to the Office of Inspector General report indicates how NRCS has taken steps to address its management deficiencies in the areas of title assurance, easement appraisals, monitoring, and financial accounting. Prior to USDA OIG report, NRCS established a full-time program manager to handle program deficiencies. NRCS has also scheduled an Oversight and Evaluation team assessment of FPP to be conducted during FY 2003. The NRCS national office periodically reviews state program efficiencies and provides training where needed. NRCS conduced the last national FPP training in November 2001.	**USDA OIG Report:** "NRCS's Farmland Protection Program," #10601-5-Te, August 5, 2002. **NRCS response to OIG report:** letter dated July 1, 2002.	9%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
(Co 1 *Are grant applications independently reviewed based on clear criteria (rather than earmarked) and are awards made based on results of the peer review process?*	Yes	NRCS's FPP ranking criteria are developed in consultation with the State Technical Committees. Many of the FPP partners, such as state governments and non-governmental organizations, are participants in the NRCS state technical committees where the state conservation priorities and FPP ranking criteria are developed. In addition, when FPP funds are available, NRCS publishes a Request for Proposals (RFP) in the Federal Register. This RFP announces the availability of funds and details the procedures and elements needed to submit an FPP funding request. Entities submit proposals to NRCS state conservationists where proposals are evaluated based on the criteria outlined in the RFP and the additional state ranking criteria that are developed in consultation with the state technical committees.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. **NRCS Documents:** The New Hampshire and Ohio FY 2002 State FPP Plans with example ranking criteria. FPP Request for Proposals (Fed. Register, Vol. 64, No. 104).	9%	0.1
(Co 2 *Does the grant competition encourage the participation of new/first-time grantees through a fair and open application process?*	Yes	Since the program's inception, the number of States participating has increased from 19 to 35 (based on 2002 funding). The increase in the number of participating states can attributed to the authorization of non-governmental organizations as eligible entities through the Agriculture Risk Protection Act of 2000. Expansion can also be attributed to a public outreach campaign conducted by NRCS. This public outreach campaign has consisted of contacting and spreading the word through not only state and local governments (i.e. conservation districts and RC&Ds, local planning bodies and state agencies), but also through partnerships with the American Farmland Trust, Land Trust Alliance, The Nature Conservancy, and other interested entities that have extensive list serves and public mailings.	**NRCS Documents:** FPP Request for Proposals (Fed. Register, Vol. 64, No. 104).	9%	0.1
(Co *Does the program have oversight practices that provide sufficient knowledge of grantee activities?*	Yes	NRCS oversees the practices of grantees through a variety of ways, including the appraisal review processes outlined in the response to question III.1 and an update on easement status also outlined in the response to question III. 1. Aside from these measures, NRCS also uses the cooperative agreements to ensure proper oversight of FPP projects. These FPP parcels are spot-checked and reports are submitted annually to NRCS. To track conservation plan progress, NRCS reviews these parcels every three years, in addition to random spot-check reviews conducted in accordance with National Food Security Act Manual guidance. In addition to NRCS oversight, the Internal Revenue Service also conducts oversight of non-governmental organizations, labeled as non-profit organizations, as well as tracking charitable donations.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. CPM, Title 440, Part 509: Quality Assurance. **NRCS Documents:** FPP Cooperative Agreement Template.	9%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
(Co	*Does the program collect performance data on an annual basis and make it available to the public in a transparent and meaningful manner?*	Yes	FPP collects grantee performance data, including easement status and monitoring results on an annual basis, as outlined in the cooperative agreement. The process utilized to collect this information is outlined in III.1. This information is provided to Congress annually.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. CPM, Title 440, Part 509: Quality Assurance. **NRCS Documents:** FPP Cooperative Agreement Template.	9%	0.1
Total Section Score					**100%**	**100%**

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Has the program demonstrated adequate progress in achieving its long-term outcome goal's)?*	No	Because funding in the past for FPP was unpredictable and periodic prior to the 2002 Farm Bill, NRCS did not establish performance goals for FPP prior to FY 2002. Therefore, there are no baseline performance data. NRCS has set a long-term goal of enrolling 1.2 million acres into FPP by the end of FY 2007. These goals are output goals, however, and not outcome in nature (see explanation in Question II.1). Furthermore, performance goals for cost-efficiency and acreage enrollment could have been set prior to Farm Bill reauthorization (for example, the 1996 Farm Bill authorized a total of $35 million for FPP).	**NRCS Documents:** FPP Easements Acquired Report (July 2002). Long-term and annual acreage goals stated in agency's response to the PARTs exercise.	25%	0.0

Long-Term Goal I:	From FY 2002 through 2007, FPP will purchase conservation easements covering 1.2 million acres of agricultural land.
Target:	FY 2002 = 100,503 acres (8.3 percent of the long-term target of 1.2 million acres)
Actual Progress achieved toward goal:	New acreage target for FY 2002, and actual acreage enrolled not available yet.

2	*Does the program (including program partners) achieve its annual performance goals?*	Large Extent	NRCS did not establish performance goals for FPP prior to FY 2002, so there are no baseline performance data on an annual basis. NRCS has set annual acreage enrollment goals (for example, NRCS estimates FPP will enroll 100,503 acres in FY 2002). Because there is no baseline and goals were not established prior to FY 2002, there is no way to measure progress.	**NRCS Documents:** FPP Easements Acquired Report (July 2002). Long-term and annual acreage goals stated in agency's response to the PARTs exercise.	25%	0.2

Key Goal I:	Purchasing maximum number of acres of conservation easements given mandatory budget authority.
Performance Target:	FY 2001 = 34,000 acres (8.3 percent of the long-term target of 1.2 million acres)
Actual Performance:	Total Progress = 34,900 acres (103 percent of target)
Key Goal II:	From FY 2002 through 2007, FPP will purchase conservation easements covering 1.2 million acres of agricultural land.
Performance Target:	FY 2002 = 100,503 acres
Actual Performance:	New acreage target for FY 2002, and actual acreage enrolled not available yet.

Footnote: Performance targets should reference the performance baseline and years, e.g. achieve a 5% increase over base of *X* in 2000.

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?*	Large Extent	NRCS acquires program efficiencies by requiring cooperating entities to hold, manage, and enforce easements. This, in addition to relying on entities to "weed out" non-eligible or unsuitable parcels prior to FPP ranking, ensures that NRCS is reducing the federal administrative workload associated with land acquisition. In addition to external efficiencies, NRCS has also made the program more efficient through internal measures. These measures include requiring the state NRCS offices to submit state FPP plans and compete for FPP funds. This competition has allowed NRCS to maximize federal dollars expended and acquire the quality farmland. Furthermore, in FY 2001, the agency authorized NRCS State Conservationists to make award decisions based on project ranking criteria. By shifting the decision making to the State level, NRCS has trimmed the application processing time by 30 days.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. **NRCS Documents:** FPP Easement Acquired Report (July 2002). The New Hampshire and Ohio FY 2002 State FPP Plans.	25%	0.2
4	*Does the performance of this program compare favorably to other programs with similar purpose and goals?*	N/A	Although there are other state and federal programs that acquire conservation easements on agricultural lands, we did not identify specific analyses that compared FPP with other programs.		0%	
5	*Do independent and quality evaluations of this program indicate that the program is effective and achieving results?*	Small Extent	In-depth, quality evaluations of FPP have not been conducted. NRCS has contracted with universities and non-governmental organizations to evaluate FPP, and several reports are due at the end of 2002. In 2001, the General Accounting Office surveyed State Technical Committee members on how USDA could better address environmental concerns. Overall, members viewed FPP as effective at preventing urban sprawl and moderately effective at achieving environmental objectives. Specifically, over 65 percent of those interviewed found FPP to be moderately to extremely effective in addressing environmental concerns, such as improving and protecting water quality, protecting native species, improving and protecting wildlife, reducing soil erosion, and preventing urban sprawl. In the Northeast, where FPP activity is the most prevalent, 57 percent viewed FPP as "very or extremely effective." In a separate survey conducted by the American Farmland Trust, state purchase of development rights program managers found FPP to be very effective.	**GAO Report:** State Advisory Committees' Views on How USDA Program Could Better Address Environmental Concerns (February 2002). **American Farmland Trust Survey:** AFT Survey of Purchase of Development Rights Managers (June 2001).	25%	0.1
Total Section Score					**100%**	**42%**

PART Performance Measurements

Program: Farmland Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	86%	100%	42%	Demonstrated

Measure: Measure under development

Additional Information:

Year	Target	Actual

Measure Term: Long-term

Measure: Number of acres of conservation easements purchased on agricultural land.

Additional Information:

Year	Target	Actual
2001	34,000	34,900
2002	100,503	
2003	201,005	
2004	251,256	
2005	251,256	
2006	251,256	

Measure Term: Annual

PART Performance Measurements

Program: Farmland Protection Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	86%	100%	42%	Demonstrated

Measure: Measure under development

Additional Information:

Year	Target	Actual	**Measure Term:**

PROGRAM ID: 10000440

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: USDA Food Aid programs assist developing countries meet their food security needs, and also reflect USDA's domestic commodity interest in its programs. PL 480, Title I - Commercial market development and sustainability through the use of long-term concessional sales. Food for Progress (FFP) - Enterprise development for developing countries and emerging democracies expanding free enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement. Section 416(b) Commodity Donations - Program of food security assistance using CCC-owned commodities exceeding U.S. supply needs. Bill Emerson Humanitarian Trust (BEHT) - A commodity reserve available for release in response to unanticipated, emergency food aid needs, and in tight U.S. commodity supply situations. McGovern-Dole International Food for Education and Child Nutrition Program (FFE program) - provides donations of U.S. commodities, financial & technical assistance, for school feeding and maternal and child nutrition projects in low-income, food-deficitcountries that are committed to universal education.

Evidence: PL 480 Title I - Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480, Title I, secs. 2, 101; FAS Fact Sheet; U.S. Food Aid Programs -www.fas.usda.gov/excredits/pl480/pl480ofst.html; Report on the Food Agriculture, Conservation, and Trade Act of 1990, Senate Committee on Agriculture, July 6, 1990, p. 167; GAO Report GAO/GGD-95-68, Food Aid (June 1995); GAO-02-801T pp9-12; FFP - Food for Progress Act of 1985, sec. 1110; US International Food Assistance Report 2001 (USAID Annual Report), p. 27; FY 2002 Programming Considerations (1.2),(1.3) www.fas.usda.gov/excredits/pl480/fy2002.html - Section 416(b) of the Agricultural Act of 1949; BEHT - Title III of the Agricultural Act of 1980, as amended. McGovern Dole Food for Education and Child Nutrition Programs-Farm Security and Rural Investment Act of 2002, FAS Fact Sheet: McGovern-Dole Food for Education

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: Global statistics on the level of hunger, malnutrition, and agricultural production failures indicate a compelling need for USG food aid programs. PL 480, Title I - A vehicle for countries not able to fully support their food security needs but which are not necessarily in humanitarian crisis, the program serves as a bridge to agricultural sustainability through long-term repayment at concessional interest rates. FFP -Private sector development and expansion of a free-enterprise agricultural economy in emerging democracies and developing countries. §416(b) - The donation of CCC inventory to help improve food security in developing and friendly countries. BEHT - The BEHT was established to provide emergency food assistance to developing countries that cannot be met under normal means in a timely manner or when the domestic supply of the commodity is limited. McGovern-Dole International Food for Education and Child Nutrition Program (FFE) - provides for donations of U.S. agricultural products, financial, and technical assistance for school feeding and maternal and child nutrition projects in low-income, food-deficit countries that arecommitted to universal education.

Evidence: Declaration of the World Food Summit, FAO (6/02); State of World Food Security, Undernourishment and The Way Ahead (FAO 2001); Feeding an Urban World (FAO 6/02); A Millennium Free From Hunger, Interagency Working Group on Food Security (IWG) (2000); U.S. Action Plan on Food Security, Appendix A (3/00); PL 480, Title I - Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480, Title I; FFP - US Food Aid Programs Description; §416(b) - World Agricultural Supply and Demand Estimate (WASDE) Tables; Determination of Availability of CCC Commodities for Donation Overseas Under §416(b); Testimony of U.S. Rep.McGovern (6/02); BEHT - Title III of the Agricultural Act of 1980, as amended; FFE - Farm Security and Rural Investment Act of 2002

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: Yes Question Weight20%

Explanation: Food Aid Programs provide humanitarian assistance in the forms of direct feeding, extraordinary relief of famine, malnutrition, hunger and mortality, economic development, sound environmental practices, skills development, economic growth and community development. Some of the programs make a unique contribution to agricultural development. The President's Food Aid Management Reform initiative considered food aid programs at USDA and USAID and put in policies that minimize duplication with USAID programs.

Evidence: PL 480, Title I - Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480, Title I FFP - FY 2002 Programming Considerations (1.1 a) §416(b) - FAS Fact Sheet; Programs Description; Food Aid Tables - showing amount of commodities provided to FFP derived from Title I and §416(b) authorities BEHT - Title III of the Agricultural Act of 1980, as amended; Bill Emerson Humanitarian Trust Background Paper; FFE - FAS Fact Sheet; Farm Security and Rural Investment Act of 2002.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: The high default rate on long term concessional food aid sales raises doubt on whether the program design for P.L. 480 Title I is ideal to achieve food security and development commercial markets. This question needs to be examined more fully, in light of the level of Title I funding and the growth of Food for Progress grants utilizing Title I funds. FAS has done a good job at internal design of delivery mechanisms through online standardized program applications. Applicants have easy access to the detailed requirements for program consideration and approval through the USDA/FAS website or the government-wide central "kiosk" for grants. FAS and FSA with USAID need to coordinate to ensure consistency in front end commodity procurement, automation of freight bids and billings, and reporting. FAS is leading an an Interagency Requirements Study that is aimed at identifying data sharing and automation consistency among food aid programs across USDA, and USAID. FAS on-line application process has simplified the evaluation and decision-making period for its food aid programs that could serve as an example for all food aid programs. A key factor affecting the effectiveness and efficiency of food aid programs is the time it takes to purchase and ship the commodity. Commodity purchases take place in 9-10 months of a typical 15-month commodity purchasing period (contrary to the perception that these purchases occur only in the last quarter of the fiscal year). Efforts to spread out commodity purchases to earlier in the fiscal year have been successful. USDA's food aid programs have also been reviewed for effectiveness and efficiency in the context of the Administration's review of U.S. food aidprograms in early 2002. The review called for a shift in emergency donations away from Sec. 416(b) to PL 480, Title II to stabilize the availability of food aid. This shift to Title II has been implemented.

Evidence: Brandegee Report on USDA/USAID Export Food Aid Operations (12/1999), Appendices A, D & G; Bush Administration Food Aid Review/Summary of Conclusions (3/8/02)

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight 20%

Explanation: From start (program application process) to finish (commodities shipped to the recipients), USDA's food aid programs are targeted to reach the intended beneficiaries and address the programs' purpose directly. Program applications include very detailed questions to ensure that applicants can demonstrate planned programs meet the goal of reducing hunger and/or promote economic and agricultural development. Applicants must provide the basis for selecting program beneficiaries and the program's need, the economic impacts of the program, why particular geographic locations for the program were chosen, the data used to identify the beneficiary group and food ration size per direct beneficiary. Applicants must also provide detailed information on how they will measure the program's progress in terms of the types of beneficiaries and the number of beneficiaries, the timeframe involved, plans on how the food will be transported, stored and distributed and show how the commodities imported will not adversely affect the local market for that commodity. In assessing progress in reducing hunger, it can be shown that USDA food aid programs furnished commodities to 94 countries and regions in FY 2002 & FY 2003. Of these 94 countries, 67 countries representing 71% of the total are classified as the most food insecure according to to USDA/Economic Research Service's(ERS) Food Security Assessment(FSA) Model. According to the model, the most food insecure countries received the largest share of commodities provided from USDA's food aid programs--over 70% of total metric ton grain equivalents (MTGE). Country classifications according to the Food Aid Convention* and the FAO also show that the largest share of USDA food aid is going to countries with the greatest need. Least developed countries and low income countries according to the Food Aid Conventions' list of eligible food recipients received 59% and 65%, respectively, of the total MTGE provided by USDA's FY 2002 & FY 2003 food aid programs.

Evidence: USDA/ERS Food Security Assessment Report (February 2003); FY 2002 & FY 2003 Food Aid Shipments (Table 3); 1999 Food Aid Convention, Annex B; Program Considerations www.fas.usda.gov/excredits/FoodAid/, The State of Food Insecurity in the World, 2003, FAOBased on FAO's classification of where undernourishment is greatest, 50% of the MTGE furnished under USDA food aid programs in FY 2002 & FY 2003 went to countries where undernourishment exceeded 20% of the population. The MTGE share provided by USDA's food aid programs rises to nearly 80% for countries where undernourishment exceeds 5% of the population. (* Food aid recipients refer to Developing Countries and Territories listed as aid recipients by the Development Assistance Committee (DAC) of the OECD, effective Jan. 1, 1997, and to countries included in the WTO list of Net Food-Importing Developing Countries, effective Mar. 1, 1999).

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: Yes Question Weight 13%

Explanation: USDA food aid programs have two goals. The first goal to contribute to a reduction in the number of the world's hungry people by one-half by 2015 through the administration of food aid. Reducing the number of hungry people is one of the targeted goals of the U.N. Millenium Declaration adopted by all 189 member states in September 2000 and follows from actions adopted at the Rome World Food Summit in 1996. USAID has also adopted the goal of contributing to a reduction in hunger. USAID states in its Concept Paper that Title II resources will be used to contribute to the vision of "a world free of hunger and poverty, where people live in dignity, peace and security." USDA/FAS is working with ERS to develop an annual measurement of this goal. The second goal of USDA food aid programs is to support international economic development and trade capacity building, as stated in Strategic Goal II of the FAS Strategic Plan.

Evidence: FAS Strategic Plan: 2003-2007 - Goal II, Objectives 2.1 and 2.2; U.S. Action Plan on Food Security, Executive Summary, p. 1; GAO Report GAO/NSIAD-99-15, Food Security, (March 1999), p. 1; US International Food Assistance Report 2001 (USAID Annual Report), p. 7

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 13%

Explanation: Goal I of USDA's food aid programs is to contribute to the Millenium Development Goal (MDG) to reduce the number of the world's hungry people by one-half by 2015. This goal supports both USDA and FAS Strategic Plans. The USDA Plan in Objective 1.2 calls for "...targeted foreign food assistance that assists developing and transition countries in meeting their immediate food and agricultural import needs and that fosters economic growth and development..." Similarly, the FAS Plan includes a goal to "support international economic development and trade capacity building" by administering "foreign food aid and other assistance programs to meet international food security challenges and U.S. Government commitments." This ambitious goal is shared with other food aid providers including the United Nation's World Food Program (WFP) and AID's Office for Food for Peace which administers the PL 480 Title II program. WFP, in its Strategic Plan for FY 2002-2005, states its goal is, "Excellence in providing food assistance that enables all planned beneficiaries of WFP relief activities to survive and maintain healthy nutritional status, and enabling the social and economic development ofat least 30 million hungry people every year." In its Concept Paper, AID states that Title IIresources will be used to contribute to the vision of "a world free of hunger and poverty,where people live in dignity, peace and security." Estimates from IFPRI (InternationalFood Policy Research Institute) and FAO suggest that it may take until 2050 (rather than 2015) to cut the number of hungry people by one-half. The World Bank estimates additional foreign aid of $40-$60 billion annually is needed to achieve the MDG by 2015, about double the current level of aid. USDA's food aid budget is appreciably smaller thanAID or WFP's budget, therefore, our ability to impact the MDG is more limited. Nevertheless, our food aid programs can contribute to the MDG.

Evidence: "Ending Hunger by 2050: Crucial Investments and Policies, IFPRI; The Costs of Attaining the Millenium Development Goals, based on a World Bank Policy Research Working Paper; Strategic Plan, FY 2002-FY 2005, World Food Program, Concept Paper, AID Office of Food for Peace, USDA's Strategic Plan for FY 2002-2007; FAS Strategic Plan, Annual Performance Goals, FY 2004-FY 2005

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: Significant progress has been made toward developing annual performance measures. FAS and USDA/ERS have developed an annual performance measure utilizing the long-standing ERS Food Security Assessment (FSA) model, which estimates the food distribution gap for approximately 70 of the world's most food insecure countries. This model is updated annually. ERS has calculated the contribution of USDA's food aid programs in reducing the gap (for these most food insecure countries) based on FY 2002 and FY 2003 USDA food aid program data. This measure is expressed as a food aid effectiveness ratio. FAS will use this ratio as an interim performance measure for USDA's food aid programs, and is also testing the measure with USAID food aid data. This measure is a significant start towards assessing USDA food aid programs' progress in meeting Goal I to reduce hunger by one-half by 2015. USDA has established a schedule to further refine the measure andmeasures and develop an additional measure that demonstrates performance towards Goal II which focuses on agricultural and economic development rather than food security. An annual efficiency measure is also being adopted which captures response time to food aid program applications.

Evidence: ERS Food Security Assessment Model: Annual Reports; Results from Food Security Assessment Model using USDA/FAS data for FY 2002 & FY 2003.

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight 13%

Explanation: Using the annual food security measure described in 2.3, FAS and ERS will examine a third year of actual USDA food aid data (FY 2001), after which a baseline and targets will be established. Currently, the largest USDA food aid program, Food for Progress, has as its main objective, development, and not food security. This focus on development is in keeping with the President's Food Aid Review conducted in early 2002 which recommended that AID implement emergency humanitarian food aid and that USDA programs focus on economic and agricultural development. In both FY 2002 and FY 2003, 62% of USDA's food aid programs (in dollars) supported development objectives and not food security. After an additional annual measure is developed to measure economic development, corresponding baselines and targets will be established. A baseline will also be established incorporating the new annual efficiency measure.

Evidence: ERS Food Security Assessment: Annual Reports; FY 2002 and FY 2003 USDA Food Aid Programmed (Table)

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: Yes Question Weight 13%

Explanation: Program partners directly commit to program goals through their contractual obligations. USDA's Foreign Agricultural Service (FAS) monitors and enforces compliance of in-country, Private Voluntary Organization (PVO) and intergovernmental concessional programs with the contractual provisions contained in the agreements. Contractual provisions, which must be agreed and adhered to by program partners, are designed to specifically address and adhere to the agency's food security and sustainability goals, and the law. Program partners and the agency share a long history of partnership in program planning. An annual FAS/cooperating sponsor Food Aid Forum ensures two-way communication of mutual expectations and responsibilities. FAS has a new Food Aid Information System (FAIS) that allows direct electronic information exchange of proposals, budgets and amendments, as well as incorporating partner input in process development, improvement and idea exchange.

Evidence: Evaluation & Compliance Checklist: Food for Progress/Section 416(b) Agreements; Food Aid Forum Brochure; Brandegee Report - Appendix D; XL Report on Business Process Reengineering (BPR) in Export Credits Food Aid Programs (03/2002); Sample FFP Food Aid Application Program Evaluation Package, including - (i) Signed Agreement (USG and Int'l Orthodox Christian Charities, June, 1998), with Plan of Operation, Commodity Specifications and Program Budgets, (ii) Evaluation & Compliance Checklist, (iii) Evaluation of Compliance and Performance of Completed Programs, (iv) Closure Letter, and (v) PVO Evaluation Sheets, 09/02 and -8/00

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**

Answer: Yes Question Weight 13%

Explanation: USDA requires regular reporting on all programs, including extensive independent evaluations. Programs undergo frequent and regular audit and evaluation by the GAO, OIG and other USDA agencies, Congress and various independent consultant groups. Within FAS, the Compliance Review Staff (CRS) and the Evaluations Branch (ESPB) conduct site visits. Program partner performance is audited pursuant to OMB Circular A-133 by an independent auditor.

Evidence: PVO sample audit - Int'l Orthodox Christian Charities, Financial Report, 12/31/00; 7 C.F.R. 1499.17; OMB Circular A-133; GAO reports - GAO-02-328, Foreign Assistance: Global Food for Education Initiative (Feb. 2002), GAO/NSIAD/AIMD-00-329, Foreign Assistance: Russia (September 2000), GAO/NSIAD-00-175 Foreign Assistance: N. Korea (June 2000), GAO/NSIAD-00-91, Foreign Assistance: Russia Seed (March 2000), GAO/GGD-95-68, Food Aid (June 1995); Food Security Assessment, ERS, GFA-13 (3/02); CRS Issue Brief, Agricultural Export and Food Aid Programs (02/21/2002); Report to Congress on Food Aid Monetization (08/2001); XL Report; Brandegee Report; EDS Report on Export Operations Tracking System (EOTS) Business Process Study (1995); Mendez England Report Comparing Title I, Title II and § 416(b) Program Requirements; Office of Inspector General (OIG) Audit, FAS FFP PVO Grant Fund Accountability, Evaluation Report No. 50801-6-At (3/99); Bush Administration Food Aid Review/Summary of Conclusions (3/8/02); Site Evaluation Reports, N. Korea (8/02), Vietnam/Indonesia (3/02), Guatemala (2/02)

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?**

Answer: NO Question Weight 13%

Explanation: Currently, the budget is tied only to output measures of tonnage shipped. Beginning with the FY 2006 Budget, the food aid effectiveness ratio will be incorporated as a preliminary annual performance measure. Measures of food security and economic development will need further refinement to tie to resource requests.

Evidence: FY 2006 Agency and Department Budget Congressional Justification.

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight: 13%

Explanation: The most significant corrective step taken is developing the food aid security model as an interim performance measure to assess USDA's food aid programs' contribution toward Goal I of reducing the number of the world's hungry people. In FY 2003/04, FAS also received funding for a study which would allow for the U.S. Government (USG) food aid agencies (FAS, FSA,USAID and Maritime Administration) to exchange information among various computer systems, a capability which does not now exist. With this capability, it will be possible to track which program agreements have been signed for a particular country across the agencies. Having this information exchange will allow for easier and more current reporting on what the USG overall is doing with respect to food aid programming at any point in time and is likely to lead to better, more coordinated U.S. food aid responses. In FY 2002, a business process re-engineering process (BPR) study was completed. As addressed in the answer to question 1.4, the application process has been streamlined; most program application approval times have been reduced significantly and commodity purchases have been spread out more over the course of the year. These undertakings support The President's food aid reform agenda, a management reform effort to maximize the performance outcome of all USG food aid of the resources. This effort has involved coordination of strategic planning between USDA and USAID.

Evidence: Summary of President's Management Review of Foreign Food Aid Activities (March 8, 2002); Summary of President's Management Review of U.S. Food Aid Programs; XL Report; Farm Security and Rural Investment Act of 2002, sec. 3106(i)(1); Food for Progress Act of 1985, 7 U.S.C. 1736(j)(1); Agreement Between USG and the Vishnevskaya-Rostropovich Foundation for the Supply of Agricultural Commodities under FFP (September 2000); ERS Food Security Assessment Model: Preliminary Results for USDA's Food Aid Programs, FY 2002, FY 2003.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: Yes Question Weight: 9%

Explanation: USDA FAS monitors the effectiveness of in-country/Private Voluntary Organization (PVO) programs, through a system of checks and balances that involve logistical, monetized and financial reporting mechanisms. A performance based review system has been incorporated into the review process. The lack of an integrated database of food aid information makes record keeping, reports and performance measurement difficult. For the future, the new FAIS system will incorporate a number of real-time and historic performance measures directly into the evaluations database for instant, regular progress assessments. These will include total number/percentage of proposals/agreements existing, approved, executed and closed; time to signature and delivery; amendments required; ratio of tonnage shipped to tonnage programmed; number of late logistics and monetization reports; number of delivery difficulties; etc. The new database will significantly improve project evaluation and the accuracy of reported data.

Evidence: Office of Inspector General (OIG) - Audit, FAS FFP PVO Grant Fund Accountability, Evaluation Report No. 50801-6-At (March 1999); Sample Logistics and Monetization (LOGMON) Reports - Kyrgyzstan 11/15/2001 & Tajikistan 3/27/2002 (MCI); XL Report - Appendices 2 and 3, which enumerate performance measures to allow for timely and credible monitoring, tracking and evaluation of proposal processing, commodity deliveries and, through freeing up Evaluation Branch resources, individual project successes.

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?

Answer: Yes Question Weight: 9%

Explanation: FAS uses a performance based review system to evaluate grant and contract renewals using past performance data measured against performance criteria. PVOs must provide FAS with quarterly financial reports, and semi-annual logistics and monetization reports. Using this system, FAS has issued reprimands, suspensions, program disbarments and sought recovery of funds when agreements were violated. USDA food aid agreements are subject to "usual marketing requirements" (UMRs) to ensure that food aid will not unduly disrupt agricultural commodity prices and normal patterns of commercial trade in the recipient country. Food Aid proposals are not awarded if analysis shows that the commodities would undercut the market, a determination made for each specific recipient market. Program managers receive annual personnel performance evaluations tied to job performance in meeting program goals.

Evidence: Sample FFP Food Aid Application Program Evaluation Package; Sample Usual Marketing Requirement (UMR) Program Justifications - Guatemala Soybean Meal (2003) and Niger Vegetable Oil (2003); Sample Bellmon Analyses - Bolivian FFP Agreement (2003) and Bangladeshi §416(b) Agreement (2003); Performance Appraisal and Worksheet, Form AD-435; Agreement Between Foreign Agricultural Service (FAS) and American Federation of State, County and Municipal Employees Local 3976 (AFSCME) (1997, Renegotiated 1999), Art. 23, Performance Appraisal

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?

Answer: YES Question Weight: 9%

Explanation: PVO-partners must expend any funds advanced by USDA within 180 days from date of advancement. Any unexpended advanced funds not utilized within this timeframe are returned to USDA along with the interest earned. All programs require a Plan of Operation or development plan which includes a plan and schedule for the use of sales proceeds and program commodities. Agreements also include objectives and timelines for program implementation. All agreements are signed during the fiscal year. Procurements then proceed in a timely fashion with only limited late-cycle purchases carried over into the next fiscal year.

Evidence: Farm Security and Rural Investment Act of 2002, Sec. 3106 (Food for Progress), Sec. 3201 (Section 416(b)); Sample Plan of Operation (Attachment A); Evaluation & Compliance Checklist: Food for Progress/Section 416(b) Agreements; Compliance Report for Food Aid Agreements; Regulations 7 CFR 1499.7(f), (g), (h), and 1499.12(c)

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?

Answer: NO Question Weight: 9%

Explanation: While improvements are being made in this area, particularly evidenced by the PVO application approval process which has been streamlined, and the proposed FAIS system that will integrate data and incorporating future efficiency measures and targets. Further progress is needed to fully implement the lowest landed procurement of commodities and freight which while partially automated, remains encumbered manual, multilayered processes. A "yes" answer on this question requires that the performance plan include an efficiency measure that measures cost effectiveness, including cross-program and inter-agency coordination on systems to avoid redundancies.

Evidence: FSA Commodity Operations, Procurement and Donations Division - www.fsa.usda.gov/daco/pdd/eob/; Commodity IFB and Freight tender on-line information at www.fas.usda.gov/excredits/Title%201/default.htm; XL Report - Performance Measure Implementation; Appendices 2 and 3; Cost/Benefit Analysis; FAS Information Technology Capital Planning and Investment Committee (CPIC) Initiative Proposal for the Food Aid Information System (FAIS)

3.5 Does the program collaborate and coordinate effectively with related programs?

Answer: Yes Question Weight: 8%

Explanation: U.S. Food Aid is coordinated through the interagency Food Assistance Policy Council (FAPC) and the Policy Coordinating Committee on Food Aid (PCCFA), coordinating food aid action between USDA, USAID, OMB, and the State Department. As food aid is also a foreign policy tool of the U.S. Government, interagency operations must be coordinated to achieve consistent foreign policy goals and effectively marshal various independent agency resources of management and overhead. Information on cooperating sponsor qualifications are shared among the food aid operating agencies. USDA's Farm Service Agency (FSA) is the procurement agency of CCC-supplied commodities used by all U.S. food donation governmental agencies.

Evidence: Executive Order 12752, Implementation of the Agricultural Trade Development and Assistance Act, Secs. 3, 4 (02/25/1991); FAS/EC/ODA Internal Description of FAPC; Examples of intra-agency FAPC deliberations - on FFP and McDIFE-CNP, 9/02, on BEH Trust, 8/02, and on §416(b), 5/01; Interagency Role in P.L. 480 Program Decisionmaking, OGSM, 5/24/1977

3.6 Does the program use strong financial management practices?

Answer: NO Question Weight: 8%

Explanation: P.L. 480 Title I, and the McGovern-Dole International Food for Education and Child Nutrition Program are funded through annual discretionary appropriations. Donactions under the BEHT and 416(b) utilize CCC ownded commodities and funds. Financial management weaknesses are apparent in the areas of tracking obligations, estimating future budget funding levels, and obtaining adequate and timely reimbursements from program partners (MarAd and USAID). Improvement is needed on internal USDA (FSA and FSA) on budget and financial accounting. On the internal financial control of program partners, PVO's are required to submit quarterly financial statements when funds are an approved component of their agreement. Also, they must provide a detailed Plan of Operation that includes a section that outlines the use of sales proceeds when applicable. There is a requirement that the PVO's must utilize funding within 180 days of advancement or it (the funding) is subject to return to USDA.

Evidence: USDA - OIG - Financial and IT Operations Audit Reports: Fiscal Years 2002 and 2003 Audit Report No. 06401-16-FM (Nov. 2003); Sample Plan of Operation (Attachment A); Evaluation & Compliance Checklist: Food for Progress/Section 416(b) Agreements; Compliance Report for Food Aid Agreements; Regulations 7 CFR 1499.7(f), (g), (h), and 1499.12(c); FSA Annual Performance Plan, FY 2003, pp. 17-18

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: Yes Question Weight: 8%

Explanation: A business process reengineering (BPR) study was conducted to improve food aid delivery and the management practices implemented. The report specifically recommended: that food aid shipments move up earlier in the delivery process cycle, additional front-line management authority delegation, and planning for personnel succession and additional training. Steps have been taken to delegate decision authority downward, and an employee orientation training regimen has been implemented. Additional process improvements, such as database integration, web-enabled client interfacing, and proposal prescreening have yet to be implemented. FAS implemented a new evaluation system, based on a checks and balance system recommended by the USDA Office of Inspector General, during their audit of grant fund accountability.

Evidence: XL Report; Office of Inspector General (OIG) - Audit, FAS FFP PVO Grant Fund Accountability, Evaluation Report No. 50801-6-At (March 1999)

3.CO1 Are grants awarded based on a clear competitive process that includes a qualified assessment of merit? Answer: Yes Question Weight: 8%

Explanation: Grant applications for FFP, §416(b) and the FFE program are reviewed by country analysts whose recommendations are subject to approval by criteria listed for a series of items which are required to be ranked and scored. These recommendations are then discussed with other USG agencies and approved by senior USDA management.

Evidence: Proposal Evaluation Form (application checklist)

3.CO2 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: Yes Question Weight: 8%

Explanation: FAS requires semi-annual logistics and monetization reports, quarterly financial reports and conducts site visits, sometimes with other USDA officials, to projects in progress. FAS provides further assistance in the evaluation process by performing random reviews of on-site PVO projects. All FFP, Sec. 416 (b) & FFE program agreements require annual audits which must be undertaken in accordance with OMB Circular A-133. The audits must meet CCC standards.

Evidence: Sample Logistics and Monetization (LOGMON) Reports - Kyrgyzstan 11/15/2001 & Tajikistan 3/27/2002 (MCI); Evaluation & Compliance Checklist: Food For Progress/Section 416(b) Agreements; Compliance Report for Food Aid Agreements; FFP/§416(b) General Reporting Instructions - www.fas.usda.gov/excredits/report in.html

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

3.CO3 **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: YES Question Weight: 8%

Explanation: Cooperating sponsors furnish quarterly and /or semi-annual reports (in accordance with 7 C.F.R. 1499.7and 7 C.F.R. 1599.7) on expenditures and accomplishments of their programs. Currently, these reports are sent by mail or as attachments in an email. A reporting database system has been developed that will allow cooperating sponsors to enter their reports directly into the system. Existing reports are presently being entered into the database, in-house, while the system is fine-tuned. Once this system is fully up and running, it is expected that reports can be generated offering various quantitative and qualitative information about the program. It is conceivable that data from these reports could be made available to the public on the FAS website in the future when resources to accommodate this becomes available. In the meantime, performance data is made public through trip reports and photos on our website as well as information disseminated at Congressional briefings, food aid conferences and other meetings.

Evidence: Instructions for Submitting a Quarterly Financial Report - www.fas.usda.gov/excredits/pl480/qtr_inst.htm; Food Aid Tables; FAS ESPB Table of Active Food Aid Monetization Projects FY 2001

3.CR1 **Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: YES Question Weight: 8%

Explanation: Freight payment disbursements for PL 480, Title I, FFP, Sec. 416(b), and FFE are timely. For Section 416(b) and FFP, authorization for payment is made within 10 days of receipt of required documentation. Payments are made within 1-3 days of authorization. For FFE, freight payment is made within 30 days of receiving required documentation. For Title I, freight payment is made within three business days of receipt of required documentation. Status of debt is summarized by country in a monthly exposure report by Farm Service Agency and is provided to FAS for programming decisions. The report includes principal balances, rescheduled arrears, and interest. USDA records country defaults as arrearages. Arrearage notices with late interest calculations are sent on a quarterly basis to all applicable countries. Title I sovereign credit can only be rescheduled through the Paris Club. Legislation is required for PL 480, Title I debt reduction and write-offs. The cost of providing Title I credit is re-estimated annually. Estimates are revised to reflect actual experience and updated assumptions concerning country risk andeconomic assumptions.

Evidence: 7 C.F.R. 1499.8 - Ocean Transporation; P.L. 480 Federal Regulations, Sec. 17.8 - Ocean Transportation; 7 C.F. R. 1599.7(h) - Ocean Transportation for FFE; Total Exposure Report

3.CR2 **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight: 8%

Explanation: The PL 480, Title I program takes into account the level of country risk. The subsidy levels for Title I countries are calculated from subsidy factors, which are based on the Interagency Country Risk Assessment System (ICRAS) grades of the recipient countries. These grades are based on projected economic, financial and political conditions in countries. The lower the ICRAS grade of a particular country, the higher its subsidy factor.

Evidence: Title I Program Summary: FY 2001, FY 2002, and FY 2003

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately Effective
80%	75%	83%	60%	

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: LARGE EXTENT Question Weight20%

Explanation: FAS has adopted an interim annual performance measure, the food aid effectiveness ratio estimated by the ERS Food Security Assessment (FSA) Model, to assess USDA programs' progress in contributing to a reduction in world hunger. The PL 480 Title I, FFP, Sec. 416(b) and FFE programs represent a small set of the U.S. Government's (USG) tools available to reduce world hunger. USDA's food aid as a share of total US food aid was 33% (in dollars) and 29% (in tonnage) in FY 2003 (Note: USDA's share was larger in FY 2002, over 50% in dollars and tonnage, however, a Presidential review of food aid programs recommended that emergency food aid be shifted from the USDA-adminstered Sec. 416(b) to AID-administered PL 480, Title II). Despite USDA's smaller share, the programs' effectiveness in addressing the food gap were shown to be greater than expected by ERS' FSA Model. The most food insecure countries received the largest share of commodities provided from USDA's food aid programs -- over 70% of total metric ton grain equivalents. The food aid effectiveness ratiowas about 60% in FY 2002 and an estimated 40-44% in FY 2003. This ratio identifies the share of USDA food aid, out of total USDA food aid, that was successful in reducing the food gap for the most food insecure countries. This measure demonstrated that USDA food aid programs have a measurable impact on reducing world hunger.

Evidence: GAO Report GAO/NSIAD-99-15, Food Security, (March 1999); Report to Congress on Food Aid Monetization (08/2001); Food Aid Tables; Revised FY 2001/2002 Annual Performance Plans; FAS Strategic Plan: 2001-2005; Annual Performance Reports 2000 & 1999; FAS Presentation on USDA Food Aid Programs, March 1, 2002; Dr. Jacques Diouf, Director-General, United Nations Food and Agriculture Organization (FAO) World, Food Summit Interview; World Food Programme (WFP), In Depth - Sudan (June 2001); FAS/EC/PAD/FAB Title I Transition Examples Prepared for the U.S. Trade Representative (USTR), 2002; FAS Success Stories; FAS/EC Explanatory Notes "Success Stories," FY 2001 - 2003; FAO/WFP Special Reports (July 29, 2002) and (October 26, 2001); FAO Special Alert, Horn of Africa (April 18, 2000); Relief Web, www.reliefweb.int , DPRK, 6/10/02, USAID, 6/7/02, WFP 4/4/02; Testimony of U.S. Rep. James P. McGovern, on Impact of Excluding Surplus Commodities, June 4, 2002; ERS Food Security Assessment Model; FY 2005 FAS/EC Explanatory Notes (FAS Success Stories); Food Aid Tables (FY 2002 & FY 2003).

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight20%

Explanation: As discussed in 2.3, improved annual measures are under development. USDA food aid programs are successful in getting output measure in volume (tonnage) terms. In FY 2003, 1.3 million metric tons were provided. USDA food aid programs support the annual performance goals outlined in the FAS and USDA Strategic Plans. For all USDA food aid programs, one goal is to increase over time the graduation rate of recipient countries from food aid to commercial sales or to their own enhanced food production capabilities. For the FFE program, the goals are to increase the number of meals to recipients and improve attendance, literacy and primary education for children. Every food aid agreement signed with our PVO partners requires regular (quarterly and semi-annual) reports on the progress achieved in meeting program performance goals. Reporting capabilities for the FFE program have been strengthened, allowing for better tracking of the number of meals served so that school feeding and its contribution to school attendance, and girls' attendance, in particular, can be measured.

Evidence: Annual Performance Reports 1999 & 2000; FAS Presentation on USDA Food Aid Programs, March 1, 2002; Report on Pilot for School Feeding (Global Food Education) and Monetization Report;

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately Effective
80%	75%	83%	60%	

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: SMALL EXTENT Question Weight 20%

Explanation: In FY 2002, The Food Aid Data System (FADS) was implemented. This system allows for online processing of food aid proposal applications and has cut the proposal review time in half from 120 days to 60 days, on average. This system has also standardized the program application with the goals of improving both the quality of applications received and their evaluation. Additional improvements are needed in the Farm Service Agency's (FSA) competitive invitation for bid and freight tender system. No recent funding has been made available to implement the Freight Electronic Bid Entry System, or the automated payment system to freight vendors. These modifications would allow for the lowest commodity bids to be matched more easily with the lowest landed cost for shipping maximizing the food aid available for recipients. Also, efforts to spread out commodity purchases to earlier in the fiscal year to avoid bottlenecks and higher shipping cost have been successful.

Evidence: Guidelines for Proposal Package, www.fas.usda.gov/excredits/pl480/propguid.html; sample proposal, www.fas.usda.gov/excredits/pl480/propform.html; sample Plan of Operation, www.fas.usda.gov/excredits/pl480/propexam.html; Proposal Evaluation Form (application checklist); XL Report; Commodity IFB and Freight tender on-line information at www.fas.usda.gov/excredits/Title%201/default.htm; Cargo Preference Laws; USDA Commodity Purchasing Trend Data for 2002 & 2003

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: YES Question Weight 20%

Explanation: The USG is the largest contributor in meeting the Millenium Development Goal challenge to achieve a 50% reduction in global hunger by 2015. Its food aid contribution, which includes USDA food aid programs, stands at nearly 60% of the worldwide total. USDA's food aid programs compare favorably with USAID's PL 480, Title II program given their size and available resources. USDA food aid programs sent 70-75% of the MTGE provided to the most food insecure countries in FY 2002 and FY 2003. USDA's food aid programs overall have been shown to be highly effective in reducing the food gap according to ERS' FSA model. USDA and USAID have been working together to identify a common measure to compare the performance of similar aspects of their programs. AID is currently in the process of providing ERS commodity shipment data for the PL 480, Title II program which ERS will analyze for its contribution in reducing the food distribution gap using the FSA model. It may be possible for both USAID and USDA's programs to adopt this common performance measure in assessing progress toward the long-term goal of reducingglobal hunger. It should be noted that use of a common performance measure is unlikelyto show the same reduction in the food gap for all food aid programs. This is due to thefact that USDA's food aid programs are mainly geared to meet the objectives ofincreased agriculture and economic development (Goal II, PART) and not food security.

Evidence: ERS Food Security Assessment Model: Results for USDA food aid programs, FY 2002 & FY 2003

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately Effective
80%	75%	83%	60%	

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: LARGE EXTENT

Question Weight 20%

Explanation: The long established ERS FSA Model shows that USDA's food aid programs are achieving results. Using FY 2002 and FY 2003 food aid data, the model indicates USDA food aid programs were effective in reducing the food aid distribution gap in many of the most food insecure countries. This food aid effectiveness ratio was 60% and over 40% for FY 2002 and FY 2003, respectively. In FY 2002, a business process re-engineering (BPR) study was completed. This report provided the agency with greater understanding of its processes and areas for improvement and offered tangible steps to improve IT resources, management and training. As an outgrowth of this BPR study, in FY 2003/04, FAS sought and received funding for a study which would allow for the USG food agencies (USDA FAS, FSA USAID & Maritime Administration) to exchange information among various computer systems, a capability which does not now exist. With this capability, it will be possible to see what program agreements have been signed for a particular country across the agencies. Having this information exchange will also allow for easier and more current reporting on what the USG overall is doing with respect to food aid programming at anypoint in time and is likely to lead to more coordinated and therefore more effective U.S. food aid responses. The FFE program requires organizations to report detailed information on benchmarks that relate closely to USDA goals. The information on itemssuch as attendance, number of meals, and increase in enrollment will allow USDA to evaluate the projects more quickly and in an objective manner.

Evidence: Mendez England Report; USDA - OIG - Financial and IT Operations Audit Reports: FY 2000 Audit Report No. 06401-14-FM (June 2001) and FY 2001 Audit Report No. 06401-4-KC (Feb. 2002); EDS EOTS, Brandegee and XL Reports; GAO Reports - GAO-95-68; GAO-00-91; GAO-00-329; Compliance Review Staff Reviews, International Orthodox Christian Charities, Georgia (5/02) and Feed the Children, Armenia (7/01); ERS Food Security Assessment Model: Results for USDA's Food Aid Programs, FY 2002 & FY 2003

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

Measure: Food aid effectiveness ratio (measured on an annual basis)

Additional Information: Annually, the proportion of USDA's food aid out of total USDA food aid that reduces the "food distribution gap" in the world's most food insecure countries.

Year	Target	Actual
2002		60%
2003		40-44%
2004/5		45%
2006		55%

Measure Term: Long-term

Measure: Application Response Time

Additional Information: Number of days to process and approve applications for food aid.

Year	Target	Actual
2003		90
2004		90
2005	90	
2006	90	

Measure Term: Annual

Measure: Metric Tons shipped in a given fiscal year

Additional Information:

Year	Target	Actual
2003	.07	1.3
2004	1.2 Mil MT	

Measure Term: Annual

PART Performance Measurements

Program: Food Aid Programs
Agency: Department of Agriculture
Bureau: Foreign Agricultural Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	83%	60%	Effective

2005	1.1 Mil MT	
2006		

Measure: Reduce the number of the world's hungry people by one-half by 2015 through the administration of food aid (Baseline and targets under development).

Additional Information: FAS needs to provide baseline data

Measure Term: Long-term

Year	Target	Actual
2003		
2004		
2005		
2006		

OMB Program Assessment Rating Tool (PART)

Regulatory Based Programs

Name of Program: Food Safety and Inspection Service

Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Is the program purpose clear?*	Yes	The mission of Food Safety and Inspection Service is to ensure that the Nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and accurately labeled and packaged.	Federal Meat Inspection Act (FMIA) 21 U.S.C., Chapter 12, P.L. 59-242 as amended through P.L. 107-1; Poultry Products Inspection Act (PPIA) 21 U.S.C., Chapter 10, P.L. 85-172; Egg Products Inspection Act (EPIA) 21 U.S.C Chapter 15, Section 1034, P.L. 106-170	20%	0.2
2	*Does the program address a specific interest, problem or need?*	Yes	The Centers of Disease Control and Prevention (CDC), DHHS, estimate that foodborne diseases cause approximately 76 million cases of gastrointestinal illnesses, 325,000 hospitalizations, and 5,200 deaths in the U.S. each year. Further the Economic Research Service, USDA, estimates that the costs associated with five major pathogens alone amount to at least $6.9 billion annually. These costs include medical costs, productivity losses from missed work, and an estimate of the value of premature deaths, but exclude travel costs in obtaining medical care, lost leisure time, etc.	CDC, "Food-Related Illness and Death in the United States," Paul S. Mead et.al.., *Emerging Infectious Diseases*, Vol. 5, No. 5, 1999; ERS, *Food Safety Efforts Accelerate in the 1990's*, Stephen R. Crutchfield, Tanya Roberts, 2000; GAO-02-902, *Meat and Poultry-USDA Oversight and Enforcement of Safety Rules Needed to Reduce Risk of Foodborne Illnesses*; OIG-24001-3-AT, *FSIS: Implementation of the Hazard Analysis and Critical Control Point System.*	20%	0.2
3	*Is the program designed to have a significant impact in addressing the interest, problem or need?*	Yes	The CDC combined estimated incidence of infections caused by *Campylobacter*, *E. coli* O157, *Listeria*, and *Salmonella* in 2001 was 21% lower than in 1996. According to CDC, the declines in the incidence of these foodborne infections occurred in the context of several control measures, including implementation by USDA/FSIS of the PR/HACCP systems regulations in meat and poultry slaughter and processing plants. The decline in the rate of *Salmonella* infections in humans coincided with a decline in the prevalence of *Salmonella* isolated from FSIS-regulated products to levels well below baseline levels before HACCP was implemented.	CDC, *Preliminary FoodNet Data on the Incidence of Foodborne Illnesses--- Selected Sites, United States, 2001,* MMWR, April 19, 2002.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?*	Yes	Principal Federal regulatory organizations responsible for providing food safety consumer protection are the FSIS and FDA (HHS). FSIS has the sole regulatory responsibility for ensuring that meat, poultry, and egg products are safe, wholesome, and accurately labeled and packaged. The FSIS role is unique but not conducted in a vacuum. Other Federal agencies, such as ARS, APHIS, AMS, CSREES, EPA, ERS, and CDC play a significant role in food safety research, education, prevention, surveillance, standard-setting, and outbreak response activities (see 2.4). FSIS has agreements with 27 States to ensure that these delgated inspection programs are "equal to" Federal inspection conducted in the other 23 States.	*A Description of The U.S. Food Safety System*, interagency paper prepared as the U.S. March 2, 2000 submission to the Organization for Economic Cooperation and Development; FMIA 21 U.S.C., Chapter 12, Section 301; PPIA 21 U.S.C., Chapter 20, Section 5. EPIA 21 U.S.C., Chapter 15, Section 1034; A list of agreements with States is available upon request.	20%	0.2
5	*Is the program optimally designed to address the interest, problem or need?*	No	Within the constraints of underlying statutory requirements for carcass by carcass visual inspection, FSIS is tied to a certain inspection protocal that makes it impossible to compare the allocation of inspection resources to the level of inspection resources used at FDA. Within the constaints of the traditional model, the PR/HACCP rule began a new era of meat & poultry inspection and there is no evidence that another approach that would be more effective in achieving the reduction in foodborne illnesses. Under HACCP, plants identify and evaluate the food safety hazards that could affect the safety of their products and institute controls necessary to prevent these hazards from occurring or to keep them within acceptable limits. However, HACCP inspection does not apply to the slaughter process. The HACCP-Based Inspection Models Project (HIMP) is an effort to improve online slaughter inspection, and to maximize the reduction and/or elimination of defects that pass through traditional inspection.	National Academies of Science Reports dating from 1986; PR/HACCP Rule, 9 CFR Part 304, et. al.; HIMP June 1997, Fed Reg 62 FR 31553, FSIS requested public comments on the design and development, Fed Reg Notice: *HACCP-Based Meat and Poultry Inspection Concepts: Diseases and Conditions Identifiable During Post-Mortem Inspection*, Notice of availability July 29, 1998; Memorandum of Understanding between FSIS and NJC, May 19, 1999; RTI data presented to the National Advisory Committee on Meat and Poultry Inspection June 2002;	20%	0.0
Total Section Score					**100%**	**80%**

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Section II: Strategic Planning (Yes,No, N/A)						
	Questions	**Ans.**	**Explanation**	**Evidence/Data**	**Weighting**	**Weighted Score**
1	*Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?*	Yes	The current strategic goal for the Agency is to protect the public health by significantly reducing the prevalence of foodborne hazards from meat, poultry, and egg products. Through various GPRA documents, the Agency and USDA have attempted to measure this reduction; first through the use of CDC foodborne illness data and currently through the use of *Listeria* data on ready-to-eat products and *Salmonella* data on broiler chickens, market hogs, and ground beef. This latest measure was established in consultation with OMB and is currently incorporated into a performance measure for both the Agency and USDA. The four strategic objectives, and corresponding outcome measures, are based on the risk analysis model; a well recognized scientific approach. They include risk assessment, risk management, risk communication, and the infrastructure to support the model. This framework was constructed in conjunction with food safety partner agencies throughout the government. USDA is currently producing a new Strategic Plan.	USDA Strategic Plan 2000-2005: USDA Annual Performance Plan (APP) 2002-2003; USDA Annual Program Performance Report (APPR) 2001; FSIS Strategic Plans for Fiscal Years 1997-2002, 2000-2005 May 2001; FSIS APP for FY 2002 -2003, FSIS APPR for FY 2001, Most FSIS Strategic Plans, APPs and APPRs are available on the FSIS Web site.	26%	0.3
2	*Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?*	Yes	FSIS Annual Performance Plans contain four strategic objectives converted to performance goals and outcome measures that have annual targets. As with the Strategic Plan, it is based on a risk analysis model that includes risk assessment, risk management, risk communication, and the infrastructure to support the model. Outcome measures, and corresponding annual targets, demonstrate progress made towards achieving both the annual and long term goals. USDA is producing a new Strategic Plan that will impact the FSIS Strategic Planning process. This evolving planning process will incorporate: current science on the causes of foodborne illnesses, estimated severity and likelihood of harm to human health, policy alternatives to protect public health in view of risk assessments, and information exchange among all stakeholders.	FSIS APP 2002-2003; FSIS APP 2001-2002; FSIS APP 2000-2001; FSIS APPRs FY 2001, 2000, 1999; FSIS Strategic Plan 2000-2005, May 2001	26%	0.3

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?*	N/A	There is no concrete evidence to support or rebut the answer to this question. State inspection programs must be equal to those of Federal inspection programs so these States do play a role in reducing the incidence of foodborne illnesses. FSIS currently reviews approximately 22% of State inspection programs each year.	FMIA 21 U.S.C., Chapter 12, Section 301; PPIA 21 U.S.C., Chapter 20, Section 5; FSIS had 27 grants with cooperative State meat and poultry inspection programs in 2001. A list is available upon request.	0%	0.0
4	*Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?*	Yes	The framework for the current FSIS Strategic Plan was designed in consultation with related programs. FSIS has over 70 MOUs and Interagency Agreements with food safety partner agencies to cooperate on research, education, prevention, surveillance, and outbreak response. An example of effective food safety partner coordination is the *Fight Bac* education campaign that involves State, local, Industry, and Federal agency collaboration. Another is the recent APHIS and FSIS risk assessment on Bovine Spongiform Encephalopathy (BSE). The Food Threat Preparedness Network (PrepNet) ensures effective coordination of food security efforts across Federal departments. FSIS coordinates with the Agricultural Research Service (ARS) for food safety research, with APHIS to prevent diseased animals from entering the food system, and with FDA to share information. FSIS contributes to the CDC FoodNet and PulseNet, a national network of public health laboratories.	USDA APPR FY 2001 contains information on USDA food safety partners; Source documents for the Fight Bac campaign can be found on the FSIS Website; CDC and FDA data incorporated into FSIS APPs and APPRs; MOU example includes 12-37-379 with FDA for exchange of information regarding establishments and operations that are subject to duel jurisdiction; Interagency Agreement 12-37-2-032 with ARS for research, 12-37-2-058 with CDC for FoodNet surveillance; A listing of Interagency Agreements, MOUs, and Cooperative Agreements will be furnished upon request.	4%	0.0
5	*Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?*	Yes	Independent and quality evaluations have been conducted by GAO, OIG, Logistics Management Institute (LMI), and Research Triangle Institute (RTI). Through the RTI, FSIS is conducting a comprehensive evaluation of the impact of the HACCP rule. This multi-year project, started in FY 1999, is in addition to internal FSIS assessments of HACCP impact and implementation. For information regarding LMI evaluations of financial controls, see Section 3.6.	The list of reviews is available upon request. Samples include: RTI Study, *Effects on PR/HACCP on Biological Hazards: PreHACCP Study* , Dec. 2000; GAO--02-59, *Food Safety-Weakness in Meat and Poultry Inspection Pilot Should Be Addressed Before Implementation;* OIG-50601-3CH *Assessment of APHIS and FSIS Inspection Activities to Prevent the Entry of Foot and Mouth Disease Into the U.S.* ; OIG-24001-3-AT, *FSIS: Implementation of the Hazard Analysis and Critical Control Point System* ; OIG-24601-CH, *FSIS: Laboratory Testing of Meat and Poultry Products.*	10%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	*Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?*	No	The Agency has attempted to use output measures for new initiatives that have illustrated funding, policy, and legislative changes. However, not all have always tied to the budget as some did not require additional resources but were discussed within the Plan without clear performance measures. FSIS can cross walk 2004 budget with the Strategic Plan and performance data will be incorporated into the 2004 budget justification. Currently, FSIS is looking into its planning and budget formulation activity to strengthen performance-based budgeting and reviewing operating accounts to determine what needs to be accomplished to gather and enhance performance data.	FSIS APP FYs 2002-2003; FSIS APP FYs 2001-2002; FSIS APPR FY 2001; Prior year FSIS APPs and APPRs.	10%	0.0
7	*Has the program taken meaningful steps to address its strategic planning deficiencies?*	No	FSIS is updating its Strategic Plan to synchronize with that of USDA; however, integration in the strategic planning process with other Federal food safety partners (FDA, CDC) and external stakeholders is insufficient. FSIS has taken steps to design an outcome measure, for which data is available on an *annual* basis, that reflects the unique contribution of FSIS inspection of meat, poultry, and egg products to reducing the incidence of foodborne illness (Strategic goal).		12%	0.0
8 (Reg 1.)	*Are all regulations issued by the program/agency necessary to meet the stated goals of the program, and do all regulations clearly indicate how the rules contribute to achievement of the goals?*	Yes	All regulations issued by FSIS are considered necessary to reduce the incidence of foodborne illness and the meet the mission of the Agency. (Need to mention reg reform here - where are old regs being revised or withdrawn if not consistent with HAACP?)	Examples include: PR/HACCP rule 9C.F.R. Part 304, et.al.; HACCP related rules, Advanced Meat Recovery System; Performance Standards for the Production of Processed Meat and Poultry Products.	12%	0.1
Total Section Score					**100%**	**78%**

Section III: Program Management (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?*	Yes	FSIS data sources include the Microbiological and Residues Contamination Information System (MARCIS) and the Pathogen Reduction Enforcement Program (PREP). MARCIS is an automated system that provides information on microbiological, chemical, and pathological analyses of domestic and imported meat, and poultry and their processed products. PREP is an automated system that is used for scheduling and recording Salmonella compliance data. FSIS has, through its RTI and LMI contracts (see sections 2.5 and 3.6), collected credible program and management performance data. FSIS also contributes to ARS research, CDC FoodNet data collection activities, and FDA FoodCode data. These data are used to monitor and improve performance.	Cite APP and APPR	10%	0.1
2	*Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?*	Yes	FSIS annually conducts reviews of approximately 22% of State inspection programs funded in part through the Agency. FSIS implemented new SES personnel performance standards pertaining to GPRA accountability that went in to effect July 1, 2002. The process for middle managers will begin as their standards are updated in October of this calendar year.	A list of public meetings is available upon request. Some data also contained in the FSIS Strategic Plan, APPs and APPRs.	5%	0.1
3	*Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?*	Yes	Funds control reports from the FFIS accounting system are issued monthly to meet OMB and Treasury requirements for reporting information. Monthly status of funds reports, that separately identify major Agency initiatives, are also delivered to the appropriate Agency program managers. FSIS will intensify its efforts to integrate performance measures into the reports produced by its financial management system in FY 2003.	FSIS Financial Statements to USDA and Treasury; FSIS Budget Explanatory Notes to Congress.	5%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?*	No	FSIS does not have tangible incentives or procedures in place to measure cost effectiveness. However, over the last few years, FSIS has undertaken several initiatives to improve resource management efficiencies and cost effectiveness. Some examples include the prior reorganization which removed one level of field management and consolidated policy development activities, the LMI contract discussed in Section 3.6, FAIM, HIMP, and FACTS. The Agency also has recently reviewed its District offices to determine and adjust the number and structure of field offices needed to achieve maximum efficiency. A parallel review was conducted of field administrative support functions to improve the alignment and responsiveness to Agency programs. The new organizational structure implemented internally August 11, 2002, emphasizes accountability in all FSIS activities. Another recent example includes the Office of Program Evaluation, Enforcement and Review (PEER). This office was established to provide internal review of FSIS programs and assess the effectiveness of regulatory activities.	Cite the FACTS initiative here?	5%	0.0
5	*Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?*	No	FSIS is analyzing ways in which programmatic costs can be associated within the financial management system to each performance measure. FSIS has incorporated into its financial management system a cost allocation module to distribute, as each month is closed in FFIS, overhead costs to direct program activities. Overhead is distributed to each direct budget activity, and within each activity, each division.	FSIS Financial Statements to USDA and Treasury; FSIS Budget Explanatory Notes to Congress.	5%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	*Does the program use strong financial management practices?*	No	FSIS contracted with the Logistics Management Institute (LMI) to evaluate financial business processes and make recommendations to enhance them. This relationship has been ongoing for the last three years. FY 2003 is the target year for implementing most major changes. As a result of this activity, FSIS financial management practices have improved significantly. LMI has provided recommendations to the Agency for improvements and FSIS has begun implementation. There remain some deliverables currently pending.	The improvements to the FSIS financial management practices are illustrated in Agency responses to the following: *USDA Consolidated Financial Statement for FY 2001* , OIG-50401-43-FM; *Review of FSIS Inspector Staffing Shortages and Anti-Deficiency Act Violations* , OIG-24601-1-FM; LMI Report, *FSIS's Accredited Laboratory Program Review of Financial Functions* , May 2002; LMI Report, *Improving Financial Management at the Food Safety and Inspection Service* , Oct. 2001; LMI Report, *FSIS's Financial Management and Accounting System: Recommended Improvements and Implementation Strategy* , Sept, 2000.	5%	0.0
7	*Has the program taken meaningful steps to address its management deficiencies?*	Yes	According to OIG, the major management challenge faced by FSIS is addressed in four audits issued in FY 2000 on the FSIS implementation of HACCP, laboratory testing of meat and poultry products, imported meat and poultry inspection process and the district enforcement operations compliance activities. The Agency has taken corrective action on many of the recommendations and plans to complete the remainder within FY 2003. GAO issued an audit on the HIMP program in December 2001. FSIS has completed some activity to address the issues raised, and plans to complete all corrective actions recommended during FY 2003. FSIS has established an internal controls staff unit, to identify and analyze problems, and to oversee implementation of management improvement actions as necessary.	GAO audit entitled *Food Safety: Weaknesses in Meat and Poultry Inspection Pilot Should Be Addressed Before Implementation; in addition the Agency regularly conducts Internal Control Reviews and Assessments of management practices.*	5%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
8 (Reg 1.)	*Did the program seek and take into account the views of affected parties including state, local and tribal governments and small businesses, in drafting significant regulations?*	Yes	As part of the HACCP implementation, FSIS began a comprehensive outreach effort to build consensus among large, small, and very small plants, the National Advisory Committee on Microbiological Criteria for Foods, *Codex Alimentarius* , and the National Advisory Committee on Meat and Poultry Inspection. Since 1995, FSIS has conducted an extensive public outreach effort, with more than 145 meetings with constituencies; held conferences on a variety of topics on proposed or draft regulations (an example being the action plan for control of *Listeria monocytogenes)* and plans more on topics such as the *Listeria Summit, and improving the recall process.* In addition, conferences are held with State governments in conjunction with other food safety agencies.	A list of public meetings is available upon request. Some data also contained in the FSIS Strategic Plan, APPs and APPRs.	10%	0.1
9 (Reg 2.)	*Did the program prepare, where appropriate, a Regulatory Impact Analysis that comports with OMB's economic analysis guidelines and have these RIA analyses and supporting science and economic data been subjected to external peer review by qualified specialists?*	Yes	The Agency has prepared regulatory impact analyses (RIA) which incorporated a statement of need or market failure argument. Reasons for rulemaking ranged from a lack of information to consumers to regulatory reform. All RIAs have shown that the rulemaking maximized net benefits, e.g. the Performance Standards for the Production of Processed Meat and Poultry Products, and Advanced Meat Recovery System. In addition, this RIA and others were subjected to peer review by other government agencies like the FDA and ERS, and by State agencies.	Examples include the Performance Standards for the Production of Processed Meat and Poultry Products; Advanced Meat Recovery.	10%	0.1
10 (Reg 3.)	*Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?*	No	FSIS has undertaken, but not completed, an effort to ensure that regulations are converted to performance standards to support the new HACCP system. Regulations are also reviewed on a systematic basis such as the 610 Review process for small Business compliance. Regulations are reviewed on an ongoing basis in an attempt to minimize the regulatory burden on industry and ensure consistency with HACCP goals. During HACCP implementation, FSIS actively reviewed all of its regulations to either delete, rewrite, or adjust to ensure that the older regulations were in keeping with the PR/HACCP rule.	Examples include the 610 Review: Standards and Labeling Requirement for Mechanically Separated Species and Products in Which It is Used; Performance Standards for Bacon; Food Standards: Guiding Principles and Food Standard Modernization.	10%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
11 (Reg 4.) *In developing new regulations, are incremental societal costs and benefits compared?*	Yes	In many of the FSIS rulemaking endeavors, the Agency conducts a preliminary cost and benefit assessment to determine incremental costs and benefits. For those rulemakings deemed economically significant, a RIA to assess the costs and benefits of alternatives is conducted.	Examples include the Food Standards: Guiding Principles and Food Standards Modernization; Performance Standards for the Production of Processed Meat and Poultry Products; Advanced Meat Recovery.	10%	0.1
12 (Reg 5.) *Did the regulatory changes to the program maximize net benefits?*	Yes	FSIS conducts regulatory impact analysis to determine whether proposed changes maximize net benefits. Not all benefits can be quantified; and in some cases qualitative benefits were determined to justify the costs. In some cases FSIS determines that regulatory changes are the most cost effective, given the constraints of time.	Examples include: Food Irradiation; Retained water in Raw Meat and Poultry Products; Poultry Chilling Standards; and Nutrition Labeling of Ground or Chopped Meat and Poultry Products and Single-Ingredient Products.	10%	0.1
13 (Reg 6.) *Does the program impose the least burden, to the extent practicable, on regulated entities, taking into account the costs of cumulative final regulations?*	No	In all instances, the regulatory impact analysis takes into account the costs of a regulation, especially on small entities, and attempts to impose the least burden on industry. Rulemakings that require industry to make reports to the Agency, in terms of information collection, are kept to a minimum in order to reduce the paperwork requirements on these establishments, in most cases.	Examples include: Retained Water in Raw Meat and Poultry Products; Poultry Chilling Performance Standards; Food Irradiation.	10%	0.0
Total Section Score				**100%**	**65%**

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Section IV: Program Results (Yes, Large Extent, Small Extent, No)						
	Questions	**Ans.**	**Explanation**	**Evidence/Data**	**Weighting**	**Weighted Score**
1	*Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?*	Large Extent	FSIS has achieved this but with difficulty. The problem has been with a long term goal and measurement selection and 1) availability/applicability of data to internal program activity and the 2) FSIS budget correlation with the Strategic Goal has been a troublesome relationship over the years. It remains so today. Current thinking is to design a new strategic outcome measure that is based on those risk analysis activities that specifically focus on industry compliance with food safety standards that reduce preventable illnesses and outbreaks. While this would not be a direct indication of reduction of foodborne illness, it would allow FSIS to illustrate its activities that impact the long-term outcome. The first FSIS Strategic Goal was designed when the Agency was being its HACCP implementation strategy to arrive at an approximate 25% reduction in foodborne illness.	CDC, *Preliminary FoodNet Data on the Incidence of Foodborne Illnesses* , 2002; RTI reports *Changes in Levels of Three Biological Hazards in Ready-to-Eat, Processed Meat and Poultry, and Raw Ground Beef Products Since the 1996 PR/HACCP Rule,* Aug. 02-draft; *Changes in Identification and Control of Physical Hazards Since the 1996 PR/HACCP Rule* , Aug. 2002 draft; and FSIS internal reports.	30%	0.2

Long-Term Goal I:	Reduction in the prevalence of foodborne illness from meat, poultry and egg products.
Target:	In 1997 there were 76 million illnesses related to foodborne hazards. The target is to reduce the prevalence by 25% by 2005.
Actual Progress achieved toward goal:	21% reduction in 2000 and 23% reduction in 2001.
Long-Term Goal II:	
Target:	
Actual Progress achieved toward goal:	
Long-Term Goal III:	
Target:	
Actual Progress achieved toward goal:	

2	*Does the program (including program partners) achieve its annual performance goals?*	Large Extent	In its FY 2001 APPR, FSIS illustrated that it had met or exceeded most of its outcome measures for its performance goals.	FSIS FY 2001 APPR	30%	0.2

Key Goal I:	The prevalence of Salmonella on raw meat and poultry products as illustrated by: Prevalence of Salmonella on groung beef (%).
Performance Target:	Presence of Salmonella in ground beef-Target for FY 2001-3.5%
Actual Performance:	2.6% in 2001.
Key Goal II:	Percentage of ready-to-eat meat and poultry products testing positive for Listeria monocytogenes (Listeria is a common bacteria that when ingested can cause flu-like symptoms. The bacteria can result in miscarriages and stillbirths.)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
	Performance Target: Reduce the number of samples testing positive for *Listeria monocytogenes*- Target for FY 2001-1.43. Actual Performance: 1.26% in 2001.					
	Key Goal III: Performance Target: Actual Performance:					
	Footnote: Performance targets should reference the performance baseline and years, e.g. achieve a 5% increase over base of *X* in 2000.					
3	*Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?*	No	Even though FSIS meets many of their annual performance goals, there is not data available to indicate that FSIS is improving efficiency and cost effectiveness each year. FSIS has over the years streamlined its administrative structure and conducted pilot programs designed to deliver inspection services more efficiently. However, these efforts are limited to re-designed inspection systems that must meet the legislative mandate to inspect meat and poultry on a carcass by carcass basis.	HIMP pilot discussed in Section 1.5.	10%	0.0
4	*Does the performance of this program compare favorably to other programs with similar purpose and goals?*	N/A	While there are other Federal food safety regulatory agencies, differences in statutory requirements placed on each agency make comparisons difficult. This is especially true when comparing frequency of inspections.	FMIA 21, U.S.C., Chapter 12; PPIA 21 U.S.C., Chapter 10; EPIA 21 U.S.C., Chapter 15, Section 1034.	0%	
5	*Do independent and quality evaluations of this program indicate that the program is effective and achieving results?*	Large Extent	Data does indicate that FSIS is achieving results; however, limitations of the data make it impossible to validate exactly the food safety measures that are responsible (for example; inspections versus in-home measures). FSIS has a multi-year contract with RTI. Eight studies are completed or targeted for completion this fall. One study is to determine the impact of the PR/HACCP on foodborne illness and a second one on hazard levels in meat and poultry is being conducted. Data will be used to determine which pathogens should be targeted to further reduce foodborne illness levels.	CDC, *Preliminary FoodNet Data on the Incidence of Foodborne Illnesses* , MMWR, April 19, 2002; RTI Reports *Effects of PR/HACCP on Biological Hazards: Pre-HACCP Study*, Dec, 2000; *Changes in Consumer Knowledge, Behavior, and Confidence Since the 1996 PR/HACCP Final Rule,* Dec. 2001	15%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6 (Reg 1.)	*Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits?*	Large extent	Total FSIS FY 2002 costs amount to $2.98 per capita. This compares favorably with other health related preventative actions such as an annual flu shot. As cited in Section 1.2, ERS estimates that the costs associated with five major pathogens alone amount to at least $6.9 billion annually or $24.14 per capita. When considering the fact that foodborne illnesses can cause death and seriously disrupt a family, the cost of $2.98 per capita seem small in comparison to the maximum benefit of reducing the incidence of foodborne illnesses by 21%. While these costs seem small, further changes to modernize the inspection processes could result in lower overall costs with the same or improved food safety benefits.	U.S. Census Bureau, monthly national population estimates for resident population plus Armed Forces overseas for the month of October, 2002; FSIS budget for FY 2002; ERS, *Food Safety Efforts Accelerate in the 1990's.*	15%	0.1
Total Section Score					**100%**	**60%**

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The mission of the ARS National Program on Food Safety (NP 108) is to conduct research that provides the tools to ensure that the food supply is safe for consumers, and that food and feed meet foreign and domestic regulatory requirements. To decrease the hazards of both introduced and naturally occurring toxicants in foods and feed, including pathogenic bacteria, viruses and parasites, chemical contaminants, mycotoxins produced by fungi growing on plants, and naturally occurring toxins produced by plants.

Evidence: The ARS Food Safety Research Program was authorized under Title VII Section 1402 part 8 of the Farm Bill which states "maintain an adequate, nutritious, and safe supply of food to meet human nutritional needs and requirements." The mission of NP 108 is explicitly stated on the NPS Web site www.nps.ars.usda.gov/programs

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: According to the CDC, there are 76 million cases and 5,000 deaths due to foodborne illness annually. This is considered unacceptable, and a major public health concern. USDA estimates the medical costs and productivity losses for the seven major foodborne pathogens ranges between $6.5 and $34.9 billion annually. The costs for all foodborne illnesses are likely to be much higher. These estimates do not include the total burden placed on society by chronic sequelae caused by foodborne illnesses. The major emphasis is to reduce the incidence of foodborne illness and deaths, and lessen food safety as a public health concern. ARS' contribution is to develop methodologies to detect, quantify, and reduce pathogens and toxic chemicals in plant, animal, and seafood products; provide critical information for regulatory/action agencies (FSIS/FDA), industry, and consumers; and develop techniques to help producers and the food industry produce a safer product. The Program addresses needs from production to processing, transportation, storage, and consumption.

Evidence: The CDC data can be found in Mead et al, 1999 Emerging Infectious Diseases, 5:607-25. Federal and State regulatory agencies, food industry (e.g., the American Meat Institute (AMI), and the National Cattleman's Beef Association (NCBA)); and consumer organizations continue to request ARS research to address specific issues involving the safety of the U.S. food supply. Industry strongly lobbies Congress to provide increased funding for ARS food safety research. The Programs long-term objectives include the means to ensure that the food supply is safe for consumers and that food meets foreign and domestic regulatory requirements, thereby decreasing the risk of foodborne illness which enhances public confidence, thus minimizing disruptions in normal, healthy eating patterns. Goals for the current and next Fiscal Year are articulated in the Annual Food Safety Report available on CD, and at (www.nps.ars.usda.gov/programs) or (www.nal.usda.gov/fsrio/fsresearch.htm).

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: NP 108 is uniquely designed/structured to successfully address both current and long-term food safety issues through a combination of research approaches. ARS ensures close coordination of all research efforts through a series of annual meetings, workshops, and conferences designed to elicit specific stakeholder needs and concerns. ARS' intramural research program allows it to conduct long-term, innovative, strategic core basic food safety research that would not normally be conducted by any other agency or industry. Research funded by competitive grants may limit the ability to sustain a continuous and focused research program. ARS, as an intramural agency, has the unique ability, the authority, and the expertise to respond quickly and effectively to critical National and/or international food safety issues. The Program is effectively coordinated with other food safety research efforts conducted across the Federal Government, including (FSIS, CSREES and FDA), academia, and industry. The goal is to maximize complementarity while minimizing unnecessary duplication of effort.

Evidence: USDA, with other Federal food safety agencies formed a variety of groups to improve coordination among agencies. These include the Joint Institute for Food Safety Research (JIFSR); Risk Assessment Consortium (RAC) and the National Food Safety System (NFSS). NP 108 specifically conducted the following National and international meetings for the specific purpose of identifying stakeholder needs and coordinating research activities to best address those needs. Annual ARS-meetings with FSIS and FDA; Aflatoxin Workshop ; annual meetings with industry (AMI, NCBA, Pork Producers); U.K. Food Standards Agency; Institute of Food Research-Norwich U.K.; the EU-DG12 (European Food Safety); and TEKES (National Research Agency of Finland). Quarterly meetings are held with FSIS, FDA, and CSREES to ensure close coordination of effort. ARS' leadership in coordinating efforts to meet FDA food safety research needs was recognized by FDA-Center for Food Safety and Nutrition, when they gave the 2002, Center Director's Award to Dr. Robens and Dr. Lindsay, the National Program Leaders for NP 108.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight20%

Explanation: The overarching goal of NP 108 is to protect public health by reducing the incidence of foodborne illness to the greatest extent feasible. Scientific information which enables the detection of pathogens and other foodborne hazards, subsequent to allowing the development of effective strategies for reducing hazards on the pathway from farm to table is critical to reduce further the incidence of foodborne illness. NP 108 produces research results that are disseminated to regulatory action agencies and industry either directly through scientific literature, and national and international society research meetings. The research and its impact is also provided to the consumer through the NP 108 and the ARS/NAL Food Safety Research Information Office (FSRIO) web sites, the general press, and consumer media.

Evidence: NP 108 is uniquely designed so as not to limit its effectiveness and efficiency to respond to current and emerging critical needs. This design has been validated by various mechanisms: including stakeholder meetings; in-depth, external Program reviews, and rigorous external peer review of research projects conducted by the Office of Scientific Quality Review (OSQR). NP 108 is effectively coordinated, and this has led to a track record of collaborative efforts with other Federal Agencies, industry and academia. For example, in 2002 the joint resources of NP 108 and FDA were leveraged to evaluate a method to determine the presence of GMO-StarLink corn, ensuring the safety of the food supply.

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: The Program actively seeks, and is very responsive to the needs of its customers, stakeholders, and partners. The research program is developed after extensive discussions to set priorities, and progress towards fulfilling these needs is constantly evaluated. In June 2003, the Office of the Under-Secretary for Research, Education, and Economics (REE) conducted a Stakeholder Listening Session to gain input on ARS food safety research. Program results are available to the public through a number of sources.

Evidence: The target populations for ARS research are numerous and varied and include Federal, State, and local regulatory and action agencies; producers and processors; consumers and consumer organizations; and the scientific community in general. Research information and benefits are effectively articulated through various means, including active transmission, websites, scientific and lay publications and presentations; reports; meetings, conferences, and workshops; and annual reports to Congress. Examples of materials available include the Food Safety Annual Reports available on the NPS web site (www.nps.ars.usda.gov/programs; on CD; through the Food Safety Research Information Office (FSRIO) (www.nal.usda.gov/fsrio/fsresearch.htm); through Agricultural Research Magazine (www.ars.usda.gov/is/); and through press releases.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: NO Question Weight 10%

Explanation: The long-term outcome goal of NP 108 is to provide the means to other Federal agencies and industry to ensure that the food supply is safe for consumers, and that food meets domestic and foreign regulatory requirements. Providing these means is a mechanism whereby a significant reduction in both foodborne illnesses, chronic sequelae and/or deaths due to foodborne illnesses can be attained. No performance measures that could be tracked over time for this program were included.

Evidence: With the uncertainty of outcomes and the years it takes to achieve and recognize them, it is difficult to provide long-term efficiency measures. It is not possible to directly quantify any reduction of foodborne illnesses as a result of NP 108 research. However, it is possible to indirectly determine the effect, where research was implemented by industry, or used to form the base for regulation by other Federal agencies. NP 108 research directly led to 1. FSIS/FDA implementing regulations for irradiating food to eliminate pathogens; 2. Verifying FSIS/consumer concerns about cooked ground beef, showing a cooked color was not an indicator of safety, specifically for E. coli O157:H7; 3. FDA approved for industry use of a NP 108 chlorine based protocol for decontaminating bean-sprouts-seeds. 4. FSIS/FDA developing risk assessments for E. coli O157:H7 and Listeria; 5. Providing both large and small processors methods to decontaminate beef carcasses of pathogens during processing; and 6. Methods for FSIS/FDA to monitor the food supply for pathogens and chemical residues.

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight:10%

Explanation: NP 108 is broadly recognized as having the resources, knowledge, and experience to address and make significant contributions in efforts to continually reduce the level of foodborne illness observed within the U.S. The Program must be very ambitious in nature since food safety is both a critical National and international issue. NP 108 has and will continue to respond to numerous challenges to ensure the safety of the U.S. food supply. USDA has set targets for a 50% reduction of foodborne illnesses in the U.S. by 2005, associated with the bacterial pathogens Listeria, Salmonella, and Campylobacter. NP 108's role in this ambitious Departmental initiative is to provide tools, methods, and technologies to effectively assist FSIS, FDA, etc. and industry in attaining these targets. ARS has not developed measures to determine whether the goal of the program was acheived.

Evidence: The [ambitious] targets to be achieved within a 5-year timeframe are articulated within the NP 108 Action Plan. This Plan was developed and reviewed through interactions with our customers, stakeholders, and partners before it was finalized and implemented. Priority issues identified as having a major impact on public health include: development of methods for field and laboratory use for sampling, isolation, identification, and quantification of pathogens in animal fluids, tissues, manure, and the environment; determine the ecology, epidemiology, assessment of risk factors of pathogens in animals and plants; and develop intervention strategies to reduce pathogens and chemical contaminants. Meeting these ambitious targets has and will continue to provide regulatory agencies and industry with the tools and improved strategies necessary to effectively reduce and/or eliminate pathogens and chemical contaminants in foods thereby increasing the safety of the food supply. Progress on these priority issues is regularly monitored and reviewed by both internal and external mechanisms.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: NO Question Weight:10%

Explanation: Both NP 108, and each individual research project within the Program have annual performance measures. At the Program and project levels these measures are reported through the NP 108 Annual Food Safety Progress Report. The Agency reports the NP 108 accomplishments to the measures in the GPRA Annual Performance Report (APR) to its customers, stakeholders, and partners, which includes Congress. These reports are designed to measure and quantify progress towards attaining the Department's long-term goals. However, ARS still needs to reduce the annual measures to a more manageable number that can be tracked.

Evidence: In 1998, OMB granted a waiver to ARS to use the GPRA alternative narrative approach to reporting its accomplishments. This was done because research does not easily lend itself to numerical metrics. However, ARS established specific performance measures, the achievement of which clearly indicates progress toward meeting the NP 108 goals. In FY 2002, NP 108 had 9 specific annual performance measures. From these performance measures 26 significant accomplishments were achieved, as explained in detail in the Tab Add(Perf.Measure Analysis). With the projected funding for FY 2005, the number of performance measures is targeted at 14 in order to achieve the goals outlined in Question 2.1. The targets for FY 2005 are outlined in the GPRA Annual Performance Plan available on file.

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight:10%

Explanation: The number of baseline measures has increased from 9 in FY 2002 to 14 in FY 2005. This ambitious increase is designed to both challenge the Program, increase its efficiency and effectiveness in addressing the targeted critical issue of improving the safety of the U.S. food supply, and meet the Department's goal. Determining baselines for annual performance measures is a dynamic process. The baseline for any fiscal year is based upon funding level, number of scientists, and number of research projects, taking into account any emerging or critical unanticipated issues. However, there are no specific measures to determine that the 50% reduction was achieved.

Evidence: In FY 2002, NP 108 achieved 25 accomplishments within 9 annual performance measures. This target was based upon an analysis of available funds, available scientists, and number of projects within the Program. There are two components within NP 108: microbial pathogens and toxic chemicals. Microbial pathogens is the largest component and is divided into pre-harvest and post-harvest in the research action plan. Microbial pathogens was targeted to achieve 19 accomplishments for 6 performance measures. Toxic chemicals was targeted to achieve 6 accomplishments for 3 performance measures. In FY 2005, an increased target of 14 annual performance measures has been set to further challenge the Program. The increased targets focus on microbial pathogens, which is the highest priority issue for the Department, our external stakeholders, and consumers.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: NO Question Weight:10%

Explanation: Stakeholders and partners provide input towards long-term goals through National Program Workshops. The research methods by which the goals are attained are defined by NP 108. Critical stakeholders, such as the USDA-FSIS, the FDA-Center for Food Safety and Nutrition (CFSAN), and industry groups regularly meet with NPS to discuss and coordinate on-going projects.

Evidence: NP 108 provides some Congressionally mandated pass-through (ear-marked) funds to external research entities (Universities) through Specific Cooperative Agreements, to work cooperatively in support of NP 108 research goals. As appropriate, these research partners are involved in National Program Workshops, and in planning research activities. Accomplishments are reported in the GPRA APR process. Reports of annual meetings, workshops, OIG reviews, quarterly and annual reports with stakeholders and collaborators are available on file, or at the NPS web site (www.nps.ars.usda.gov/programs).

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?

Answer: YES Question Weight:10%

Explanation: The research agenda for NP 108 is established by the National Program Leaders after consultation with a broad cross section of customers, stakeholders, and partners. This process ensures the relevancy of the reseach program. All research projects undergo review every 5 years through the independent, Congressionally mandated Office of Scientific Quality Review (OSQR) before implementation. The Peer Review Process conducted by OSQR involves independent and expert scientific peer review of NP 108 project plans. Members of the review panel are external to ARS. The OSQR review process is a critical component for evaluating research project quality and effectiveness. In this way, OSQR contributes to the quality of the National Program. Addtionally, projects undergo review by NPS midway through the 5-year program cycle to assess for continued relevancy, progress, and performance. Project Annual Reports are carefully reviewed by their Area Office and NPS. Projects also undergo periodic external review organized by their Area Office.

Evidence: The NP 108 Peer Review schedule is available on the OSQR web site (www.ars.usda.gov/osqr). Documentation describing the type of evaluation and criteria for selecting peer reviewers is also available on the OSQR web site. After an extensive review of ARS, the Government of Canada has found both NPS and the OSQR review process to be models for the reorganization of their National research agenda. The French research agency, INRA, and EMBRAPA, the Brazilian research agency, are also considering implementing an OSQR-type review process. Reports on other reviews by NPS and Area Offices are available on file.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?

Answer: NO Question Weight:10%

Explanation: The new NP 108 Budget Performance Integration Plan (BPI) is linked directly to both the Agency's and Department's Strategic Plans. The BPI plan makes clear the impact of funding on performance. However, there has been no documented linkage between performance and budget requests.

Evidence: Requests for additional NP 108 funding are directly tied to performance measures outlined in the BPI Document. 3.1.1: Develop new on-farm preharvest systems, practices, and products to reduce pathogens and toxin contamination of animal and plant derived foods; and 3.1.2: Develop and transfer to USDA agencies and the private sector, systems that rapidly and accurately detect, identify, and differentiate the most critical and economically important foodborne pathogenic bacteria and viruses. For example, NP 108 annually requests the action agencies (FSIS/FDA) to provide their priority research needs which are used as a basis for requests for increased funding.

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:10%

Explanation: A National Institute of Medicine - National Research Council Advisory Committee reviewed all Federal food safety research in 1998. This NRC Report indicated the need for an independent body to coordinate planning and priority setting for food safety research among all Federal agencies. As a result of this Report, the Joint Institute for Food Safety Research (JIFSR) was formed by Executive Order, under the joint authority of the DHHS and the USDA. The NRC also reviewed all agricultural research in 2002.

Evidence: Evaluations of USDA and subsequent recommendations to correct deficiencies were encapsulated in the NRC 1998 Advisory Committee Report, "Ensuring Safe Food" and the NRC 2002 Advisory Committee Report (www.nap.edu), "Frontiers in Agricultural Research." JIFSR reviewed all Federal agencies conducting food safety research or having a food safety portfolio. ARS NP 108 was found to have no deficiencies in either program planning or priority setting. The NRC report addressed the issue of strategic planning at the Department level and recommended that USDA adopt top-down strategic planning process. This is reflected by having a limited number of mission oriented, long-term and annual performance goals assuring cohesiveness with the Department and other agencies' planning efforts. In June 2003, the Under Secretary for REE held a Stakeholder Listening Session to gather priority needs of customers, stakeholders, and partners on food safety. Input gained from this activity will be evaluated and compared to the existing program to identify any gaps or needs that must be addressed in the future.

2.RD1 If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals? Answer: YES Question Weight:10%

Explanation: NP 108 is continually coordinated through NPS with similar programs across the Federal Government, with academia, industry, producers, processors, and consumer groups to ensure scientific relevance. Relevance to the USDA mission is regularly evaluated by NP 108, and coordinated with other Federal, industry and academic food safety programs.

Evidence: Program reviews and interagency joint program planning documents are available on file, and at (www.nps.ars.usda.gov/programs). Stakeholder input on relevance and priorities is regularly sought and documented. The Annual ARS-FSIS Research Program Planning Meeting, the Annual ARS-CFSAN Research Program Planning Meeting, the Annual Aflatoxin Elimination Workshop, and annual meetings with industry stakeholders (including AMI, NCBA, Pork Producers, the Regional Dairy Management Alliance, etc.); U.K. Food Standards Agency; the Institute of Food Research-Norwich U.K.; the EU-DG12 (European Food Safety); and TEKES (the National Research Agency of Finland). Additionally, regular quarterly meetings are held with FSIS, FDA, and CSREES to ensure close coordination of effort. In June 2003, the Under Secretary for REE held a Stakeholder Listening Session to gather priority needs of customers, stakeholders, and partners on food safety. Input gained from this activity will be compared and evaluated to the existing program to identify any gaps or needs that must be addressed in the future.

2.RD2 Does the program use a prioritization process to guide budget requests and funding decisions? Answer: YES Question Weight:10%

Explanation: The new NP 108 Budget Performance Integration Plan (BPI) is linked directly to both the Agency's and Department's Strategic Plans. The BPI plan makes clear the impact of funding on performance. As part of the BPI, the Under Secretary for REE held a Stakeholder Listening Session to specifically gain input of food safety priorities and needs for the next 5 years. The goal is to use the information to evaluate, prioritize, and implement a mission oriented national food safety research program that is tied to guiding budget requests and funding decisions.

Evidence: This is not a publicly available document, it is however, available on file at NPS.

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight: 13%

Explanation: NP 108 regularly solicits input from customers, partners, and stakeholders. An Action Plan is developed following a National Program Planning Workshop that includes customer, partner, and stakeholder input, which is held every 5 years. All research plans are evaluated through the OSQR Peer Review Process by a panel of internationally/nationally recognized, non-ARS scientists to ensure the highest quality research program. Regularly scheduled program evaluations are undertaken. Each research project submits an Annual Report which is reviewed by their Area Office and NPS to determine if they are meeting their annual milestones in their Project Plan. NP 108 reports are available in various formats, and are widely disseminated for review and comment. NP 108 projects/programs at specific research locations are also subject to realignment at the Unit and Center level. Proactive approaches by NPS, or via external Unit review may suggest that a research program be enhanced or eliminated based upon various criteria, including, relevance, quality, changes in funding, and staffing level.

Evidence: NP 108 Action Plan, Annual Reports, and Internal Review documents are available on file. Program realignments and redirections (Program Adjustment Decision Item (PADI)) are conducted to maintain focus and efficiency. For example in 2001, the Eastern Regional Research Center, in Wyndmoor, PA underwent a complete review of the food safety program, which ultimately led to the realignment and subsequent elimination of one research Unit. This realignment impacted personnel, fiscal, and facility resources, which resulted in a refocusing and more efficient use of resources to fit the NP 108 objectives outlined within the NP 108 Action Plan. Similar reorganizations also occurred at the Western Regional Research Center, Albany, CA, and The National Center for Agricultural Utilization Research, Peoria IL. A NP 108 PADI is pending for the Richard Russell Research Center, Athens, GA for implementation in FY 2004.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight: 13%

Explanation: NPLs (the Program managers) are held strictly accountable through an annual evaluation process. In addition, the impact of NP 108 is regularly evaluated to ensure that the goals of the Program are being met, and that the results are meeting Program objectives in a timely manner. All collaborative research agreements are continuously monitored by NP 108 NPLs to ensure that the research activities meet the needs of the Program in a timely, and fiscally responsible manner.

Evidence: Both scientists and managers are subject to annual performance reviews. ARS scientists are subject to an in-depth peer review on a 3- to 5-year cycle Research Position Evaluation System (RPES). The Annual Reports from each research project are reviewed by both the Area Office and NPS.

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 13%

Explanation: Research plans have specific goals and objectives that must be conducted within a period not to exceed 5 years. As part of the annual performance appraisal, scientists and NPLs are held accountable for both research progress and the timely and appropriate use of resources. NPLs and scientists have the incentive of performance awards if their performance exceeds the stated expectations, as outlined in their Annual Employee Performance Plan. In FY 2002, ARS converted to the Foundation Financial Information System (FFIS) accounting system to enhance accountability. With the FFIS system the Agency received a passing grade on financial management from the USDA-OIG.

Evidence: The FFIS accounting system is used to process and manage financial data to meet stringent budget and funds control needs, as well as complex multifund and reporting requirements. NP 108 does not have carry over authority, therefore, all funds are expended or obligated by the middle of the 4th quarter of each fiscal year. ARS, as an agency, uses its own local obligation tracking system in conjunction with FFIS to ensure funds are obligated up to the assigned funding level without exceeding this level. Traditionally, ARS obligates more than 99.6% of its assigned funds. In FY 2002, the ARS obligation rate was 99.71%. Scientists and managers are subject to annual performance reviews in which they are held responsible for financial management and compliance of their assigned fiscal resources.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 13%

Explanation: Recent scrutiny of the ARS including NP 108 exposed IT structure deficiencies specifically in cyber security, network connectivity, and e-mail configurations. In FY 2002, ARS analyzed the costs and benefits of alternative solutions for improving e-mail and web hosting services; recommended the e-mail and web hosting solutions that best met the Agency's needs; and developed an IT Consolidation Project Plan for efficiently and cost-effectively implementing the infrastructure for supporting those solutions. The Agency has implemented competitive sourcing strategies (A-76) as required by OMB.

Evidence: The IT Consolidation Project was implemented in FY 2003 and will be completed in FY 2005. Major milestones include: unifying the 52 different ARS e-mail systems; consolidating web hosting in the Agency; updating ARS infrastructure (i.e., telecommunications network, security, organizational configuration) to support ARS new e-mail and web hosting design; and providing a plan for building the enterprise architecture and estimating the related costs and staffing. The benefits of the IT Consolidation Project will provide ARS with a secure, scalable, robust network, enterprise e-mail, and web hosting capabilities for ARS customers at the enterprise level. These measures will greatly improve the efficiency of the computer technology that supports ARS operations, thereby decreasing redundancy, overlap of activities, and unproductive use of scientific staff time, and will help create a premier Most Efficient Organization. Approximately 10% of NP 108 is currently being reviewed for competitive sourcing opportunities.

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight: 12%

Explanation: NP 108 is well coordinated with other food safety Programs across the Federal Government: for example, USDA-CSREES, USDA-FSIS and FDA-Center for Food Safety and Nutrition (CFSAN), NIH, CDC, National Academy of Sciences (NAS), National Science Foundation (NSF), with academia, National Alliance for Food Safety (NAFS), and industry groups funding and/or conducting food safety research. Customers, stakeholders, and partners also include State and local governments, consumer organizations (Center for Science in the Public Interest), and professional societies (American Society for Microbiology, Institute for Food Technology, American Dietetic Association).

Evidence: NP 108 holds annual Research Workshops with FSIS, FDA, CSREES to ensure close coordination of effort. Program reviews and interagency joint program planning documents resulting from these meetings are available on file, and at (www.nps.ars.usda.gov/programs). In June 2003, the Under Secretary for REE held a Stakeholder Listening Session to gather priority needs of customers, stakeholders, and partners on food safety in order to obtain information for both short- and long-term planning guidance (1-5 years). This collaborative effort through REE continues to assure close coordination of management and resource allocations eliminating program overlap and duplication.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight: 12%

Explanation: NP 108 is currently and continuously tracked using the Agricultural Research Information System (ARIS) and the Foundation Financial Information System (FFIS) to follow scientific and fiscal progress. ARIS is a new Web-based system which replaced the agency-wide Research Management Information System (RMIS).

Evidence: ARIS allows centralized tracking and multi-point entry of scientific effort, funding, objectives, milestones, progress and accomplishments across NP 108. The system also initiates approvals for all research program implementations and adjustments, and all NP 108 research documentation and publications. FFIS is used to process and manage financial data to meet stringent budget and funds control needs as well as complex multifund and reporting requirements. Implementation of FFIS and its associated data warehouses provided the integration and capabilities needed to improve the delivery of timely and meaningful financial management information and allows compliance with legislation, including the CFO Act of 1990. FFIS enabled ARS to achieve a clean USDA-OIG audit opinion of its financial statements for FY 2002.

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:12%

Explanation: The two NP 108 NPLs, in consultation with customers, stakeholders, and partners establish the National Program research agenda, ensuring that Program goals are achieved. Area Directors are responsible for ensuring that performance and scientific excellence are achieved. ARS completely revised the way it manages its research portfolio by establishing the National Program structure, which strengthened the Agency's ability to manage coherent and relevant research in each National Program. NP 108 was strengthened by the implementation of the OSQR Peer Review Process, which provides significant scientific credibility to the Program's research agenda. The matrix management structure of NPS periodically undergoes an organizational review and diagnosis, and is modified as needed.

Evidence: Establishment of ARS and NPS. Source is Congressional Publication L 104-127, Title VIII, Section 801, April 4, 1996, 110 Statute 1156. Program realignments and redirections (PADI) are conducted as a meaningful step to address and correct any Program management deficiencies. For example in 2001, the Eastern Regional Research Center, in Wyndmoor, PA, underwent a complete review of the food safety program, which ultimately led to the realignment and subsequent elimination of one research unit. This realignment impacted personnel, fiscal, and facility resources, which resulted in a refocusing and more efficient use of resources to fit the NP 108 objectives outlined within the NP 108 Action Plan. Similar reorganizations also occurred at the Western Regional Research Center, Albany, CA, and The National Center for Agricultural Utilization Research, Peoria, IL. A PADI is pending for the Richard Russell Research Center, Athens, GA for implementation in FY 2004.

3.RD1 For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality? Answer: YES Question Weight:12%

Explanation: NP 108 allocates funds to specific research projects based on identifiable and/or Congressionally mandated research priorities. Each research project must be reviewed and approved by an external peer panel of leading experts (OSQR Peer Review Process) to ensure that the plans are of the highest quality. The results of the review are made available to the scientists. Research plans are revised to reflect the review panel's input. Projects that are required to make major revisions are re-reviewed by OSQR. The panel may indicate that a project is untenable and should not be continued. Under such circumstances both NPS and the Area Office jointly consider whether the project should be completely revised or discontinued, and the scientist and funds redirected into a more appropriate research area. Scientists conducting research projects are required to prepare an Annual Report that is used to ensure that focused and timely progress is being made to complete the tasks identified within each project. Area Offices and NPS carefully review each Annual Project Report (AD-421).

Evidence: Detailed information for the OSQR Review Process and AD-421 Annual Report guidelines are available on the ARS website (www.ars.usda.gov). The OSQR review process is a management tool whose goal is to assure the highest level of Program quality. OSQR panels review, and grade projects into 1 of 5 categories: no revision (NR score 8), minor revision (MNR score 6), moderate revision (MDR score 4), major revision (MJR score 2), not feasible (NF score 0). NP 108, as a whole, was the first NP to be reviewed under the OSQR process. Seventy-seven research projects underwent OSQR review through 4 independent review panels, held within a one-year period during FY 2001-2002. The 4 panels were: preharvest food safety; post-harvest food safety; toxic chemicals; and intergrated food safety. Overall, 74% (57/77) of projects reviewed scored moderate revision or higher with an average score of 4.2/8 (NR 4%, MNR 34%, MDR 36%, MJR 25%, NF 1%). All projects scoring either not feasible or major revision were rewritten, resubmitted, and re-reviewed through OSQR, and all were subsequently approved.

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight 20%

Explanation: The long-term outcome measure of NP 108 is to provide the means for other Federal agencies and industry to ensure that the food supply is safe for consumers, and that food meets domestic and foreign regulatory requirements. Providing these means is a mechanism whereby a significant reduction in both foodborne illnesses, chronic sequelae and/or deaths due to foodborne illnesses can be attained. There is currently no data on agency accomplishments.

Evidence:

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: NO Question Weight 20%

Explanation: NP 108 achieved its targeted goals in FY 2002. However, the program received a "no" because of the answer to questions 2.3 and 2.4, including the large number of annula goals and the lack of baseline data.

Evidence:

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight 20%

Explanation: A major objective of ARS is to keep overhead costs to a minimum, thereby maximizing the resources devoted to its research activities. The Agency's overhead represents approximately 10% of appropriations. NP 108 demonstrates efficiency and cost effectiveness by collaborating and/or collocating with university partners: through purchasing shared laboratory equipment, the formation of core facilities, and the sharing of support staff. NP 108 periodically reviews its program operations for opportunities to further improve performance and efficiency.

Evidence: Each year the Agency reports its overhead which consistently has been at 10% or less. NP 108 collocates with North Carolina State, U. Arkansas, Purdue U., U. Georgia and others. Several Research Centers, including the Eastern Regional Research Center (ERRC), Wyndmoor, PA, restructured the research and management functions to maximize efficiencies and reduce costs. At ERRC 4.5 Units that conducted food safety research were consolidated into 3 Units. This led to a significant reduction in personnel, equipment, and overhead costs, combined with increased efficiency and focus of the research program.

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: LARGE EXTENT Question Weight 20%

Explanation: ARS is an intramural research Agency. NP 108 compares favorably with other Federal agencies, for example, FDA-CFSAN, which has an intramural food safety program.

Evidence: The ARS 2002 GPRA showed that NP 108 had a number of accomplishments for use by Federal agencies, such as FSIS and FDA, State laboratories and industry, including: development of baseline levels of E. coli O157:H7 prevalence in cattle and Yerinsia in swine; identification of new critical control points (HACCP) during cattle production and ground beef processing; developement of on-line, real time imaging systems to detect feces on beef, poultry and produce; identification of a new compound for control of E. coli O157: H7 in beef production; identifiication of new strategies for identifying pathogens in shellfish; providing data on E. coli O157:H7 and listeria for use in risk assessment; identification that chlorine dioxide could be effectively used to decontaminate produce; identification of the predisposing agronomic factors for aflotoxin contamination in cottonseed ofr human consumption; and development of a new cost effective rapid method for detection of pesticide residue.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: YES Question Weight 20%

Explanation: An independent systematic 2-year review of 20 food safety research Programs across the Federal Government, by JIFSR and its associated Working Groups, indicated NP 108 had the most effective Federal food safety research program. NP 108 was deemed highly efficient at both intra- and inter-agency collaboration and coordination amongst Federal food safety research programs. This evaluation was not necessarily the case for other Federal agencies conducting food safety research. Additionally, ARS' leadership in coordinating efforts to meet Federal food safety research needs was recognized by the FDA when they gave the 2002 Center Director's Award to Dr. Robens and Dr. Lindsay, the National Program Leaders for NP 108.

Evidence: An independent systyematic two year review of 20 food safety research programs across the Federal government by JIFSR and its associated Working Group indicated NP 108 had the most effective Federal food safety program. NP 108 was deemed highly efficient at both intra and interagency collaboration and coordination.

PART Performance Measurements

Program: Food Safety Research
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

Measure: Measure Under Development

Additional Information:

Year	Target	Actual

Measure Term: Long-term

Measure: Measure Under Development

Additional Information:

Year	Target	Actual

Measure Term: Annual

PART Performance Measurements

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: To alleviate hunger and improve nutrition by increasing food purchasing power of eligible low-income households, enabling them to obtain a more nutritious diet through normal channels of trade. The Food Stamp Act also refers to the goals of strengthening the agricultural economy, and achieving a fuller and more effective use of food abundances. While these goals help shape program design, they are secondary to the program's primary goals of reducing hunger and improving nutrition.

Evidence: Declaration of policy, Food Stamp Act of 1977 (as amended), Section 2.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: Poverty-related hunger remains an on-going problem. USDA classified 1.8 million low-income households as food insecure with hunger in 2001, based on national survey data collected by the Census Bureau. Until the early 1970's, serious nutritional deficiencies resulting from inadequate food consumption were documented among low-income people. Since then, the diets of low-income people have improved substantially. However, USDA's Healthy Eating Index indicates that only 7percent of low income people have a "good" diet, 20percent have a "poor" diet, and the remainder "need improvement." About 30 percent of low-income women and 20 percent of low income men are obese.

Evidence: Nord, M., M. Andrews, and S. Carlson (2002) Household Food Security in the United States, 2001. U.S. Department of Agriculture, Economic Research Service; Basiotis, P., A. Carlson, S.A. Gerrior, W.Y. Juan, and M. Lino (2002) The Healthy Eating Index: 1999-2000. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion. (The Healthy Eating Index consists of 10 components, representing different aspects of a healthy diet, with a maximum score of 100); U.S. Department of Health, Education, and Welfare, National Center for Health Statistics (1974). Preliminary Findings of the First Health and Nutrition Examination Survey, United States 1971-1972: Dietary Intake and Biochemical Findings. Washington, DC: U.S. Government Printing Office; U.S. Department of Health, Education, and Welfare (1972). Ten-State Nutrition Survey 1968-1970. Atlanta, GA: Centers for Disease Control.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The Food Stamp Program is available to nearly anyone with little income and few resources. Other Federal nutrition assistance programs target supplemental benefits to specific populations in specific settings to meet particular needs. While families may participate in more than one nutrition assistance program, most do not: among all households that participate in food stamps, WIC, school lunch, or school breakfast, less than 5 percent participate in all of them, and more than half participate in only one. The amount of food stamp benefits provided to a household is adjusted for cash assistance received from other government programs, family earnings, and other income. There is no State, local or private nutrition assistance effort on a comparable scale: food pantries and emergency kitchens support only one-fifth the number of meals supported by the Food Stamp Program.

Evidence: Food and Nutrition Service (2000). Strategic Plan 2000 to 2005; Multiple Benefit Receipt Among Food Assistance Households (unpublished tabulations of Wave 12 of the 1996 Survey of Income and Program Participation and March 2002 Current Population Survey prepared by Mathematica Policy Research for the Food and Nutrition Service, USDA); Ohls. J., F. Saleem-Ismail, R. Cohen, and B. Cox (2002) The Emergency Food Assistance System - 'Findings From the Provider Survey. U.S. Department of Agriculture, Economic Research Service.

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: The program is better designed to reduce hunger and malnutrition related to inadequate income, than to achieve further incremental improvements in the dietary status of low-income people. While the program supports state nutrition education activities, these efforts lack a clear national strategy with an emphasis on interventions with proven effectiveness. The Farm Security and Rural Investment Act of 2002 increased program effectiveness by granting states new flexibility to streamline program rules, authorizing state options to better support working families, and restoring eligibility for many legal immigrants. Experimental demonstrations show that the most frequently cited structural alternative--providing benefits in cash--could reduce administrative costs. However, "cash-out" was also shown to reduce household expenditures on food.

Evidence: USDA Strategic Plan for FY 2002-2007; Farm Security and Rural Investment Act of 2002, Title IV (P.L. 107-171); Fraker, T., A. Martini, and J. Ohls. (1995) 'The Effect of Food Stamp Cash-Out on Food Expenditures: An Assessment of the Findings from Four Demonstrations,' The Journal of Human Resources. Vol. 30, No. 4, pp. 633-649; Ponza, M., and J. Ohls (1993) Effects of Food Stamp Cash-Out on Administrative Costs, Participation, and Food Retailers in San Diego. U.S. Department of Agriculture Food and Nutrition Service.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight20%

Explanation: Virtually all benefits (96 percent) reach households with gross income less than the poverty guidelines, well below the program's maximum income eligibility level of 130 percent of poverty. In 2002, 6.16 percent of benefits were overissued and 2.1 percent were underissued. Of amounts overpaid, about 80 percent were overpayments to eligible households. Virtually every participating household (98 percent) is eligible for some benefit. Virtually all food stamp benefits are used for their intended purpose: studies show that on average only 2.5 cents of each dollar issued is illegally exchanged for cash. The program served 62 percent of eligible individuals in 2001, a reduction from an all time high participation rate of 75 percent in 1994. Studies of eligible nonparticipants suggest that lack of information about potential eligibility is more important than program design in determining participation. Less than 10 percent of nonparticipants cited concerns with paperwork, small benefits, intrusive questions, or related factors as the most important reasons in one recent study.

Evidence: Rosso, R. (2003) Characteristics of Food Stamp Households: Fiscal Year 2001. U.S. Department of Agriculture, Food and Nutrition Service; Trippe, C. and M. Bloom (2002) Food Stamp Payment Errors Based on 2001 Preliminary QC Data (memorandum to the Food and Nutrition Service, USDA); Macaluso, T. (2003) The Extent of Trafficking in the Food Stamp Program: 1999-2002. U.S. Department of Agriculture, Food and Nutrition Service; Ponza, M. et al (1999). Customer Service in the Food Stamp Program. U.S. Department of Agriculture, Food and Nutrition Service.

PART Performance Measurements

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 12%

Explanation: The Food Stamp Program has two long-term performance measures: the participation rate among people eligible for benefits and the payment error rate. The program also contributes to two crosscutting measures: the prevalence of hunger among low-income households and the Healthy Eating Index (a measure of dietary quality) for low-income individuals and children. FNS has not set outcome goals specific to the Food Stamp Program because of the complexity of measuring program impacts on participants. Since households at greater risk of hunger are more likely to seek assistance, assessment of program effectiveness requires more complex analytical methods to account for differences between participants and non-participants.

Evidence: USDA Strategic Plan for FY 2002-2007; Nord, M., M. Andrews, and S. Carlson (2002) Household Food Security in the United States, 2001. U.S. Department of Agriculture, Economic Research Service.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 12%

Explanation: USDA seeks to increase the participation rate among food stamp eligible individuals from 59 percent in 1999 to 68 percent in 2007. USDA seeks to reduce the program's payment error rate from 8.7 percent in 2001 to 7.8 percent in 2004. USDA has committed to set long-term targets for improvement in payment accuracy based on results achieved through 2004. The Farm Security and Rural Investment Act of 2002 included program reforms which are likely to impact the measurement of payment accuracy. Cross-Cutting Measures: USDA seeks to reduce the prevalence of food insecurity with hunger among low-income households to 7.4percent by 2007 (from 10.9percent in 2000) and to increase the HEI for children and low-income people from 61 (out of a possible 100) in 1996 to 66 in 2007.

Evidence: USDA Strategic Plan for FY 2002-2007

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 12%

Explanation: The program's annual performance measures are the same as the long-term measures: participation rates among people eligible for food stamp benefits and payment accuracy rates. Cross-Cutting Measures: USDA prepares annual estimates of the prevalence of hunger in the United States, but only periodic estimates of overall dietary quality among low-income people and children.

Evidence: USDA FY 2004 Annual Performance Plan and Revised Plan for FY 2003

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 12%

Explanation: The program has baselines and ambitious targets for each annual measure. The baselines are noted in 2.4. USDA seeks to increase the participation rate among eligible individuals to 65.3 percent in 2005 (from 61.6 percent in 2001, the most recent year for which data is available). The food stamp payment error rate was 8.26 percent in 2002. USDA seeks to reduce this to 7.8 percent in 2004, and will set a 2005 target as part of the development of the 2005 President's Budget. Cross-Cutting Measures: USDA seeks to reduce the percentage of low-income households classified as food insecure with hunger to 7.9 percent in 2005. USDA seeks to increase the HEI of Americans with income under 130 percent of poverty to 64 in 2005.

Evidence: USDA FY 2004 Annual Performance Plan and Revised Plan for FY 2003; Department Estimates for FY 2005 Budget Request.

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: NO Question Weight 12%

Explanation: Not all states commit to and work towards the goal of increasing the participation rate. Just under half of states have formal FNS-approved outreach plans to improve program access. By law, all states with payment error rates above 6 percent are required to develop and implement corrective action plans.

Evidence: 7 CFR 275: Performance Reporting System

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight 12%

Explanation: While the program has made effective use of the resources available to it to document and improve program performance, a wide range of information needs are not currently being met. Among these are needs for evaluations to provide current information on the relationship between program participation and impacts on hunger and dietary status, and to assess the impacts of recent program changes on program effectiveness.

Evidence: Rossi, P. (1998) Feeding the Poor: Assessing Federal Food Aid. Washington, DC: The American Enterprise Institute Press; Food and Nutrition Service, Office of Analysis, Nutrition, and Evaluation (2003) Food Stamp Research: 1988-2003. Results of FNS-sponsored research and evaluations are posted at www.fns.usda.gov/aone and ERS-sponsored research at www.ers.usda.gov.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 12%

Explanation: Program budget requests routinely estimate the effect of legislative and policy changes on participation and costs. However, requests for additional Federal funding for payment accuracy and nutrition education have failed to tie the level of resources requested with measurable improvements in program performance.

Evidence: FNS FY 2003 and 2004 budget submissions to OMB.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 12%

Explanation: The agency has identified as an FY 2004 agency priority the need to improve and expand nutrition education, and is seeking to obtain adequate resources to conduct studies to fill information gaps. FNS has an internal planning system that translates the goals and objectives in the USDA strategic plan into annual operational priorities, work plans, and resource commitments.

Evidence: Food and Nutrition Service (2000). Strategic Plan 2000 to 2005; Food and Nutrition Service (2003). FY 2003 Corporate Priorities: A Brief Description and Guide.

PART Performance Measurements

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 11%

Explanation: FNS collects key program data from States on a regular basis. These data are used, in part, to assess program performance, initiate corrective action when necessary, and award high performance bonuses (beginning with 2003). The Food Stamp Program has a Quality Control (QC) system to determine the accuracy of State agency determinations of eligibility and benefits. Liabilities for high error rates are routinely assessed based on these reviews. FNS has paid particular attention to States with the highest error rates to identify their causes and develop corrective actions. FNS also uses information from periodic management reviews of State activities to assess operations and improve performance. Results from program access reviews have led to signficant corrective actions in jurisdictions where problems have been identified.

Evidence: Food Stamp Quality Control Annual Report; Food Stamp Program State Activity Report; Program Information Report (Keydata)

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 11%

Explanation: A quality control system requires corrective action plans from States with payment error rates above 6 percent, and imposes sanctions on States above a national threshold for two or more consecutive years. Beginning with 2003, States will share $48 million in bonuses for the best and most improved performances in payment accuracy, negative error rates, program access, and application timeliness. Program regulations allow FNS to recover costs due to State agency negligence or fraud. Regulations also authorize FNS to suspend or disallow State administrative funds if FNS determines their administration of the program is inefficient or ineffective. FNS has invoked the process of warnings, suspensions, and disallowance to bring operations into compliance with program rules. The agency's work planning process identifies senior managers responsible for achieving key program results. Performance standards for senior executives include elements to ensure accountability for cost, schedule, and results.

Evidence: Implementing Information and Instructions: Food Stamp High Performance Bonuses/Questions and Answers on the Performance Measures for the High Performance Bonuses; 7 CFR 275--Performance Reporting System; 7 CFR 276--State Agency Liabilities and Federal Sanctions

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 11%

Explanation: Food Stamp Program funds are obligated in a timely manner. The overwhelming majority of obligations are food stamp benefits made available to qualified participants each month. Allotments for state administrative expenses and Employment and Training (E&T) funds are based on the quarterly Projected Funds Document and, for E&T funds, on State plans of operations and budgets. With improved payment accuracy and reduced trafficking of benefits, obligated funds are being spent for their intended purpose as well. In fiscal year 2002, 8.26 percent of benefits were issued in error, the lowest error rate achieved in the program's history. Food stamp trafficking (the selling of food stamp benefits for cash) has been reduced by approximately two-thirds since FNS started measuring it in 1993, to 2.5 cents of every benefit dollar issued.

Evidence: Financial Status Report (SF-269); Report on Budget Execution (SF-133); Food Stamp Quality Control Annual Report; Macaluso, T. (2003) The Extent of Trafficking in the Food Stamp Program: 1999-2002. U.S. Department of Agriculture, Food and Nutrition Service.

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 11%

Explanation: FNS works with States with the highest payment error rates to identify the sources of error and develop corrective actions. FNS uses contract staff to conduct pre-authorization store visits to ensure that authorized retailers are qualifed to accept food stamps since 1997. A May-June 2003 review of store eligibility indicates that 99.2 percent of the stores authorized to redeem food stamps meet the program's eligibility criteria. FNS has encouraged State use of the EBT platform to deliver multiple program benefits to minimize costs; 36 states include TANF and 22 include other benefits (including GA, child care, child support, Medicaid, and WIC). FNS works closely with DHHS on oversight of State IT procurements for certification systems that include food stamps, TANF, and Medicaid. Program regulations require States to document a cost-benefit analysis of the proposed system design and alternatives.

Evidence: Food and Nutrition Service (2003) Store Eligibility Accuracy Rate (SEAR): 2003 Final Report; 7 CFR 277.14 ' Procurement Standards; 7 CFR 277.18 - Establishment of an Automated Data Processing (ADP) and Information Retrieval System

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 11%

Explanation: FNS effectively collaborates and coordinates with ACF, CMS, and SSA to improve delivery of food stamp benefits. In 2002, FNS, ACF, and HCFA issued joint guidance to align policies on citizenship and immigration. Joint development of EBT systems led to shared platforms for multiple benefit delivery in many States. Collaboration with SSA led to demonstrations of a streamlined approach to enroll SSI participants in food stamps in 5 States, with potential expansion to 8 more in 2004. There is also collaboration across nutrition assistance programs. FNS is working with and encouraging States to develop cross-program nutrition education plans that, at a minimum, involve all providers of FNS-programs within a State. FNS will provide training, technical assistance, and web-based resources in 2004.

Evidence: U.S. Department of Agriculture and U.S. Department of Health and Human Services (2000) Policy Guidance Regarding Inquiries Into Citizenship, Immigration Status And Social Security Numbers In State Applications For Medicaid, State Children's Health Insurance Program (SCHIP), Temporary Assistance For Needy Families (TANF), And Food Stamp Benefits; Boussy, C., R. Jackson, and N. Wemmerus (2000) Evaluation of SSI/FSP Joint Processing Alternatives Demonstration: Final Report, U.S. Department of Agriculture Food and Nutrition Service.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 11%

Explanation: The Agency has had no reportable conditions in the Department's consolidated financial statements audit in 2001 and 2002. The program relies on a set of established financial policies that are clearly articulated in program directives, Departmental Regulations and OMB Circulars. FNS is working with States to increase the share of issuances in State systems for recipient claims that meet Federal debt management standards; States constituting 72 percent of benefits issued had clean reports from FNS in this area, ahead of the target set for FY 2003. The program has a highly recognized quality control (QC) system that measures the accuracy of benefit delivery and the incidence of improper payments, based on statistical sampling.

Evidence: USDA OIG audit of Consolidated Balance Sheet as of September 30, 2002; Food and Nutrition Service (2003). Federal Managers' Financial Management Integrity Act (FMFMIA) Report: Fiscal Year 2003.

PART Performance Measurements

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 11%

Explanation: FNS has made significant progress in addressing identified material weaknesses. The 2001 FMFIA report identified three program-related deficiencies. FNS is making significant progress working with States to strengthen procedures to establish, record, adjust and report on claims, with completion expected in 2005. FNS expects to complete its commitments to address erroneous payments in 2003, with payment accuracy at the highest levels in program history. FNS will continue to monitor levels of payment accuracy and work with States to achieve further improvements. FNS fully implemented proper controls to deter and detect illegal diversion of program benefits by retailers, and trafficking was eliminated as a material weakness in 2002.

Evidence: Food and Nutrition Service (2003). Federal Managers' Financial Management Integrity Act (FMFMIA) Report: Fiscal Year 2003; Food and Nutrition Service (2002). Federal Managers' Financial Management Integrity Act (FMFMIA) Report: Fiscal Year 2002; Food and Nutrition Service (2001). Federal Managers' Financial Management Integrity Act (FMFMIA) Report: Fiscal Year 2001.

3.BF1 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: YES Question Weight 11%

Explanation: Every State agency submits a quarterly report documenting administrative expenditures by category (including, for example, certification, issuance, quality control, ADP, and nutrition education). FNS conducts financial management reviews in all States on a 3 to 5 year cycle to obtain reasonable assurance that the financial information reported by State agencies is correct and complete; that it represents proper expenditures of Federal funds; and that States have complied with applicable financial requirements. Program expenditures may also be reviewed by independent auditors conducting annual Single Audits and periodically by USDA's OIG. States are required to correct identified deficiencies. A priority area for State management reviews in 2003 and 2004 is nutrition education. These reviews examine consistency with the approved plan, the scope of evaluations, allowability of matching funds, and proper documentation and allocation of administrative funds.

Evidence: Food and Nutrition Service Financial Management Review (FMR) Guide; 7 C.F.R. 275 ' Performance Reporting System

3.BF2 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? Answer: YES Question Weight 11%

Explanation: FNS collects and publishes a wide range of performance data from States on an annual or more frequent basis. Performance reports made available on the FNS web site include monthly State data on participants, households, and benefits issued; annual reports on participants' characteristics and on participation rates among those eligible for benefits; and special studies and evaluations. An annual Food Stamp Program State Activity Report, containing data on the certificaton process, program integrity and claims activity, is distributed widely to governmental and non-governmental parties. Quality Control data are collected throughout the year, published annually, and made available to the public upon request.

Evidence: Food Stamp Quality Control Annual Report; Food Stamp Program State Activity Report; Program Information Report (Keydata); www/fns.usda/gov/fns

PART Performance Measurements

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: LARGE EXTENT Question Weight20%

Explanation: The Agency is making steady progress in achieving its long-term goals. Participation rates have increased 3 percentage points in 2 years after falling for 5 consecutive years. Long-term targets for payment accuracy will be set based on 2004 data, to reflect the impacts of the 2002 Farm Bill. However, payment error rates have already fallen for 4 consecutive years, from 10.7 percent in 1998 to 8.26 percent in 2002. Cross-Cutting Measures: Reductions in the rate of food insecurity with hunger were somewhat ahead of target through 2000. Rising unemployment and increased poverty have contributed to a subsequent increase in the rate of food insecurity with hunger in 2001. There was no change in the HEI between 1996 and 1999-2000.

Evidence: Cunnyngham, K. (2003) Trends in Food Stamp Program Participation Rates: 1999 to 2001. U.S. Department of Agriculture, Food and Nutrition Service; Food Stamp Program Quality Control Annual Report; Nord, M., and M. Andrews (2002). Reducing Food Insecurity in the United States: Assessing Progress Toward a National Objective. U.S. Department of Agriculture, Economic Research Service; Basiotis, P., A. Carlson, S.A. Gerrior, W.Y. Juan, and M. Lino (2002) The Healthy Eating Index: 1999-2000. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight20%

Explanation: The program exceeded its target for payment accuracy in 2002: the combined error rate was 8.26 percent compared to a target of 8.7 percent. 27 States improved payment accuracy rates between 2001 and 2002. Preliminary estimates suggest that the program will also exceed its target for payment accuracy in 2003. Data are not yet available to assess achievement of annual goals for participation rates among eligible individuals. Participation rates did increase from 58.8 percent in September 1999 to 61.6 percent in September 2001. (State data are not yet available for 2001; 29 States showed nominal increases in participation rates between 1999 and 2000, though the margin of error associated with estimates of change are substantial). Average caseloads have grown by an additional 5 million participants since September 2001, but information on growth in the number of people eligible for benefits is not yet available.

Evidence: U.S. Department of Agriculture (2003) Performance and Accountability Report for FY 2002; Program Information Report (KEYDATA); Cunnyngham, K. (2003). Trends in Food Stamp Program Participation Rates: 1999 to 2001. U.S. Department of Agriculture, Food and Nutrition Service; Schirm, A., and L. Castner (2002). Reaching Those in Need: State Food Stamp Participation Rates in 2000. U.S. Department of Agriculture, Food and Nutrition Service.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight20%

Explanation: The program has demonstrated improvements in the areas of payment accuracy and reduced trafficking. Claims collections have plateaued in recent years, and declined slightly in the Treasury Offset Program.

Evidence: Food Stamp Program Quality Control Annual Report; Cunnyngham, K. (2003) Trends in Food Stamp Program Participation Rates: 1999 to 2001. U.S. Department of Agriculture, Food and Nutrition Service; Macaluso, T. (2003) The Extent of Trafficking in the Food Stamp Program: 1999-2002. U.S. Department of Agriculture, Food and Nutrition Service.

PART Performance Measurements

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: LARGE EXTENT Question Weight 20%

Explanation: The Food Stamp Program is more effective than the Emergency Food Assistance System in reaching the low-income population with targeted assistance that meets basic food needs. Food stamps ensure a basic level of assistance to all those eligible, target benefits more effectively to lower-income recipients, and enable a more equitable distribution of resources. The evidence demonstrating the effect of program participation on individual nutrtient intakes is stronger for WIC and NSLP than food stamps, consistent with the greater control those programs exert over the nutrient content of the benefit they provide. Policy proposals to impose more restrictions on allowable food stamp purchases have been rejected in the past as impractical and ineffective.

Evidence: Fox, M. (ed) (forthcoming) Evaluating the Impact of Food Assistance and Nutrition Programs: Volume IV - 'Summary of the Literature Review. U.S. Department of Agriculture, Economic Research Service; Briefel, R., J. Jacobson, N. Clusen, T. Zavitsky, M. Satake, B. Dawson, and R. Cohen (2003) The Emergency Food Assistance System - Findings From the Client Survey: Final Report. U.S. Department of Agriculture, Economic Research Service; Ohls, J., F. Saleem-Ismail, R. Cohen, B. Cox (2002) The Emergency Food Assistance System - Findings From the Provider Survey. U.S. Department of Agriculture, Economic Research Service.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: LARGE EXTENT Question Weight 20%

Explanation: Participation has been shown to increase food expenditures and the availability of key nutrients in the household food supply (and provision of an in-kind benefit has been shown to have a greater effect than an equivalent amount of cash). The program has also been shown to reduce the depth of child poverty, and to provide an automatic countercyclical response to changing economic conditions. Participation may contribute to increased nutrient intake, but the evidence is not conclusive, partly the result of limitations in measurement techniques and nutrition standards. Studies of the impact of program participation on hunger have a short history and inconclusive results, although qualitative assessments during the program's early history reported substantial reductions in hunger and clinical malnutrition. Further studies and analysis are required to demonstrate the relationship between program participation and impacts on hunger and dietary status.

Evidence: Fox, M. (ed) (forthcoming) Evaluating the Impact of Food Assistance and Nutrition Programs: Volume IV - 'Summary of the Literature Review. U.S. Department of Agriculture, Economic Research Service; Rossi, P. (1998) Feeding the Poor: Assessing Federal Food Aid. Washington, DC: The American Enterprise Institute Press; Fraker, T. (1990) The Effects of Food Stamps on Food Consumption: A Review of the Literature. U.S. Department of Agriculture, Food and Nutrition Service; Hanson, K. and E. Golan (2002) Effects of Changes in Food Stamp Expenditures Across the U.S. Economy. Issues in Food Assistance (Food Assistance and Nutrition Research Report Number 26-6). U.S. Department of Agriculture, Economic Research Service; Jolliffe, D., C. Gundersen, L. Tiehen, and J. Winicki. (2003) Food Stamp Benefits and Child Poverty in the United States: An Examination of Food Stamp Efficacy in Alleviating Child Poverty. U.S. Department of Agriculture, Economic Research Service.

PART Performance Measurements

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

Measure: Percent of eligible individuals who participate in food stamps.

Additional Information:

Year	Target	Actual
2001		61.6%
2004	64.0%	
2005	65.3%	
2006	66.7%	
2007	68.0%	

Measure Term: Annual

Measure: Combined food stamp payment error rate (overissuance plus underissuance)

Additional Information:

Year	Target	Actual
2002	8.7%	8.3%
2003	8.5%	
2004	7.8%	
2005	6.5%	

Measure Term: Long-term (Efficiency Measure)

Measure: Percent of eligible individuals who participate in food stamps

Additional Information:

Year	Target	Actual
2001		61.6%

Measure Term: Long-term

Program: Food Stamp Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	63%	100%	67%	Effective

2002	
2004	64.0%
2005	65.3%
2006	66.7%
2007	68.0%

Measure: Combined food stamp payment error rate (overissuance plus underissuance)

Additional Information:

Year	Target	Actual
2002	8.7%	8.3%
2003	8.5%	
2004	7.8%	
2005	7.4%	

Measure Term: Annual (Efficiency Measure)

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	80%	73%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The Forest Legacy program (FLP) was designed to identify and protect environmentally important private forestlands that are threatened by conversion to nonforest uses. Land acquisition is conducted to protect important scenic, cultural, fish, wildlife and recreation resources, riparian areas and other ecological values using conservation easements and full fee purchase. Both purchase and donation are used to acquire forestland meeting FLP purposes from willing sellers or donors only.

Evidence: 16 U.S.C. 2130c et. seq. authorizes the Secretary of Agriculture to provide financial, technical, educational, and related assistance to States, communities and private forest landowners. Authorized activities include forest land protection and the protection of important scenic, cultural, fish, wildlife, and recreational resources, riparian areas, and other ecological values. 16 U.S.C. 2103c(a). The Secretary is authorized, at the request of a participating State, to make a grant to a State to carry out the FLP in the State, including the acquisition by the State of lands and interests in land. 16 U.S.C 2103c(l). See also Forest Service Handbook (FSH) 6509.11g,24.1 and FY 2004 Budget Justification.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The FLP was established to help prevent the fragmentation, parcelization and loss of private forestland and to encourage good management of those lands. Forest fragmentation, especially from land use conversion from forest to non-forest uses, can impact sustainable forest management. The pressures to convert private forests to development and other nonforest uses is great across many areas of the country. Expanding settlement into rural areas, changing land ownership dynamics and sprawling development patterns and expanding second home development into wild areas can change management options of those lands, can reduce the amount of forest resources available for the production of forest goods and alter their capacity to deliver associated environmental services.

Evidence: The 9.9 million non-industrial private forest landowners control approximately 393,000 acres or 48 percent of the Nation's forests, but less than 10 percent of those owners have written forest management plans. The average ownership is about 20 acres and is projected to be about 16 by 2010 (Birch, 1996). According to Natural Resources Conservation Service's National Resource Inventory over 10 million acres of forestland were converted to development between 1982 and 1997 (NRI, 1997). This equates to over 670,000 acres per year. FLP requires that forest be acquired only in focused areas of private forest, known as Forest Legacy Areas, that are determined through analysis and public input to be the most important forest areas and the ones most threatened (Cooperative Forestry Assistance act of 1978 (16 U.S.C. 2103c et seq.)).

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	80%	73%	Effective

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The FLP is a unique federal land conservation program. It is the only federal program that focuses on forest land and aims to ensure that traditional forest uses of private lands and the public benefits are protected for future generations. Although a number of States have land conservation programs that can acquire forestland and many non-profit organizations, including land trusts, acquire forest land, few reach beyond the purchase of forest habitat. The FLP is designed to retain "working forest" areas with requirements toward management of the land. This uniqueness has resulted in FLP being a program that acts as a catalyst for land conservation partnerships between Federal, State and Local governments and non-governmental organizations.

Evidence: The FLP fills a niche in land conservation. It is targeted toward the compatibility between maintaining working forests that provide a benefit to the private citizen and to securing public benefits for the long term. Other conservation programs protect forest area and habitats, but do not provide for the maintenance of the working forested landscape.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: The Forest Legacy Program regional oversight structure is ill-equipped to manage growing project funding and State participation. The current Forest Service strategy for implementing the Forest Legacy Program does not lend itself to nationally prioritizing projects. The Forest Service's financial accounting system provides incomplete obligation and expenditure information on the Forest Legacy Program, resulting in the inability to accurately evaluate the use of Forest Legacy funds.

Evidence: Report of the Surveys and Investigations Staff on the Forest Legacy Program to the House Committee on Appropriations, June 2002 (S&I Report). The Forest Service Manual, a central element of the agency's directives system, lacks any reference to the FLP, its objectives, or its goals. See also the FY 2003 conference report to accompany H.J.Res. 2, H.Rpt. 108-10, pps. 1008-1009.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight20%

Explanation: All FLP projects must occur within designated high priority regions of each participating State known as Forest Legacy Areas. These areas are delineated through an analysis of resource and economic data to arrive at Eligibility Criteria used to select target areas. These areas are confirmed through a public paticipation process. Individual projects are prioritized by the State through an interdisciplinary board known as the State Forest Stewardship Coordinating Committee in accordance with their Assessment of Need plan for the State and are advanced to the Forest Service for selection using national criteria that reflect national program goals. FLP funds for selected projects are provided to willing sellers.

Evidence: All FLP projects are done in areas targeted by the State as high priority for private forestland conservation and accomplished through challenge costshare with multiple partners. Projects must demonstrate significant public benefits exist, are threatened by conversion, are strategic in that they play into a broader conservation plan or initiative and must be sufficiently ready to warrant federal investment. (FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.). Taken together these indicate that a project must link to program purposes and have clearly identified willing sellers.

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	80%	73%	Effective

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: FLP has developed an outcome-based measure that directly ties to the Forest Service strategic plan and demonstrates the extent to which FLP is protecting public benefits provided by private forests and aiding in the prevention of parcelization, thus conserving contiguous forest areas. The FLP has initiated development of program strategic direction. The private forest characterization of the document will be useful to identify watersheds across the country that have high resource value and are the most threatened by development. Additional outcome-based measures are under developed and will be measured annually. The FLP has developed efficiency measures in this process that will be refined this year and implemented over the next several years.

Evidence: USDA Forest Service Strategic Plan for Fiscal Years 2004 - 2008, goal 6, measure 6.3a. Cooperative Forestry Strategic Plan FY 2002 - 2007. FLP Strategic Direction Overview.Forest Legacy Program: Working Forests, Partnerships, Watershed ProtectionProgram Specific Outcomes: Landowner Assistance.FY 2005 Budget Justification FLP Narrative and Project List.The FLP is currently implementing outcome-based measures as part of its Performance Measurement Accountability System (PMAS) released June 2003. Forest Service Region 10 is leading a national accountability and performance measurement system development effort. Each program has a Activity-Business Plan that includes an overall outcome measure, additional contributing outcome measures, output measures, demand measures and efficiency measures. This document suggests a key outcome goal for FLP is protecting all important private forest acres threatened by development or conversion to non-forest uses.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 13%

Explanation: Although the Forest Service has established efficiency measures and can track the total number of acres acquired through the Forest Legacy Program, it has not set targets or timeframes for its long-term measure, the percentage of private forest acres in Forest Legacy areas that are protected from conversion to non-forest uses by the Forest Legacy Program.

Evidence: USDA Forest Service Strategic Plan for Fiscal Years 2004 - 2008, goal 6, measure 6.3a. Cooperative Forestry Strategic Plan FY 2002 - 2007. FLP Strategic Direction Overview.FY 2005 Budget Justification FLP Narrative and Project List.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: The Forest Service has established efficiency measures relating to costs and timing. These measures are quantifiable and will be tracted annually. Annual targets are developed through a methodology that integrates past program performance and cost per acre of accomplishments to project annual targets and future year outcomes. The FLP released revised program guidelines last year that articulate national criteria for the selection of projects. Those criteria and additional selection factors include the extent of public benefit derived from the project such as working forest continuation, habitat protection and watershed/water supply protection; the degree of threat to conversion to non-forest uses that exists on the property; the strategic nature of the proposed acquisition to a larger conservation effort or initiative; and the degree that the project is ready for federal investment such a having a signed option, a completed appraisal that can meet federal appraisal standards and the presence of a monitoring baseline.

Evidence: USDA Forest Service Strategic Plan for Fiscal Years 2004 - 2008, goal 6, measure 6.3a. Program Specific Outcomes: Landowner Assistance.Report to the Committee on Appropriations of the House of Representatives on the FLP, Surveys and Investigations Staff, June 2002Forest Service Response To House Report, May 2003The FLP is currently implementing outcome-based measures as part of its Performance Measurement Accountability System (PMAS) released June 2003. FLP Program Effectiveness/Assessment Study by Northwest Economic Associates.

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	80%	73%	Effective

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: The FLP accomplishments for FY 2005 are nearly four times the baseline annual accomplishment. In FY 2003, FLP protected 128,349 acres of important forestland from conversion to non-forest uses. The target for FY 2004 is 300,000 acres of land protected. Based on the FY 2005 President's Budget, 450,000 acres are estimated for protection. The FLP provides specific output measures in Congressional Justifications each year.

Evidence: FLP Strategic Direction Overview.FY 2005 Budget Justification FLP Narrative and Project List.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: The FLP is implemented through State agency partners, in collaboration with local land trusts and other non-profit organizations such as the Trust for Public Land, the Conservation Fund and the Nature Conservancy all working to accomplish their organizational goals and in support of the Agency's annual and long-term goals. States develop an Assessment of Need (AON) to qualify for particpation in the program. The AON outlines the Forest Legacy Area - areas that the state will focus implementation of the program on and the areas that applications will be accepted from landowners for protection/conservation consideration. States develop their AON based on the program guideleines and determine focus areas based on analysis of data to determine the most important private forests, those that are most threatened by conversion and, therefore, the most strategic forest proioritiy areas. States work with non-profit partners to accomplish projects that meet the goals and objectives of the state as expresed in their AON and all projects are only funded if they meet all of the national criteria for funding.

Evidence: 2003 Michigan State FLP Assessment of Need.FLP Connecticut Lakes Headwaters project informationThe FLP authorizing legislation Report to the Committee on Appropriations of the House of Representatives on the FLP, Surveys and Investigations Staff, June 2002Forest Service Response To House Report, May 2003.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight 13%

Explanation: Within the last five years, the FLP has had periodic evaluations at all levels and has undergone several independent assessments or investigations. The FLP conducts programs reviews of State programs that includes assessments of program management, financial management and partnership relations. These are conducted by teams of Forest Service, State and other partners. Each review team is composed of members that have oversight responsibility and includes others who are independent of that State's operations. The Forest Service conducts regional program reviews using the same approach for each region at least every five years. The program has undergone an independent survey by OIG in 2000 and an investigation by the Committee on Appropriations of the House of Representatives in 2002.

Evidence: Reports are on file for State program reviews. The Forest Service Washington Office conducted a review of Region 6 in 2002 and currently reviewing the program in Region 3 and has scheduled a review of the Northeastern Area in the fall of 2003. USDA OIG review memo dated November 22, 2000. A report to the Committee on Appropriations of the House of Representatives on the U.S. Forest Service Forest Legacy Program, Surveys and Investigations staff, June 2002.

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	80%	73%	Effective

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: Although it has progressed on important budget and work-plan systems, the Forest Service has not established linkages between these components of a performance accountability system with its strategic goals and performance results. Until this linkage occurs, the agency will be unable to report how its activities were accomplished at a given cost in an integrated, results-oriented manner.

Evidence: GAO Performance Accountability Report, May 2003. FY 2004 Budget Justification.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: The FLP completed development of a five-year program strategic direction that articulates national goals, objectives, and some performance measures, and that identifiesissues and trends affecting forests in regions across the country.

Evidence: Report to the Committee on Appropriations of the House of Representatives on the FLP, Surveys and Investigations Staff, June 2002Forest Service Response To House Report, May 2003FLP Strategic Direction Overview.Forest Legacy Program: Working Forests, Partnerships, Watershed ProtectionProgram Specific Outcomes: Landowner Assistance.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 10%

Explanation: State and Private Forestry collects annual accomplishment data from States and other program implementation partners through a Performance Measurement Accountability System. The FLP also has developed and maintains a Forest Legacy Information System that tracts project status and accomplishment including participation and input by all partners.

Evidence: Output reports for the Performance Measurement Accountability System (PMAS). Forest Legacy Information System database (FLIS).

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 10%

Explanation: All agency line officer performance standards and evaluation criteria include requirements on GPRA goals and objectives, and the attainment of annual performance targets. States conduct projects via a grant from the agency. The grant agreement outlines performance standards and requires periodic status reporting in order to obtain funding and be reimbursed for expenditures.

Evidence: Line Officer Annual Evaluation and Performance Standards; grant agreement files and status reports.

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	80%	73%	Effective

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 10%

Explanation: FLP grant funds are allocated to the field units in accordance with a Program Direction that articulates specific amounts to be expended on program management and administration and for individual projects. Appropriated funds are allocated to field units as soon as possible.

Evidence: FY 2003 FLP Program Direction; FFIS and Fund Control reports.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 10%

Explanation: The program has taken a number of actions to improve efficiency. As a result of the previous PART evaluation, the agency developed additional efficiency measures and has instituted a project selection process that focuses on the readiness of projects. These new measures, including costs per acre, used in concert with a selection process that focuses on project readiness, will reduce the time between project identification and completion.

Evidence: FY 2003 Program Direction; Budget Execution Documents; FSM and FSH.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 10%

Explanation: The FLP is a cooperative program implemented through partnerships between the Forest Service and State lead agencies along with local governments, private landowners and non-governmental organizations. Almost all FLP projects funded in FY 2003 and those proposed for FY 2004 reflect Forest Service and State partnership with land trusts, community groups or local governments and their agencies. All FLP projects are reviewed and recommended by State Forest Stewardship Coordinating Committees, public-private partnership entities consisting of members who have a stake in forests and forestry in that State. Only projects that are developed and supported by a collaborative process are eligible. The FLP coordinates with other FS programs such as Forest Stewardship, Land and Water Conservation Fund and with other federal programs such as the NRCS Farmland Protection Program and U.S Fish and Wildlife's North America Wetland Conservation Act Program.

Evidence: State Assessment of Need documents demonstrate strategic application and contain the State Forest Stewardship members and their affiliation. FLP Project Briefing Sheets containing details about each project and the partnerships that are involved to accomplish the project. As of May 8, 2003 FLP has conserved almost 353,000 acres with an estimated value of about $199,000,000 through a federal investment of $94,000,000. This leverage is the result of collaborative participation by states and non-governmental entities. Examples of collaborative projects in FY 2003 include a CT project in which 8 separate landowners, but abutting properties will work cooperatively to jointly protect over 706 acres in a watershed area. A GA project will protect 5600 acres with the participation of a state land protection program and landowner donation that will allow bring a non-federal match 50%. State develop and maintain MOUs with non-profit organizations to conduct monitoring and management functions on the land.

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	80%	73%	Effective

3.6 Does the program use strong financial management practices? Answer: NO Question Weight 10%

Explanation: While the Forest Service received an unqualified opinion in FY 2002 and FY 2003, it has material weakness in agency financial management. USDA's Office of Inspector General to concluded that the Forest Service "is not operate an an effective, sustainable, and accountable financial management organization, as evidenced by the restatement of the fiscal year 2002 financial statements and the extensive ad hoc effort to achieve the fiscal year 2003 unqualified audit opinion." The Forest Service's FY 2003 opinion occured only after 6,000 adjustments with an absolute value of $1.3 billion were made by the agency after the end of FY 2003. The agency's Performance Attainment Report had to be restated to reflect a reduction of $505 million in the agency's FY 2002 end-of-year unobligated balances. For FY 2004, the Forest Service Program Direction to the field provides financial instructions and targeted accomplishment requirements.

Evidence: FY 2002 and FY 2003 Performance Attainment Report. GAO high-risk list. FY 2002- FY 2004 SF-133s.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 10%

Explanation: FLP regional program managers develop review teams composed of regional, national and other state participants to conduct program and financial management reviews. The Washington Office conducts regional program and general management reviews with every region on a five-year cycle. The agency has hired dedicated program management staff to increase the oversight and service delivery functions. Regions conduct periodic (semi-annual or annual) meetings with all State program managers to discuss program management issues and policies. An annual national meeting is held to focus on program management issues and policy options to address them. FLP has received extensive program management direction in P.L. 108-7 and the corresponding conference report. The program also received a extensive direction through the finding outlined in the House Committee on Appropriations Surveys and Investigations Staff report.

Evidence: State FLP Review reports, Management Review reports, Program managers meeting minutes. The agency has developed a formal response to the House Committee on Appropriations on the S&I Staff report. This report takes an action-oriented approach that outlines the issues raised and actions that the agency has taken and commits to take to address the issues. The agency has already taken action regarding these findings in the areas of project selection, appraisal review, appropriate staffing, program implementation guidelines revision to address issues raised in the report and articulated in appropriations bill language, cost share calculation and grant management procedures. FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	80%	73%	Effective

3.CO1 **Are grants awarded based on a clear competitive process that includes a qualified assessment of merit?** Answer: YES Question Weight 10%

Explanation: FLP is a competitive grants program. Projects are submitted to States annually via a request for applications or open application process. State Forest Stewardship Committees review and rank all proposals based on selection factors or criteria. The FS conducts a regional review and projects are selected based on national criteria and additional selection factors used to comply with congressional direction and program goals by a national panel of Forest Service and State members.

Evidence: States outline selection factors or criteria in State Assessments of Need. The Forest employs national criteria and additional selection factors derived from the authorizing legislation, congressional direction and program management goals. In FY 2003, 94% of the funds appropriated are allocated to land acquisition projects. Approximately 6% are allocated to program management functions and activities to support the program. OMB direction to develop a list of specific projects detailing the full expenditure of projected budget amounts like in Land and Water Conservation Fund helps to drive a competitive process that has resulted in reduced congressional earmarking. FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.

3.CO2 **Does the program have oversight practices that provide sufficient knowledge of grantee activities?** Answer: YES Question Weight 10%

Explanation: Grants management and oversight is conducted by fiscal staff and by program management staff. Every region has dedicated grants and agreement specialists that provide oversight and processing assistance. Program management staff has been expanded to additional dedicated staff in the Northeastern Area, dedicated staff for Region 1 and 4 and another for Regions 5/6/10 and additional staff in headquarters. Grants tracking is conducted via the payment system of the region issuing the grant (HHS or NFC systems). Regions supplement systems with data base records for program management operations. Semi annual activity and progress reports are required for all grants. Program managers conduct field reviews with States and other partners to ensure performance and timely outcomes.

Evidence: FFIS reports. Field Review reports. Internal audits. FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.

3.CO3 **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: NO Question Weight 10%

Explanation: FLP collects annual performance data via its Performance Measurement and Accountability System. This data is compiled, analysis and reported to Forest Service regions and States, but it is not available to the general public. FLP has a Forest Legacy Information System that tracts every funded project's progress. It is available only to those who request a password. Data on project and funding details are available. General accomplishment reporting, project selection results and use of funds percentages are distributed widely and are accessible on the web site.

Evidence: FS grant management database (availability limited). FLIS and PMAS databases. Forest Service web site.

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately Effective
80%	75%	80%	73%	

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight20%

Explanation: Although FLP has made some limited progress in establishing and achieving long-term program goals, the focusing of acquisitions within priority areas--the "Assessment of Need" (AON) areas-- that are in general a limited portion of a given state's forested land base. Within many AONs, much of the program's conservation easement acquisitions is targeted at the "edges" of development, an effort that leverages state, local, and non-governmental actions that maintain contiguous forests by checking "paths" of development. In other AONs, projects maintain working forests, and by so doing, keeps in place economically viable uses of forests that mitigate the economic conversion of those forests to non-forest uses. However, the program's effectiveness will be better known only once a baseline of information is developed that more fully measures the percentage of priority forest lands at risk of conversion to non-forest uses that are maintained in contiguous forest. Additional programmatic long-term goals are under development as described in 2.1 - 2.4.

Evidence: USDA Forest Service Strategic Plan for Fiscal Years 2004 - 2008FY 2005 Budget Justification FLP Narrative and Project List.The FY 2003 Performance and Accountability Report (draft April 2004). May 2003 FS Response to House S&I Report, June 2002. FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight20%

Explanation: Annual performance goals are established based on budget availability and with a methodology to project performance into the future. Forest Legacy projects take an average of 12-18 months to complete. Due to normal real estate transaction time frames, a time lag factor exists between appropriation year and accomplishment year. Funding in FY 2002 and FY 2003 are now beginning to demonstrate accelerated accomplishment results. However, delays in funding allocations to the field can result in missed targets. Though the agency did not achieve its targets for FY 2003, it should be noted that during the first month of FY 2004 a total of 161,507 acres closed by October 12. Many of these projects were expected to close in FY 2003, but missed that goal by two weeks. The agency exceeded its FY 2004 target by 263,186 acres.

Evidence: USDA Forest Service Strategic Plan for Fiscal Years 2004 - 2008FY 2005 Budget Justification FLP Narrative and Project List.The FY 2003 Performance and Accountability Report (draft April 2004).

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately Effective
80%	75%	80%	73%	

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight20%

Explanation: The program has taken a number of actions to improve efficiency and to respond to criticism of program management functions. The program has instituted a project selection process criteria that focuses on the readiness of projects. Readiness is indicated along a gradient from State approval and early negotiations to signed purchase option or agreement to a completed appraisal and easement. This focus on preference to projects that have undergone additional due diligence will continue to and has shortened the time between funding and accomplishment. Also, the FS has expanded its program administration funding to States to allow them the flexibility to conduct due diligence steps with potential projects so as to increase the level of certainty that a selected project will be successfully completed and in a shorter time frame. The program has expanded dedicated staff to maximize attention and oversight on program management and to more quickly address partner's needs and to reduce costs.

Evidence: FLP project selection criteria. FY 2003 Program Direction. May 2003 FS Response to House S&I Report, June 2002. FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight20%

Explanation: FLP performs very well when compared to other land conservation programs. FLP is efficient in getting maximum funds to the field to produce acquisitions. The program has enjoyed excellent leveraging of federal resources to produce acquisitions. In independent evaluations from OIG, GAO, The House Committee on Appropriations and through congressional oversight, FLP compares favorably with other government and private programs.

Evidence: NRCS Farmland Protection Program, NAWCA, LWCF,OIG Review report on the Forest Legacy Program 11-22-2000, A Report to the Committee on Appropriations U.S. House of Representatives on the U.S. Forest Service Forest Legacy Program, Surveys and Investigations Staff, June 2002.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: YES Question Weight20%

Explanation: This program has undergone independent evaluations from OIG, GAO, The House Committee on Appropriations and through congressional oversight. These investigations and surveys have identified issues and needs for improvement in specific areas, but have all come to indicate that the program is administered consistent with applicable guidelines whose strength and success to date are based on its partnerships and its cooperative implementation of projects that maintain the working landscape. Its effectiveness could be better appreciated with the adoption of adequate performance measures, which could include the percentage of priority forest lands at risk of conversion to non-forest uses maintained in contiguous forest. In addition, the agency has committed to the Congress that the FLP will undergo periodic independent reviews of the program's management, efficiency, and effectivness.

Evidence: OIG Review report on the Forest Legacy Program 11-22-2000, A Report to the Committee on Appropriations U.S. House of Representatives on the U.S. Forest Service Forest Legacy Program, Surveys and Investigations Staff, June 2002.

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	80%	73%	Effective

Measure: Acres of land adjustments to conserve the integrity of undeveloped lands and habitat quality.

Additional Information: The agency provides goods and services--such as recreation, clean water and air, and a land heritage--through the FLP, which protects forests from conversion to other uses that do not provide these goods or services.

Year	Target	Actual	**Measure Term:** Annual
2002		140,519	
2003	175,099	128,349	
2004	300,000	563,186	

Measure: Parcelization of forests avoided (parcels prevented). (Baseline and targets under development).

Additional Information: Habitat integrity is enhances with larger landbases. Wildland conservation occurs over the long-term with landownerships remaining static and owners not electing development or conversion options.

Year	Target	Actual	**Measure Term:** Long-term
2004			

Measure: Percentage of private forest acres in priority areas that are protected from conversion to non-forest uses by the Forest Legacy Program. (Baseline and targets under development).

Additional Information: The FLP seeks to minimize conversion of private forest lands to non-forest uses development). Forest landowners make the choice of enrolling in FLP and thereby ensuring protection of their forest lands.

Year	Target	Actual	**Measure Term:** Long-term
2004			

Measure: Number of perpetual conservation easements.

Additional Information: FLP obtains tracts of private forest land easements for conservation purposes and to minimize likelihood of conversion to nonforest uses.

Year	Target	Actual	**Measure Term:** Annual
2004			

PART Performance Measurements

Program: Forest Service: Forest Legacy Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	75%	80%	73%	Effective

Measure: Number of fee simple purchases (number of tracts purchased).

Additional Information: FLP obtains tracts of private forest land easements for conservation purposes and to minimize likelihood of conversion to nonforest uses.

Year	Target	Actual	**Measure Term:** Annual
2004			

Measure: Total FLP cost or expenditure per acre protected from conversion.

Additional Information: FLP obtains tracts of private forest land easements for conservation purposes and to minimize likelihood of conversion to nonforest uses. When non-governmental organizational partners participate in land purchases, the economies of those purchases can be reduced.

Year	Target	Actual	**Measure Term:** Annual
2004			

Measure: Average length of time between project proposal, funding and completion.

Additional Information: FLP efficiencies in the land purchase process are enhanced through the use of nongovernmental partners.

Year	Target	Actual	**Measure Term:** Long-term
2004			

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose of the FS invasive species program activities is to reduce, minimize or eliminate the potential for introduction, establishment, spread and impact of invasive species across all landscapes and ownerships. FS programs that contribute to addresing invasive species include Research and Development, State and Private Forestry, National Forest System and International Forestry.

Evidence: USDA Forest Service Strategic Plan 2004-2008. Forest Service National Strategy and Implementation Plan for Invasive Species Management. FY 2005 Forest Service Budget Justification. Executive Order 13112. Forest Service Research and Development Invasive Species Logic Model. Information flowchart Forest Service Legal Authorities for Invasive Species Management.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The threat from invasive species is scientifically acknowledged, impacting human health, the environment and the economy of the nation. Forest health and productivity are at great risk, as increased wildfire occurance has been linked to increased invasive species infestation impacts on the landscape. Economic impacts in the United States from invasive species are estimated to be, at a minimum, $138 billion annually and invasive species are negatively affecting hundreds of millions of acres of native ecosystems, and associated native plants and animals.

Evidence: FICMNEW Weed Fact Book, 1998, Pimentel, et. al., 2000, The Nature Conservancy, 1996, Nowak, et. al., 2001, USFS Authorities to Conduct Invasive Species ManagementNISC National Invasive species Management Plan.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: Invasive species know no boundries, so Forest Service invasive species program activities complement and supplement those programs of other agencies. The six involved USDA agencies have unique missions and focus in research, control, monitoring and partnerships. The Forest Service, under the umbrella of the National Invasive Species Council, works to ensure a scientific foundation for invasive species work on public and private lands. The Forest Service is authorized by statue to directly respond, control, monitor and conduct research in invasive species on 192 million acres of National Forest System lands, assumes responsibility for invasive species responses and control when those species become estabished in rural and urban communities and forest lands, and avoids excessive overlap by appropriately collaborating with partners with academic institutions.

Evidence: USDA Department Regulation 9500-10; Forest Service briefing papers; Forest Service congressional testimony.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight20%

Explanation: The Forest Service National Strategy and Implementation Plan for Invasive Species Management provides maximum effectiveness within administrative and policy constraints to carry out an invasive species program with focus on: 1. Science-based prioritzation of invasive species problems, and 2. Improved collaboration on solutions for those problems.

Evidence: Forest Service National Strategy and Implementation Plan for Invasive Species Management.

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: Within the authorities and jurisdictions of the Forest Service, the invasive species program is designed to focus resources on the National Forest System and other forest landownerships in the private, local, State, Tribal, Federal and international sectors. The invasive species research and development program relies on partnership capabilities, such as with universities, to provide scientific information and technology to land managers which address priority invasive species problems.

Evidence: Forest Service National Strategy and Implementation Plan for Invasive Species Management. FY 2005 Forest Service Budget Justification. NISC National Invasive species Management Plan. FY 2003 Forest Service Accomplishment Report. Forest Health Protection Futuring Panel Report.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: NO Question Weight 10%

Explanation: Although the Forest Service Strategic Plan for 2004 - 2008 (revised in 2003) is directly linked to the Forest Service National Strategy and Implementation Plan for Invasive Species Management and incorporates four specific long-term performance and accountability measures that focus on outcomes that directly portray the purpose of the program, the agency has not 1) articulated the scientific or policy basis to determine whether the selected species measured is a valid subset to measure the total invasive species population and their impacts; 2) included within the selected species any member of the plant kingdom, particularly Division Magnoliophyta; and 3) provided for measurement of the environmental or economic effects of treatments.

Evidence: USDA Forest Service Strategic Plan 2004-2008. Forest Service National Strategy and Implementation Plan for Invasive Species Management. Forest Service Invasive Species Program Performance and Accountability Design. Forest Health Protection 2003-2007 Strategic Plan.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 10%

Explanation: While the agency has developed an ambitious set of prioritized activities (targets) in its National Strategy and Implementation Plan, the agency has not 1) articulated the scientific or policy basis to determine whether the selected species measured is a valid subset to measure the total invasive species population and their impacts; 2) included within the selected species any member of the plant kingdom, particularly the Magnoliophyta Division and 3) provided for measurement of the environmental or economic effects of treatments. Accordingly, the targets and timeframes are not applicable.

Evidence: USDA Forest Service Strategic Plan 2004-2008. Forest Service National Strategy and Implementation Plan for Invasive Species Management. FY 2005 Forest Service Budget Justification Budget.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: NO Question Weight 10%

Explanation: Although the agency developed annual performance measures for the invasive species program under the National Strategy and Implementation Plan and are used to measure program effectiveness for both species-based and site/activity-based, the program lacks an efficiency measure.

Evidence: FY 2005 Forest Service Budget Justification Budget. Forest Service Research and Development Invasive Species Logic Model. Forest Service Invasive Species Program Performance and Accountability Design.

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight 10%

Explanation: As identified in the National Strategy and Implementation Plan and through other program efforts, the Forest Service is currently improving baseline data for targeted program activities and annual performance measures. Timeframes for target accomplishment are identified. In addition, a critical facet of the invasive species issue in the United States is the need for accurate baselines on the number and extent of invasive species infestations so the Forest Service has identified the need to develop those baselines for targeted species where lacking.

Evidence: USDA Forest Service Strategic Plan 2004-2008. FY 2005 Forest Service Budget Justification. FY 2003 Forest Service Accomplishment Report. Insect and Disease Risk Maps, December 2002. 2002 Insect and Disease Condition Reports, Forest Health Protection. R&D Forest Inventory and Analysis P3 Understory Vegetation Indicator Document. Research Work Unit Five-year Charter (Description).

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: NO Question Weight 10%

Explanation: Collaborative and other partnership-based projects (internally and externally) are very successful and move the program toward accomplishing its goals through annual and long-term performance. The Forest Service ensures commitment from partners when establishing cooperative efforts that support the program.

Evidence: FY 2003 Forest Service Accomplishment Report. Forest Health Protection Futuring Panel Report. Species Specific Strategic Plans, Forest Health Protection. Forest Health Protection reports and risk maps on Sudden Oak Death and Emerald Ash Borer. R&D Coop. Agreement, Grant Agreement, Accomplishment Report. Economic Action grant to State of PA.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight 10%

Explanation: The Forest Service plans a formal evaluation of the totality of invasives program development and effectiveness with an independent review by the Invasive Species Advisory Committee through the National Invasive Species Council in FY 2006. This will be regularly conducted at five year intervals. The programs that accomplish activities that constitute the FS invasives program have gone through their own evaluations in the past. In May 2002, the National Association of State Foresters (NASF) conducted a review of the entire State and Private Forestry program including invasive species. In addition, the Research and Development Inestment Criteria Process used an external meeting with key stakeholders to review the invasive species research program and make recommendations for future direction. Individual research stations also review their program through panel reviews that include stakeholders (Technical Assistance Visit process or TVAs).

Evidence: Forest Service National Strategy and Implementation Plan for Invasive Species Management. Executive Order 13112. The General Accounting Office (GAO) has produced reports on Invasive species for four consecutive year - 2000, 2001, 2002 & 2003. NASF Review of S&PF Washington Office Programs. Forest Service headquarters review of three western regional invasive species programs. R&D Stakeholder Review of Logic Model for Invasive Species (the Forest Service R&D initiated an invasive species PART review internally in FY 2003). Rocky Mountain Research Station Listening Session Strategic Plan. Forestry Research Advisory Panel Report to the Secretary of Agriculture's Blue Ribbon Panel on America's Forest Research Policy.

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: YES Question Weight:10%

Explanation: Forest Service discretionary and mandatory programs are integrated for invasive species program performance under the agency Strategic Plan goal for invasive species. As documented in the FY 2005 Forest Service budget justification, chapter 2, budget and performance integration, requests for the Forest Service is goal-driven and takes into account all direct and indirect costs. The Forest Service has also moved to link budget execution and performance with budget requests through its Performance Accountability System.

Evidence: FY 2005 Budget and Performance Integration Chapter of Forest Service Budget Justification.

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:10%

Explanation: The FS has addressed its planning deficiencies by drafting the National Strategy and Implementation Plan that highlights the goals, outcomes and performance measures for the program. The agency is incorporating these new measures into its performance and accountability system. The 2003 revision of the Forest Service Strategic Plan for 2004-2008, Goal 2 for invasive species, provides national direction. The National Strategy and Implementation Plan for invasive species supports that strategic goal with performance measures and additional planning aspects that improve efficiences and decrease deficiencies. Included in these aspects is the logic model developed for the invasive species work of the Forest Service Research and Development program.

Evidence: USDA Forest Service Strategic Plan 2004-2008. Forest Service National Strategy and Implementation Plan for Invasive Species Management. Forest Service Research and Development Invasive Species Logic Model.

2.RD1 If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals? Answer: YES Question Weight:10%

Explanation: The Forest Service Research and Development staff conducts species specific research on current known and potential invasive species as well as their habitats. The Forest Service compares research and development findings with participant agencies and organizations of the National Invasive Species Council.

Evidence: National Invasive Species Council (NISC) National Invasive species Management Plan.Forest Service Sudden Oak Death Table of Responsibilities.

2.RD2 Does the program use a prioritization process to guide budget requests and funding decisions? Answer: YES Question Weight:10%

Explanation: The Forest Service Research Executive Team (FSRET) consisting of the Deputy Chief, Station Directors and Washington Office Program Directors develop national priorities for the Research Stations based on the Forest Service Strategic Plan. The Research Stations also prioritize projects within stations and within programs.

Evidence: Forest Service Research Executive Team (FSRET) 1/03 and 8/03 Directions to Staff and Stations

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight: 9%

Explanation: The Forest Service regularly tracks and collects information on program performance, participation and performance of agency program partners, and other aspects of invasive species activities using a variety of information management systems and databases. The Forest Service is currently developing two data collection and tracking systems to enhance performance. One is WorkPlan for local to national level project development, budget tracking and performance reporting. The second is Performance Accountability System or PAS which will allign key budgeting, financial and performance processes with existing information systems in an integrated way to provide customer-focused, ourcome-oriented performance information to aid decision making.

Evidence: FY 2004 Forest Service Final Program Direction, Performance Reporting Regional Allocations. Research Station Data on Coop Agreement and Contracts. Forest Health Protection State Health Highlights (various state examples).

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight: 9%

Explanation: All agency line officer performance standards and evaluation criteria include requirements on GPRA goals and objectives, and the attainment of annual performance targets. Program partners are required to conform to program standards through completion of environmental analyses and in the conduct of treatments to applicable standards and protocols. Applicable grant or cooperative agreement instruments outline performance standards and requires periodic status reporting in order to obtain funding and be reimbursed for expenditures.

Evidence: Information flowchart. FY 2003 Forest Service Accomplishment Report. FY 2005 Budget Justification, Partnerships Special Exhibit.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight: 9%

Explanation: The Forest Service obligates invasive species funding across budget line items in a timely manner. Fire transfers in FY 2000, FY 2002 and FT 2003 have delayed the availability and obligation of invasive species funding for the intended purpose.

Evidence: FY 2004 Forest Service Final Program Direction, Performance Reporting Regional Allocations. FY 2005 Fire Transfers Special Exhibit, Budget Justification.

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: NO Question Weight: 9%

Explanation: Although the agency has re-designed invasive species program information systems to track treatments and other activities, it has not provided an efficiency measure. The agency does not provide incentives to units with high levels of efficiency or optimize treatment benefits. Moreover, the Forest Service has not established unit costs or timing targets. The utility and availability to the public of geospatially referenced risk maps would increase through IT improvements as well as intergovernmental and interagency coordination on web-risk assessements.

Evidence: Forest Service National Strategy and Implementation Plan for Invasive Species Management. FY 2005 Forest Service Budget Justification. Forest Service Research and Development Invasive Species Logic Model. Information flowchart.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight: 9%

Explanation: Close collaboration among programs with the Forest Service is critical to program success. The Forest Service collaborates externally with the participating agencies and Departments in the National Invasive Species Council, international partners, States, Tribes, local governments as well as private non-governmental organizations. For example, the FS collaborates with private nursery owners, States and other Federal partners to address Sudden Oak Death. Results of which are used for development of the Sudden Oak Death risk/hazard map.

Evidence: Executive Order 13112. Forest Service Legal Authorities for Invasive Species Management. NISC National Invasive Species Management Plan. Forest Health Protection State Health Highlights (various state examples). Federal Interagency Committee for the Management of Noxious and Exotic Weeds Brochure and Report. Inter-departmental MOU on Invasive Species Cooperation. FHP FY 2004 Funding Allocations for Invasive Species Suppression, Prevention, and Restortion Projects; Project Prioritization Process; FY 2003 Accomplishment Report

3.6 Does the program use strong financial management practices? Answer: NO Question Weight: 9%

Explanation: While the Forest Service received an unqualified opinion in FY 2002 and FY 2003, it has material weakness in agency financial management. USDA's Office of Inspector General to concluded that the Forest Service "is not operate an an effective, sustainable, and accountable financial management organization, as evidenced by the restatement of the fiscal year 2002 financial statements and the extensive ad hoc effort to achieve the fiscal year 2003 unqualified audit opinion." The Forest Service's FY 2003 opinion occured only after 6,000 adjustments with an absolute value of $1.3 billion were made by the agency after the end of FY 2003. The agency's Performance Attainment Report had to be restated to reflect a reduction of $505 million in the agency's FY 2002 end-of-year unobligated balances. For FY 2004, the Forest Service Program Direction to the field provides financial instructions and targeted accomplishment requirements.

Evidence: FY 2002 and FY 2003 Performance Attainment Report. GAO high-risk list. FY 2002- FY 2004 SF-133s.

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight: 9%

Explanation: The 2003 revision of the Forest Service Strategic Plan for 2004-2008, Goal 2 for invasive species, provides national direction. The National Strategy and Implementation Plan for invasive species includes current performance measures and additional planning components to improve efficiencies and decrease deficiencies. Included in these components is the logic model developed for the invasives species research of the Forest Service.

Evidence: USDA Forest Service Strategic Plan 2004-2008. Forest Service National Strategy and Implementation Plan for Invasive Species Management. Forest Service Research and Development Invasive Species Logic Model. FY 2003 Forest Service Accomplishment Report. Economic Action grant to State of PA.

3.CO1 Are grants awarded based on a clear competitive process that includes a qualified assessment of merit? Answer: YES Question Weight: 9%

Explanation: Annual invasive plant program budgeting proposals are submitted by Forest Service regional offices and the Area to the Washington Office. Those proposals are ranked according to specific evaluation criteria and funding distributed to the highest ranked proposals. Insect and disease project proposals are treated in a similar manner.

Evidence: Forest Service and California Department of Food and Agriculture Grant Agreement and Accomplishment Report. Forest Service and Pennsylvania Dept. of Conservation and Natural Resources Gypsy Moth Grant Agreement and Accomplishment Report. Southern Research Station Invasive species Extramuarl Research and Grant Package.

3.CO2 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: YES Question Weight: 9%

Explanation: Forest Service regions and the area closely coordinate work with their cooperators throughout the development and completion of program activities and projects. The Washington Office provides national oversight at all stages of program execution to ensure accomplishment reporting. Systematic progress reports are provided to the Washington Office at preset frequencies.

Evidence: Forest Service and California Department of Food and Agriculture Grant Agreement and Accomplishment Report. Forest Service and Pennsylvania Dept. of Conservation and Natural Resources Gypsy Moth Grant Agreement and Accomplishment Report. Southern Research Station Invasive species Extramuarl Research and Grant Package.

3.CO3 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? Answer: YES Question Weight: 9%

Explanation: Grantees report accomplishments through the Regions or Area who then summarize regional or area-wide program and partnership accomplishments for publication in the Forest Service annual accomplishment report.

Evidence: Forest Health Protection Futuring Panel Report. Forest Service and California Department of Food and Agriculture Grant Agreement and Accomplishment Report. Forest Service and Pennsylvania Dept. of Conservation and Natural Resources Gypsy Moth Grant Agreement and Accomplishment Report. Southern Research Station Invasive species Extramuarl Research and Grant Package.

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

3.RD1 **For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality?** Answer: YES Question Weight: 9%

Explanation: Each Research Station has current Quality Assurance and Quality Control (QAQC) plans in effect that meet Forest Service and USDA guidelines for performance and accountability. The Washington Office Research staff provides oversight for completion and implementation of individual station QAQC plans. All research proposals for competitive and noncompetitive funding, awards, report and publication funding must meet inplace standards for performance and accountability and Station QAQC standards.

Evidence: USDA Scientific Research Guidelines and USFS Northeast Research Station quality assurance/quality control Plan, USFS Science Consistency Review Report and Letter to Stations

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight20%

Explanation: The agency has not 1) articulated the scientific or policy basis to determine whether the selected species measured is a valid subset to measure the total invasive species population and their impacts; 2) included within the selected species any member of the plant kingdom, particularly Division Magnoliophyta; and 3) provided for measurement of the environmental or economic effects of treatments. However, for a new crosscutting program covering multiple budget lines and agency programs, the Forest Service is implementing priority actions from within the National Strategy and Implementation Plan, the Forest Service Strategic Plan, goal 2 for invasive species and the FY 2004 program direction on schedule to meet long-term performance and outcomes.

Evidence: USDA Forest Service Strategic Plan 2004-2008. Forest Service National Strategy and Implementation Plan for Invasive Species Management. Forestry Reseafch Advisory Panel Report to the Secretary of Agriculture's Blue Ribbon Panel on America's Forest Research Policy.

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: NO Question Weight20%

Explanation: Annual performance goals most often reflect budget availability. The program's lack of an efficiency measure or timing targets marginalizes the ability to measure achievement of annual performance goals. However, for those annual performance measures currently reported up from field units, the agency is achieving measurable results and resource benefits. For those annual measures identified for upcoming implementation through the National Strategy and Implementation Plan or are under development to supplement the National Strategy and Implementation Plan, the Forest Service anticipates meeting those goals in FY 2006.

Evidence: Forest Service National Strategy and Implementation Plan for Invasive Species Management. FY 2003 Forest Service Accomplishment Report. Forest Service Invasive Species Program Performance and Accountability Design.

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: SMALL EXTENT Question Weight 20%

Explanation: Although the agency lacks an efficiency measure for the program, the National Strategy and Implementation Plan for Invasive Species management provides an indirect method to demonstrate some improved efficiencies and cost effectiveness in achieving annual program goals and long-term performance. The Forest Service has established baselines for cost efficiencies and made projections for long-term effectiveness with respect to National Forest invasive plant control activities.

Evidence: Forest Service National Strategy and Implementation Plan for Invasive Species Management. Forest Service Research and Development Invasive Species Logic Model. National Forest System Invasive Plan Control Effectiveness Analysis.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight 20%

Explanation: The Forest Service is the only member agency of the National Invasive Species Council which has given top priority to the invasive species issue and developed a comprehensive strategic approach to the invasive species problem. Independent evaluations from GAO and the USDA Inspector General have occured in conjunction with congressional oversight: Results of Forest Service invasives species management compares favorably with other government and private programs due to the agency's 1) use of comprehensive analyses of the ecological, environmental, and economic consequences of alternatives for invasive species treatments; 2) characterization of how invasive species disturbances interact with other disturbance processes, such as windstorms, fires, and disease; and 3) development of guidelines for incorporating these tradeoffs into land and resource management plans.

Evidence: Forest Service National Strategy and Implementation Plan for Invasive Species Management. R&D FIA P3 Understory Vegetation Indicator Document. GAO Reports on Invasive species - 2000, 2001, 2002 & 2003.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: LARGE EXTENT Question Weight 20%

Explanation: Some individual components of the program are currently being evaluated and the Forest Service plans to implement a formal evaluation of the invasive species program by the Invasive Species Advisory Committee through the National Invasive Species Council in FY 2006, which will be conducted a five year intervals. Research and Development used an investment criteria process with external stakeholders to review the invasive species program and make recommendations for future research direction, and uses scientific panel reviews that include stakeholders. Independent evaluations from GAO and the USDA Inspector General have occured in conjunction with congressional oversight: GAO reported that agency actions are likely to contribute to preventing and controlling invasive species, but needs long-term goals toward which the program should strive. In May 2002, the National Association of State Foresters conducted a review of the State and Private Forestry program, including invasive species, and found the program is effective.

Evidence: Forest Service National Strategy and Implementation Plan for Invasive Species Management. GAO Reports on Invasive species - 2000, 2001, 2002 & 2003. NASF Review of S&PF Washington Office Programs. Forest Service headquarters review of three western regional invasive species programs. R&D Stakeholder Review of Logic Model for Invasive Species. Rocky Mountain Research Station Listening Session and Strategic Plan.

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

Measure: Percentage Reliability of the annual National Risk Assessment survey (measure 2.1.a, strategic plan)

Additional Information: The purpose of the insect and disease risk mapping effort is to develop a geographic information system database containing information needed for a strategic evaluation of forest health risks on all forested lands of the United States.

Year	Target	Actual	**Measure Term:** Annual
2002	baseline	61%	
2003	66%	66%	
2004	71%		
2005	76%		
2006	81%		

Measure: Number of acres of targeted invasive species infestations controlled or mitigated.

Additional Information: This measure indicates the number of acres of grounds or waters with invasive species populations receiving management.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline		
2005			
2006			

Measure: Percentage of targeted invasive species populations prevented, eradicated, controlled or mitigated.

Additional Information: Populations of invasive species are dependent upon many factors such as habitat conditions, climate, exposure to predators, etc. When the FS targets an invasive species population then available control, management and eradication techniques and tools are utilized.

Year	Target	Actual	**Measure Term:** Long-term
2004	Baseline		
2005			

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

2006

Measure: Number of acres of land or water or miles of stream or rivers restored to prevent or control targeted invasive species.

Additional Information: Habitat rehabilitation and restoration provides opportunities for short-term activities to mitigate effects of invasive species while providing long-term benefits to resources through ability to produce goods and services.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline		
2005			
2006			

Measure: Number of systems or techniques developed to address priority invasive species prevention, detection, control or eradication.

Additional Information: Research and development on systems and techniques to address invasive species issues is occuring across government in partnership with academia and the private sector. Land managers will benefit from these developments with applications for treatments on-site.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline		
2005			
2006			

Measure: Number of tools assessed for long-term efficacy and secondary effects.

Additional Information: Research tools require field based verification of applicability, useability and effectiveness over the long-term. Environmental effects of the long-term use of those tools must be assessed as well by well documented and peer reviewed research.

Year	Target	Actual	**Measure Term:** Long-term
2004	Baseline		
2005			
2006			

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal | Research and Development | Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

Measure: Total cost per acre of noxious weeds treated on National Forest System lands.

Additional Information: Treatment costs of noxious weeds treated across National Forest System acres. Costs per acre may vary due to geographic, environmental sensitivity, and other factors involved.

Year	Target	Actual	**Measure Term:** Annual
2003		$107.86	
2004	233.33		
2005	183.46		

Measure: Total cost per acre of noxious weeds treated on cooperative lands.

Additional Information: Treatment costs of noxious weeds treated across acres. Costs per acre may vary due to geographic, environmental sensitivity, and other factors involved. Includes treatment cost share funding provided by States and other partners.

Year	Target	Actual	**Measure Term:** Annual
2004		UD	
2005		UD	

Measure: Cost per management/mitigation guideline, tool or method developed. (Targets are under development).

Additional Information: This measure is focused on the three year average cost of the development of management or mitigation tools or methods developed through research and useable by land managers. The cost of a management or mitigation tool or method is spread over a three year period as the tool or method is developed slowly over several years. The FY 2003 baseline was from budget figures and tools developed over FY 2000 to FY 2002.

Year	Target	Actual	**Measure Term:** Long-term
2003		$753.30	
2004			
2005			
2006			

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

Measure: Acres treated to completion for selected invasive species. (measure 2.1.b, strategic plan)

Additional Information: This measure is focused on the control and management of an invasive species outbreak so as to minimize the likelyhood of spread of permanent infestations.

Year	Target	Actual	**Measure Term:** Annual
2002		1,537,368	
2003	1630837	1630837	
2004	1817773		
2005	1911240		
2006	2004707		

Measure: Percent reduction in the rate-of-spread of selected invasive species

Additional Information: This measure is focused on reduction of invasive species occurance through risk analysisof suitable habitat with the rate of spread of the invasive species absolutely minimized.

Year	Target	Actual	**Measure Term:** Long-term
2002		50%	
2003	50%	50%	
2004	50%		
2005	50%		
2006	50%		

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal Research and Development Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

Measure: The number of targeted areas where introduction of invasive species occurs and the number of previously infested acres where targeted invasive species reinvasions occur.

Additional Information: The measure addresses the issue of prevention so that new introductions of invasive species are prevented and infestations of existing invasive species are contained.

Year	Target	Actual	**Measure Term:** Annual
2004			
2005			
2006			

Measure: Percent of invasive species introductions detected and eliminated through Forest Service actions and assistance.

Additional Information: This measure focuses on the early detection of occurences of targeted invasive species and responses to eliminate those species before they become established and can spread.

Year	Target	Actual	**Measure Term:** Long-term
2004			
2005			

Measure: Number of acres infested with targeted invasive species.

Additional Information: This measures annual control and measurement of existing invasive species.

Year	Target	Actual	**Measure Term:** Annual
2004			
2005			

PART Performance Measurements

Program: Forest Service: Invasive Species Program
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal | Research and Development | Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	82%	40%	Demonstrate

Measure: Rate of spread of targeted invasive species. (Baseline and targets are under development).

Additional Information: Measures the efficacy of long-term agency management activities of control, containment, and eradication upon invasive species.

Year	Target	Actual	**Measure Term:** Long-term
2004			
2005			
2006			

Measure: Number of biological control organism releases/treatments for a targeted invasive species on a given site or location.

Additional Information: This is an annual invasive species control measure where one organism is used to affect control on an invasive organism

Year	Target	Actual	**Measure Term:** Annual
2004			
2005			
2006			

Measure: Percentage of acres/watersheds restored to desired conditions where ecosystems are no longer impacted by invasive species. (Baseline and targets under development).

Additional Information: The restoration and rehabilitation of impacted ecosystems to a desired future condition reduces vulnerability to invasion or reinvasion by invasive species.

Year	Target	Actual	**Measure Term:** Long-term
2004			
2005			
2006			

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose of the Program is clearly articulated in the McIntire-Stennis Cooperative Forestry Research Act of 1962. How this legislative intent is translated into programmatic activities is detailed in the CSREES Administrative Manual for the McIntire-Stennis Cooperative Forestry Program

Evidence: Section 7 of the The McIntire-Stennis Act of October 10, 1962 as amended, Public Law 87-788 76 Stat. 806, 16 U.S.C. 582a, et seq. (see Appendix A, pp.1-2) Act is specific in defining 'forestry research' as investigations relating to '1) Reforestation and management of land for the production of crops of timber and other related products of the forest; 2) management of forest and related watershed lands to improve conditions of water flow and to protect resources against floods and erosion; 3) management of forest and related rangeland for production of forage for domestic livestock and game and improvement of food and habitat for wildlife; 4) management of forest lands for outdoor recreation; 5) protection of forest land and resources against fire, insects, diseases, or other destructive agents; 6) utilization of wood and other forest products; 7) development of sound policies for the management of forest lands and marketing of forest products; and 8) such other studies as may be necessary to obtain the fullest and most effective use of forest resources.' The Administrative Manual for the McIntire-Stennis Cooperative Forestry Research Program (see Appendix B, pp. 4-8) specifies how CSREES implements this Program for the Department of Agriculture and interprets the requirements of the law for state partners. Each eligible institutional partner is required to submit an annual report.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The Program addresses the existing and specific need for forestry research as defined in the McIntire-Stennis Act of 1962. Such research is an important resource for citizen owners, industry users, local communities, and consumers of forest products

Evidence: In the Administrative Manual, the Program specifically addresses (1) reforestation and management of land for the production of timber and other related products of the forest; (2) management of forest and related watershed lands to improve conditions of water flow and to protect resources against floods and erosion; (3) management of forest and related rangeland for production of forage for domestic livestock and game and improvement of food and habitat for wildlife; (4) management of forest lands for outdoor recreation; (5) protection of forest land and resources against fire, insects, diseases, or other destructive agents; (6) utilization of wood and other forest products; (7) development of sound policies for the management of forest lands and the harvesting and marketing of forest products; and (8) such other studies as may be necessary to obtain the fullest and most effective use of forest resources (see Appendix B: the Administrative Manual, p. 4).

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The Program was created and amended to specifically meet the unique research needs of private, non-industrial forest lands and their owners because no other Federal, state, local or private effort focuses on this problem. There is no redundancy with other Federal, State, local or private sector research. McIntire-Stennis research focuses on privately owned non-commercial forestland and is conducted by land-grant institutions, while Forest Service research focuses primarily on the national forest system, and industry work focuses mainly on large scale, commercial holdings held for timber and pulp production. There is very little overlap with the McIntire-Stennis program research; there is some complementarity in areas of scale-neutral production processes. Private organization research is limited in size and scope, and is heavily dependent on the scientific and management knowledge generated by the McIntire-Stennis Program.

Evidence: The uniqueness of this program is its scope and scale of private, non-industrial forests. The combined work of forestry schools, funded through the Act and dissemination of science-based research results through cooperative extension is the unique source of information and practices to these land owners. Consistent with the purpose of the Act, most McIntire-Stennis research is in the problem area of Management of Forest Resources. Other focal areas where McIntire-Stennis exceeds that of Forest Service and industry include Economics of Timber Production, Remote Sensing, Market Development and Marketing Efficiency, Supply Demand and Prices, New and Improved Engineering Systems, Multiple Use of Forestlands, Improving Income Opportunities, and Outdoor Recreation.CSREES uses the Current Research Information System (CRIS) to ensure that the Agency's research activities are complimentary and not redundant with those conducted by other research programs

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: Program design is mandated by Congress. In 1974, amendments to the McIntire-Stennis Program provided for improvements due to new scientific developments. Even though authorizing legislation strictly prescribes the funding formula, the management of the Program ensures portfolio effectiveness and efficiency through stakeholder input, peer review and program leader assessment. However, there may be alternatives to the current formula approach that may result in a more effective allocation of resources and a more effective use of funds.

Evidence: States design their projects to address the existing specific needs of their local or regional area. Reforestation plays a key role in the restoration of ecosystems and research results provide private, non-industrial restoration managers with valuable tools. Annual financial support comes from the Program, along with partnerships from federal, state, and private cooperators. Proposals and budgetrs are subject to review and approval to ensure relevance (effectiveness) and cost efficiency. Universities maintain the nation's most diverse forestry research and education portfolio. In contrast, the Forest Service focuses on core biological criteria and has a slight plurality of its research FTEs focused on productive capacity. The forest industry focuses on productivity questions relating to large, economically significant industrial holdings (See Appendix C: National Research Council, Board on Agriculture and Natural Resources National Capacity in Forestry Research, 2002, p. 57).

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: By Congressional design, this Program directly benefits 10 million private, non-commercial forest land owners, covering 400 million acres ' 60% of the Nation's timber lands. By specifically involving the university research community and the private forest land sector, the Program has been carefully crafted and managed to meet the special needs and concerns of the forestry research community that studies these private lands. The program has funded the creation and continuing support of a cadre of university scientists and educators focused on these problems. Delivery to the targeted audience is effectively accomplished through the Cooperative Extension Service at the respective universities, and in collaboration with private land owners' associations.

Evidence: The Program effectively delivers the benefits of forest research directly to the 10 million private, non-commercial forest landowners who manage 400 million acres of privately held forest land. The highly applied research performed at public research oriented universities all have an effective extension/outreach function. In 2002, active forestry extension programs were in place in 29 states with substantial private forest ownership. These are concentrated in the South and North East where the majority of private, non-commercial lands are located.A 2002 Forest Service survey indentified 1,346 full-time equivalents (FTEs) for government, industry and university forestry research; 598 FTEs in teaching; and 243 FTEs in extension. In total, 62% of these FTEs are devoted to research, 27% to teaching, and 11% to extension. Universities have the largest number of FTEs (62%) devoted to all three functions. The university sector also has 78% of all extension FTEs (See Appendix C: National Research Council, Board on Agriculture and Natural Resources National Capacity in Forestry Research, 2002, p. 57, 81). To deliver additional benefits to private, non-commercial forest land owners, a new generation of forest resource managers are receiving integrated and multidisciplinary training to understand and respect private owners' diverse goals and help them manage their resources in a sustainable manner and contribute to society as well.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 12%

Explanation: Goals of the Program, as defined by the Act, are a basis for the USDA Strategic Plan FY (2002-2007) and the REE and CSREES Strategic Plans that include a limited number of specific, long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program. Departmental Strategic Goal 5 (consistent across all three plans) addresses protecting and enhancing the Nation's natural resource base and environment. The Act specifies a limited number of major goals and study areas for the Program, which remain the same until the oversight committee sees a need for revision. Specific long-term performance measures for program outcome include: 1) Increased forest management by non-industrial private forest owners; 2) Reduced rate of decline in U.S. forest land acreage; 3) Increased private forest land marketable fiber production and harvest.

Evidence: The specific long-term performance measures outlined in the CSREES Strategic Plan include: increase the percent of private forest land owners who have a written management plan for their forest land; reduce the decline of non-industrial private forests; and increase private forest marketable fiber production and harvest. The National Research Council listed five research priorities for forestry: biology of forest organisms, ecosystem function and management, human-forest interactions, wood as a raw material, and international trade, competition, and cooperation. The 1996 American Forest Congress identified research priorities for each major region of the country. The forest industry also developed research priorities through their participation in the Department of Energy Agenda 2020 competitive research process. The Forest Service Forest Experiment Stations have also developed strategic plans that outline research priorities. The goal is to improve the health and productivity of the nation's non-federal forest.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 11%

Explanation: The Congressional authorization explicitly states eight ambitious, meaningful areas of investigation that apply to privately owned, non-commercial forests: 1) reforestation and management of land for the production of crops of timber and other related products of the forest; 2) management of forest and related watershed lands to improve condition of water flow and to protect resources against floods and erosion; 3) management of forest and related rangeland for production of forage for domestic livestock and game and improvement of food and habitat for wildlife; 4) management of forestlands for outdoor recreation; 5) protection of forestland and resources against fire, insects, diseases, or other destructive agents; 6) utilization of woods and other forest products; 7) development of sound policies for the management of forestlands and the harvesting and marketing of forest products; and 8) such other studies as may be necessary to obtain the fullest and most effective use of forest resources.This program addresses significant national forestry problems on private, non-industrial lands to improve the management and use of forests and their habitats by specifically targeting the eight Congressionally determined areas. CSREES develops base performance levels for this extramural research portfolio along the investment criteria of quality, relevance and performance, subject to rigorous assessment by expert panels on a periodic (5-year) basis to determine progress toward solving national problems. This is consistent with the time frame of the program, including long term objectives, 5-year portfolio appraisals, and the up to 5 year life of each project.

Evidence: Baseline data for FY 2002 indicate that: 1) five per cent of private land owners, representing 22% of the acreage, had a written management plan for their forest land; 2) there has been a decline in the acres of America's forests under non-industrial private land ownership (down from 337 million acres in 1999); and 3) private forest marketable fiber production and harvest was at 47% of capacity. The program's targets and timeframes for long-term measures are outlined in the CSREES Strategic Plan (2002-2007). In FY2003, the McIntire-Stennis Program is establishing a new base line and target increments that will be specified throughout the strategic plan. However, CSREES still needs to demonstrate that its targets are ambitious.In each fiscal year, the Program strives to increase the percent of private forest land owners who have a written management plan for their forest land, reduce the decline of non-industrial private forests, increase private forest marketable fiber production and harvest, and increase the information on how agriculture, forest and range production practices impact on the environment. However, data reflecting these measures are not collected annually.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: NO Question Weight 10%

Explanation: The relatively long-term nature of scientific investigation renders short-term measures difficult to quantify, and although useful, they are usually one of a chain of interim outcomes connected to the long-term goals, and they do not demonstrate the interconnectedness of research. McIntire-Stennis research projects typically extend over a 5-year life cycle, and significant performance outcomes (patents, best management practices) sometimes lag by several additional years; and more often add to the overall body of scientific findings that directly or indirectly support future discovery and applied research with even longer time horizons. Interim annual progress toward the ultimate solution of national problems via a long-term and complex research'extension'field adoption chain is best assessed using the R&D investment criteria in a manner which can provide annual quantitative information (such as the CSREES proposed portfolio assessment tool).The Program includes specific annual performance measures designed to progress toward the accomplishment of long-term goals.

Evidence: National Program Leaders manage programs according to the Goals and Objectives in the Department and Agency Strategic Plans. Individual proposals (with 5 year plans and goals) are reviewed, approved and submitted by institutions. Appropriateness and relevance to current strategic plans is a funding criterion. (See Appendix A: McIntire-Stennis Act, Section 7). Measures cannot be annually quantified, and while useful, they do not correlate precisely to long term goals, as data for longer term performance are usually collected on a periodic basis, making annual assessment impossible. A draft assessment tool (in pilot testing) will be used to review portfolio relevance, quality, and performance, assigning a quantitative score to management performance. The procedure, based on OMB's new Research and Development Criteria, is under development in 2003, and baseline measures will be developed in 2004.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight 10%

Explanation: Both the Departmental and CSREES Strategic Goal 5 address protecting and enhancing the Nation's natural resources base and environment. The Program's baselines and targets for its annual measures are outlined in the CSREES Strategic Plan, based on the benchmark situation in 2002 (specified under 2.2).Proposals and research plans are submitted for review and approval. Annual performance reports and termination reports verify progress and results relative to the annual performance goals under which they were approved. Portfolio of projects funded will be subject to rigorous assessment by expert panels on an annual and periodic (5-year) basis to determine the extent to which they are making progress toward solving targeted national problems. A new draft assessment tool (currently in pilot testing) will be used to review research portfolio relevance, quality, and performance, assigning a quantitative score to its management performance.

Evidence: Forestry issues are difficult to quantify on an annual basis. Data on measurements are collected only every 5 years, making retroactive measurement the only option in some cases. The CSREES plan does not include baselines or targets for its annual perormance measure, which is still under development.

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight 12%

Explanation: All the major national and regional associations dealing with forestry, such as The National Private Landowners Association (NPLA) and the National Woodlot Association (NWA) are fully supportive of the Program goals and efforts, and take an active part in Program planning. The Forest Research Advisory Council, comprised of experts in the field, is another source of support of the program. The individual research proposals submitted by States reveal their support for, and relevance to, annual program planning efforts, and work toward achieving the long-term and annual goals of the Program.

Evidence: The charter of the Forest Research Advisory Council provides it with the authority to make recommendations on funding, planning and coordination of forestry research. The Act, by requiring non-Federal matching funds, provides the opportunity for Federal funds to leverage research and education dollars to support Program planning efforts by encouraging institutions to commit to the annual and long-term goals of the Program. Success of the program and its effectiveness in leveraging state and private-sector funds for forestry research are noted in the report. In FY 1997, total forestry research, extension, and education funding at public colleges and universities totalled $204 million; of which McIntire-Stennis represented about 10%, other federal funds covered 24% (for a total of 34% of federal funding), States provided 44%, industry contributed 7%, and other non-federal sources (e.g., foundations) about 14%. (See Appendix G: The Role of Research, Education and Extension in Sustaining America's Forest Resources: Why You Should Care, NAPFSC, 1999, p.7.)

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 10%

Explanation: All proposals are reviewed by an expert panel for compliance with Program requirements, such as priorities, timeframe, etc. National Program Leaders annually review research programs, along with individual research project progress and final reports submitted by each institution, to monitor portfolio progress based on the time frame agreed upon during proposal approval. The Forestry Research Advisory Council (FRAC), comprised of external forestry experts, serves as a research area peer review panel and meets annually to review performance and provide future directional guidance to the Program in the up coming Fiscal Year. A FRAC Blue Ribbon Committee comprised of scientists, administrators and other stakeholders monitors and assess work conducted under Forest Service, McIntire-Stennis, and other USDA auspices and evaluate the results in terms of apparent national priorities and need. This Committee will perform regularly scheduled reviews of the Program and recommend standardized program activities. The Administrative Technical Representatives (ATR), as a group, will perform regular reviews of research projects at the institutional level to assure performance based on the timeframe. CSREES, through the newly reorganized Planning and Accountability Unit, is reorganizing the site visit system, scheduled to conduct regular reviews of the Program at participating institutions.

Evidence: Specifically relating to individual forest management pratices, Bengston (Summary of Economic Evaluations for Forestry Research, October, 1999) and Hyde, Newman, and Sheldon (The Economic Benefits of Forestry Research, Iowa State University Press, 1992) found that forestry research consistently has positive economic rates of return. Returns for improvements in individual forest management practices ranged from 15 to 40 percent per year for most conventional research applications (National Capacity in Forestry Research. Committee on National Capacity in Forestry Research, Board on Agriculture and Natural Resources, Division on Earth and Life Sciences, National Research Council, National Academy Press, 2002). The same evaluation found economic benefits of return: costy ratios for individual management programs from 9 to more than 100 percent.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight10%

Explanation: Section 8201 of the 2002 Farm Bill reaffirms the importance of the Program. Nevertheless, increases in the budget requests for the Program have not been solicited over the past decade due to competing and, in some cases, emerging and time-sensitive high priorities such as food and agricultural security, and overall budget limitations. The fact that funding requests for the Program have not significantly varied in recent times of extremely tight budget underscores that the Program has and continues to perform well, given its modest level of funding.There is no historical evidence that the Budget requests are tied to accomplishments of annual and long-term goals relating to specific Strategic Objectives from the Departmental and CSREES Strategic Plans.

Evidence: Budget and performance alignment is an evolving process that thoroughly integrates the goals and objectives articulated in the Departmental, REE, and CREES Strategic Plans (See Appendices H and J), and performance measures from the Departmental Action Plan, the Budget Integration Matrix, and the Budget Explanatory Notes (all are in final review and are not attached in the Appendices).

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight: 5%

Explanation: The Forestry Research Advisory Council provides recommendations and advice on forestry plans and needs. A Blue Ribbon Panel, recommended by the Council and comprised of scientists, administrators and other stakeholders, will monitor and assess work conducted under Forest Service, McIntire-Stennis, and other USDA auspices and evaluate results in terms of national priorities. The Planning and Accountability Unit within the Office of the Administrator works with each program area to update their strategic planning efforts. USDA Strategic Goal 5 and the corresponding CSREES Objective 5.1 specifically address forestry research and management including the McIntire-Stennis Program. As in the past, the Program's focus and priorities will be aligned with the new strategic plans as they are finalized (see Appendix H, p. 22 and Appendix I, p. 29).

Evidence: The Agency has developed a plan to improve the Program as recommendations are received from FRAC, the Panel, and other stakeholders. This includes the recent reorganization of the Planning and Accountability in 2002 within the CSREES Office of the Administrator. This unit is working with the Program to update its strategic planning efforts, ensuring alignment with Departmental goals as well as individual program clarity, and implementing a more stringent portfolio performance scoring procedure. The Program works closely with the Administrative Technical Representatives (ATR) to standardize forestry research at the institutional level.The Program provides funding based on a formula to assist States to carry out cutting- edge forestry research and education. No recommendations for meaningful steps to be addressed to the Program's strategic planning deficiencies have been made by the FRAC or the Blue Ribbon Panel.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?

Answer: YES Question Weight 10%

Explanation: All programs are required to collect performance information to be used for management. Management has undertaken a major review and upgrade of all these efforts with its 2002 reorganization. The Agency National Program Leader (NPL) maintains close and routine contact with partners to guide, monitor, and assist them in their efforts to ensure their work supports the goals of the Act and that regulations are met. Agency managers ensure that accomplishments are reported and assess the progress being made toward achieving the stated research project goals using the CRIS system.

Evidence: The Administrative Manual created by CSREES to administer the Program (Appendix B, part F) 'Essentials of Project Proposals' must be addressed by grantees. Before a project is approved, it is reviewed both by the Administrative-Technical Representative (A-TR) at the eligible Institution and the CSREES National Program Leader to ensure that the objectives to be achieved are clear, complete, and logically arranged to allow the collection of credible performance measures. These are compiled and presented in the Institution's Annual Research Program Report. The agency has compiled and summarized these Annual Reports. These annual summaries are used to respond to Congressional inquiries, as well as to provide the CSREES National Program Leader with an overview of the Program's accomplishments. The annual reports from key Program partners' research are posted in the CRIS database used for Department of Agriculture research efforts, and housed in CSREES. This information is regularly compiled for program planning and evaluation both at the State and Federal level.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?

Answer: YES Question Weight 10%

Explanation: In addition to statutory requirements, the program manager is subject to Federal Financial Assistance Regulations. Federal funds appropriated for this program each year are allocated on a formula basis and distributed each quarter to the Eligible Institutions. Funds are only released if certain programmatic, administrative, and financial requirements are met. Prior to submission to CSREES, project proposals are subjected to a merit review process at the institutional level.

Evidence: Per the Agency Administrative Manual (Appendix B), eligible Institutions are required to report annually on the status of each McIntire-Stennis project through the Current Research Information System (CRIS) by submitting CRIS Forms AD-419, Research Funds and Staff Support and AD-421, Progress Report. These reports are reviewed by the NPL in conjunction with the approval of the Annual Research Program prior to the distribution of funds. By December 31 of each year, institutions also are required to submit a SF-269, Financial Status Report, covering the total McIntire-Stennis Research Program expenditures for that fiscal year which ended September 30.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 10%

Explanation: The CSREES internal grants management system, C-REEMS monitors the timely obligation of funds at the Federal level. Once these funds are made available to institutions, CSREES monitors their disbursement through the Department of Health and Human Services Payment Management System, and the review of the quarterly SF-272s (Federal Cash Transactions Reports) and the annual SF-269s (Financial Status Reports). Eligible institutions are subject to provisions of OMB Circular A-133. CSREES also conducts on-site program reviews. Finally, obligations and disbursements are monitored through the Foundation Financial Information System (FFIS). During the last five years, x (USDA to complete) percent of of funds were obligated each year.

Evidence: Annually, as soon as the budget is approved and funds are certified, formula calculations are performed for the States. Based on the mandated formula, each State receives $25,000 in addition to set percentages of the allocated funds relative to timber volume, and timber research, resulting in a reckon factor to be presented to the States. Funds are obligated and disbursed to the States on a quarterly basis, beginning October 1 each Fiscal Year. Unobligated balances are subject to a five per-cent limitation.CSREES also conducts on-site program reviews. Reports and reviews of SF-269s and SF-272s, as well as information provided on the A-133 through the Federal Audit Clearinghouse and reports of Agency on-site reviews illustrate financial oversight of the McIntire-Stennis Program. Reports generated from CREEMS, reviews of both SF-269s and SF-272s, as well as information provided on the A-133 Audit results through the Federal Audit Clearinghouse and reports of Agency on-site reviews illustrate CSREES oversight of the Program. Operating procedures are available on the CSREES intranet website. The CSREES Grants Management System, has been offered by the Agency as a model grants management system for other USDA grant-making agencies.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 10%

Explanation: Each project is required to annually report progress toward achieving its ultimate goals, and provide a termination report to the National Program Leader (NPL) via the Current Research Information System (CRIS). The NPL reviews the annual report in light of the project's plan and, based on project timeframe, suggests corrective measures to any detected deficiencies. At termination, impacts of the project, i.e., results of the investigation, are carefully examined. The Information Systems and Technology Management (ISTM) unit of CSREES is charged with the primary responsibility for developing and implementing a strategic approach to modernizing CSREES information technology resources. CSREES is committed to the goals of achieving efficiency and cost effectiveness in executing its programs through its ISTM e-Government and e-Grants programs.

Evidence: The transition to e-Government will result in electronic, paperless submission of proposals and research plans, along with paperless review, approval and authorization of funding. A new draft assessment tool (currently in pilot testing) will be used in annual and 5-year reviews of portfolio relevance, quality, and performance, assigning a quantitative score to its management performance. This information will be used to fine tune the annual direction of the program--within the Congressionally determined limits. CSREES has also made substantial progress in increasing efficiency in soliciting, reviewing, and awarding grants. The soon-to-be-implemented e-Government submission process will save time and money in both the preparation of proposals and in execution of the research. Fiscal efficiency is maintained because funded States are required to report quarterly Federal Cash Transactions Reports and annual financial status each year. CSREES has several new database systems under development which will increase the capability to collect, link, and use annual grant data. A comprehensive data management system, the Research, Education and Economics Information System (REEIS), is becoming fully operational and will allow full integration of data and information from multiple USDA and CSREES databases

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 10%

Explanation: The Act states that 'the total forestry research efforts of the several State colleges and universities and of the Federal Government are more fully effective if there is close coordination between such programs.' The Act encourages states to join together in regional efforts to study problems of mutual interest. The Act also earmarks special grants. The Program collaborates and coordinates effectively with related programs that share similar goals and objectives between universities, universities and the Forest Service and Natural Resources Conservation Service of USDA, and universities and the US Geographical Survey of the US Interior department, and coordinates with forestry associations.

Evidence: The National Research Council's "National Capacity in Forestry Research" defines the collaboration and coordination of forestry-related research conducted by USDA, Forestry Schools and Colleges, and industry, and "The Role of Research, Education and Extension in Sustaining America's Forest Resources: Why You Should Care" more broadly defines the collaboration and coordination between research, higher education, and extension/outreach in providing relevant, scientifically sound and useful information to the Nation's forest owners and managers (See Attachment C and G.) CSREES encourages institutions to coordinate and collaborate with other organizations and agencies, and demonstrate these efforts in their proposals for funding. As part of the review process, CSREES carefully appraises the proposals to assure coordination and collaboration efforts.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 10%

Explanation: Grantees must comply with general Federal financial assistance regulations, as well as specific USDA and CSREES implementing regulations. If an institution fails to submit technical and financial reports by June 15th, the fourth quarter formula funds and subsequent formula allocations are withheld until these requirements have been satisfied.

Evidence: Financial management is conducted as per OMB Circulars for Federal financial assistance, USDA regulations and the Administrative Manual, CRIS Instructions, C-REEMS instructions, and Agency records indicating the receipt and approval of financial and technical reports. In addition, CSREES implemented the Federal Financial Information System (FFIS in FY 2002).

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 10%

Explanation: The Program has had no identified management deficiencies; however, the Agency has a number of improvement processes underway to upgrade its management efforts. CSREES is in the process of developing guidelines for reviewing officials to use as they review, make recommendations for changes, and approve the project proposals for all formula-funded research. CSREES also has taken action to improve: 1) general administrative, managerial, and fiscal functions; 2) post-award management of its entire grant system, including formula, as well as line-item, and competitive grant mechanisms; and 3) planning and accountability efforts.The Forestry Research Advisory Council (FRAC), the Blue Ribbon Committee, the Administrative Technical Representatives (RTA) work with the Program to monitor and assess work conducted. The newly organized CSREES Planning and Accountability Unit works with the Program to refine and update strategic planning and performance reporting. The new portfolio assessment will also identify deficiencies for NPLs to correct.

Evidence: An ongoing CSREES improvement committee (the Program Administration Coordination Effort (PACE)) has addressed management, administrative, and fiscal issues within the Agency for the past several years to increase the effectiveness of the CSREES grant award system. The PACE Committee is nearing completion of a set of CSREES Service Standards that will set temporal guidelines for program planning, awards management and other time-critical Agency administrative and management activities. A similar group is establishing consistent guidelines for post-award management. In the 2002 Agency reorganization, a Planning and Accountability unit was established in the Office of the Administrator which provides guidance, analysis, and policy recommendations for strategic and short-term planning, budget justifications, performance measurement, and evaluation. This unit is contributing to the review and improvement of Agency administrative functions, as well as assisting National Program Leaders and managers to assess the accomplishments of programs and determine programmatic changes to improve performance and efficiency.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

3.BF1 **Does the program have oversight practices that provide sufficient knowledge of grantee activities?** Answer: YES Question Weight 10%

Explanation: Grantees are required to submit a proposal fully describing the research and education programs for which funding is requested. Grantees are also required to submit Annual Reports of Accomplishments describing their progress in achieving stated goals. This report is entered into the CRIS system and is available to the public. Expert review panels have also been used to provide an independent assessment of the efforts of grantees.

Evidence: The Administrative Manual for the McIntire-Stennis Cooperative Forestry Program contains the Program Monitoring and Reporting requirements. Participating institutions must submit annual Progress Reports on CRIS Form AD-421. A report is required for each project included in the institution's approved Research Program for the Federal Fiscal Year. Also, a Termination Report, CRIS Form AD-421, must be submitted to CSRS for each completed or terminated McIntire-Stennis project (see Appendix O). Such reports must be submitted in conjunction with progress reports on active projects and must include a brief summary of accomplishments for the entire life of the project. Program staff have compiled into a report the annual Impact Statements for the Active McIntire-Stennis Research Projects (See the report compiled for 1991, Appendix M). A 1999 report of the National Research Council suggested, as one of six major recommendations, that Federal agencies should use expert review to assess the quality of the research they support, the relevance of that research to their mission, and the leadership of that research. The report recommended that such expert review groups must strive for balance between the most kowledgeable and the most independent individuals as members. Each agency should develop clear, explicit guidance with regard to structuring and employing expert review processes. This Program has an expert advisory panel, has utilized other expert review panels in the past, and has planned for a Blue Ribbon review panel in the near future.

3.BF2 **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: YES Question Weight 10%

Explanation: Grantees are required to submit an Annual Report of Accomplishments to describe their performance in achieving their stated goals describe their progress. This annual report is entered into the CRIS system and is available to the public.

Evidence: The widely used Current Research Information System (CRIS) is a comprehensive repository of performance data for funded projects. These are identified by research problem area and include proposal summaries, annual performance reports, outcomes and impacts, and termination reports. This information is searchable, available to the public, and has the capacity to produce various types of reports according to customer needs. (see Appendix R). Another CSREES innovation, the Competitive Research, Education, and Extension management System (C-REEMS), makes comprehensive information on proposals, their review and award management available.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight20%

Explanation: CSREES commits itself to the adoption and use of management plans on private, non-industrial forest lands. This responsibility has been assigned to the McIntire-Stennis Cooperative Forestry Program. The Program increases the efficiency and productivity of private forestland by providing "cutting-edge research on productivity, technologies for monitoring and extending the resource base, and environmental quality" (Brown, 2001). Increasing capacity begins with preparing the forestry professionals of the future with a solid educational foundation to assess the status of our forests, finding means to enhance their values for commodity and noncommodity outputs, and implementing improved management or protection of the relevant forest areas. Baseline data for FY 2002 indicate that: 1) five percent of private land owners, representing 22% of the acreage, had a written management plan for their forest land; 2) there has been a decline in the acres of America's forests under non-industrial private land ownership (down from 337 million acres in 1999); and 3) private forest marketable fiber production and harvest was at 47% of capacity. McIntire-Stennis funding consistently supports nearly one-third of graduate students (Master's and Ph.D.) seeking degrees in the various forestry sciences. The research sponsored by Program funding is proportionately higher than that of other fundings in the areas of management, marketing and other topics specific to the needs of private non-industrial forest owners and managers. McIntire-Stennis outputs have helped increase plantings, harvest yields, and sustainability of the growing timber supply on these lands relative to federal and industrial/commercial forest lands. The program has funded the completion of over 7,500 master's degrees and 2,200 doctoral degrees in forest resources fields.

Evidence: The research sponsored by program funding is proportionally higher than that of other funding in the areas of management, marketing and other topics specific to the needs of private non-industrial forest owners and managers (History and Evaluation of the McIntire-Stennis Cooperative Forestry Research program, Mississippi State University, 2003.) McIntire-Stennis funding consistently supports nearly one-third of graduate students seeking degrees in various forestry sciences (Integrated Postsecondary Education Data System, National Center for Educational Statistics, various dates.)

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: NO Question Weight20%

Explanation: Annual reports indicate consistent progress toward individual project goals; however, progress is sometimes interrupted by external factors, such as weather, fire, diseases/insects, and unforeseeable biotic and abiotic scientific delays. If necessary, no-cost extensions can be justified to ensure completion of research delays by uncontrollable factors.The nature of research and development, especially in forestry with its slower growth and change rates, requires long-range planning and monitoring of accomplishments. In fact, some data upon which this Program must rely for its ultimate outcome performance assessments is only collected every five years by entities outside CSREES. However, progress toward long-term goals is assessed on an annual basis through reviews of the portfolio of work and the progress of institutions and projects in moving toward those goals. However, the program has been unable to provide any annual goals.

Evidence: All funded projects in the portfolio are reviewed annually to assess performance, intermediate outputs (referred journal articles, juried papers and presentations, other scholarly accomplishments), and the project's continuing capacity to support the achievement of the Congressional goals in the McIntire-Stennis Act. Projects are reviewed at termination (typically five years post funding) to assess overall performance of the project over its lifetime, accomplishment of stated goals and objectives, and approval of no-cost extensions. CSREES monitors research project benefits after termination, including disclosures, patents, and best management practices emerging directly or indirectly from the research.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: YES Question Weight 20%

Explanation: This particular research and development effort is funded under legislation requiring the use of a formula to determine funding for federal assistance, therefore, efficiencies are achieved by Agency management initiatives. By shifting to e-Government and its more effective use of information technology for reporting and distributing research results, the Agency is dramatically increasing the efficiency of the administration and management of the Program. CSREES recently completed guidelines to streamline the review process for all Agency formula-funded programs.

Evidence: In 2004 the Agency will begin receiving proposals electronically, increasing the speed and accuracy of reviews and expediting approval of grants and the distribution of funding to the States. The Research, Education and Economics Information System provides a linkage to multiple databases that enable the National Program Leader to facilitate Program portfolio review and to better manage the entire portfolio of active research and education projects throughout their life cycle.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: SMALL EXTENT Question Weight 20%

Explanation: This is the only Federal forestry research effort focused specifically on the research needs of privately-held, non-industrial forest lands. However, another smaller formula-funded forestry effort is administered by CSREES under the Hatch Act. The Forest Service also conducts research related to federally-held forested lands, and industry research focuses on the needs of the industrial forest production sector. The performance of this Program compares very favorably to other related efforts, as determined by.... (Agency to cite the study under "Evidence," including any comparisons between Mc-Stennis and Forest Service of other programs)

Evidence: Forestry research has positive economic rates of return for improvements in individual forest management practice, and wood products research. The greatest average rates of return occurred for wood products, ranging from 15 to 40 percent per year for most conventional research applications. Softwood research had large returns, as did wood preservation research. The benefits of forest products research are due to gains achieved and implemented quickly, and application to a large volume of end products. While the proportion of refereed or juried journal articles is less than the Forest Service average forestry research productivity level, the applied nature of the Program also results in non-referred or juried publications and articles aimed at lay audiences (not accounted for in disciplinary literature). Also, the average level of funding for Mc-Intire-Stennis projects is 60 percent less than Forest Service research due to the fact that program funds are also invested directly in support of academic training resulting in undergraduate and graduate degrees.

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: Several evaluations and assessments have shown the program to be meeting the goals of the Act. This is supported by the expert advisory panel (FRAC, which acts as an independent peer review panel of the overall Program efforts), independent evaluations, stakeholder input, and the upcoming Blue Ribbon Committee review. Coordination with other agencies also offers opportunities for external comment on the accomplishments of the Program. The Agency's CRIS research tracking system is used to create a profile of the portfolio of research projects underway, as well as plans and accomplishments. A recent evaluation of the program was done at Mississippi State University, which stated that the program has been effective in solving national forestry problems, and has a history of acheiving results toward its goals. During the study period of FY 1997 to 2001 McIntire-Stennis funding supported 35% and 37% of the Nation's forestry MS and PhD graduate degrees. However, there needs to be evaluations that look at performance management as well as program management.

Evidence: Over the long term, the McIntire-Stennis program has focused a higher proportion of its funded research on research problem areas associated with the needs of individual private forest landowners, including market development, efficient marketing, supply, demand and pricing, remote sensing, improving income opportunities, multiple uses, and outdoor recreation (Thompson, History and Evaluation of the McIntire- Stennis Cooperative Forestry Research Program, Mississippi State University Press, 2003). Over half of funded research publications focus on management of forestry resources (Unglesbee, Current Research Information System, USDA, 2002). Most recent data show that program funds approximately 36% of MS graduate students and 63% of Ph.D. students seeking degrees in forestry sciences (Integrated Postsecondary Education Data System, National Center for Educational Statistics, U.S. Department of Education, various dates).

PART Performance Measurements

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

Measure: External review of portfolio based on relevance, quality and performance.

Additional Information: Performance Measure (PM) for Research: combined score (0 to 100) reflecting annual scientific, academic, or expert and stake-holder review of portfolio relevance, quality, and performance. Scores represent the assessment along a continuum.

Year	Target	Actual	**Measure Term:** Annual
2003	Develop process		
2004	Develop baseline		
2005	Meets expect.		

Measure: External review of portfolio based on relevance, quality and performance.

Additional Information: Performance Measure (PM) for Research: combined score reflecting 5-year scientific, academic, expert or stakeholder review of portfolio relevance, quality, and performance. Scores represent the assessment along a continuum from exceeds expectations, to meets expectations, to needs improvement in one or more of the three dimensions.

Year	Target	Actual	**Measure Term:** Long-term
2003	Develop process		
2004	Develop baseline		
2009	Meets expect.		

Measure: Percentage increase in forest management plans by non-industrial private forest owners. Data are collected on a periodic basis only. Annual targets are determined based on actual data and projections, but can only be measured periodically.

Additional Information: The McIntire-Stennis Act specifies a limited number of major goals and study areas for the Program, which remain the same until the oversight committee sees a need for revision.

Year	Target	Actual	**Measure Term:** Long-term
2002	5	5	
2003	6		
2004	7		

Program: Forestry Research Grants
Agency: Department of Agriculture
Bureau: CSREES
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

2005	8

Measure: Rate of decline in U.S. forest land acreage. Data are collected on a periodic (5 year) basis only.

Additional Information: The McIntire-Stennis Act specifies a limited number of major goals and study areas for the Program, which remain the same until the oversight committee sees a need for revision.

Year	Target	Actual
2003	<5%	<5%
2004	Sustain <5%	
2005	<4%	

Measure Term: Long-term

Measure: Percent increase in private forest land marketable fiber production and harvest. Data are collected on a periodic basis only. Annual targets are determined based on actual data and projections, but can only be measured perioidically.

Additional Information: The McIntire-StennisAct specifies a limited number of major goals and study areas for the Program, which remain the same until the oversight committee sees a need for revision.

Year	Target	Actual
2002	47%	
2003	49%	
2004	49%	
2005	50%	

Measure Term: Long-term

PART Performance Measurements

Program: In House Research: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	90%	100%	58%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The mission of ARS under Goal 1 is to conduct research that will enhance economic opportunities for agricultural producers & benefit consumers, both domestic & foreign. The research is designed to increase productivity & efficiency, develop new technologies/products & new uses from agricultural commodities & byproducts, enhance profitability, & expand market opportunities for U.S. agricultural products. To ensure relevancy input from customers, stakeholders, & partners is solicited & used in setting the program's research agenda, which is documented in the Action Plans. Prospective & retrospective independent reviews are conducted at appropriate times in the program cycle to ensure quality & performance.

Evidence: The ARS Research Program to Enhance Economic Opportunities for Agricultural Producers (hereafter referred to as the 'program') was authorized under Pub. L 104-127, Title VIII, Section 801, 'Purposes of Agricultural Research, Extension, & Education:' (1) 'enhance the competitiveness of the U.S. agriculture & food industry in an increasingly competitive world environment', (2) 'increase the long-term productivity of the U.S. agriculture & food industry...' & (3) 'develop new uses & new products for agricultural commodities, such as alternative fuels & develop new crops.' The USDA Strategic Plan 2002-2007 states, 'Expanding markets for agricultural products is critical to the long-term economic health & prosperity of our food & agricultural sector.' That is the mission of this research program.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The rate of extinction of lines & strains of food animals & crops is rapidly accelerating. Maintenance of genetically diverse animals & crops is necessary to quickly adapt to changing conditions. The prosperity of U.S. agriculture depends on the preservation of plant & animal germplasm collections in a healthy, secure, & easily accessible form. These genetic resources provide the means to enhance crops by deploying molecular tools & genomic strategies for selection of germplasm with high quality & valuable traits for commercial use. U.S. agricultural competitiveness depends on cutting edge research in the areas of bioinformatics, genetics, & genomics; & the continued collection, preservation, safe storage, & use of critical genetic resources. The development of new uses & new biobased products & fuels will also contribute to the economic viability of U.S. producers.

Evidence: ARS conducts an integrated research program that addresses issues affecting economic value & the domestic & foreign market share of U.S. agricultural products. This research addresses a broader Departmental and Administration goals as identified in the USDA Strategic Plan for FY 2002-2007 ' 'Expanding markets for agricultural products is critical to the long-term economic health & prosperity of our food & agricultural sector. In order to maintain agricultural competitiveness, there is a need for enhanced efficiency of crop & livestock production, improved animal well being, & reduced impacts on the environment. The program also addresses problems of agricultural surpluses & byproducts through improved utilization & enhancing value of low value products, including development of functional foods, biobased products, & biofuels.

PART Performance Measurements

Program: In House Research: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	90%	100%	58%	Effective

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The scope of ARS' intramural research program enables it to conduct long-term, innovative, high risk, multi-disciplinary strategic research that cannot be conducted by any other agency or industry in the U.S. ARS, as an intramural agency, has the unique ability, authority, & expertise to respond quickly & effectively to critical national &/or international issues & emerging problems. The program is effectively coordinated with other research efforts conducted across the Federal Government (including APHIS, CSREES, DHS, NIH, DOE, EPA, GIPSA, NSF, & FDA), academia, & industry. ARS is often able to fill critical gaps in research & thus maximize complementarity with the work of other research entities & minimize unnecessary duplication of effort. Examples of very successful partnerships with other agencies include the sequencing of the bovine, honeybee, & chicken genomes (with NIH & CSREES) & the National Plant Genome Initiative with NSF, & the biobased products/biofuels work with DOE.

Evidence: To avoid unnecessary duplication or redundancy ARS starts its research planning cycle with a national program workshop that brings together customers, stakeholders, & partners (universities & private sector research organizations) to identify the high priority researchable issues. Then a thorough literature search & a search of the Current Research Information System are conducted to identify any other research being done in a given area before a new project is initiated. Because of proprietary interests, it is generally not possible to identify all ongoing private sector research. ARS works to coordinate its research with other Federal or State research agencies. ARS has core capabilities that do no exist elsewhere such as the Dairy Herd Improvement database & the National Plant, Animal & Microbial Germplasm System.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: Even though ARS has a strong interal merit review process, as shown in the following write up, the answer received a "no" becuase a portion of the projects are appropriated through Congressional earmarks that allocate the funding by purpose and to specific locations. The overarching goal of ARS research is to promote the economic viability of American agriculture & enhance its competitiveness in the global market. The ARS program to enhance economic opportunities for agricultural producers is uniquely designed to respond to current & emerging high priority national & regional needs. Although earmarked projects may not represent the most effective use of available funding, such funding is integrated into existing projects within the National Programs &, as appropriate, subjected to rigorous external peer review conducted by the Office of Scientific Quality Review (OSQR) to ensure high quality. These projects are managed in the same way & to the same high standards as the rest of ARS' research program. As an intramural research agency, ARS is uniquely designed to conduct long-term, high risk, innovative, strategic research to improve agricultural competitiveness that cannot be conducted elsewhere, while retaining the flexibility to address new or emerging issues.

Evidence: This program is designed so as not to limit its effectiveness & efficiency to responding to current & emerging needs. Its focus has been developed & validated by various mechanisms: including stakeholder meetings; in-depth, external Program reviews, & rigorous external peer review of each research project conducted by the Office of Scientific Quality Review (OSQR). The value of this program's approach is a free, rapid, & unbiased dissemination of research information & technology to potential users. The program is effectively managed, & has a track record of working collaboratively with other Federal agencies, industry & universities. ARS employs a form of matrix management to provide both programmatic guidance & line management for its widely dispersed locations. The objective of the ARS management structure is to have the headquarters based NPS provide the programmatic vision & research direction to the ARS scientists. Responsibility for implementation, day-to-day management, & ensuring that quality research is conducted, falls to the Area Offices.

PART Performance Measurements

Program: In House Research: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	90%	100%	58%	Effective

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: The research program is developed after extensive discussions with customers (producers & processors of various agricultural products, Federal & State action & regulatory agencies), stakeholders (commodity & trade organizations), & partners (universities, private sector, & international research organizations) to ensure the relevancy of the work to be done. The priorities identified at the program workshops become the basis of the Action Plans which guide the projects that constitute the research program over a 5-year cycle. The individual project plans then undergo a rigorous external peer review conducted by OSQR to ensure the quality of the research to be conducted. Ongoing customer/stakeholder interactions assure the continuing relevance of ARS' research. The program is subject to periodic evaluations and assessments. These evaluations & assessments are the basis for assuring the appropriate alignment of resources to achieve programmatic objectives that effectively address high priority national needs.

Evidence: Several mechanisms have been created to coordinate & target the work of a number of Federal research agencies to promote economic opportunities in rural areas. The Under-Secretary for Research, Education, & Economics (REE) is the Chairperson of the government-wide Interagency Working Group on Domestic Animal Genomics & a member of the Interagency Working Group on Plant Genomics, which has conducted stakeholder listening sessions to gain input on ARS genomics research. ARS chairs the USDA Biobased Products & Bioenergy Coordination Council & receives input from the Biomass R&D Technical Advisory Committee. These government-wide Interagency Working Groups identify areas of research that are uniquely appropriate for the Federal Government to conduct. The program's Action Plans are available at www.ars.usda.gov.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 10%

Explanation: ARS employs a balanced strategy to tackle problems affecting expanding economic opportunities for U.S. producers. This program has a limited number of quantifiable long-term performance measures that have been carefully selected to focus on the following outcomes: (1) to ensure an adequate & affordable supply of high-quality agricultural products to meet domestic & foreign needs & (2) to ensure the profitability of the U.S. agricultural enterprise. ARS meets its long-term measures through linkages to existing measures of the performance of the agricultural economy. U.S. agricultural output increased at an average annual rate of 1.88% over the period 1948-1999 although evidence in recent years has shown a slowing of the rate to about 1.5% per year. The Index of Agricultural Productivity (1996 = 100) demonstrates continuous growth, forecast at 113 for 2004 & projected to reach 123 in 2010. Research contributions to the gains in total factor productivity & account for all of the growth in output.

Evidence: The specific long-term performance measures for this program are: (1) % of consumption of biobased transportation fuels & (2) improvement in the index of total factor productivity (TFP) as published annually by the USDA Economic Research Service (ERS). The TFP is measured as the ratio of the index of total farm outputs to the index of total farm inputs (1996 index = 100) & is the best measure of the impact of agricultural research on improved efficiency of livestock & crop production. The use of these specific performance measures requires ARS reliance upon data provided by ERS, NASS, FAS, & the Office of Energy Policy & New Uses (OEPNU).

PART Performance Measurements

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2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 10%

Explanation: The recent ERS briefing paper referenced in evidence, stated 'Advances in agricultural productivity have led to abundant & affordable food & fiber throughout most of the developed world. Public & private agricultural research has been the foundation & basis for much of this growth & development. Technology transfer holds promise for improving incomes & welfare throughout the world.' The ARS long-term goals are to build upon past successes in improving agricultural productivity & are ambitious in that they exceed historic averages. For biofuels ARS' long-term goal is to substantially increase the market share for these biobased fuels.

Evidence: Data compiled by ERS covering the years 1948-1999 showed an annual average gain in TFP of 1.88% (Ahearn et al., 1998, Agricultural Productivity in the U.S.), however, this increase slowed to 1.5% annually during the last decade of this period. The target for this program is to increase the Total Factor Productivity Index from 113 in 2004 to 123 by 2010. The current share of biobased products, according to OEPNU, is 0.5%. The ARS target is to increase this 8-fold by 2010.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 10%

Explanation: ARS has adopted the OMB R&D Investment Criteria as its specific annual performance measures for each long-term goal. Annual measures will focus on relevancy, quality, & performance. Relevancy- will be stakeholder workshops that formulate complete plans with clear research goals & priorities. Quality-will increase the % of projects receiving passing scores from 78% to 85% from external OSQR peer panels. Performance-retrospective assessments of program performance will be documented at the end of each 5-year program cycle by external review panels & stakeholder workshops. The results of retrospective performance assessments will be used to ensure relevancy of research projects in the next 5-year program cycle. One Facilities-related efficiency measure is identified in this document.

Evidence: We have modified the ARS Strategic Plan FY 2003-2007 to incorporate the OMB R&D Investment Criteria into our GPRA & PART processes. We are modifying our data collection process for the research units (AD-421) to collect the information which is not currently available. To ensure that the research program is: relevant to our customers, stakeholders, & partners, 20% of the overall ARS research program will be evaluated for relevancy each year; of high quality, 20% of the ARS research program will be evaluated for quality each year by OSQR; & is performing well, 100% of the ARS research program will be assessed each year against indicators to measure performance, 20% of all National Programs will be evaluated each year against their Action Plans, which guide the work of the research projects for 5 years. In some instances the targets, measures, &/or data collection procedures are still being developed. We anticipate being able to report substantive data in each area for the 2007 PART analysis.

PART Performance Measurements

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2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight 10%

Explanation: To ensure the quality, relevance, & performance of this program, ARS is collecting data to establish meaningful baselines to implement the OMB R&D Investment Criteria as its annual measures for this program. The target for: Relevance ' is to continuously assess the relevancy of this research program, at least one national program workshop will be held for each major subcomponent of the program at the beginning of the 5-year program cycle, Quality ' is to reach by 2010 the goal of having 85% of the research projects reviewed by OSQR receive a rating of moderate, minor, or no revisions required (current baseline for this program is 78%) (All projects scoring either not feasible or major revision are rewritten, resubmitted, & re-reviewed through OSQR, Performance ' we are developing mechanisms, such as the ability to track whether research projects meet their milestones each year, technology transferred to users, whether National Programs meet the objectives in their 5-year Action Plans, etc. to measure general performance. Performance goals & targets are underdevelopment. The answer received a "no" because targets were not indicated in mostinstances.

Evidence: ARS has adopted the R&D Criteria as its annual measures, modified its Strategic Plan, & is modifying its data collection to obtain information not currently available. To ensure that the research program is: relevant to our customers, stakeholders, & partners, 20% of the overall ARS research program will be evaluated for relevancy each year; of high quality, 20% of the ARS research program will be evaluated for quality each year by OSQR; & is performing well, 100% of the ARS research program will be assessed each year for performance & 20% of the National Programs are evaluated each year against the objectives in their Action Plans. Some targets, measures, &/or data collection procedures are still being developed. We anticipate being able to report substantive data for each annual measure in the 2007 PART analysis. ARS will work with ERS & OEPNU to develop & implement assessment instruments that apply economic value to the program's annual outcomes. These new measures will be piloted to the livestock production subcomponent.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 10%

Explanation: ARS enters into research partnership with external organizations only when a mutual benefit is clearly demonstrated consistent with the ARS mission & its long-term & annual goals. These partnership agreements (CRADAs and SCAs) clearly define the scope of the research, milestones, measures, outcomes, & also define the mechanism for monitoring performance to ensure support for the overall goals of the program.

Evidence: ARS provides funds to external research entities through over 1,400 Specific Cooperative Agreements, in order to work cooperatively in support of this program's research goals. Prior to ARS approval, research agreements must include performance measures relevant to the long-term, & annual goals of this program. As appropriate, these research partners are involved in national program workshops & planning ongoing research activities. ARS requires its external research partners to provide an annual progress report (AD-421) & identify accomplishments related to the program goals. These accomplishments are reported in the GPRA APR process. Information on annual meetings, workshops, quarterly & annual reports with stakeholders & collaborators are available on file, or at the National Program Staff (NPS) web site (www.nps.ars.usda.gov/programs).

PART Performance Measurements

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2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**

Answer: YES Question Weight 10%

Explanation: The research agenda for this program is established by NPS after consultation with a broad cross section of customers, stakeholders, & partners. This process ensures the relevancy of the research program. All research projects undergo review every 5 years through the Office of Scientific Quality Review (OSQR) before implementation. The Peer Review Process conducted by OSQR involves independent & expert scientific peer review of project plans. Members of the review panel are external to ARS. The OSQR review process is a critical component for evaluating research project quality & effectiveness. In this way, OSQR contributes to the quality of the national program. Additionally, a retrospective program review is conducted towards the end of the 5-year program cycle to assess continued relevancy, progress, & performance. Project Annual Reports are carefully reviewed by Area Offices and NPS. Projects also undergo periodic external reviews (location reviews) organized by Area Offices. Goals & targets for program assessments are under development.

Evidence: The peer review schedule for this program is available on the OSQR web site (www.ars.usda.gov/osqr). Documentation describing the type of evaluation & criteria for selecting peer reviewers is also available on the OSQR web site. Reports on other reviews by NPS & Area Offices are available on file.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?**

Answer: YES Question Weight 10%

Explanation: The ARS budget is developed, in part, using information derived from the Annual Resources Management Plan (ARMP) which is a structured approach to establish a framework for integrated resource planning & to improve program & resource accountability. NPS is responsible for setting research priorities & allocating resources in conformity with research objectives. ARMPs feeds into the budget development & the budget execution processes. The ARS Strategic Plan FY 2003-2007 was crafted to address the needs of the Budget Performance Integration (BPI) initiative, PART, GPRA, USDA Strategic Plan goals & objectives, & to begin to link budget requests with specific performance measures. The ARS budget is presented according to the BPI initiative.

Evidence: The Annual Resource Management Planning (ARMP) process is a comprehensive review of all available resources (human, financial, facilities, etc.) for the upcoming fiscal year. These resources are assigned to specific research projects in this program & reviewed to ensure that sufficient resources are available to meet the needs of the project & the overall program. ARS also perform projections of costs for outyears to ensure that the projects within this program remains viable. Each research project has goals & objectives, the achievement of which links directly to achieving the broader annual & long-term program goals. The ARMP process enables ARS to identify all costs associated with each project and better align them with the budget's goals & objectives.

PART Performance Measurements

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2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 10%

Explanation: In FY 2003, ARS promulgated a new Strategic Plan that specifically incorporates both PART & the Budget Performance Integration initiatives in the President's Management Agenda. The previous agency Strategic Plan was deficient in that it did not provide a good bases for developing a performance-based budget. The new Strategic Plan aligns ARS' priorities with USDA's Strategic Plan. Beginning in FY 2005, the ARS budget request followed the goals & performance measures contained in its Strategic Plan. This new ARS Plan reflects the national program structure which was also a major deficiency in the preceding Strategic Plan. The new Plan is designed to better align the research program to producing tangible results that are useful to American agriculture.

Evidence: The ARS Strategic Plan FY 2003-2007 was crafted to address the needs of the Budget Performance Integration initiative, PART, GPRA, REE & USDA Strategic Plan goals & objectives, & to begin to link budget requests with specific performance measures. The new Strategic Plan is available on the ARS website at www.ars.usda.gov.

2.RD1 **If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals?** Answer: YES Question Weight 10%

Explanation: This program is continually coordinated through NPS with complementary programs across the Federal Government, with academia, industry, producers, processors, & consumer groups to ensure scientific relevance. Relevance to the USDA mission is regularly evaluated & coordinated with other Federal, industry & university programs. A wide range of formal & informal mechanisms are used to ensure an ongoing dialogue with customers, stakeholders, & partners (including researchers from academia & the private sector).

Evidence: Customers, stakeholders, & partners (including researchers from academia & the private sector) are regularly involved in program reviews & planning. Stakeholder input on relevance & priorities is regularly sought & documented. Annual meetings with industry stakeholders (including AMI, NCBA, Pork Producers, U.S. Poultry & Egg Assn., National Assn. of Animal Breeders, Renewable Fuels Assn., National Biodiesel Board, National Corn Growers Assn., American Soybean Assn., & Corn Refiners Assn.) to assure the relevancy of research & complementarity to other programs. Examples of coordination of Federal efforts include the Interagency Working Group on Domestic Animal Genomics & the Interagency Working Group on Plant Genomics, the USDA Biobased Products & Bioenergy Coordination Council & the Federal Interagency Biomass R&D Board & the Biomass R&D Technical Advisory Committee.

PART Performance Measurements

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2.RD2 **Does the program use a prioritization process to guide budget requests and funding decisions?** Answer: YES Question Weight 10%

Explanation: Input from customers & stakeholders is obtained in developing the research agenda for this program. External reviewers conduct prospective & retrospective reviews at different points in the 5-year program cycle. The goal of these processes is to evaluate, prioritize, & implement a mission oriented research program that is tied to guiding budget requests & funding decisions. The new BPI is linked directly to both the Agency's & Department's Strategic Plans. The BPI makes clear the impact of funding on performance. In addition, ARS has incorporated the OMB R&D Investment Criteria into its Strategic Plan & provides several mechanisms to ensure that the funds requested in its budget request are relevant to the needs of U.S. agriculture. The ARS Annual Budget Team takes input from all of these sources to determine the priorities that go into the Agency's budget request.

Evidence: The USDA BPI panel (chaired by the Deputy Secretary, & including the Department's Chief Financial Officer, Chief Information Officer, Budget Director, & others) oversaw the development of a performance-based budget for FY 2005 will do so again for FY 2006. The BPI panel provides the Agency with guidance on priorities, Administration initiatives, & relevancy in developing its budget. Each agency followed the prescribed BPI format in developing & linking its budget request to the USDA Strategic Plan's goals & performance measures. In addition, the REE Advisory Board meets quarterly to provide oversight to ARS in prioritizing its budget to benefit the larger science & technology enterprise.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 13%

Explanation: This program regularly solicits input from customers, partners, & stakeholders in developing Action Plans (research agendas) at the beginning of the 5-year program cycle to ensure program relevance. All research project plans are then evaluated by the OSQR peer review panels of internationally/nationally recognized, independent, external scientists to ensure quality. Regularly scheduled program & location reviews are undertaken to ensure program performance. Each of the 395 research projects in this program submits an annual progress report (AD-421) which is reviewed by their Area Office & NPS to determine if they are meeting the annual milestones in their Project Plan. NPS analyzes the data received from the projects & provides summary reports which are widely disseminated. Projects & programs are subject to redirection or realignment by NPS if the evidence suggests such a step would enhance the relevance, quality, & performance of the research.

Evidence: The ARS programs' Action Plans, Annual Reports, & Internal Review documents are available on file. Project & program realignments & redirections (Program Adjustment Decision Item (PADI)) are conducted to maintain focus & efficiency. For example in recent years, ARS has substantially realigned its value-added research at all 4 of its Regional Research Centers (Wyndmoor, PA; Albany, CA; Peoria, IL; & New Orleans, LA), which resulted in more efficient program management & use of resources. This realignment impacted personnel, fiscal, & facility resources to fit the programs' objectives outlined within the Action Plans. Additional realignments are pending at other locations to improve relevancy, performance, quality, & efficiency. ARS programs are terminated when their mission is completed, or, when the underlying public need for the program has changed. Recent examples: termination of dairy forage research programs at University Park, PA; Wooster, OH; & Columbia, MO; & the redirecting of programs in methyl bromide alternatives to plant disease research.

PART Performance Measurements

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3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 13%

Explanation: National Program Leaders (NPLs) (the program managers) & the Area Directors (line managers) are held strictly accountable through an annual evaluation process. In addition, the impact of the program is regularly evaluated to ensure that the goals of the program are being met, & that the results are meeting program objectives & customer expectations in a timely manner. All collaborative research agreements are continuously monitored by the program managers to ensure that the research activities meet the needs of the program in a timely & fiscally responsible manner.

Evidence: Both scientists & managers are subject to annual performance reviews. ARS scientists are subject to an in-depth peer review on a 3- to 5-year cycle under the Research Position Evaluation System (RPES). The annual reports from each research project are reviewed by both the Area Office & NPS. The NPL responsible for the program has specific program management performance standards which are evaluated on an annual basis.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight 13%

Explanation: Research project plans have specific goals & objectives that must be met within a period not to exceed 5 years. ARS allocates, obligates, & manages Agency funds at the project level to help ensure appropriate use. As part of the annual performance appraisal, scientists and NPLs are held accountable for both research progress & the timely & appropriate use of resources. NPLs & scientists have the incentive of performance awards if their performance exceeds the stated expectations, as outlined in their Annual Employee Performance Plan. ARS uses the Foundation Financial Information System (FFIS) accounting system to enhance accountability. ARS udergoes annual financial & programmatic audits by USDA/OIG & GAO that review timeliness of obligating & reporting, accuracy in accounting & intended use of funds. ARS has received clean audit opinions from OIG & GAO for several years.

Evidence: The FFIS accounting system is used to process & manage financial data to meet stringent budget & fund control needs, as well as complex multifund and reporting requirements. This program does not have carry-over authority, therefore, all funds are expended or obligated by the middle of the 4th quarter of each fiscal year. ARS, as an agency, uses its own local obligation tracking system in conjunction with FFIS to ensure that funds are obligated up to the assigned funding level without exceeding it. Traditionally, ARS obligates more than 99.6% of its assigned funds. In FY 2003, the ARS obligation rate was 99.64%. Scientists & managers are subject to annual performance reviews in which they are held responsible for financial management & compliance of their assigned fiscal resources.

PART Performance Measurements

Program: In House Research: Economic Opportunities for Producers
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1	2	3	4	Moderately
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3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight 13%

Explanation: Recent scrutiny by ARS exposed IT structure deficiencies specifically in cyber security, network connectivity, & e-mail configurations. In FY 2002-3, ARS analyzed the costs & benefits of alternative solutions for improving e-mail & web hosting services; recommended the e-mail & web hosting solutions that best met the Agency's needs; & developed an IT Consolidation Project Plan for efficiently & cost-effectively implementing the infrastructure improvements. The Agency has implemented competitive sourcing strategies (A-76) to reduce administrative costs & improve overall efficiency. In order to operate the agency as efficiently as possible & maximize the resources at the scientific bench, ARS has consistently managed with an overhead at 10% or less.

Evidence: The IT Consolidation Project was initiated in FY 2003 & will be completed in FY 2005. Major milestones include: unifying the 52 different e-mail systems; consolidating web hosting; updating infrastructure (i.e., telecommunications network, security, organizational configuration) to support ARS' new e-mail & web hosting design; & providing a plan for building the enterprise architecture & estimating the related costs & staffing. The benefits of the IT Consolidation Project will provide ARS with a secure, scalable, robust network, enterprise e-mail, & web hosting capabilities for ARS customers at the enterprise level. These measures will greatly improve the efficiency of the computer technology that supports ARS scientists & research facilities; decrease redundancy, overlapping, & unproductive use of non-scientific staff time. Another example of the program's efforts to increase efficiency includes outsourcing specific research tasks to partners through cooperative agreements to more rapidly address pressing agricultural issues.

3.5 **Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight 13%

Explanation: The program is well coordinated with related programs across the Federal Government: for example, USDA-CSREES, USDA-GIPSA, USDA-APHIS, DOE, National Academy of Sciences (NAS), National Science Foundation (NSF), Department of Homeland Security (DHS), with university & industry groups funding &/or conducting research to promote the competitiveness of U.S. producers in global agricultural markets. Customers, stakeholders, & partners also include State & local governments, consumer organizations, & professional societies (American Society of Agronomy, American Oil Chemists Society, & Federation of Animal Science Societies). Examples of very successful collaboration & coordination with other agencies include work on biobased products & biofuels with DOE; the sequencing of the bovine, honeybee, & chicken genomes (with NIH & CSREES); & the National Plant Initiative with NSF.

Evidence: The program managers regularly hold workshops & meetings with ARS' primary customers & stakeholders to ensure close coordination of effort. For example, ARS receives input from GIPSA & provides an annual report to GIPSA under an MOU describing how ARS is addressing GIPSA's research needs regarding grain quality measurement. ARS & the American Bakers' Assn. conduct joint annual workshops to assess industry needs & review progress of pertinent ARS research. These other collaborative efforts assure a close coordination of ARS research with other Federal, State, & private partners, customers, & stakeholders to eliminate program overlap & duplication. Program reviews & interagency joint program planning documents resulting from these meetings are available on file.

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3.6 Does the program use strong financial management practices? Answer: YES Question Weight 13%

Explanation: The program & project expenditures are currently & continuously tracked using the Agricultural Research Information System (ARIS) & the Foundation Financial Information System (FFIS) to follow scientific & fiscal progress. ARS maintains extensive financial management policy & prodecures on funds management & accountability, including resource management, funds control, & semiannual reviews of unpaid obligations.

Evidence: ARIS allows centralized tracking & multi-point entry of scientific effort, funding, objectives, milestones, progress, & accomplishments across the program. The system also initiates approvals for all research program implementations & adjustments, & all research documentation & publications. FFIS is used to process & manage financial data to meet stringent budget & funds control needs, as well as complex multifund & reporting requirements. Implementation of FFIS & its associated data warehouses provided the integration & capabilities needed to improve the delivery of timely & meaningful financial management information & compliance with legislation, including the CFO Act of 1990. FFIS enabled ARS to achieve a clean USDA-OIG audit opinion of its financial statements for FY 2003.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 13%

Explanation: The program leaders, in consultation with customers, stakeholders, & partners, establish the national program research agendas, ensuring that program goals remain relevant & achievable. Area Directors are responsible for ensuring that performance & scientific excellence are achieved. Several years ago, ARS completely revised the way its research portfolio is managed to strengthen its ability to manage coherent & relevant research. The ARS 5-year program planning cycle includes an external retrospective assessment of the relevance & performance of the program accomplishments. This assessment also feeds into the development of the next 5-year action plan. In addition, each new research project in the program undergoes a rigorous, independent external peer review (conducted by OSQR), which provides significant scientific credibility to the program's research agenda. The Agency is realigning its National Program Staff to strengthen the management of its research program. New performance goals, measures, & targets are under development.

Evidence: To ensure quality, relevance, & performance; program realignments & redirections (Program Adjustment Decision Item (PADI)) are conducted as needed to address & correct program management deficiencies. For example in recent years, (1) ARS substantially realigned its value-added research at the Regional Research Centers, which resulted in more efficient program management & use of resources; (2) several livestock production research locations have been realigned to address deficiencies & enhance efficiency in the animal genomics part of this program; & (3) the resources & organizational structure of the National Peanut Laboratory at Dawson, GA, were redirected & realigned to address deficiencies identified by customers & stakeholders. These actions impacted personnel, fiscal, & facility resources, in order to better address the programs' objectives as outlined in the Action Plans. Additional reorganizations are pending at other locations to improve relevancy, performance, quality, & efficiency.

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3.RD1 **For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality?** Answer: YES Question Weight 13%

Explanation: The program allocates funds to specific research projects based on identifiable &/or Congressionally mandated research priorities. "Earmarks" are incorporated into existing projects &/or managed as a specific Cooperative Agreement through an existing project & peer reviewed as part of that project. Each research project must be reviewed & approved by an external peer panel of leading experts (OSQR) to ensure quality. Research plans are revised to reflect the review panel's input. Projects that are required to make major revisions are re-reviewed by OSQR. The panel may indicate that a project is untenable & should not be continued. Under such circumstances both NPS & the Area Office jointly consider whether the project should be completely revised or discontinued, & the scientist & funds redirected into a more appropriate research area. Retrospective Program Assessments are being piloted & performance measures are being developed to ensure that high quality is maintained throughout the program cycle.

Evidence: To ensure the quality of the research conducted in this program, each of the research projects undergoes periodic reviews by independent, external peer panels. To date, 29 OSQR panels have reviewed 351 projects in this program & ranked them into 1 of 5 categories: no revision (NR 43), minor revision (MNR 129), moderate revision (MDR 103), major revision (MJR 67), not feasible (NF 9). Overall, 78% of projects reviewed scored moderate revision or higher & 22% of the projects required major revisions or were NF. All projects scoring either not feasible or major revision were rewritten, resubmitted, & re-reviewed through OSQR, & all but 4 were subsequently approved. Even projects scored "minor revisions" are revised, reviewed, & approved by NPS & Area Offices. Detailed information for the OSQR Review Process & guidelines are available on the ARS website (www.ars.usda.gov).

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight 25%

Explanation: This program, focused on enhancing the agricultural sector, made substantial progress towards achieving its long-term goals. The program is working to achieve an additional 8-fold increase in the market share of biofuels by 2010 & increase animal & crop production efficiency. The Index of Agricultural Productivity captures the growth in outputs not accounted for in growth of inputs. The Index of Agricultural Productivity (1996 = 100) was 104.4 in 2002, the most recent year for which the Index was available. This is up from 103.6 in 2001. Biobased transporation fuel (ethanol and biodiesel) use increased from 0.5% of total fuel (gasoline and diesel) use in 2002 to 1.9% in 2004. This is consistent with acheiving the target of 4% by 2010. ARS uses its Strategic Plan & the GPRA process to track & report on progress of this program. In the FY 2002 GPRA Annual Performance Report for Goal 1, ARS had 29 indicators of progress aligned under 12 performance goals. Sixty-seven significant accomplishments are contained in this report against the 29 indicators. These accomplishments demonstrate that progress was made toward meeting the program goals. The ARS FY 2002 Annual Performance Report is available on the ARS website www.ars.usda.gov. Therefore, even though there is no data to demonstrate future acoomplishments for these measures that are under development, the question was given a "small extent" rather than a "no" since the agency provided data to show past progress.

Evidence: There has been a dramatic increase in the use of biofuels in recent years & ARS research has made a significant contribution to this effort. Fuel ethanol & biodiesel are major components in biobased transportation fuels. Historical information shows that the use of fuel ethanol increased from 175 M gallons in 1980 to 2.81B gallons in 2002, to 3.4B gallons in 2003. Biodiesel use has increased from 500,000 gallons in 1999 to 25 million gallons in 2002, to 30 million gallons in 2003. Likewise, agricultural productivity has continued to grow in recent decades, although the rate has slowed.

PART Performance Measurements

Program: In House Research: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	90%	100%	58%	Effective

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight25%

Explanation: ARS has adopted the OMB R&D Investment Criteria as its annual measures for this program. ARS has modified its Strategic Plan & incorporated the data requirements in its GPRA process. It has also modified its data collection process to secure project and program information curently not available. For relevance, ARS is holding National Program Workshops involving researchers, customers, stakeholders and partners covering 20% of the ARS research program each year (10 workshops were held in FY 2003). ARS is collecting data and establishing baselines for its annual performance goal, quality - 234 projects were reviewed between April 2003 and March 2004, or slightly over the 20% target. For performance, 100% of the ARS research program will be assessed each year, against performance indicators and targets that are under development. ARS anticipates being able to report substantial data for relevance and performance in the 2007 PART analysis and in GPRA. A "small extent" was given because the progress was not consistent.

Evidence: The Quality review process (OSQR) is well established & able to report tangible results as outlined in the Explanation column. ARS has, at OMB's suggestion, modified its AD-421 (annual project report) process to collect data on how the research units are meeting their established milestones & thus better measure Performance. We are planning to include specific program milestones in future National Program Action Plans with will give us another tool for measuring Performance. We are also collecting additional data to help us report more effectively on program Relevancy. Specific Baselines, Targets, & Performance Measures for Relevance & Performance are being developed. This data will be available in time to be reported in the 2007 PART analysis & in GPRA.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight25%

Explanation: A major objective of ARS is to keep overhead costs to a minimum, thereby maximizing the resources devoted to its research activities. The Agency's overhead represents approximately 10% of appropriations. In recent years, the agency has kept its Headquarters & Area Office overhead cost below 10% at a time when growth in the research program, the scientific workforce, & in mandated additions to Headquarters responsibilities, such as OSQR & OCIO, etc. have required across the board restraint in administrative units. In addition, this program demonstrates efficiency & cost effectiveness by collaborating &/or co-locating with university partners, through purchasing shared laboratory equipment, the formation of core facilities, & the sharing of support staff. The program periodically reviews its research operations for opportunities to further improve efficiency & cost effectiveness. ARS continually looks for opportunities to enter into interagency collaborations & partnerships to increase the effectiveness & efficiency of its research programs.

Evidence: Each year the Agency reports its overhead which consistently has been at 10% or less. This research program has facilities co-located with Iowa State University, Mississippi State University, Colorado State University, University of Illinois, Cornell University, University of Minnesota, University of Missouri, Washington State University & others. Several research centers & locations, including the the National Peanut Laboratory at Dawson, GA, the value-added programs at the Regional Research Centers, & the livestock program at BARC restructured their research & management functions to maximize efficiencies, reduce costs, & strengthen the focus of their research program.

PART Performance Measurements

Program: In House Research: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	90%	100%	58%	Effective

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: NA Question Weight: 0%

Explanation: ARS is the only intramural research agency in USDA & there is no comparable research entity in Federal, State, local government, or in the private sector that address agriculture & food issues at the national level. In recent years there have been a number of studies by the National Research Council, REE Advisory Board, & various task forces. None of these studies specifically or directly addressed this question.

Evidence: What makes ARS unique is its ability to address the full scope of national agricultural priorities with long-term, high risk research impacting animal & crop production & biobased product utilization that cannot be addressed by any single entity in the United States. Relevant examples of long-term, high risk research that distinguish ARS from other research organizations include: the Dairy Herd Improvement Program, the National Plant, Animal & Microbial Germplasm System, and the Super Slurper technology.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: YES Question Weight25%

Explanation: Each research project is reviewed by an independent external peer panel at the beginning of the 5-year program cycle to ensure the quality of the project plans (OSQR Review). Towards the end of the 5-year program cycle, the program will undergo a Program Assessment (Portfolio Review) that will include an external retrospective panel of scientists and stakeholders, followed by one or more National Program Workshops comprosed of a broad cross section of customers, stakeholders, partners, scientists and ARS managers who review the accomplishments of the preceding five years. The Workshops will then identify current & emerging problems that will form the basis of new Action Plans that will lay out the research agenda for the next 5 years. During reviews, one National Program panel found that research accomplishments had a highly favorable impact on end users. Another determined that its research was of high scientific quality and high impact. New project plans are developed consistent with the new Action Plan. In addition, each scientist in the program is reviewed by a peer panel every 3 to 5 years to ensure the quality of the ARS scientific workforce.

Evidence: An important part of ARS 5-year program cycle is retrospective reviews by external panels made up of scientists & customers/stakeholders, as appropriate, & a 2nd round of national program workshops which will evaluate the program's past performance & identify research priorities for the next 5 years. ARS created & implemented its current program structure about 5 years ago so the 'oldest' programs are just now entering the retrospective assessment phase of the program cycle. In FY 2004, two National Programs, Manure and By-Product Utilization (NP 206) and Plant Biological and Molecular Processes (NP 302) were reviewed and National Program Workshops held. The NP 206 panel found that the research accomplishments had a highly favorable impact on end users. The NP 302 panel determined that the program's research was of high quality and high impact. The findings of both panels are used to plan program direction in the next five year cycle. Action plans are now being developed for boh programs to reflect this input. Beginning in FY 2005, ARS will review approximately 20% of the research programs each year (about three to five National Programs) and will report the results in the FY 2007 PART analysis and GPRA.

PART Performance Measurements

Program: In House Research: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	90%	100%	58%	Effective

Measure: Consumption of biomass-based fuel as a percentage of total transportation fuel consumption

Additional Information: This measure captures the goal to increase the use of biomass-based transportation fuels 8-fold over the next 5 years. Data from the Renewable Fuels Association shows the use of fuel ethanol increasing from 175 M gallons in 1980 to 2.81B gallons in 2003. The National Biodiesel Board estimates usage has increased from 500,000 gallons in 1999 to 25 million gallons in 2003.

Year	Target	Actual
2002	Baseline	.5%
2003	1%	1.9%
2004		
2006		
2008		
2010	4%	

Measure Term: Long-term

Measure: Agricultural productivity index as measured by total factor productivity for agriculture. Total factor productivity is a well-established measure of productivity used across economic sectors to gauge growth patterns & the factors contributing to growth, in this case applied to agriculture. It is the ratio of total outputs to total inputs.

Additional Information: The target assumes an annual rate of increase of 1.5%, the average growth rate between 1989 & 1999. This is significantly more than the .035% , or almost flat, average annual increase achieved between 1994 & 1999. Experts at ERS consider 1.5% to be optimistic, given the most recent trends. 1999 is the most recent year for which the actual index is now available. The index for 2002 is based on an assumed growth rate of 1.5% between 1999 and 2002. The actual index for 2002 will be available in the fourth quarter of FY 2004. At that time the target will be revised using the more recent data and the same growth assumption.

Year	Target	Actual
2001	Baseline	103.6
2002	104	104.4
2004		
2006		

Measure Term: Long-term

PART Performance Measurements

Program: In House Research: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	90%	100%	58%	Effective

2008		
2010	119	

Measure: Relevancy: Measure of the relevancy of programs in contributing to achievement of long-term goals

Additional Information: Relevancy: 20% of the ARS Research Program will be reviewed each year by one or more independent panels of scientists, stakeholders, partners, & customers to assess program relevancy in contributing to the Agency's long-term goals & addressing the priority needs of American agriculture. A measure is being developed for the panels to use in their assessment. The base or target will be the average score for the programs reviewed in a given year. The base score will be determined in FY 2005 after several reviews have been conducted. Based on that score, targets will be set.

Measure Term: Annual

Year	Target	Actual
2003	Baseline	7
2004	4	5
2005	4	
2006	4	
2007	5	
2008	5	
2010	6	

Measure: Project quality: Result of review by independent peer panels. This measure tracks the percentage of reviewed project proposals that require moderate, minor or no revisions.

Additional Information: Quality: To ensure quality, 20% of the ARS Research Program will be reviewed by independent external peer panels each year under the agency's Scientific Review process.

Measure Term: Annual

Year	Target	Actual
2000		72.3%
2001		77.6%
2002		74.1%

Program: In House Research: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
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2003		79.5%
2004	80%	76.67
2005	81%	
2010	85%	

Measure: Performance: Percent of projects achieving research milestones as described in project proposal.

Additional Information: Performance: To ensure that the ARS research program is performing well, 100% of the research projects will be assessed each year against milestones in projects generally planned on a 5-year cycle. Baseline will be established in FY 2004; target will subsequently be set.

Year	Target	Actual
2004	Baseline	59%
2005	60%	
2006	61%	
2007	62%	
2008	63%	
2009	64%	
2010	65%	

Measure Term: Annual

Measure: Performance: Program achievements as evaluated by stakeholders & customers using the National Program Action Plan as a criterion.

Additional Information: Performance: To ensure that the ARS research program is performing well, each of the National Programs will be assessed at the end of their 5-year cycle against objectives set in their Action Plans. The Baseline was established for each National Program at the beginning of its 5-year cycle. Scores for accomplishments will be determined by an external panel of customers & stakeholders. About 1/5 of the National Programs will be scored each year.

Year	Target	Actual
2004		
2005		

Measure Term: Annual

PART Performance Measurements

Program: In House Research: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Agricultural Research Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	90%	100%	58%	Effective

2006

2007

2008

2009

2010

Measure: Percent of construction acquisition & upgrade projects with negative cost variance of less than 10% of the approved project plan.

Additional Information: The purpose of the program is to construct, upgrade, maintain, & operate research facilities in a wide range of scientific fields, ARS' core function. A key indicator that facilities construction is going as planned is the variance of cost from the approved project plan. Performance measurement requires regular monitoring & reporting of project cost. The Facilities program has a 90% target associated with this measure, which allows for some variance across ARS programs due to unanticipated or external factors.

Year	Target	Actual	**Measure Term:**

PART Performance Measurements

Program: Intermediary Relending Program (IRP)
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	40%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: As published in the Federal Register on February 6, 1998 (revised), RD Instruction 4274-D specifically states that the purpose of the IRP is to alleviate poverty and increase economic activity and employment in rural communities through financing targeted primarily towards smaller and emerging businesses. This purpose is achieved through loans made to intermediaries, in partnership with other public and private resources, and in accordance with State and regional strategy based on identified community needs, that establish programs for the purpose of providing loans to ultimate recipients for business facilities and community development in a rural area.

Evidence: The program is authorized in Section 623(a) of the Community Economic Development Act of 1981, as amended (42 U.S.C. 9812(a)). The mission of the Rural Business-Cooperative Service is to "enhance the quality of life for rural Americans by providing leadership in building competitive businesses including sustainable cooperatives that can prosper and grow in the global marketplace," RD Instruction 4274-D at http://frwebgate2.access.gpo.gov

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The IRP addresses the need for gap financing for many rural small businesses. These businesses oftentimes lack the necessary capital, credit, collateral, etc. to obtain conventional loans from banks and other lending institutions. Economic decline in rural areas has also limited the access and availability of rural capital. The IRP is often referred to as the lender of last resort. The assistance should ultimately strengthen the ultimate business in becoming self-sustaining and obtaining conventional financing on its own.

Evidence: Revolving Loans for Rural America, A History and Assessment of the Rural Development Loan Fund and the Intermediary Relending Program, by the Center for Community Change and Rapoza Associates published in 1993. USDA Economic Research Service (ERS) "Rural America at a Glance, Rural Development Research Report No. RDRR97-1, September 2003," USDA Economic Research Service "Rural Industry; What do earnings trends tell us about the rural economy?, December 15, 2003, and the Electronic Report from the Economic Research Service "Comparisons of Metropolitan-Nonmetropolitan Poverty During the 1990s, Rural Development Research Report Number 96, June 2003.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight20%

Explanation: Numerous programs serve to stimulate economic development in rural communities. These include: the Economic Dev. Adm. (Economic Adjustment Assistance- RLF); the Health and Human Services (Community Services Block Grant); the Community Development Financial Institutions (CDFI) Fund (Core Component); and the Small Business Administration (Microloan Program). These agencies primarily serve metropolitan areas, but can serve all areas. However, rural areas have been historically left behind by these other program, which is why Congress gave authority to the USDA Rural Development (RD) Agency to meet serve a niche by providing funds and needed services to all rural residents and providing a foundation on which sustained economic development can occur in rural America. However, without the IRP program, investment in economic development would still continue both through other Federal programs, including others within USDA, as well as various state programs.

Evidence: Catalog of Federal Domestic Assistance (CDFA), Small Business Financial Resource Guide, and 7 CFR 4274-D (Final rule dated February 6, 1998), Rural America, "Understanding Rural Population Loss" Volume 17, Issue 4/Winter 2002

PART Performance Measurements

Program: Intermediary Relending Program (IRP)
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	40%	

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: The IRP helps increase economic opportunity and improving quality of life in under-served areas. Without the IRP proceeds to establish or recapitalize the RLFs, the EDAs, CDCs, etc. would be deprived of an affordable lending pool upon which to assist the ultimate rural businesses. The IRP is offered at a rate of 1% per annum for a term not to exceed 30 years. It is the subsidized interest rate that makes up almost the entire subsidy cost of this program. The intermediary assumes responsibility for its debt service to the Agency regardless of whether to ultimate business is timely in its fudiciary obligations to the intermediary. There are no defaults in the program. There are no fees associated with the program. The funds are leveraged with State, local and philanthropic funds to create a larger lending pool. Because of the difficulty in obtaining credit from conventional lending sources, the IRP facilitates this funding need by providing credit for projects and thereby meeting the program's policy objectives of stimulating econonmic development in rural communities.

Evidence: Section 623(a) of the Community Economic Development Act, Federal Register: February 6, Volume 63, Number 25, RD Instruction 1951-O which provides policies and procedures for servicing direct financial assistance when it is determined that a borrower was not eligible for financial assistance received. Federal Credit Supplement.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: The IRP is specifically targeted to rural areas, and the ultimate business must be located in a city of less than 25,000 population. It is prioritized to meet the communities of greatest need based on low household income, areas with high unemployment rates, assisting members of underrepresented groups, and areas suffering from outmigration. The appropriation of IRP monies include earmark funds setaside for businesses located in Empowerment Zones/Enterprise Communities and Rural Economic Area Partnership (EZ/EC/REAP), Native American and Mississippi Delta designated areas.

Evidence: 7 CFR 4274.344(c), As evidenced in RD Instruction 1940-L, as authorized by the 2004 appropriations bill, the setaside for EZ/EC/REAP was $5.62 million (14% of total loan level); Native American was $3.5 million (9% of the total loan level); and Mississippi Delta $7.1 million (18% of total loan level).

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: L/T measures focus on key outcomes of the program: increase in economic activity and employment in rural communities. Intermediaries must provide the proposed number of jobs to be created/saved at the application stage. Quarterly submissions of Form RD 1951-4 capture detailed information about the financial operations of the intermediary and summarize the activity of ultimate recipients. It's currently being enchanced to capture job verification dates, number of jobs prior to loan, and cost per job created. RBS anticipates its completion by early 2005. Annual visits are conducted by the Agency and job counts/verification dates are entered in GLS. RBS has contracted with the University of Missouri to help capture the total effect of RD programs on rural America. This study will assist in measuring the quality of jobs and how industries in a region link. The study will help the Agency to ascertain where a particular business is getting its material, etc. and what other industries are benefitting from a business.

Evidence: USDA Strategic Plan for FY 2002-2007, Rural Development Strategic Plan for FY 2006-2011

PART Performance Measurements

Program: Intermediary Relending Program (IRP)
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	40%	

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 13%

Explanation: RBS is currently revising its job creation measure for this program. They will be switching from a formula based job factor to actual job creation assessments and projections. RBS has an IRP Direct Final Rule underway that will include an amendment to measure cost per job. This will be calculated by dividing the program budget authority obligated by the number of jobs. This is a more reliable measure and is verifiable in GLS. The Agency anticipates this will be in effect beginning FY 2005. Also, when Business Programs Assessment Reviews (BPAR's) are conducted, the job information in GLS is verified though representative sampling.

Evidence: RD Instruction 4274-D, Business Programs Assessment Reviews (BPAR's), RBS' Guaranteed Loan System (GLS), Intermediary Relending Program Housekeeping RIN# 0570-AA42 Workplan number RBS 01-001

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: The current practice of using a factor to identify the targeted goal, results in the program always reaching its goal if the antipated funding is appropriated. OMB agrees with job creation as an appropriate measure. The Agency is currently working with OMB and other USDA Agencies to develop some common ways to measure efficiency of USDA credit programs. Additionally, RBS has contracted with the University of Missouri to help capture the total effect its business programs on rural America. This should help identify better annual measures as well as long-term goals, and, as noted, the job crreation measure is being revised. At this time the current approved measure is under review/revision.

Evidence: Rural Development 2006 Stragic Plan, GLS, USDA Strategic Plan for FY 2002-2007, Budget Performance Integration. Study commissioned with the Univ. of Missouri.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight 13%

Explanation: Once the new job creation measure is in place, verification and follow-up will occur through the State/field offices annual borrower visits to ensure proper usage of funds and verify job information. These numbers will be further verified in the RBS's Guaranteed Loan System (GLS). Annual measures will be based on cost per job created and/or saved. These figures will be based on actuals reported from previous years and then extrapolated to determine targets. This method of measurement will allow for monitoring actual performance rather than using the old methodology, that involved a research formula, which yielded mechanical results. Baselines and ambitious targets will be the result of this change.

Evidence: GLS, Form RD 1951-4, "Report of IRP/RDLF Lending Activity," BPARs

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: Through IRP regulations, debt instruments, and closing documents, the borrower is determined to be credit worthy and must agree to annual reporting requirements, which include job information. IRP borrowers are required to submit quarterly reports which is a tool used by the Agency to collect job information. Also, as part of the application, the borrower is required to submit a workplan that addresses goals and outcomes that would include the number of anticipated jobs created/saved. This document must be approved by the Agency.

Evidence: 7 CFR 4274-D and 1951-R, Form RD 1951-4, "Report of IRP/RDLF Lending Activitiy"

PART Performance Measurements

Program: Intermediary Relending Program (IRP)
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	40%	

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 13%

Explanation: RBS has contracted with the University of Missouri to help cature the total effect of RD business programs on rural America. This study will assist in measuring the quality of jobs and how industries in a region link. The study will help RBS to ascertain where a particular business is getting its material, etc. and what other industries are benefitting from a business. In addition, the Special Projects/Programs Oversight Division conducts State Office Business Programs Assessment Reviews (BPAR) as a management tool to identify weaknesses in State internal controls, program administration, lender oversight, program outreach, and management information systems. An OIG audit was conducted in 12/00 to review selected intermediary's overall administration of an IRP revolving loan fund. An IRP Management Control Review (MCR) is scheduled for FY 2005 to ensure RBS compliance with all applicable Civil Rights Laws, Executive Orders and program requirements.

Evidence: BPAR, OIG Audit Report No. 85099-1-SF, Management's Discussion and Analysis of Rural Developments Consolidated Statements 2004, University of Missouri Study

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: Currently, budget requests are submitted with explanatory notes that are related to program performance results, but the notes do not give a clear indication of the full cost of achieving the results. However, the Agency is meeting with OMB and other USDA agencies to determine common efficiency measures to ensure annual and/or long-term goals are met.

Evidence: The FY 2005 Budget Performance Integration process will require a great effort to tie the Budget request to program performance.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: RBS recognizes the deficiency in the performance measures in this program being based on a multiplier. In an effort to improve these measures so that they can improve their strategic planning, RBS has contracted with the University of Missouri to capture the total effect of RD programs on rural America. This will ultimately assist in quantifying increase in economic activity (increase in rural capital base.)

Evidence: Study with the the University of Missouri on RBS program performance.

PART Performance Measurements

Program: Intermediary Relending Program (IRP)
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	40%	

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 11%

Explanation: Borrowers, which are considered partners in economic development, are required to submit audit reports, quarterly/semiannual reports of lending activity (which include the intermediary's income and expenses, financial condition, and a summary of names and characteristics of the ultimate recipients the intermediary has financed) and annual proposed budgets. Delinquencies are monitored on a quarterly basis. The Agency conducts annual lender reviews where feedback is obtained from constituent groups. In addtion to these efforts, a Direct Final Rule is underway to address concerns and deficiencies identified by RBS/State Office personnel and provide clarity and flexibility in the way the program is administered. The Agency has issued an Administrative Announcement to the States concerning RBS compliance with applicable Civil Rights laws, Executive Orders, and program requirements. In order to ensure that all program requirement are met, the Agency is obligated to complete Civil Rights Reviews before loan closing and every 3 years thereafter on all relending programs.

Evidence: Form RD 1951-4, "Report of IRP/RDLF Lending Activity," which is received by the timetables established in 7 CFR 4274-D and 1951-R, BPARs, MCR 2000, GLS, RD AN No. 3876

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 11%

Explanation: Program Directors are rated on performance in processing and servicing of IRP loans. States not meeting regulatory requirements for sound underwriting and servicing may have its authority removed and/or receive training in the areas of deficiency. Program recipients are held accountable for prudent loanmaking and servicing activities based on, an agreed upon, Letter of Conditions (LOC), workplan, and signed request of obligation of funds. The condition of approval is based on the borrowers commitment to these requirements.

Evidence: 7 CFR 4274-D and 1951-R, 2006-I, 1901-A

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 11%

Explanation: IRP funds are appropriated by Congress on an annual basis. The appropriation law requires that dollars must be obligated prior to the end of the Fiscal Year in which they are allocated. The State/field offices ensure that funds are used for eligible loan purposes as evidenced in the LOC, workplan, RLF Agreement, debt instruments, and the Form RD 1940-1. These are signed legally-binding documents that must be adhered to in order for the borrower to close on the Agency loan. Program regulations require that the borrower have an ultimate recipient approved and ready for closing prior to closing the Agency loan. IRP borrowers can only apply for an amount of funding that can be advaned to ultimate recipients within 1 year of closing. The workplan must document proposed businesses to be assisted. Subsequent applications are not eligible to be considered for funding until 80% of each prior loan is advanced.

Evidence: RD Instruction 1940-L, Exhibit A, Attachment 1, which provides RBS loan and grant funding allocations for any given fiscal year, and procedures for accessing National Office reserve funds, pooling & funding cycle dates, and required obligation dates, GLS, 7 CFR 4272-D and 1951-R, Finance Office Report 205-C

PART Performance Measurements

Program: Intermediary Relending Program (IRP)
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	40%	

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 11%

Explanation: RBS is amending RD Instruction 4274-D to require that the borrower have an ultimate recipient loan approved and ready to close prior to closing. USDA loan programs are also developing a consistent efficiency measure, which will apply to this program. Also, RBS is researching the cost/benefits to developing new web-based system Rural Utilities Loan Servicing System (RULSS) that will handle obligations, notes, advances, mergers, consolidations, and transfers. Future enhancements will include billings and collections. This way of reporting will allow a greater ease in monitoring borrower activities and result in savings of time and resources. Additionally, as with all loan programs, the S&E costs associated with this program are appropriated to the IRP account to show the subsidy and the loan costs all in one place.

Evidence: 7 CFR 4274-D Federal Credit Reform Act: requires S&E for loan programs be reflected in the loan program account.Rural Development Fiscal Years 2003 and 2004 Annual Performance Plans

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 11%

Explanation: The program has joint goals with other USDA/Federal agencies to target small businesses. The IRP has leveraging that occurs on two levels - the borrower may contribute funds to be part of the RLF (as Agency security for the loan), and the borrower and/or outside sources can contribute funds toward total project costs. This leveraging oftentimes comes from other Federal/State/local funds that share similar missions. The IRP complements other programs and has been a popular lending source for rural America.

Evidence: 7 CFR 4274.344(c)(1)(i),(ii),and (3) IRP Paperwork Burden Package

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 11%

Explanation: The Agency contracted with American Bankers Association to develop a training CD ROM (Analyzing Financial Statements) to ensure compliance with sound financial management practices. Borrowers are required to submit audit reports at the end of an audit period. Audits must cover all of the intermediary's activities and must be performed by an indpendent certified public accountance. Acceptable audits are performed in accordance with Generally Accepted Government Auditing Standards.

Evidence: 7 CFR 4274.338(b)(4)(i), Rural Business-Cooperative Service Analyzing Financial Statements, Form RD 1951-4, "Report of IRP/RDLF Lending Activity"

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 11%

Explanation: IRP regulations were amended to clarify and revise procedures and requirements regarding a variety of issues. The amendments have clarified the roles of the Government and intermediaries, made the program more responsive to the needs of intermediaries and ultimate recipients, and facilitates continuing expansion of the program.The Agency is working with developers to create a field in GLS to make system enhancements to better manage the proper application of late fees collected on the IRP portfolio. Also, RBS is researching the possibility of adopting a new web-based system Rural Utilities Loan Servicing System (RULSS) that will handle obligations, notes, advances, mergers, consolidations, and transfers. Future enhancements will include billings and collections. This way of reporting will allow a greater ease in monitoring borrower activities and result in savings of time and resources.

Evidence: USDA Office of Inspector General, Report No. 34601-001-TE, RULLS is under development

PART Performance Measurements

Program: Intermediary Relending Program (IRP)
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	40%	

3.CR1 **Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: YES Question Weight 11%

Explanation: The Agency has hired a contractor to develop an IRP self-instructional CD ROM that will address underwriting criteria to ensure quality loans. All program recipients are encouraged to take advantage of Pre Authorized Debt (PAD) to ensure that loan payments are electronically drawn from the RLF deposit account. This process eliminates the possibility of late fees accruing on accounts. The borrower is required to provide the RLF deposit account number, routing number and bank information in order for advances to be made by the Agency. Borrowers must commit, in writing, to reporting requirements prior to loan closing. Borrower visits are conducted annually, whereby reporting information is verified and the Agency ensures that IRP proceeds are being used for an approved purpose. Existing regulations require qualified personnel to administer the program.

Evidence: BPARS, 7 CFR 4274-D and 1951-R, Form RD 1951-4. The Federal Credit Supplement

3.CR2 **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight 11%

Explanation: The IRP uses historical data on portfolio performance to develop subsidy rates. Information is extracted from GLS for budget formulation. The subsidy rate is formulated, re-estimated, and apportioned within all OMB guidelines. The magnitude of change in subsidy re-estimates is modest, within the last year the actual cost of the program has decreased (FY '04 43.27 vs. FY '03 48.26) due to a low percentage of defaults.

Evidence: USDA Rural Development Budget Summary. The Federal Credit Supplement.

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight 20%

Explanation: The number of jobs created or saved have historically been achieved successfully. Actual jobs created and/or saved are subject to the availability of funds appropriated by Congress. Years in which performance goals weren't met has been due to a decrease in budget authority. Also, a Request for Automation is in place to create a field to capture actual jobs created and/or saved in GLS. However, these measures are being revised because they are based on a factor. The new measure will provide much better information on how well we are achieving our long term goals.

Evidence: FY 2003 & 2004 Annual Performance Plan, Report Code 205C, Annual Program Performance Reports, Funds Advanced Report.

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: SMALL EXTENT Question Weight 20%

Explanation: Over the last three years, on average, the Agency has exceeded its annual performance goals. The delinquency rate has consistently remained low thereby decreasing the Federal government risk of loss. An IRP Direct Final Rule is underway that will include an amendment to measure cost per job. This will be accomplished by dividing the amount of budget authority obligated by the number of jobs created and/or saved. Also, the Form RD 1951-4 is being enhanced to capture vital information regarding the applicants financial operations and ultimate recipient activities (including job validation, etc.) However, since the main job creation measure is being revised these facts provide only a small amount of information in order to evaluate the programs current success on an annual basis.

Evidence: Annual Performance Plan 2003 & 2004, Business Programs Annual Report FY 2003, Form RD 1951-4, "Report of IRP/RDLF Lending Activity" Federal Credit Supplement

PART Performance Measurements

Program: Intermediary Relending Program (IRP)
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	40%	

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: LARGE EXTENT — Question Weight 20%

Explanation: The subsidy rate, which measures the cost of the program, has decreased in FY '04 from FY '03 (43.27 and 48.26 respectively.)

Evidence: USDA Rural Development Budget Summary. Federal Credit Supplement

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: SMALL EXTENT — Question Weight 20%

Explanation: The program has joint goals with other USDA/Federal agencies to target small businesses. The IRP has leveraging that occurs on two levels - the borrower may contribute funds to be part of the RLF (as Agency security for the loan), and the borrower and/or outside sources can contribute funds toward total project costs. This leveraging oftentimes comes from other Federal/State/local funds that share similar missions. The IRP complements other programs and has been a popular lending source for rural America. However, unitl RBS can measure how many jobs we are actually creating or saving through this program, our ability to compare with other programs with like goals is limited at best.

Evidence: 7 CFR 4274.344(c)(1)(i)(ii) and (3), GLS, Rural Development Annual Performance, FY 2002 & 2003, Business Programs Annual Results, FY 2002 & 3003

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT — Question Weight 20%

Explanation: RBS has a Special Projects/Program Oversight Division (SPPOD) that conducts independent State Office reviews of business programs activities called Business Program Assessment Reviews (BPAR). The monthly BPARs are conducted to identify weaknesses in State internal controls, program administration, lender oversight, program outreach, and management information systems. These findings are brought to the attention of State staff as a means to correct deficiencies and reverse wrong-doings. Annual Managements's Discussion and Analysis of RD Consolidated Statements are prepared that reflect target/actual Key Performance Indicators. These assessments ultimately lead (as has been exemplified on more than one occasion to OMB) to the improvement of program regulations and procedures and the overall efficiency of State Office operations. Additionally, RBS has contracted with the University of Missouri to help cature the total effect of Rural Development business programs on rural America. This study will assist in measuring the quality of jobs and how industries in a region link. The study will help the Agency to ascertain where a particular business is getting its material, etc. and what other industries are benefitting from a business.

Evidence: BPARs, Borrower Visits, GLS, MCR 2000, OIG Audit Report No. 85099-1-SF December 2000, Form RD 1951-4, "Report of IRP/RDLF Lending Activity," Management's Discussion and Analysis of Rural Development's Consolidated Statements, University of Missouri Study

PART Performance Measurements

Program: Intermediary Relending Program (IRP)
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	40%	

Measure:

Additional Information:

Year	Target	Actual	**Measure Term:**

Measure: increase economic activity

Additional Information: increase in employment

Year	Target	Actual	**Measure Term:** Long-term

Measure: Cost per job (Under Review)

Additional Information: cost to taxpayers for each job created/saved

Year	Target	Actual	**Measure Term:** Long-term

Measure: Increase in employment by looking at the cost to taxpayers for each job created/saved. (Under Review)

Additional Information: cost to taxpayers for each job created/saved

Year	Target	Actual	**Measure Term:** Annual

Measure: cost per job

Additional Information: cost to taxpayers for each job created/saved

Year	Target	Actual	**Measure Term:** Annual

PART Performance Measurements

Program: Intermediary Relending Program (IRP)
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	40%	

Measure: Delinquency rate(Number of loans delinquent over number of total loans outstanding)

Additional Information: Number of loans delinquent over number of total loans outstanding

Measure Term: Annual

Year	Target	Actual
2003	baseline	0.0298
2004	0.0128	
2005	0.011	

PART Performance Measurements

Program: Land Acquisition
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose of the Land Acquisition program is to assist in preserving, developing, and assuring accessibility to all citizens and visitors of the United States of America of present and future generations by providing, through the purchase of lands, outdoor recreation resources, and for acquiring lands and interests therein for wildlife and watershed protection.

Evidence: The Organic Act, 16 U.S.C. 473. Land & Water Conservation Fund Act of 1965 (P.L. 88-578, as amended), Wilderness Act of September 3, 1964 (P.L. 88-577), Wild and Scenic Rivers Act of October 2, 1968 (P.L. 90--542), National Trails System Act of October 2, 1968 (P.L. 90-543), Endangered Species Act of December 28, 1973 (P.L. 93-205), the Department of Interior and Other Related Agencies Annual Appropriations Acts, and various Acts designating specific land acquisition authorities (i.e, Boundary Waters Canoe Area Wilderness Act, P.L. 95-495).

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: This program assists in preserving, developing, and assuring accessibility to all U.S. citizens and visitors of present and future generations. Emphasis is placed on acquiring lands to increase national forest outputs, improve efficiencies, respond to community needs, address issues of fragmentation and reduce future management costs.

Evidence: There are over 232 million acres of land within the National Forest System, of which 192 million is federally owned and managed by the Forest Service (FY 2002 Report of the Forest Service; Land Areas of the National Forest System--2002)

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: In terms of funding and acres acquired, the L&WCF program is the most significant program that acquires land for National Forest System purposes. Acquisition is focused upon the National Forest System; other Federal land acquisition is reposed in other land management agencies. The L&WCF program utilizes a variety of partners, including state, local, and tribal governments and private entities, with whom acquisition is usually coordinated. The agency provides coordination and assistance in those instances in which private parties make acquisitions for eventual sale or donation to the Forest Service.

Evidence: The Forest Service Manual (FSM) 5421.34 sets forth minimum criteria to be considered for land acquisition. Additional guidance is provided in the Forest Service Handbook (FSH) 5409.13 (Land Acquisition Handbook) and "Guidelines for Transactions Between Nonprofit Conservation Organizations and Federal Agencies" published in the Federal Register, volume 48, no. 155, Wednesday, August 10, 1983. See also agency Strategic Plan and FY 2003 and FY 2004 Budget Justifications. In FY 2002, a total of 84,723 acres were added to the National Forest System (FY 2002 Report of the Forest Service; Land Areas of the National Forest System--2002)

PART Performance Measurements

Program: Land Acquisition
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: Although the current Forest Service strategy for implementing the L&WCF program does not lend itself to nationally prioritizing projects, numerous reviews of the program have indicated that program does not experience major flaws.

Evidence: Survey and Investigation Arm of the House Appropriations Committee Report on Forest Service Relations with 3rd Parties; OIG Report No. 08801-7-SF, "Evaluation of the Forest Service Report to the Secretary of Agriculture on the Land Exchange Program Washington, D.C."; The Appraisal Foundations Report "Evaluation of the Appraisal Organization of the USDA, Forest Service" dated March 28, 2000.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: NO Question Weight 20%

Explanation: The L&WCF program funds are distributed to regions on a largely historical allocation basis. Although the program attempts to ensure benefits are provided to the public through the project selection process and that lands are acquired at market value, it does so absent meaningful national programmatic priorities that would provide optimal reduction of the government's current and future costs associated with land ownership patterns on an agency-wide basis. Rather, emphasis is placed on supporting individual forest plans by acquiring lands that considers the threat of development, potential recreation opportunity, resource values, and management efficiency as criteria in project selection.

Evidence: FSM 5421 provides that agency regional units are to determine regional land acquisition priorities annually based upon minimum criteria. Neither FSM 5421 nor FSH 5409 guidance delineates requirement for allocations of program funds on the basis of optimal benefit are determined on the selection of projects that would provide optimal reduction of the government's current and future costs associated with land ownership patterns on an agency-wide basis. See also agency Strategic Plan and FY 2003 and FY 2004 Budget Justifications.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: NO Question Weight 12%

Explanation: The Forest Service lacks a clearly defined goal and meaningful performance measures for the L&WCF program. Currently, the agency has stated an objective to acquire lands that meet certain criteria, including: enhance goods and services; protect and improve the quality of renewable and historic, cultural, and natural resources; recreation; and improve improve administrative efficiency and effectiveness of the National Forest System. Additional outcome measures are needed that focus on assessing the extent to which L&WCF program is protecting public benefits provided by acquisitions of private lands for national forests to address program purposes.

Evidence: Neither FSM 5421 nor FSH 5409 provides guidance that delineates program goals, priorities, or requirements concerning long-term result-based performance measures that would provide optimal reduction of the government's current and future costs associated with land ownership patterns on an agency-wide basis. See also agency Strategic Plan and FY 2003 and FY 2004 Budget Justifications.

PART Performance Measurements

Program: Land Acquisition
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 12%

Explanation: Long-term goals and timeframes for acquiring lands do not exist at the programmatic level. However, land acquisition targets are developed and displayed in each Forest's Land and Resource Management Plan and are monitored and evaluated annually.

Evidence: FSM 5421 and FSH 5409. Forest Land and Resource Management Plans, Monitoring and Evaluation Reports, Agency Strategic Plan. See also agency FY 2003 and FY 2004 Budget Justifications.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: NO Question Weight 12%

Explanation: Although the L&WCF annual targets attempt to link to the long-term objectives of the agency strategic plan's milestones, the agency has not established either annual performance measures or how the addition of land acquisitions advances in a measurable way agency strategic plan milestones.

Evidence: FSM 5421 and FSH 5409. Forest Land and Resource Management Plans, Monitoring and Evaluation Reports, Agency Strategic Plan. See also agency FY 2003 and FY 2004 Budget Justifications.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight 12%

Explanation: The program's absence of outcomes-based performance measures that meaningfully reflects the program means, in effect, that any contribution to the total number of acres acquired is considered a success.

Evidence: Annual Performance Plan, Budget Justification, and Program Direction

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 12%

Explanation: The Forest Service works with partners to protect important lands, conserve open space, and preserve forested and coastal areas, primarily through land acquisition. Outsource 3rd Parties, such as the Trust for Public Land (TPL) and Nature Conservancy, support the Agency's annual and long-term goals; State, county and other delegations work with the Forest Service to ensure public benefits are being served.

Evidence: Acquisition projects are coordinated and directed with 3rd parties and delegations; Letters of Intent are submitted to nonprofit organizations outlining acquisition proposals (FSM 5400, Zero Code); GAO Report RCED-94-149, "Land Acquisitions Involving Nonprofit Conservation Organizations". 3rd parties secure properties through financial obligations and actively testify in favor of Forest Service acquisition program.

PART Performance Measurements

Program: Land Acquisition
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 12%

Explanation: The program receives regular independent reviews. Over the past five years, program has undergone multiple independent evaluations concerning performance and management of the program from each OIG, GAO, and congressional committee and sumbcommittee oversight. In addtion, the Appraisal Foundation recently evaluated the agency's appraisal process.

Evidence: Survey and Investigation Arm of the House Appropriations Committee Report on Forest Service Relations with 3rd Parties; OIG Report No. 08801-7-SF, "Evaluation of the Forest Service Report to the Secretary of Agriculture on the Land Exchange Program Washington, D.C."; The Appraisal Foundations Report "Evaluation of the Appraisal Organization of the USDA, Forest Service" dated March 28, 2000.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 12%

Explanation: Although it has progressed on important budget and work-plan systems, the Forest Service has not established linkages between these components of a performance accountability system with its strategic goals and performance results. Until this linkage occurs, the agency will be unable to report how its activities were accomplished at a given cost in an integrated, results-oriented manner.

Evidence: GAO Performance Accountability Report, May 2003. FY 2004 Budget Justification.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: NO Question Weight 12%

Explanation: The L&WCF program has not developed a clearly defined program goal or additional outcome measures that focus on assessing the extent to which L&WCF program is protecting public benefits provided by acquisitions of private lands for national forests to address program purposes. However, the program has taken steps to address non-strategic planning deficiencies through amended Forest Plans and the Land Acquisition Priority System (LAPS). In response to the President's Management Initiative, the Forest Service has started listing the specific annual performance objectives that each acquisition project supports in the President's Budget submission.

Evidence: Neither FSM 5421 nor FSH 5409 provides guidance that delineates program goals, priorities, or requirements concerning long-term result-based performance measures that would provide optimal achievement of program goals. See also FY 2005 Strategic Plan Revision; and the FY 2004 Budget Justification Tables A and B

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: Annual performance accomplishments are collected and reported through MAR and addressed in the Agency's Consolidated Annual Report.

Evidence: FY 2002 Agency Consolidated Annual Report; Management Attainment Report (MAR)

PART Performance Measurements

Program: Land Acquisition
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 14%

Explanation: All agency line officer performance standards and evaluation criteria include requirements on GPRA goals and objectives, and annual performance plan targets.

Evidence: Line Officer Annual Evaluations and Performance Standards, Federal Acquisition Regulations, Appraisal Compliance Inspections, and DOJ legal requirements for Line Officers and Directors.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 14%

Explanation: Funds are obligated according to primary purpose and the annual Program Direction and immediately expended at the time the options have been accepted. Additionally, the Forest Service has required that project dollars are appropriated solely for the acquisition of land and that associated administrative costs are provided to the Agency only through the acquisition management line item. Both the House and Senate Appropriations Subcommittee staff have indicated that the Forest Service method is the preferred method for how they intended these funds to be expended.

Evidence: FY 2003 Program Direction, Primary Purpose Matrix, Budget Formulation & Execution System (BFES) Activity List, FFIS, and Fund Control Reports, House and Senate Subcommittee Staff and Appropriation Reports.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: NO Question Weight 14%

Explanation: The L&WCF program does not utilize unit cost comparisons such as total cost/acre acquired as an efficiency measure, nor has the Forest Service explored other potentially beneficial measures such as timing targets or personnel cost/acre acquired. Additionally, the agency does not fully utilize the internet in establishing priorities or engaging in GIS-based evaluations. The agency indicates that federal administrative costs and administrative work is being reduced due to 3rd parties placing non-federal lands in trust while awaiting federal financing, but has not measured this approach for comparison purposes.

Evidence: FSM 5420 and FSH 5400-9 Digests. FY 2003 Program Direction, acquisition management allocation criteria, Options with 3rd Parties, and Budget Execution Documents.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: The L&WCF program is commonly implemented through partnerships between the Forest Service and other governments, private landowners and non-governmental organizations. FSM and FSH guidance reflects preference for projects that are characterized by local support and input from other resource areas within the agency.

Evidence: Acquisition projects are coordinated and directed with 3rd parties and delegations; Letters of Intent are submitted to nonprofit organizations outlining acquisition proposals (FSM 5400, Zero Code); GAO Report RCED-94-149, "Land Acquisitions Involving Nonprofit Conservation Organizations".

PART Performance Measurements

Program: Land Acquisition
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

3.6 Does the program use strong financial management practices? Answer: YES Question Weight14%

Explanation: There are no current material weaknesses identified in this program. The agency has addressed and corrected shortcomings that have been identified in previous associated exchange audits and applied them to the acquisition program.

Evidence: Annual Report on Management Accountability and Control; FY 2002 GAO Clean Audit Opinion

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight14%

Explanation: Management reviews, appraisal compliance inspections and monitoring trips are performed to address and correct management deficiencies. Additionally in response to the OIG Land Exchange Audit and per the Secretary's 10/02/00 memorandum, Forest Service line officers and program managers are required to attend national lands training courses every five years in order to improve accountability and consistency in the land programs. The agency has also hired dedicated program staff to address most immediate management concerns.

Evidence: Monitoring Trip Reports, Management Reviews, Appraisal Compliance Inspections, OIG Report No. 08801-7-SF, and Secretary of Agriculture's Memorandum dated 10/02/00.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight20%

Explanation: Additional programmatic long-term goals need to be established and are not in development.

Evidence: GPRA, Agency's Strategic Plan and the Agency's Annual Consolidated Report.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: NO Question Weight20%

Explanation: The agency has not established either annual performance measures or how the addition of land acquisitions advances in a measurable way agency strategic plan milestones. Moreover, the program has not met its annual acquisition targets: in FY 2002, the agency met 63% of its initial acquisition target and 68% of its adjusted acquisition target.

Evidence: GPRA, Agency's Strategic Plan, Agency's Annual Consolidated Report, FY 2004 Budget Justification, FY 2002 Management Attainment Report (MAR).

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: NO Question Weight20%

Explanation: The agency has not implemented L&WCF program unit cost comparisons such as total cost/acre acquired as an efficiency measure, nor has not explored other potentially beneficial measures such as timing targets or personnel cost/acre acquired. Additionally, the agency has not indicate whether or how it will utilize the internet in establishing priorities or engaging in GIS-based evaluations. The agency has not measured reductions to federal administrative costs and administrative work due to 3rd parties placing non-federal lands in trust while awaiting federal financing.

Evidence: Acquisition management allocation criteria, FY 2003 Program Direction, FY 2004 Budget Justification

PART Performance Measurements

Program: Land Acquisition
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: LARGE EXTENT

Question Weight 20%

Explanation: Unlike the Forest Service, other Federal land management agencies have established processes that provide analyses of integrated spatial data sets on land management units, ecoregions, conservation lands, land cover, and species to identify gaps or needs that in turn highlight priority areas in need of habitat, ecosystems, and biodiversity protection. These analyses will provide information on public benefits provided by acquisitions of private lands for Federal ownership and identify what lands the Federal agency could optimally target for land acquisition. However, independent reviews have indicated that the FS program has made improvements in accountability, program consistency, staffing, and appraisal valuations. Additionally, the program has taken steps to address some non-strategic planning deficiencies through amended Forest Plans and the Land Acquisition Priority System (LAPS).

Evidence: Congressional subcommittees, National Forest System Landownership Management program, and State & Private Forestry Legacy Program. Survey and Investigation Arm of the House Appropriations Committee Report on Forest Service Relations with 3rd Parties; OIG Report No. 08801-7-SF, "Evaluation of the Forest Service Report to the Secretary of Agriculture on the Land Exchange Program Washington, D.C."; The Appraisal Foundations Report "Evaluation of the Appraisal Organization of the USDA, Forest Service" dated March 28, 2000; Department of the Interior Interagency Agreement concerning Strategic Growth Modeling, reported in NBII Access, Volume 6, No. 2, Spring, 2003.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: YES

Question Weight 20%

Explanation: This program has undergone independent evaluations from OIG, GAO, The Appraisal Foundation, and congressional oversight. These evaluations have indicated that the Forest Service has improved accountability and consistency, and that the program is effective and reflects appropriate values.

Evidence: Survey and Investigation Arm of the House Appropriations Committee Report on Forest Service Relations with 3rd Parties; OIG Report No. 08801-7-SF, "Evaluation of the Forest Service Report to the Secretary of Agriculture on the Land Exchange Program Washington, D.C."; The Appraisal Foundations Report "Evaluation of the Appraisal Organization of the USDA, Forest Service" dated March 28, 2000.

PART Performance Measurements

Program: Land Acquisition
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

Measure: Priority Acres Acquired

Additional Information:

Year	Target	Actual
2002	67,820	42,817
2003	63,115	
2004	15,500	

Measure Term: Annual

Measure: Measure Under Development

Additional Information:

Year	Target	Actual

Measure Term: Long-term

Measure: Measure Under Development

Additional Information:

Year	Target	Actual

Measure Term: Annual (Efficiency Measure)

OMB Program Assessment Rating Tool (PART)

Credit Programs

Name of Program: Multifamily Housing Direct Loans and Rental Assistance

Section I: Program Purpose & Design (Yes,No, N/A)						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Is the program purpose clear?*	Yes	The Statute and Agency regulations state that the purpose of the section 515 program is to make loans to eligible entities to provide rental housing for elderly and families of low or moderate income in rural areas. The purpose of the section 521 program is to make assistance payments available so as to make rentals available to occupants of section 515 housing.	Section 515, 42 U.S.C. 1485 and 7 C.F.R. Part 1944, Subpart E. Section 521, 42 U.S.C. 1490a and 7 C.F.R. Parts 1944, Subpart E and 1930, Subpart C	20%	0.2
2	*Does the program address a specific interest, problem or need?*	Yes	Providing access to affordable rental housing to moderate, low and very-low income rural households	Annual Occupancy Survey conducted by the Agency as of January 2002 show that the average adjusted household income is $8,100, less than half of the poverty line. More than 50% of tenant households are headed by elderly or handicapped members. Approximately 75% of the households are headed by women.	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Is the program designed to have a significant impact in addressing the interest, problem or need?	No	The program design is flawed because of the amount of annual funding required for the program to have even a 1% effect on the problem. There are potentially 2.4 million rural households that need assistance. At current funding levels, RHS annually provides approximately 1,200 new rental assisted units and 400 non-rental assisted housing units to low and very low income rural households. Additionally, RHS annually renews expiring rental assistance contracts for approximately 460 thousand households. This cost $749 million in 2002 and by 2007 it is expected to cost $965 million. Additionally, once the rental assistance contract is made, it must be renewed every 5 years usually at cost plus inflation. While this is viewed as standing commitment by the Federal government on Federally financed properties, it is funded annually through the discretionary budget. To have a 1% decrease in the problem would take a 15% increase in the amount of funding and then have that level of commitment for the 30 year term of the loan.	The United States Federal Budget, the 1999 American Housing Survey, which provides the assessment of needs in housing, and Annual Occupancy Survey conducted by USDA's RHS.	20%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?*	No	Up until the early1980's, HUD provided a similar contruction plus project based assistance multifamily housing program. HUD discontinued the contruction program but continues to fund the project based rental contracts through it Section 8 grant program. USDA's rental assistance grants are inter-changeable with HUD section 8 grants, and in fact during the late 1970s and early 1980s, USDA provided loans for approximately 1,500 Section 515 rental housing projects containing 46,000 units of project-based HUD Section 8 contracts. When a HUD voucher or Section 8 is used in a USDA financed multi-family housing unit, the tenants see no difference in delivery from either program and sees themselves as having the same benefit regardless of which agency funds it. Additionally, the HOME program provides grants the states which funds housing in non-metro areas.	Program regulations that require USDA financed properties to accept HUD vouchers. Official OMB/HUD/USDA combined effort to convert the Section 8 project based assistance in USDA financed projects to USDA rental assistance grants in 1996 as part of the 1997 Budget negotiations. Federal Budget, which shows various HUD programs with similar purposes and funding levels.	20%	0.0
5	*Is the program optimally designed to address the interest, problem or need?*	Yes	While vouchers have been shown to be more cost-effective in providing options for low income housing, the common wisdom is that vouchers aren't useful in rural areas because often there is no choice for tenant housing, and without a program to encourage construction of tenant housing, some communities would have no place that accepts vouchers. According to a GAO report, in many markets, production programs are the only sources of new affordable rental units.	2001 GAO report on Costs and Characteristics of Federal Housing Assistance [GAO-01-901R]. Washington Post Article, "Housing Vouchers No Magic Key," August, 5, 2002.	20%	0.2
Total Section Score					**100%**	**60%**

Section II: Strategic Planning (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?*	No	Providing increased affordable rental opportunities for very low, low and moderate income rural residents. This is not ambitious and it focuses on outputs rather than outcomes…though it has been difficult to overcome this problem in Rural Development because most funding is minimal compared to the amount of funding required to produce a direct macro-economic outcome on a measure such as homelessness.	Statutory direction in Section 515, 42 U.S.C. 1485 OMB's 1998 spring review project, which evaluated the effectiveness of USDA's programs to address the needs of rural America. Results were summarized in the 2000 Budget of the United States on page 133.	14%	0.0
2	*Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?*	Yes	Program performance is indicated by the increase in the number of new units added to the portfolio. Units are not provided unless market surveys indicate the need for housing in the area. Therefore the number of new units reduces homelessness by that amount. Additionally, the number of existing units maintained in the portfolio is measured to determine the amount of households that the homelessness rate would be increased by were it not for this assistance.	Rural Housing Service agency performance plans, along with their annual budget request . USDA's Annual Explanatory Notes to Congress, which supports the Annual President's Budget.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?*	Yes	The multifamily housing program relies on the developers to present potential low income rural sites for new tenant housing. The developers submit applications that will be ranked based on: most rural, most poor and whether there are leveraged funds attached to the project. This is an important function because RHS wants to ensure that they don't build a project where there is no tenant base to fill it, thereby, not reducing homelessness. When the developer takes into consideration the competition for funds, it motivates them to submit applications that achieve the criteria but also cash flow. This benefits the rural low income tenant population because it ensures that RHS is providing needed tenant housing, which ultimately reduces homelessness in rural areas, rather than simply building vacant units.	Agency regulations, 7 C.F.R. Part 1930, Subpart C. Annual Notice of Funds Availability notifying the developers of the competition and the criteria that the competition will be based on.	14%	0.1
4	*Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?*	Yes	RHS and HUD have developed cooperative agreements concerning the administration of project based section 8 assistance in properties financed with RHS section 515 loan funds. The IRS and RHS have coordinated development of the Low Income Housing Tax Credit to allow credit monitoring agencies to accept RHS compliance reviews and documents. Additionally, agreements have been reached with state housing finance agencies concerning coordination of development of new subsidized units in communities where competition may be detrimental, coordination of multiple sources of development subsidy in the same property to avoid over subsidy, and acceptance of state or federal asset management inspections and compliance reviews by other funding sources.	MOUs between HUD and RHS, IRS Section 42 regulations, and MOUs between RHS and State Housing Finance Agencies	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	*Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?*	Yes	While not scheduled, USDA Office of Inspector General routinely reviews performance of the program. In addition, though not independent, the Agency conducts Management Control Reviews to comply with the Federal Managers Financial Integrity Act.	Agency Management Control Review guidelines.	14%	0.1
6	*Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?*	Yes	Appropriations materials submitted by the agency provide the number of units and properties that can be built, rehabilitated, preserved and assisted by rental subsidy based upon the amount of funds requested.	FY 2003 Rural Development Budget	14%	0.1
7	*Has the program taken meaningful steps to address its strategic planning deficiencies?*	No	Long and short term goals have remained similar from year to year. No major effort to re-evaluate this plan has been undertaken. It should be noted, however, that the performance plan has been approved by USDA and OMB.	USDA's performance annual performance plan	14%	0.0
Total Section Score					**100%**	**71%**

Section III: Program Management (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?*	Yes	The Agency tracks the obligation rate of funds appropriated, the delinquency rate for loans made, the number of real estate owned properties, the use rate of rental assistance, and the properties preserved. Additionally, the Agency receives regularly scheduled operating performance reports from borrowers. During the mid-1990's reforms were introduced to counter subsidy layering and equity skimming, which have all but reduced these problems.	Agency monthly delinquency and servicing reports, RD Finance Office monthly reports. Reports required of borrowers by 7 C.F.R. Part 1930, Subpart C	10%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2	*Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?*	No	Program managers are held accountable during performance reviews for successfully utilizing program funds, reducing delinquency rates, timely disposing of real estate owned properties, but number of units produced in a year is unlikely to be used to increase accountability.	Agency personnel guidelines	10%	0.0
3	*Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?*	Yes	Funds under both programs are fully utilized each year	Agency year-end fund usage reports generated by the RD Finance Office.	10%	0.1
4	*Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?*	No	RHS and USDA generally will use cost comparisons and competitive sourcing, but an example for the MFH loan and grant program is not available.		10%	0.0
5	*Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?*	Yes	The agency formulates its rental assistance needs for 5 year contracts, both for renewals and new constructions. Additional changes to the budget estimate for the loan program are immediately known from the annual recalculation of the subsidy rate..which reflects historical loan performance, current economic predictions, and any legislative or regulatory changes that affect the terms and conditions of the loan program. From the resources available in the Budget, RHS is able to predict how many new units and renewed units it can fund immediately, which indicates what the numerical effect on homelessness will be. The administrative costs for the program are provided through a single account for all RD programs, which will be evaluated in a separate PART.	USDA's annual performance plan, The Federal Credit Supplement and the Federal Credit Reform Act.	10%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	*Does the program use strong financial management practices?*	Yes	Program accounting systems and borrower required reporting were designed with the assistance of the USDA OIG and outside consultants (including GAO for the subsidy model)	Cash Flow model for MFH loans.	10%	0.1
7	*Has the program taken meaningful steps to address its management deficiencies?*	Yes	RHS has just completed an overhaul of the entire set of regulations that govern the multifamily housing programs. This is expected to improve the management of the program greatly.	Multifamily Housing 3560 Regulation	10%	0.1
8 (Cr 1.)	*Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely and reporting requirements are fulfilled?*	Yes	Agency regulations provide servicing and monitoring guidelines to program participants and to Agency staff. Annual property inspections, monthly program beneficiary reporting, accounting system collection status and property operating reports are required.	Agency regulations 7 C.F.R. Parts 1944, Subpart E, 1930, Subpart C, 1951, Subpart K, 1965, Subpart B.	10%	0.1
9 (Cr 2.)	*Does the program consistently meet the requirements of the Federal Credit Reform Act of 1990, the Debt Collection Improvement Act and applicable guidance under OMB Circulars A-1, A-34, and A-129?*	Yes	The subsidy rate is formulated, re-estimated and apportioned within all the guidelines. And, except where program goals necessitate, all circulars are adhered to.	Federal Credit Supplement, apportionments and the Budget Appendix	10%	0.1
10 (Cr 3.)	*Is the risk of the program to the U.S. Government measured effectively?*	Yes	Data described in the previous comment show the Agency tracks delinquency rates, properties that are troubled, properties taken into government inventory and charge-off amounts. Additionally, an annual subsidy rate is calculated using an audited cash flow model. This computes the risk of the loan program for the Federal government.	Monthly and annual accounting system status reports generated by the RD Finance Office. The Federal Credit Supplement.	10%	0.1
Total Section Score					**100%**	**78%**

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Section IV: Program Results (Yes, Large Extent, Small Extent, No)						
	Questions	**Ans.**	**Explanation**	**Evidence/Data**	**Weighting**	**Weighted Score**
1	*Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?*	No	Over the life of the program, more decent, safe and sanitary affordable rental housing has been provided in rural America. However, RHS cannot show that this is directly related to their program or the economy as a whole. Additionally, the long-term goal needs to be more strategic and focused in order to allow for better analysis.	Census data on the number of rural residents living in substandard conditions.	20%	0.0
	Long-Term Goal I:	Reduce homelessness by providing decent , safe and sanitary affordable rental housing in rural areas.				
	Target:	see annual goal data				
	Actual Progress achieved toward goal:	see answer to question number 1.				
2	*Does the program (including program partners) achieve its annual performance goals?*	Yes	RHS anticipates the number of units it will be able to build and continue helping based on the funding level provided and they routinely meet or exceed this goal.	Annual Performance plan. Agency year-end and monthly accounting system funding an loan status reports.	20%	0.2
	Key Goal I:	Number of new and rehabilitated units provided				
	Performance Target:	2001 target: 1,401 new units and 3,429 rehabilitated units				
	Actual Performance:	1,578 new units and 5,511 rehabilitated units				
	Key Goal II:	Number of households not displaced by loss of rental assistance (number of renewals of rental assistance contracts.).				
	Performance Target:	2001 target: 42,800				
	Actual Performance:	39,159				
3	*Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?*	Yes	Additional administrative funds have not been requested. All appropriated funds have been spent within allotted timeframes. RHS also requires that all projects be evaluated for cost using the Marshall and Swift industry standards software. RHS also does cost certification audits on about half of the projects completed during the year.	Agency year-end and monthly accounting system funding and loan status reports.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Does the performance of this program compare favorably to other programs with similar purpose and goals?*	No	Vouchers have been shown to be more cost-effective in providing options for low income housing. However, the common wisdom is that vouchers aren't useful in rural areas because often there is no choice for tenant housing, and without a program to encourage construction of tenant housing, some communities would have no place that accepts vouchers.	OMB's comparative housing measures for tenant based housing.	20%	0.0
5	*Do independent and quality evaluations of this program indicate that the program is effective and achieving results?*	Yes	The program is routinely reviewed by the USDA OIG and GAO, which have all concluded that the program is effective and providing decent, safe, sanitary housing to very low income rural residents.	Periodic USDA OIG audits, January 2002 GAO report, Federal Housing Assistance - Comparing the Characteristics and Costs of Housing Programs, which concluded, "Although production programs cost more than vouchers, all housing programs provide benefits in addition to housing the poor. For example, production programs seek to increase the supply of affordable housing, accommodate special needs, and revitalize distressed communities, while housing vouchers try to promote mobility and neighborhood choice. Accordingly, these benefits must be weighed against program costs."	20%	0.2
Total Section Score					**100%**	**60%**

PART Performance Measurements

Program: Multifamily Housing Direct Loans and Rental Assistance
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
60%	71%	78%	60%	Demonstrated

Measure: Measures under development

Additional Information:

Year	Target	Actual

Measure Term: Long-term

Measure: Number of new and rehabilitated units provided

Additional Information:

Year	Target	Actual
2000	5,181	6,616
2001	4,830	7,089
2002	7,200	7,284
2003	5,800	

Measure Term: Annual

Measure: Number of households able to continue receiving rental assistance because of a renewed contract agreement (Targets under development).

Additional Information:

Year	Target	Actual
2000	41,800	38,489
2001	42,800	39,159

Measure Term: Annual

Program: Multifamily Housing Direct Loans and Rental Assistance
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
60%	71%	78%	60%	Demonstrated

2002	42,330	39,454
2003	42,330	

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose of the program is to sponsor groups which will locate and work with families who will build their own homes under the self-help method. Families earn 'sweat equity,' providing many their only homeownership opportunity. Most are very low-income, minority families and nearly all obtain Section 502 Direct loans. Participants contribute at least 65% of the labor, constructed their homes as a group; none move in until all finish. This important teamwork produces a unique, close-knit community of not just neighbors, but of co-workers -- a successful formula rooted deeply in America's pioneer spirit and not duplicated by any other home building program, such as Habitat for Humanity and similar efforts. With the strong bonds and self confidence created by participation in Self-Help, communities, families and individuals demonstrate greater pride. This leads to better loan performance (lower delinquency, fewer foreclosures and improved graduation rate) and savings to the government (versus other Section 502 loans).

Evidence: Housing Act of 1949, Section 523. Also, the objective of the program is clearly stated in 7 CFR, Part 1944, Subpart I, which states, "The primary purpose is to fund organizations that are willing to locate and work with families that otherwise do not qualify as homeowners. Generally, these are families below 50 percent of median income, living in substandard housing, and/or lacking the skills to be good homeowners."

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The Self-Help program continues to address the problem of lack of decent housing for all in rural areas. A consideration for financial assistance listed in Section 523(c) of the Housing Act of 1949 is the "extent to which the (Self-Help) assistance will facilitate the provision of more decent, safe, and sanitary housing conditions than presently exist in the area." The Self-Help housing program allows even the lowest income rural families to attain homeownership. Participation in the program is at a high level among minority families - those most likely to have inadequate housing, least able to afford their own home, or be blocked from homeownership because of cultural and other barriers. More than 55 percent of Self-Help families are minorities; nearly 40 percent are Hispanic. The program has been identified as one of the stars in USDA's Five-Star Initiative to increase minority homeownership, a direct response to the President's call to bridge the 'homeownership gap' that exists for American minorities.

Evidence: Section 523 of the Housing Act of 1949; In "Taking Stock: Rural People, Poverty and Housing at the Turn of the 21st Century," the Housing Assistance Council (HAC) reported in December 2002, "Minorities in rural areas are among the poorest and worst housed groups in the entire nation." According to a HUD report at the White House Conference on Minority Homeownership in October 2002, nearly three-fourths of all Americans own their home, yet this is true for less than half of minority families. Among the barriers for minority and other low-income families is affordability and lack of funds for down payment and closing costs - barriers overcome by Self-Help. The HAC report also cited affordability and lack of other housing options (rental) as significant in non-metro areas.

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: No other program combines the unique features which make the Self-Help program a success. The Section 523 grants provide support to Self-Help sponsors who provide technical assistance, recruiting, training, and supervising families to earn 'sweat equity.' The Section 502 Direct loans provide subsidized financing which provides affordability and minimizes loan costs. This unique construction method also promotes strong communities by building close bonds among future neighbors. The program is also unique in serving the lowest income families who have no other homeownership opportunity, yet are able to succeed at a rate higher than other Section 502 borrowers and comparable to other borrowers.

Evidence: In an effort to obtain state funding to bring Self-Help to urban areas, the California Housing Law Project reported in 2000, "The only federal funding (for technical assistance) for Self-Help is restricted to work in rural areas." The report cited numerous social and economic benefits of the self-help building method. In the Fall 2003 magazine 'Rural Voices,' HAC executive director Moises Loza wrote, "Without this opportunity (participation in Self-Help) many low income families would be unable to afford their dream of homeownership." This is because no similar program exists. "USDA's mutual self-help program has developed a structure and language of its own," a Rural Voices article states.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: While the program combines government funding, community support and individual initiative in a highly effective manner, it is not free of design flaws. For instance, the program grew from $11 million in 1996 to the current level of $34 million. During that time demand for the program did not keep up with funding levels, leaving a carryover balance for several years. It is a lengthy process for a group to become an active self-help grantee. It may take 6 months or longer for a nonprofit to put together a predevelopment grant application. It must be reviewed by the Technical and Management contractor, and Rural Development at several levels before obligation. From there the predevelopment grantee has 6 months to development their full TA grant application. The entire process can take over 12 months in some cases. Other issues which often add to the delays include land acquisition problems, environmental or title clearance issues and finding adequate numbers of eligible families. In FY 2003 $9M in accumulated carryover balances were transferred to the Single Family Housing Guaranteed Loans to cover increased demand in that program. Since then the interest in the Self-Help program exploded and currently no excess funds are anticipated.

Evidence: Numbers of grants awarded from FY 1996 was 57 for a total of 11,330,320. In FY 2003 there were 108 grants awarded for a total of $35,729,470. This along with the transfer of funds to the Guarantee program has essentially wiped out the carryover of funds and brought the program back in balance. With the re-funding of existing grantees and funding of new grants there is little potential for large carryover balances.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight20%

Explanation: Program regulations require targeting to families below 50 percent of median income, living in substandard housing and/or lacking the skills to become good homeowners. Additionally, the Section 502 Direct loan regulations require borrowers be without suitable housing. Contractors hired by USDA carefully monitor grantees to assure Section 523 regulations are followed. Grantees are also subject to program audits and reviews, as well as all Federal grant regulations. In FY 2003, more than 52 percent of the Section 502 loans for Self-Help were to families with income below 50 percent of median. The delinquency rate of Self-Help borrowers is traditionally less than the rate of the overall RD loan portfolio.

Evidence: 7 CFR, Part 1944, Subpart I along with the statutory requirments from the Section 502 direct single family housing loan program within USDA.

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: The Self-Help program provides homeownership opportunities for lower income rural families that otherwise may not qualify. This program is an integral part of Rural Development's mission to improve the quality of life in rural areas by increasing homeownership, especially among low-income families. Over the long run, successful homeownership is the ability to own a home for an extended period. The best measure for this is the loan default (foreclosure) rate. RHS intends to increase the Self-Help portion of Section 502 loans while maintaining a lower delinquency and default rate. This will expand the availability of Self-Help to more communities allowing more families, currently shut-out of homeownership, to participate. USDA established the goal of doubling the number of families served by 2010, with a similar increase in the number of Self-Help sponsor groups. An expected additional benefit is an increase in the portion of RHS loans to minority families, supporting the White House Initiative on Increasing Minority Homeownership. Finally, a long term program goal is to maintain program status as being free of material weaknesses in OIG and MCR reviews.

Evidence: Self-Help Automated Report and Evaluation System (SHARES) reports on grantee and family acitivity; Centralized Servicing Center (CSC) monthly reports on RHS Self-Help and other loan performance (delinquency, foreclosure); Technical & Management Assistance (T&MA) contract reports on grantee activity and outreach; RHS quarterly progress report on its '5-Star Commitment'; and, Unifi and BRIO reports on loan and grant activity, including BRIO reports for individual grantees (delinquency rate of 502 borrowers of any grantee/sponsor group can be tracked). RHS staff works with Self-Help families and sponsor groups locally to assure loan underwriting standards and goals (especially 1st-year delinquency) are met.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 13%

Explanation: Based on the successful performance of Section 502 Self-Help loans and many other benefits derived from the program, Rural Development has the ambitious goal of doubling the number of Self-Help participants by 2010 (from 1460 homes in 2002). This will be accomplished while maintaining default rates for Self Help loans that are at least 100 basis points better than the overall Section 502 Direct program, and having no material weaknesses in program delivery or administration.

Evidence: Loans are recorded by the Unifi and other USDA record systems. Reports of results on specific goals (number of Self-Help loans, loan default and delinquency) are provided on a daily, monthly or quarterly basis, including reports from CSC and BRIO.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: To increase the number of successful, low-income homeowners in rural areas, goals have been established to maintain a lower delinquency level for Section 502 Self-Help borrowers (in comparison to other RHS loans) while expanding the availability of Self-Help . This measure ties in with the longer term goals for successful homeownership. Additionally, RHS has a goal to increase the participation in the Self-Help program annually.

Evidence: CSC reports on delinquency of Self-Help and other Section 502 Direct borrowers; Unifi and BRIO reports on loan activity; '5-Star Commitment' progress report. The long-term and annual goal(s) are listed on the USDA Rural Development website (Self-Help participation chart, through the '5-Star' link) at http://www.rurdev.usda.gov.

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: RHS will maintain credit quality of Self-Help Section 502 Direct loans (delinquency rate 350 basis points or more better than all RHS loans) to assure an increase in successful homeownership. From the baseline year (FY 2002), the stated long term goal of increasing participation in the Self Help program is to be accomplished by 2010, with annual increases of about 10%.

Evidence: CSC loan delinquency reports; Unifi and BRIO loan activity reports; '5-Star Commitment' progress report; T&MA contract performance reports; USDA Rural Development website.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: The goals for increasing Self-Help participation have been widely disseminated within USDA and among partners, including grantees (sponsor groups), contractors and public interest housing groups. The program requires that the Self-Help organizations get an agreement from the families to provide 65% of "sweat equity" into the home. The Self-Help organization that is the grant recipient agrees to this and other requirements when they apply for the funds. Additionally, since RHS is the primary underwriter for the finacing of these mortgages, they along with the borrowers have a vested interest in the long term goal of homeownership.

Evidence: Section 523 of the Housing Act of 1949 (42 U.S.C. 1490c), 7 CFR, Part 1944, Subpart I and RD Instruction 1944-I, 1944.403(n); grant agreement for sponsor groups; performance-based contract for T&MA contractors. Self-Help activity is carefully monitored, with regular agency reports on progress toward the goals.

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**

Answer: YES Question Weight 13%

Explanation: A study, funded by the Annie E. Casey Foundation and conducted by the Housing Assistance Council (HAC), is underway to determine the long-term impact of Self-Help. Publication of the findings is expected in late 2004. Follow-up studies may result. A regulation task force, which includes non-RHS employees, was recently named to evaluate the performance of the program and consider revision of Self-Help regulations to improve its ability to provide the expected impact. The National Rural Self-Help Housing Association, Partners for Successful Homeownership, and other groups (such as HAC), regularly provide input on program effectiveness and needed improvements. All grantees are subject to grant oversight, as prescribed by Federal grant regulations. This includes annual, independent audits of many grantees. As part of the expected regulation revision, comments and evaluation of the program by outside groups and individuals will be invited. Surveys of Section 502 borrowers, which included Self Help borrowers, were conducted in 1998 by the Economic Research Service, USDA, and in 2004 by a contractors. These surveys indicated that Section 502 borrowers are well satisfied and that RHS servicing compares favorably with private sector loan servicing. In addition, a Management Control Review (MCR) system oversees all facets of the Self-Help program, improving program performance and efficiency.

Evidence: RD Instructions 1944-I. review by T&MA contractors as per performance-based contract requirements; TA grant agreement; Federal grant requirements, including OMB circulars and 7 CFR 3015 & 3016; evaluation by public interest groups, including the National Rural Self-Help Housing Assoc. and HAC (which is currently completing a comprehensive study of the long-term impact of Self-Help on participant families and communities, with funding from an Annie E. Casey Foundation grant). ERS Study, "Meeting the Housing Needs of Rural Residents: Results of the 1998 Survey of USDA's Single Family Direct Loan Housing Program"; Recent Customer Satisfaction Survey and comparison with JD Power 2004 Home Mortgage Study, RD Instruction 2006-M

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?**

Answer: NO Question Weight 13%

Explanation: RHS budget requests for this program include estimates of the numbers of homeownership opportunities provided as well as the numbers of grants provided to the entities that will participate to help deliver the program. As part of the annual Budget and Performance Integration (BPI) process, the agency presents accomplishments and targets. Targets (in families provided homeownership opportunities and TA grants) are based on performance, annual and long-term goals. Input is provided by program partners and those impacted. Some of the goals are explicitly tied to the program performance, such as the numbers of homes financed, but Rural Development, as a whole is still working toward full budget and performance integration.

Evidence: Rural Development BPI documents, including agency mission statements/accomplishment reports.

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight 13%

Explanation: To improve future performance, the Agency is actively seeking input from a variety of sources in compiling long- and short-term program goals. Significant steps include cooperating with HAC on a study of the long-term impact of Self-Help on families and communities, creation of a task force to draft performance-based regulations, soliciting input at regularly-held conferences around the country (including the National Rural Self-Help Housing Assoc.) and working with other agencies such as HUD, FDIC, and others, to better target underserved areas and groups.

Evidence: HAC/Annie E. Casey study; National Rural Self-Help Housing Assoc.; Self-Help regs task force; BPI process regulations; performance-based contact for T&MA contracotrs; MOUs with HUD and other agencies.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 10%

Explanation: RHS collects extensive, timely information on all aspects of Self-Help. Data on individual loans enable the agency to track demographic information and loan delinquency in the program. Contractors and RHS field staff use this info to make program improvements, advise grantees on improving performance and anticipate program funding needs. A recent example: A performance-based T&MA contract was issued for the first time after records of past performance and partner comments showed effectiveness of contract funds was not maximized. The new contract targets funds to better acheive the program mission of creating successful homeowners (e.g., contractors must provide outreach to unserved areas and conduct regular meetings with program partners to obtain input on program performance). Similar changes are expected following publication of results of the HAC study of Self-Help impact. This and other partner input will be used by the Self-Help regs task force to revise regulations to improve program performance and effectiveness.

Evidence: UniFI and BRIO activity reports, CSC loan delinquency reports, SHARES; T&MA Contractor reports; RD Instruction 1944-I; OMB circulars; TA Grant Agreements; outside input, from HAC and partner groups; HAC/Annie E. Casey study.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 10%

Explanation: T&MA contractors are paid with a performance-based contract. Tasks include those which are tied directly to the program mission of increasing accessibility to homeownership by low-income rural families. Successful completion will result in improved loan performance and other benefits to the participating families, the agency and rural communities. The performance elements of National Office officials, State Directors and State program directors were recently modified to include specific goals tied to expansion of the Self-Help program (through the '5-Star Commitment') and portfolio management (use of funds and loan delinquency). Grantees are scrutinized by the contractors and local Rural Development staff. Failure to meet grant goals, including those related directly to expanding successful homeownership through Self-Help, can result in numerous 'servicing actions,' inclucing high-risk designation, greater oversight and termination of the grant.

Evidence: TA Grant Agreements; Performance-based T&MA contract; RD Instruction 2060 (Performance Ratings).

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight 10%

Explanation: All grant obligations are completed through the Automated Discrepancy Processing System (ADPS) at the National Office level after extensive reviews by T&MA contractors and Rural Development Staff. Grants are typically obligated within three days of approval. Reimbursements or advances are made to grantee within seven to ten days of request. This process has improved with greater use of Automatic Funds Transfer (AFT) of payment directly to grantee's bank. Payment for performance to contractors is made in accordance with the Prompt Payment Act. On-going funds management at all levels (grantee, contractor and Rural Development) assures that funds are spent for intended purposes. On a program level, all appropriated funds and most carry-over funds were used in FY 2003 with similar performance expected in FY 2004 -- the program has grown to equal or exceed the level of funding, which had increased in the last decade.

Evidence: 7 CFR 3550 (Section 502 Direct Loans); RD Instruction 1940-L (Annual Funding Notice); RD Instruction 1902-A (Supervisied Bank Accounts); RD Instruction 2006-M (Management Control Review); T&MA contracts; RD Instruction 1944-I; OMB circulars regarding federal grant administration.

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: NO Question Weight 10%

Explanation: Grantees agree to meet proposed goals for number of homes built/families assisted (efficiency measures) by signing grant agreement. Progress is monitored closely with SHARES reports and quarterly/monthly reports to USDA and contractors, with appropriate action taken based on results compared to cost efficiencies goals (timely completion of homes, number of homes completed and completion within grant and loan amounts budgeted). Instituting a performace-based contract for the groups that provide technical and supervisory assistance to the grantees has resulted in improved efficiencies -- the contract has requirements for outreach and recruiting of new grantees in underserved areas, cost containments on travel and administrative expenses, and strict oversight (resulting in improved communication) by USDA. While these things have added to the Agencies ability to measure cost effectiveness, improvements can be made. The USDA Task Force on Common Efficiency is currently meeting to design and develop meaningful common efficiency measures.

Evidence: SHARES reports; T&MA contractor monthly and quarterly reports; TA Grant Agreements

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 10%

Explanation: At the agency level, the primary 'related program' is the Section 502 Direct loan program. Management of the 502 program is conducted by the same staff that oversees the Self-Help grant program. Self-Help home loans are a 'subset' of all 502 loans. The program is designed to assure that 502 funding is available (through a priority system) for Self-Help loans. Similarly, Section 523 Site Loans with favorable terms are made available to grantees needing such assistance. On a larger scale, Self-Help partners (grantees, contractors, related interest groups and other funding sources, such as HUD and State and local agencies) meet regularly on a regional and national basis to exchanges ideas and assure best practices. These conferences have led to numerous program improvements. Agency personnel also meet regularly with partners, such as Habitat for Humanity, Intl., HAC and local housing groups.

Evidence: TA Grant Agreements; T&MA service contract; 7 CFR 3550; RD Instruction 1940-L; RD Instruction 444.8 (Site Loans). There are funds in contract for conferences and training while grant may be used for approved travel to meetings/coordination with other groups. Section 523 of the Housing Act of 1949 (42 U.S.C. 1490c), and RD Inst. 1944-I, 1944.403(n) require grantees to recruit and work with families by providing construction supervision, providing counseling (to assure successful homeownership), and assisting in obtaining RHS loans and other funding. RHS has MOU's with HUD, FDIC, other agencies through the Southwest Border Initiative, and numerous state and local agencies to better target Federal funds, improve borrower performance and improve rural areas.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 10%

Explanation: Grantees must submit audits annually. Audits must be completed in accordance with Generally Accepted Government Auditing Standards (GAGAS) and in accordance with Rural Development regulations. Program financial management requirements are also detailed in the grant agreement and enforced by a web of oversight by the agency and its representatives.

Evidence: RD Instruction 2006-M (Management Control Review); GAGAS regulations; 7CFR Parts 3015 and 3016, RD Instruction 1944-I.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 10%

Explanation: As noted, grantees are carefully monitored on multiple levels. When weaknesses are recognized or problems anticipated, appropriate steps are taken to correct or avoid problems. This can be designation as 'high risk' (require more frequent reporting and increased oversight), institution of a plan to address weaknesses (specific actions a grantee must take), or termination of a grant. Administrative Notices may be issued to address widespread problems and provide guidance as issues arise and circumstances change. Based on review of the program by USDA and Self-Help partners, a re-write of regulations to improve program efficiency (cost and focus of resources) is underway.

Evidence: RD Instruction 2006-M (Management Control Review); T&MA service contracts; OMB circulars on federal grant management; and, RD Instruction 1944-I.

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

3.CO1 **Are grants awarded based on a clear competitive process that includes a qualified assessment of merit?** Answer: YES Question Weight 10%

Explanation: Because of the past availability of sufficient funds to meet need, an 'open application' process is used. To receive a grant, the applicant must be a private nonprofit corporation or a public body. They must have the financial, legal, administrative, and actual capacity to assume and carry out the responsibilities imposed by the Grant Agreement. And have the necessary background and experience with proven ability to perform responsibly in the mutual self-help program. Regional Technical & Management Assistance Contractors and agency staff perform regular outreach in underserved areas and to potential new grantees. These contractors work closely with new and existing groups to train staff and develop applications. A pre-development grant is available to cover costs of the detailed 'marketing plan' and application preparation. This 'weed out' process eliminates the vast majority of unqualified applicants and assures grants are awarded only to qualified applicants. With increased interest in the program, the Agency is in the process of revising the grant award procedure to include a NOFA process with scoring of applications to include efficiency measures, which lays the foundation for a competitive process for grant funding should demand exceed available funds in the future.

Evidence: RD Instructions 1940-L and 1944-I. Basic eligibility requirements are contained in RD Inst. 1944-I at 1944.404. The draft regulation replacing RD Instruction 1944-1 is 7 CFR-3551 and the Work Plan number is 99-001 dated 3-10-1999. The anticipated release date of proposed rule regulation is spring 2005.

3.CO2 **Does the program have oversight practices that provide sufficient knowledge of grantee activities?** Answer: YES Question Weight 10%

Explanation: Participants (families, grantees and contractors) are carefully monitored at multiple levels. Building progress and 502 loan funds expenditure is monitored by the automated SHARES system, which is updated regularly and is designed to provide detailed information on every borrower in the system. Grantees provide monthly/quarterly (depending on high-risk status) reports to USDA on progress toward performance goals and fund usage. Contractors are paid monthly on a task basis for performance, a process requiring on-going monitoring by USDA. Inspections of homes by local USDA staff assure homes are built according to plan and are made prior to paying for work, amounting to close USDA oversight of both families and the grantee. All familiy work is done under the supervision and guidance of the grantee's construction supervisor.

Evidence: SHARES reports; contractor reports; quarterly/montlhy progress reports; RD Instruction 2006-M (MCR); OMB circulars on federal grant management; and, RD Instruction 1944-I.

3.CO3 **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: YES Question Weight 10%

Explanation: Detailed information on all aspects of the Self-Help program is collected by USDA. This information is summarized and made available to the public in a variety of methods, including publication of annual progress reports, release to other groups (including the Housing Assistance Council) for publication, reporting to USDA public information staff for use in news releases, etc. This information presents an accurate picture of program activity and a basis for comparison to past performance and future plans. Some information about individual grants may be restricted, but is generally available from the grantee in audit reports and annual performance reports.

Evidence: SHARES reports; BRIO data warehouse of funding reports for Section 502 loans and Section 523 grants and contracts; annual reports; outreach to local media. The Agency maintains an internal list of grantees.

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: LARGE EXTENT Question Weight25%

Explanation: Loan default will measure long-term successful homeownership among Self-Help participants. In the first year of the long term goal of an expanded Self-Help program, TA fund usage increased -- to a record level in FY 2003 -- with more Self-Help sponsors across the U.S. This is expected to continue. A significant increase in pre-development grants and increased work by contractors (with groups inquiring about the program) indicates progress toward long-term goals (increasing successful homeownership in rural areas by expanding availability of Self-Help while maintaining credit standards) will continue. As the grants are for two-year periods, an increase in TA usage will convert to more Self-Help loans in future years, though the increase in FY 2003 was less than goal.

Evidence: SHARES reports; CSC reports (Self-Help and other loan performance); T&MA contract reports; '5-Star' progress reports; Unifi and BRIO reports on loan and grant activity, including BRIO reports for individual grantees (delinquency rate of 502 borrowers of any grantee/sponsor group can be tracked); and, outside reports, such as the Annie E. Casey/HAC study. These tools have been actively used to adjust program requirements. Future revisions are planned, with input from a task force and others, to assure program design is sufficient to assure attainment of the agency mission to improve the qulaity of life in rural America.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight25%

Explanation: Annual goals have been established as milestones towards meeting the long-term goal of expanding availability of Self-Help while maintaining high rates of successful homeownership for Self Help families. In the FY 2003 (first year, base year of FY 2002), the number of families participating and amount of Section 502 Self-Help loans increased while Self-Help loan delinquency remained at nearly the same level (10.57% in May 2004 v. 10.46% in May 2003). Through its performance based contract, the Agency measures inquiries from potential grantees to T&MA contractors. The number of pre-development grants also indicates progress towards expanding the availability of the Self-Help program. These goals include active participation by partners. In FY 2003, the number of grantees increased by more than the 10 percent needed to acheive the long-term goal of doubling the number of participants by 2010.

Evidence: SHARES reports; CSC reports (Self-Help and other loan performance); T&MA contract reports; '5-Star' progress reports; Unifi and BRIO reports on loan and grant activity; and, other agency tracking reports.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight25%

Explanation: Section 523 fund usage was at an all-time high in FY 2003, which should result in more Section 502 Self-Help loans in coming years. The number of Section 502 Self-Help loans increased in each of the last three years and four of the past five. From FY 2001-2003, the average amount of Section 502 Self-Help loans (homes are typically 100% financed) increased 6.3% while other Section 502 loans increased by 15.7%. Additionally, USDA Rural Development as a whole is developing a common efficiency measure for loan programs.

Evidence: Funds usage reports; RD Instruction 2006-M (MCR)

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: NA Question Weight: 0%

Explanation: There is no other major government or private programs with families working together to build their own homes and communities.

Evidence: The HUD Self-Help Housing program (SHOP), while similar in name, is very different and does not have the level of "sweat equity" requirements that the USDA program does. This has been confirmed through the Housing Assistance Council.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: LARGE EXTENT Question Weight25%

Explanation: As explained above, the program is structured to have on-going evaluations by participants at all levels. There is currently a private study being completed of the program's long-term effect on families and communities. This should measure whether the program effectively increases the standard of low-income rural Americans who participated in Self-Help or live in affected communities. Surveys conducted by the Economic Research Service, USDA, and more recently by a contractor indicated that Section 502 borrowers are well satisified and that RHS servicing compares favorably with private sector loan servicing.

Evidence: HAC/Annie E. Casey study of long-term impact of Self-Help on participating families and communities will be released this fall. ERS Study, "Meeting the Housing Needs of Rural Residents: Results of the 1998 Survey of USDA's Single Family Direct Loan Housing Program"; Recent Customer Satisfaction Survey and comparison with JD Power 2004 Home Mortgage Study

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

Measure: The number of basis points below total RHS portfolio. RHS direct single family housing Self-Help loan delinquency. This rate is lower than the overall RHS direct single family housing loan portfolio. This differential will be accomplished while the number of Self-Help grants and the number of homes built and the number of new loans made to Self-Help participants increases.

Additional Information: A measure of successful homeownership, this rate is lower than the overall RHS direct loan portfolio. This differential will be accomplished while the number of Self-Help grants and the number of homeownership opportunities to Self-Help participants increases. Number represents XXX basis points below total RHS portfolio.

Year	Target	Actual
2003	Baseline	413
2004	350	
2005	350	
2006	350	

Measure Term: Annual

Measure: The number of basis points below total RHS portfolio. Using default rate comparisons, this measure compares the number of Self Help borrowers who lose their homes in foreclosure to other RHS single family housing direct loan borrowers. This will gauge the long-term success of developing safe, affordable housing through the Self-Help method. This program's default rate targeted to always be lower than the regular single family housing loan program's default rate.

Additional Information: This measure will compare the number of Self Help borrowers who lose their homes in foreclosure to other Rural Development borrowers. This will gauge the long-term success of developing safe, affordable housing through the Self-Help method. Number represents XXX basis points below total RHS portfolio.

Year	Target	Actual
2003	Baseline	130
2004	100	
2005	100	
2006	100	
2007-2010	100	

Measure Term: Long-term

PART Performance Measurements

Program: Mutual Self Help Housing -- Technical Assistance Grants

Agency: Department of Agriculture

Bureau: Rural Development, Single Family Housing Direct Loan Division

Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

Measure: Number of Self-Help homes built. The Agency has a goal of doubling by 2010 (from 1460 loans in FY 2002) the total number of homes built by low income rural families by the Self-Help method (under sponsorship of TA grantees), with an average annual increase of 10%. The measure will be the number of Section 502 Direct loans to Self-Help families.

Additional Information: The Agency has a goal of doubling by 2010 (from 1460 loans in FY 2002) the total number of homes built by low income rural families by the Self-Help method (under sponsorship of TA grantees), with an average annual increase of 10%. The measure will be the number of Section 502 Direct loans to Self-Help families.

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	1471 loans	
2004	1606 loans		
2005	1767 loans		
2006	2138 loans		
2007	2352 loans		
2008	2587 loans		
2009	2846 loans		
2010	2920 loans		

Measure: Number of material weaknesses.

Additional Information: The program will maintain its current status of no material weaknesses. Number represents how many material weaknesses sustained in that year.

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	0	
2004	0		
2005	0		
2006	0		

Program: Mutual Self Help Housing -- Technical Assistance Grants
Agency: Department of Agriculture
Bureau: Rural Development, Single Family Housing Direct Loan Division
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	90%	75%	Effective

2007	0
2008	0
2009	0
2010	0

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: NASS's Agricultural Statistics Program is responsible for collecting, processing, analyzing and disseminating statistical information on agricultural production, structure, economics and environmental impacts. This program includes the Census of Agriculture. Current national, State, and county information is used by public and private decision-makers, including USDA and Congress, to make sound, well-informed, and effective policy, production and marketing decisions. Informed decisions and policies, in turn, promote and contribute to a strong, sustainable U.S. farm economy.

Evidence: NASS's Mission Statement: To provide timely, accurate, and useful statistics in service to U. S. agriculture. Program authorization: ' The Act of May 15, 1862, establishing the Department of Agriculture and within it an 'agricultural and statistics bureau" 18 U.S.C. 1902' 18 U.S.C. 2072' 7 U.S.C. 411a' Cotton Acreage Law of 1912' Agricultural and Marketing Act of 1946' Census of Agriculture Act of 1997, Public Law 105-113

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: NASS programs address the need of the agricultural sector for clear and objective statistical data for information and decision making. These data are in the interest of public good -- essential to develop agricultural policy -- and are not available from the private sector due to market failure in providing unbiased information. Congress mandates the use of NASS statistics in numerous programs and payment calculations. Critical market-sensitive data are used by the commodity and agricultural markets to operate efficiently, providing a fair and equitable environment for price discovery in the marketplace. Further, the necessity of protecting respondent confidentiality and ensuring the impartiality of official agricultural statistics and universal accessibility at predetermined and publicized dates and times are addressed by having the Federal Government produce these statistics.

Evidence: Program authorization: (See Section 1.1)' USDA, REE, and NASS Strategic Plans: http://www.usda.gov/ocfo http://www.reeusda.gov/ree/strategic_plan.htm (NASS site to be determined)' Utilization by Chicago Board of Trade: http://www.cbot.com ' Examples of authorizing legislation requiring specific statistics:' Dairy products - http://www4.law.cornell.edu/uscode/7/1637b.html' Census of Agricuture - http://www4.law.cornell.edu/uscode/7/2204g.html' Cotton statistics - http://www4.law.cornell.edu/uscode/7/476.html' Peanuts - http://www4.law.cornell.edu/uscode/7/951.htm

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: NASS is the only organization that produces agricultural data nationwide. Alternative data sources do not provide the breadth or depth of the NASS program. NASS is in a unique position to serve the information needs of both Federal and state programs. Through Cooperative Agreements and Memoranda of Understanding, the NASS field offices serve jointly as the Federal field office and the State government agricultural statistical office, thus reducing redundancy and duplicative efforts. NASS also provides statistics to the public through 'trust fund' agreements with private producer organizations when Federal funding is inadequate. NASS enters into agreements with many Federal agencies to provide data collection and statistical services related to agriculture. This rich tradition of cooperation has served U.S. agriculture well; these collaborations generate a great deal of information at minimal cost, lighten the burden on survey respondents by preventing duplication of effort and maintaining consistency.

Evidence: 125 Memoranda of Understanding and 43 cooperative agreements signed between NASS and other Federal, state or private organizations.Annual statistical bulletins produced cooperatively between NASS and the State Department of Agriculture.

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight20%

Explanation: NASS provides statistical information to improve program knowledge and decision making. It has no discretion in this activity. Within these limitations, NASS's surveys are designed to optimize sampling efficiency and quality by appropriately utilizing statistical methodologies such as probability sampling, multiple frame methodology, integrated surveys and objective yield measurements. NASS has a data collection infrastructure using skilled statisticians and a trained corps of enumerators to implement these complex statistical methodologies. NASS's procedures and statistical standards are well documented for internal use and external review. NASS's methodology is continually vetted by the broader statistical community through methodology conferences, the Federal Committee on Statistical Methodology, and the Interagency Council on Statistical Policy. The Secretary of Agriculture's Advisory Committee on Agriculture Statistics reviews the NASS program annually to help maintain its relevance and timeliness.

Evidence: NASS Policy Standards Memoranda' NASS Information Quality Guidelines: http://www.usda.gov/nass/nassinfo/infoguide.htm' Guide to the Sample Survey and Census Programs of NASS: http://www.usda.gov/nass/nassinfo/surveyprograms/index.htm' NASS Administrative and Estimation Manuals' Departmental Regulation 1042-130, Establishing the Secretary's Advisory Committee on Agricultural Statistics: http://www.usda.gov/directives/files/dr/DR1042-130.htm' Departmental Regulation 1042-42, Establishing responsibilities and procedures for the operation of the Agricultural Statistics Board

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight20%

Explanation: NASS's Program is targeted to provide timely, accurate and useful agricultural statistics to both public and private sectors that include farmers, ranchers, producers, agribusinesses, agriculture industry, universities, Congress, and Federal, State and local governments. NASS provides equal access to information to all data users. Tight security measures are enforced to ensure that no one has early access to market sensitive information. NASS provides all releases on the web instantaneously, but also provides paper and fax releases per customer preference. NASS publishes more than 400 national reports annually, covering over 120 crop and 45 livestock items, complemented by more than 8,000 additional State reports. The Secretary's Advisory Committee on Agriculture Statistics reviews the NASS program on an annual basis and provides recommendations regarding program coverage (about 95 percent of the total U.S. agricultural production annually). NASS holds annual data user meetings to solicit input on program quality and usefulness.

Evidence: NASS Release Calendar ' http://www.usda.gov/nass/pubs/rptscal.htm ' Departmental Regulation 1042-130, Establishing the Secretary's Advisory Committee on Agricultural Statistics: http://www.usda.gov/directives/files/dr/DR1042-130.htm' NASS Data User Forum: http://www.usda.gov/nass/events/forum/forum102003.htm ' NASS Web Site: http://www.usda.gov/nass/' NASS Customer Service Hotline: 1-800-727-9540 or e-mail NASS Customer Service at nass@nass.usda.gov.

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: NASS's five strategic goals align with USDA & REE mission area strategic goals and provide a guide to ensure the NASS agricultural statistics program and products promote results and accountability in accomplishing its mission. Of the seven performance measures used to track the program's progress, three are long-term outcome measures. The first one focuses on the quality of the program using customer satisfaction to independently evaluate the program's progress in providing timely, accurate, and useful agricultural statistics to U. S. agriculture. The second measure provides an indication of program coverage from year to year. The third measure tracks the relevance of the program.

Evidence: USDA Strategic Plan 2002-2007; Research, Economics, Education Strategic Plan 2003-2008; NASS Strategic Plan 2003-2008 and GPRA reports.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 13%

Explanation: The two long term measures associated with the ACSI have ambitious targets. Specifically, the measures provide targets above average levels achieved by both the public and private sectors. The baseline ACSI score was even with the ACSI score for private sector services and nearly 3 points higher than the Federal government index. The targets established by NASS exceed the expected increases for both the private and public sectors for this index. Relevance is specifically measured within the ACSI and is a key component of our success. The third long term measure highlights the breadth of agricultural data that is provided in the NASS program. No other organization provides this level of information. It is essential for NASS to maintain the program at current levels so data are available for informed decision making. Increased data collection costs and unfunded pay raises all contribute to the challenge of maintaining the current program level and thus make increasing the overall program very ambitious.

Evidence: NASS Strategic Plan 2003-2008; GPRA reports.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: The agricultural statistics program includes four specific annual performance measures (1 outcome measures, 2 output measures and an efficiency measure) used for the PART assessment. The outcome indicator measures customer satisfaction for ease of access and use of data and data products as measured by the American Customer Satisfaction Index (ACSI). The output measures track the program's performance of the timeliness of reports (percent of time official reports are released on the date and time pre-specified to data users), improving the accuracy of reports (percent of key survey point estimates meeting target coefficients of variation). The efficiency measure provides information on how efficiently the agency performs in developing and preparing surveys and collecting data as compared to the annual inflation rate. All of the annual performance measures contribute to the long term outcome measures to demonstrate progress as measured by the American Customer Satisfaction Index (ACSI) based on responses from its data users.

Evidence: NASS Strategic Plan 2003-2008; GPRA reports.

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: NASS updates and reviews its performance measures annually to provide accountability toward achieving ambitious goals. NASS has established baselines and, for most of the measures, higher targets have been set in the future years. However, for those measures where annual targets change annually, the agency is adjusting to anticipated changes in the scope of the annual program. For annual measures where targets are level, the program is already performing at a peak level or levels are being maintained in spite of anticipated declines making these targets as ambitious as targets showing long-term increases. Budget initiatives are linked to some of these measures to improve and enhance NASS' agricultural statistics program.

Evidence: 2003-2008 NASS Strategic Plan, GPRA reports

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: NASS conducts Data User Meetings, partners with other USDA and Federal agencies, participates in industry trade shows, and State Directors contribute to NASS outreach efforts at the local level. This provides updates on pending changes in the agricultural statistics program and seeks input from data users and customers. The Advisory Committee on Agriculture Statistics, an independent advisory board consisting of 25 agricultural representatives, meet annually to prepare recommendations regarding the types of agricultural statistics needed by farm and ranch organizations, the agriculture industry, and Federal, state and local governments to make well-informed decisions about agriculture. NASS also has Memoranda of Understanding and cooperative agreements with other USDA agencies, State Departments of Agriculture, land grant colleges and universities, and a variety of cooperators who demonstrate their commitment to partnering with NASS in conducting a large number of specialty surveys.

Evidence: In 2003, NASS had a total of 125 memoranda of understanding and 43 cooperative agreements with other USDA and Federal agencies, State Departments of Agriculture, land grant colleges and universities, and other cooperators. In 2003, reimbursable work included 148 special surveys covering such varied issues as customer service, farm safety and health, pesticide use, county estimates, nursery / horticulture, farm finance, and specialty crops.2003 USDA Data User's Forum2002 USDA Data User's Forum2004 Advisory Committee on Agriculture Statistics2003 Advisory Committee on Agriculture Statistics

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**

Answer: NO Question Weight 13%

Explanation: An independent, external evaluation, similar to those most recently conducted by AAEA, is periodically completed on the quality and scope of the NASS program. The next evaluation will be completed after the 2002 Census of Agriculture. This will be based on a comprehensive internal program review completed by NASS staff after each census cycle. Recommended annual program changes are presented for further review at the USDA Data User Meetings and to the independent Advisory Committee on Agriculture Statistics. Recommendations of independent outside sources have shown effectiveness of the Agricultural Statistics Program and have been used to improve data services and products.

Evidence: 2002 and 2003 USDA Data User Meetings2002 and 2003 Advisory Committee on Agriculture StatisticsACSI
Historical independent evaluations include -- American Agricultural Economics Association (AAEA) Task Force Review, June 1998; AAEA Task Force Report, February 1997; USDA Economics and Statistics Review Panel, June 1985; Report of Statistical Reporting Service (SRS) Review by AAEA, October, 1984; The Census-USDA Data System: Relationships and Opportunities by Kenneth Farrell, Food and Agricultural Policy Progam, and Gaylord Worden, Census Bureau, October 1982; Agency Review by Outside Experts Report by the Center of Survey Statistics, Research Triangle Institute, September 1984; Outside Review of ESCS Statistics Progams by Research Triangle Institute, 1979.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?**

Answer: YES Question Weight 13%

Explanation: The NASS budget-planning processes are closely integrated to performance-planning. Annual and long-term performance targets are carefully considered during the budget formulation and execution.The explanatory notes developed during the budget process are designed to highlight the impact of requested funds on the NASS annual and long-term performance measures. Additionally, performance measures from both the strategic plan and annual performance plan are monitored to determine the maximum benefit from appropriated funding towards meeting the pre-established goals. The NASS budget requests are dependent upon the review and approval of the USDAs Budget and Performance Integration (BPI) Board. This provides a secondary executive review to ensure alignment of funding and performance with the Department's strategic goals.

Evidence: FY 2004 President's Budget - NASS Explanatory Notes FY 2005 President's Budget - NASS Explanatory Notes FY 2003 - FY 2008 NASS Strategic PlanGPRA Documents

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: NASS reviews and updates its strategic plan periodically. Ambitious performance measures are reviewed annually involving senior staff and other NASS employees, as well as, input received from data users, customers, and the independent Advisory Committee on Agriculture Statistics. The normal review begins at the beginning of the fiscal year with its annual USDA Data Users meeting and about mid-fiscal year with the Advisory Committee. Recommendations from the Data Users Meetings and the Advisory Committee meetings are made public after each meeting and addressed internally through strategic program evaluation and subsequent implementation, if applicable.

Evidence: 2000-2005 Strategic Plan, 2003-2008 Strategic Plan, GPRA Reports. Examples: 1. Performance measures indicated continued erosion of small farm operators covered in the Census of Agriculture Methodology was researched and adopted to more completely represent all farms without increasing costs. 2. A performance measure indicated a decline in the number of precision level targets being met in major survey estimators. Budget shortfalls were identified and addressed through the appropriations process.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: NASS regularly collects and monitors performance information for managing performance on the timeliness of releases and accuracy of agricultural statistics. The Secretary of the Agricultural Statistics Board (ASB) tracks the timeliness of the scheduled releases on a daily basis. Releases include root mean square error information to track and provide accuracy of agricultural data released to data users. Internally, the Agency's Resource Management Council, Program Planning Council, and the Senior Executive Team meet on a regular basis to review performance information, modify and/or implement new program changes, and manage allocation of limited program resources. This effort improves performance, responds to feedback from data user and stakeholders needs, and continually pushes the agency to meet program goals. Quarterly reviews are conducted by senior NASS management with our National Association of State Departments of Agriculture (NASDA) partners to monitor performance for its data collection contract work.

Evidence: Performance measures are defined in the GPRA reports, as well as annual budget requests. NASS has 125 memorandums of understanding and 43 cooperative agreements with outside partners.

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 14%

Explanation: Annual performance plans for managers include goals and measures that are linked to the NASS strategic goals. Annual performance evaluations are conducted with our NASDA data collection partners to ensure work quality, timeliness and efficiency. All managers including contractors, and those involved in managing memorandums of understanding (MOU's) and cooperative agreements, are held accountable for contributing to and achieving the level of performance coinciding with NASS strategic efforts with regard to cost, schedule, and outcome for providing timely, accurate, and usable agricultural statistics.

Evidence: Every employee's (including all managers) performance plan include attainable goals and projects linked to accomplishing the mission of the agency. These plans are developed with their supervisor and senior management and progress reviews are done mid-year and at the end of the rating year. All data collection partners have a performance evaluation linked to achieving the mission goals of the Agency. The annual Administrator's Awards for Excellence program recognizes outstanding performance of employees who performed at an extremely high level throughout the year. Employee awards are also given immediate recognition during the year as goals and projects are successfully completed. NASS has 125 memorandums of understanding and 43 cooperative agreements with outside partners.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight 14%

Explanation: NASS obligates funds in a timely and appropriate manner using the National Finance Center's (NFC) Financial Foundation Information System (FFIS). NASS carry-over funds are limited to the census of agriculture account. All obligations are consistent and aligned with the budget request. Unobligated balances at the end of the fiscal years are generally less than one-tenth of one percent of the annual appropriated agency budget.

Evidence: Monthly and quarterly FFIS obligation reports. NASS clean audits.

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight 14%

Explanation: NASS has timeliness and quality measures while maintaining its high level of customer service in providing agricultural statistics with declining or relatively flat budgets after absorbing inflation costs. NASS has efficiency measures that demonstrate cost effectiveness by comparing overall processing and data collection costs to less than the annual rate of inflation. NASS contracted the census of agriculture questionnaire preparation and data capture operations for the last two censuses eliminating the need to hire temporary federal positions. All of the NASS annual data collection survey work is outsourced. The contractors must adhere to same timeliness and quality goals for NASS to accomplish its mission.

Evidence: Congressional budget submissions, GPRA reports, annual performance plans, and strategic plans. About 20 percent of NASS's annual budget appropriations are spent on outsourcing activities for data collection work. During the peak workload in the census cycle outsourcing increases.

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: NASS collaborates extensively with other Federal statistical agencies, including the Economic Research Service, Farm Service Agency, Natural Resources Conservation Service, and the Bureau of the Census. NASS also has a extensive Federal-State Cooperative Program that shares resources (people, space and funds) in order to provide statistical data to both partners more efficiently. Both the Federal and State collaborations lead to meaningful actions in management by providing necessary statistics to make informed decisions. These collabortive efforts also maximize resource allocation by removing the duplicative activities which would occur through independent, uncoordinated efforts.

Evidence: MOU's with over 50 Federal and State partners are on file in NASS. A few recent examples are: 1. NASS collaborates with the Natural Resources Conservation Service to provide data used to assess the environmental benefits of the conservation programs included in the 2002 Farm Bill. 2. NASS collaborates with FSA to provide price data necessary to administer farm programs identified in the 2002 Farm Bill. 3. NASS collaborates with RMA to ensure necessary data is available to develop and administer many of the insurance programs available to producers.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: NASS's strong financial management practices has resulted in clean financial audits each year. NASDA, our contracting partner for most data collection activities, maintains an independent financial audit program providing an independent clean audit report for data collection costs.

Evidence: NASS financial audit reports.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: NASS routinely conducts organizational climate surveys to assess organizational and management proficiencies and deficiencies. NASS assessment teams are formed to provided recommendations to senior managers on ways to improve identified deficiencies and also to provide continued support to areas of excellence. NASS conducts five year rotational Human Resources Management Evaluation (HRME) program to measure and improve the management effectiveness of all its field offices and headquarter branches. NASS provides 80 hours of project management and leadership training to all journeymen level statisticians. As these employees advance in their careers, scheduled leadership, management and executive training opportunities are continually provided. NASS also contracts with the USDA Graduate School to conduct leadership effectiveness inventory of its supervisors and managers. Employees take additional training, based on needs assessments, to improve their skills and training. Comments: Provide examples of deficiencies and how they were corrected. If there are none, give this answer a "na" and reweigh the other questions in this section.

Evidence: Employee training records, NASS Organizational Climate Survey for 1988, 1994, 1997, 1999, and 2001. Assessment team reports and scorecards identify deficiencies and actions necessary for improvement. An example of a deficiency was the identified need by employees for increased technical training. Management quickly acted by reinforcing the need for all employees to have an updated Individual Development Plan identifying training needs. Front-line supervisors were instructed to review these IDPs with employees periodically throughout the year and provide training opportunities when appropriate. The The 2002 OPM Federal Human Capital Survey (FHCS) analysis published in 'Best Places to Work' can be found at http://www.bestplacestowork.org. The Best Places to Work Index for NASS was 66.8, placing the NASS index score in the top tier of high performing organizations.

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: The program has two long term outcome measures associated with the American Customer Satisfaction Index (ACSI), one which measure customer satisfaction for timeliness, accuracy, and usability of agricultural statistics and the second measuring the relevance of the data. In 2001, the ASCI was conducted to develop a baseline rating of 72. This rating was comparable to customer satisfaction ratings received by private industry and 3 points higher than the average Federal government. The ASCI is being conducted in FY 2004 to measure the current level of customer satisfaction and identify where NASS should focus on making program improvements.

Evidence: 2003-2008 Strategic Plan and GPRA reports.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight 20%

Explanation: NASS has consistently reported through the annual GPRA reporting process that it has met its program goals and has successfully met or exceeded most of its annual performance targets, historically averaging, about 78 percent of the time. Of the four annual measures included in the PART, the timeliness of reports measure has one of the longest performance history and the annual accuracy measure using target coefficients of variation was also integrated in a previously funded budget initiative. Our newest measures for customer satisfaction and efficiency measures have shorter performance histories. All measures used in the PART are integral to monitoring our level of success in providing timely, accurate and useful statistics in meeting the public need. The agency received a "small extent" since it was unable to show progress related to current targets.

Evidence: GPRA reports

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: SMALL EXTENT Question Weight 20%

Explanation: NASS has consistently collected, compiled and released agricultural statistics and expanded the availability of electronic products and services with the base funding focusing on resources aligned with its core program. Funding initiatives have focused on improving the quality of its core program that has eroded over time due to unfunded pay and inflation costs. In meeting customer data needs, the number of new products and services have averaged 14 new products per year since 1999 with a high of 20 in 2003. Additionally, the number of regular scheduled reports expanded from 419 in 1999 to a high of 508 reports in 2002, an increase of 21 percent. This was all accomplished while staffing resources at the same time shrank by 3 percent demonstrating an efficient use of appropriated resources in serving the public need.

Evidence: NASS budget documents, 2003-2008 Strategic Plan, and GPRA reports. An example of the efficiency achieved in NASS is the comparison of FTEs compared to the amount of work conducted. In FY 2004, there was a total of 1,086 permanent full-time employees in NASS, compared to 1,114 in the FY 1999. This reduction was achieved while increasing the number of surveys conducted through appropriations and congressional mandates, opening of a State Statistical Office in Puerto Rico, and absorbing nearly 9 percent of the NASS budget in unfunded pay costs. This 5 year period also included NASS's first full cycle for the Census of Agriculture and its associated follow-on surveys. All of the increased work was accomplished with less staff through efficiencies gained in methodology and technology, such as increased electronic data capture and data analysis procedures.

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: YES Question Weight20%

Explanation: NASS customer satisfaction is comparable to private industry and 3 points higher than the average Federal government ratings. In 2002, the OPM Federal Human Capital Survey, the Best Places to Work Index NASS scored 66.8, placing NASS in the top tier of high performing organizations, scoring above the 80th percentile benchmark scores out of 189 organizations surveyed by OPM.

Evidence: The Federal Consulting Group administers and complies the American Customer Satisfaction Index which can be found at http://www.fcg.gov/. 2001 American Customer Satisfaction Survey conducted by the Federal Consulting Group. 2002 OPM Federal Human Capital Survey, the Best Places to Work Index.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: LARGE EXTENT Question Weight20%

Explanation: An independent, external evaluation, similar to those most recently conducted by AAEA, will be completed on the Agricultural Statistics Program after the 2002 Census of Agriculture. This will be based on a comprehensive internal program review completed by NASS staff after each census cycle. Recommended annual program changes are presented for further review at the USDA Data User Meetings and to the independent Advisory Committee on Agriculture Statistics. Recommendations of independent outside sources have shown effectiveness of the Agricultural Statistics Program and have been used to improve data services and products.

Evidence: NASS has annual and periodic assessments of program products and services that are reviewed by the Advisory Committee on Agricultural Statistics and presented at the annual Data User Meetings. Recent independently published research provides evidence of program effectiveness: "Understanding USDA Corn and Soybean Production Estimates", (AgMAS Project Reseach Report, University of Illinois, Ocitber 2003, this recent academic evaluation cites the following: "Overall, the forecasting performance of the USDA in 2003 relative to the private market was quite strong, particularly for early season corn and soybean production forecasts in August and September. Furthermore, despite many claims to the contrary, the August, September, October and November 2003 USDA corn and soybean forecasts generally were within or near historical ranges in terms of magnitude of changes, forecast errors, market surprises and price reactions. Other positive reactions were made by the Advisory Committte on Agrcuktural Statistics (February 17-18, 2004), the Data Users Meeting (October 20, 2003) and Data Task Force (February) 1997. Periodic assessment of program products and services are annually reviewed by the Advisory Committee on Agriculture Statistics and presented at the annual USDA Data User Meetings. Recent independently published research provides evidence of program effectiveness--"Understanding USDA Corn and Soybean Production Forecasts: An Overview of Methods, Perfromance and Market Impacts", October 2003. Historical independent evaluations include -- American Agricultural Economics Association (AAEA) Task Force Review, June 1998; AAEA Task Force Report, February 1997; USDA Economics and Statistics Review Panel, June 1985; Report of Statistical Reporting Service (SRS) Review by AAEA, October, 1984; The Census-USDA Data System: Relationships and Opportunities by Kenneth Farrell, Food and Agricultural Policy Progam, and Gaylord Worden, Census Bureau, October 1982; Agency Review by Outside Experts Report by the Center of Survey Statistics, Research Triangle Institute, September 1984; Outside Review of ESCS Statistics Progams by Research Triangle Institute, 1979.

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

Measure: The American Customer Satisfaction Index (ACSI) score for providing timely, accurate, and useful statistical products and services.

Additional Information: This quality measure is a nationally recognized indicator of customer evaluations of the quality of services provided to the public used by private and public institutions. Customers surveyed include data users, stakeholders, cooperators, and policymakers.

Year	Target	Actual
2001	72	72
2004	75	77
2005	76	
2006	77	

Measure Term: Long-term

Measure: Percent of total national U.S. agricultural production covered annually by official USDA statistics

Additional Information: This coverage measure provides an indication of the expansion (or contraction) of NASS statistical programs from year to year based on total farm cash receipts calculated by the Economic Research Service (ERS). The census of agriculture accounts for all commodities and sales, therefore cash receipts are 100 percent every 5 years when the census is conducted.

Year	Target	Actual
2002	100%	100%
2003	95%	96%
2004	92%	
2005	94%	
2006	96%	

Measure Term: Long-term

Measure: The relevance of the report content of NASS products and services as measured by the American Customer Satisfaction Index score

Additional Information: This relevance measure tracks content and usefulness of NASS data products and services

Year	Target	Actual
2001	81	81

Measure Term: Long-term

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

2004	>85.0	84
2005	>86.5	
2006	>88.0	

Measure: Timeliness: Percent of time official reports are released on the date and time pre-specified to data users.

Additional Information: This timeliness measure tracks timeliness of official USDA statistical reports. The threshold value for meeting this performance target is 99.5%.

Measure Term: Annual

Year	Target	Actual
2002	100%	99.8%
2003	100%	99.8%
2004	100%	99.4%
2005	100%	

Measure: Accuracy: Percent of key survey estimates meeting statistical precision targets.

Additional Information: This accuracy measure tracks the precision of statistical estimates computed from surveys of farmers, ranchers, and agribusinesses. The prescision of these estimates directly affects the quality of official USDA agricultural estimates. Targets are re-evaluated every 5 years coinciding with the census of agriculture cycle and other commodity program reviews normally completed during the census cycle.

Measure Term: Annual

Year	Target	Actual
2003	67%	67%
2004	72%	71%
2005	75%	
2006	83%	

PART Performance Measurements

Program: National Agricultural Statistics Service
Agency: Department of Agriculture
Bureau: National Agricultural Statistics Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	60%	Effective

Measure: Usefulness: The ease of use, frequency and timely delivery of NASS products and services as measured by the American Customer Satisfaction Index (ACSI)

Additional Information: This measure is a component of the ACSI for tracking improvements in report distribution specifically looking at user accessibility, frequency, and timeliness of delivery of data products and services. This component is key to making the greatest impact of the long term measure of quality, the overall ACSI score.

Year	Target	Actual
2001	77	77
2004	>79.0	82
2005	>80.0	
2006	>81.0	

Measure Term: Annual

Measure: Increase in the annual survey development and data collection costs per sample unit compared to the annual rate of inflation as measured by the ECI is less than one

Additional Information: This efficiency indicator measures NASS annual costs for survey development and data collection activities compared to the annual rate of inflation as measured by the Bureau of Labor Statistics (BLS) Employment Cost Index (ECI) for Private Industry. The annual percent change in NASS survey costs from the previous to current year is compared to the annual percentage change in the ECI.

Year	Target	Actual
2002	<1	-0.56
2003	<1	0.38
2004	<1	-0.15
2005	<1	

Measure Term: Annual

PART Performance Measurements

Program: National Forest Improvement and Maintenance
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose is to improve, maintain, and operate facilities, roads, trails, and infrastructures to facilitate recreation, research, fire, administrative and other uses on FS lands.

Evidence: Forest Roads and Trails Act, P.L. 78-412 Department of Ag. Organic Act, Section 205 (16 USC 579 (a)). DOI and Related Agencies Appropriation Acts.

1.2 Does the program address a specific interest, problem or need? Answer: YES Question Weight20%

Explanation: The proper management and upkeep of the FS's infrastructure is in the interest of the public, since many rely on it for recreation. In addition, the program is tasked with upkeep of administrative and fire facilities.

Evidence: The multi-billion dollar facilities infrastructure includes 381,000 miles of roads, 133,000 miles of trails, and approximately 50,000 buildings. FS reports there is a current $13 billion backlog in maintenance and improvements (includes indirect costs).

1.3 Is the program designed to have a significant impact in addressing the interest, problem or need? Answer: YES Question Weight20%

Explanation: There is a clear need for improving and maintaining the safety and economy of roads, trails and facilities on NFS lands. Increasing or decreasing funds has a direct impact on the conditions of NFS roads, trails and facilities.

Evidence: Funding for capital improvement and maintenance on NFS lands comes from Capital Improvement and Maintenance ($546 million) and FHWA's Federal Lands Highway Program ($162 million). The NFS trails system accommodates millions of annual visitors and all resource and utilization programs depend on the Roads program for access. Over 90 percent of road system use is by recreationists.

1.4 Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)? Answer: YES Question Weight20%

Explanation: This is the only program addressing capital improvement and maintenance within the confines of FS properties, so there is no duplication of other Federal, state, local or private efforts.

Evidence: The program has sole responsibility for meeting Objective 4.b of the strategic plan. The outcomes include eliminating 95% of identified safety concerns and a 10% increase in number of facilities maintained to safety standards.

PART Performance Measurements

Program: National Forest Improvement and Maintenance
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

1.5 Is the program optimally designed to address the interest, problem or need? Answer: NO Question Weight20%

Explanation: The program is very delinquent with capital maintenance and improvements. Work is needed to create a more efficient process for decommissioning obsolete and underutilized facilities. The FS is working to creating a more effective process for prioritizing needs and targeting resources to better reflect budget realities.

Evidence: FS is making progress prioritizing based on health and safety needs, though a comprehensive prioritization process is lacking. FS is attempting to address this problem through: (1) Facilities Master Plans--prioritizing projects based on health and safety and mission-critical needs, (2) Roads analysis--aligning road system with available road budget by identifying investments that will reduce future maintenance needs, (3) Value Analysis process--assessing projects for efficiency improvements.

2.1 Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight20%

Explanation: Long-term goals emphasize reductions in identified safety and health concerns. As a result the maintenance program has been focused on high priority maintenance and minor improvements, especially the backlog of maintenance projects. While a timeframe has been established (FY 2006), goals could be strengthened by establishing a firm baseline and including an efficiency measure (such as $/mile maintained) to assess cost-effectiveness. As there is no firm baseline, the FS has had difficulty demonstrating progress achieving their goals because as the backlog continues to grow, all the program is demonstrating is a reduced backlog growth rate.

Evidence: FY03 Budget Justification; Forest Service Strategic Plan, specifically Goal 4: Effective Public Service: "Ensure the acquisition and use of an appropriate corporate infrastructure to enable the efficient delivery of a variety of uses" and Objective 4.b "Improve the safety and economy of USDA Forest Service roads, trails, facilities, and operations and provide greater security for the public andemployees". See Section IV, Question 1 for a list of long-term performance goals.

2.2 Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals? Answer: YES Question Weight20%

Explanation: Currently, performance measures imperfectly link the Capital Improvement and Maintenance (CIM) program to the long term strategic goals. Annual performance goals as defined in budget justification materials (FY 2002 and FY 2003) were based on the Budget Formulation and Execution System (BFES) process, which only yields outputs, not outcomes. For example, BFES tracks number of miles maintained to objective standard and number of projects completed. This information does not provide adequate information on how the program is performing. Furthermore, the information from BFES does not measure or prioritize the deferred maintenance backlog as the agency's long-term strategic goals indicate. There is a disconnect between the performance measures listed in the FY 2002 annual performance plan and the measures used in budget justification materials as the Forest Service has moved towards using the output-oriented measures from BFES. Results-oriented performance measures that are linked to the strategic plan will be used beginning in FY 2004.

Evidence: Budget Justification Chapter 8. Examples include the Annual Activity of "miles of road decommissioned", "miles of trail maintained to standard" and "Facility Condition Index". Roads, Trails and Facilities all have respective measures that reflect the agencies goals for that year. In comparison the FY 2002 annual performance plan listed more quantifiable and results-oriented measures that are linked to the strategic plan and meaningful to the field. For example, "Percent of roads under Forest Service Jurisdiction with no critical deferred maintenance needs" and "Percent increase in the number of agency facilities and infrastructure that meet health, safety, and environmental standards."

PART Performance Measurements

Program: National Forest Improvement and Maintenance
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

2.3 **Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?** Answer: NO Question Weight 10%

Explanation: While the program has standard contracts with set goals regarding performance and timelines, there is no evidence that contracts are aligned with program goals. Additionally the program follows Federal Acquisition Regulations, and has a Value Engineering performance requirement for large cost projects. However, contracts are not linked to the program's annual and/or long-term goals of the program. Measures should also assess cost-effectiveness by including benchmarks such as $/miles maintained against which projects could be evaluated.

Evidence: Standard Specification Performance Section; FS Manual 7700 Transportation System: Value Engineering clause requirement, Value Analysis requirement. Contracts include basic time and performance requirements, but they do not document how it "ensures that partners support the overall goals of the program and measure and report on their performance as it relates to accomplishing those goals," as called for in the PART guidance.

2.4 **Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?** Answer: YES Question Weight 10%

Explanation: Although the FS is the only program allowed to operate in this capacity on FS lands, the program does work closely with state and local governments, Native American tribes, and citizens to create Forest Development Plans. FS also collaborates with other agencies such as BLM that may have cross-cutting goals.

Evidence: The FHWA has similar goals in that they are focused on providing safe and efficient systems of roads to the public. The FS works hand in hand with the FHWA Division of Federal Lands Highway in support of this goal and execution of contracts to accomplish this. Another example is the collocation of BLM and FS offices in order to provide "one stop shopping" to the public and eliminate the need to maintain two facilities separately. Additionally, through MOUs, the FS partners with Counties to manage overlapping road maintenance requirements.

2.5 **Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?** Answer: NO Question Weight 10%

Explanation: This program does not undergo regular, independent evaluations from outside sources such as GAO, OIG, etc.

Evidence: Although the FS does not request independent evaluations, the agency does provide internal management reviews for this program. This consists of an overall review from the HQ to field levels in which the entire program execution and effectiveness is evaluated and improved upon.

PART Performance Measurements

Program: National Forest Improvement and Maintenance
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

2.6 **Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?** Answer: YES Question Weight 10%

Explanation: Through the use of the Budget Formulation and Execution System (BFES), the Forests and Regions develop program budgets and corresponding targets. These targets are directly associated with the output-oriented annual goals and therefore can be adjusted based on changes in funding, policy, or legislation. An annual set of BFES curves are developed based on strategic and annual performance plan documents, which provide information on how much funding is necessary to achieve a desired outcome or output.

Evidence: BFES system is developed such that any change in funds available will readily show the associated change in annual performance goals. The Capital Improvement and Maintenance budget structure was recently realigned to correspond with the goals and work activities of the program. However, given the unattainable goals of the program, there is no way in the foreseeable future that the program would receive enough funds to meet their program goals. Much more effort is needed to align their infrastructure inventory with what can be sustained with available maintenance funding.

2.7 **Has the program taken meaningful steps to address its strategic planning deficiencies?** Answer: YES Question Weight 10%

Explanation: Steps have been taken to tier the annual performance measures with the strategic plan. The program has also reviewed the previous annual performance plans and revised it better correlate with the strategic plan. However, performance measures listed in the annual performance plan should be used to document progress rather than the output-oriented activity measures developed in BFES.

Evidence: FS revised the Strategic Plan to incorporate specific objectives and long term goals and conducts annual performance plan reviews. In addition, the agency plans on revising its strategic plan in FY 2003.

2.CAP1 **Are acquisition program plans adjusted in response to performance data and changing conditions?** Answer: YES Question Weight: 5%

Explanation: The program has updated its priority list of projects based upon changing conditions.

Evidence: In response to the National Fire Plan, project priority lists were updated to place an increased priority on reducing the backlog of maintenance needs of fire facilities. Priorities were also adjusted in FY 2001 to reflect critical health and safety conditions.

2.CAP2 **Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule and performance goals?** Answer: YES Question Weight: 5%

Explanation: A Roads Analysis is currently being completed to align the open road system with the available road maintenance budget. Road Management Objectives (RMOs) will be established to identify management needs and objectives set forth in Forest Plans. Roads will be operated and maintained to standards necessary to meet RMOs. Facilities Master Plans are also being updated and the program has pilot authority to sell obsolete facilities in some areas and use funds for maintenance needs. Value engineering analysis is also done. However, better asset management is needed so that FS can get rid of underutilized assets and target funds to mission-critical areas and critical health and safety needs.

Evidence: Value Engineering Analysis, Roads Analysis, Facilities Master Plans.

PART Performance Measurements

Program: National Forest Improvement and Maintenance
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 10%

Explanation: Performance information, such as miles maintained to standard, is collected on a regular basis and is used to base decisions for future budget allocations. Protocols are set to distinguish between critical and non-critical health and safety deficiencies. These protocols are followed by the FS when inputting data into the database.

Evidence: Management Attainment Reporting (MAR), Infrastructure date base (INFRA), INFRA DM Protocols, GPRA, Road Accomplishment Report, National Scenic and Historical Trail Information Report.

3.2 Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results? Answer: YES Question Weight 10%

Explanation: All agency line officer performance standards and evaluation criteria include requirements on GPRA goals and objectives, and annual performance plan targets. Additionally, the Acquisition Management Group provide oversight of all contracts within the CIM program.

Evidence: Line Officer Annual Evaluation and Performance Standards. Standard Contract Documentation, Federal Acquisition Regulations.

3.3 Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 10%

Explanation: While, unobligated balances for construction are large, the nature of the CIM program requires substantial planning and reviews prior to project construction. This imposes a schedule in which funds (averaging approximately $119 million over the last few years), must be carried over from one fiscal year to the next. Unobligated balances are lower than or comparable to other programs with similar purposes. The Forest Service CIM program uses the Foundation Financial Information System (FFIS) and Acquisition Management (AQM) Staff to ensure that all funds appropriated for capital improvements and maintenance are obligated for intended purposes.

Evidence: FFIS and Acquisition Management Systems. In addition, the Budget Justification provides a specific breakdown of the funds request within the CIM program. Additionally, a project list is provided to Congress for large capital improvement projects in the facility program.

3.4 Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 10%

Explanation: Through the Value Analysis process, each project is reviewed for efficiency, including energy efficiency, cost effectiveness, and possible financial savings. Additionally, contracts include a Value Engineering clause that allows contractors to submit proposals for changes to the contract that will save the Government time and/or money while still meeting performance criteria.

Evidence: FS Manual 7721 Value Engineering; FS Manual 7300 Value Analysis. Collocation of Ranger District Offices into one energy efficient, productive office. Also collocation of FS office with BLM office in field for effective public service. Interagency Long Distance Trail Coordinators are established to coordinate work on trails through multiple jurisdictions.

PART Performance Measurements

Program: National Forest Improvement and Maintenance
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

3.5 Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?

Answer: YES Question Weight 10%

Explanation: Field offices develop a budget in line with line officer's priorities based on the Budget Formulation and Execution System (BFES). This system allows for tradeoffs between programs and clearly shows how these tradeoffs affect performance measures which feed the annual plan. Direct and indirect costs are included, such as salaries, rent, contract costs and utilities. However, indirect costs of CSRS employee pensions and FEHBP program costs are not captured.

Evidence: FY 2003 budget justification materials, Budget Formulation and Execution System (BFES)

3.6 Does the program use strong financial management practices?

Answer: NO Question Weight 10%

Explanation: The Forest Service has not received a clean audit opinion (actually received a "no opinion") and have material internal control weaknesses. One of the material weaknesses is over general plant, property, and equipment, which relates to this program. In addition, the FS has had problems with collections of timely, reliable, and complete financial data. Specific to this program, BFES (the financial system used by the program) does not connect to the administrative financial system (FFIS).

Evidence: FY 2001 Financial Audit (February 2002). The FS is undergoing an OIG Audit on Financial Management in 2001/2002. However, steps are being taken to use FFIS and the INFRA database to clearly track expenditures and manage funds more effectively.

3.7 Has the program taken meaningful steps to address its management deficiencies?

Answer: YES Question Weight 10%

Explanation: Through Management Reviews and Monitoring Trips and the INFRA database, staff review all management activities and develop steps to improve the program outcomes. FS is also in the process of reviewing 50% of its Facility Master Plans and setting Roads Management Objectives. FS has established decision-making responsibility at the field level to better inform program management as managers are able to utilize local knowledge of deficiencies. However, further steps are needed to establish comprehensive prioritization processes and goals.

Evidence: INFRA (used to track detailed program and infrastructure data), Monitoring Trip Reports, FS Manual 1460: Management Reviews

3.CAP1 Does the program define the required quality, capability, and performance objectives of deliverables?

Answer: YES Question Weight 10%

Explanation: Standards for maintenance are listed in handbook. Performance criteria and quality assurance requirements are included in each contract. Specific performance measures are also included in each forest/regional officer's yearly performance evaluations.

Evidence: Included in contracts are term limits, quality specifications and performance criteria. Inspectors ensure that contract work is being done properly and, if not, contractors are assessed penalties based on actual damages. The Forest Service also evaluates past performance of contractors, even if the contracts were awarded to a different agency.

PART Performance Measurements

Program: National Forest Improvement and Maintenance
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

3.CAP2 **Has the program established appropriate, credible, cost and schedule goals?** Answer: NO Question Weight 10%

Explanation: No evidence was provided that would indicate the program established appropriate, credible, cost and schedule goals.

Evidence: While forest supervisors determine priority lists for the infrastructure they manage and look for projects that will yield the most value, no goals have been established to address cost effectiveness for the overall program. However, projects undergo a "Value Analysis process" where each project is reviewed for efficiency, cost effectiveness, and possible financial savings.

3.CAP3 **Has the program conducted a recent, credible, cost-benefit analysis that shows a net benefit?** Answer: NA Question Weight: 0%

Explanation:

Evidence:

3.CAP4 **Does the program have a comprehensive strategy for risk management that appropriately shares risk between the government and contractor?** Answer: YES Question Weight 10%

Explanation: Analysis of risks are performed through several processes and documented, including NEPA documents that evaluate environmental, social and economic impacts of the proposed construction and maintenance project.

Evidence: NEPA documents, specific contract requirements (bonding/schedule/specifications), value analysis and value engineering processes. Through the Value Analysis process, projects are reviewed for efficiency, including cost-effectiveness. Contracts also include a Value Engineering clause that allows contractors to submit proposals to changes to the contract that will save the Government time and/or money while still meeting performance criteria.

4.1 **Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?** Answer: SMALL EXTENT Question Weight 25%

Explanation: To the extent that funds are available, this program has made great strides in achieving its outcome goals. However, due to the lack of funding, the long term goals still remain unattainable and may need to be revised or more clearly defined to more accurately reflect what can reasonably be accomplished given limited resources. As it stands, the Forest Service is only able to demonstrate that it is reducing the growth rate in the deferred maintenance backlog. It is clear that additional efforts are needed to align infrastructure with available resources and to leverage resources from other sources.

Evidence: GPRA, Forest Service Strategic Plan (FY 2000-FY 2005)

PART Performance Measurements

Program: National Forest Improvement and Maintenance
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight25%

Explanation: The FS sets annual performance goals based on the budget available for the year. As the program received a No in Question 2 of Section 2, the program must receive a No answer to this question. As previously mentioned annual performance goals could be strengthened by including efficiency-based targets and by developing annual performance measures that are results-oriented, linked to the strategic plan and are meaningful to the field. There is some confusion as to what performance measures are being used to document annual progress. The Budget Formulation Execution System (BFES) generates a number of outputs based on funding levels, which were subsequently used to document annual progress. However, while an annual performance plan was not submitted with this past year's budget (FY 2003) and BFES outputs were used as annual measures, previous years' annual performance plans included measures more aligned with the strategic plan. It is OMB's understanding that new annual performance measures will be used for the FY 2004 budget.

Evidence: Annual Performance Plans, Management Attainment Reporting (MAR), Roads Accomplishment Report (RAR), Budget Formulation Evaluation System (BFES); FY 2003 Budget Justification.

4.3 Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight25%

Explanation: The program has made strides in achieving its annual goals and focusing funds in the areas that will provide the most cost-effective results. The field based budgeting system allows for improved flexibility and cost effective execution. Efforts aimed at prioritizing projects (e.g., Roads Analysis, Facilities Master Plan) will also help to this end.

Evidence: Actual performance vs. Targets; FS is currently under going an A-76 outsourcing study for cost effectiveness and efficiency of public works activities.

4.4 Does the performance of this program compare favorably to other programs with similar purpose and goals? Answer: NA Question Weight: 0%

Explanation: No other program exists that has similar purpose and goals. No common performance measure exercise completed to evaluate performance against another program.

Evidence: N/A

4.5 Do independent and quality evaluations of this program indicate that the program is effective and achieving results? Answer: NA Question Weight: 0%

Explanation: The program received a "No" in section II, question 5 as no independent and quality evaluations are conducted for this program.

Evidence: While monitoring trip reports and management review reports are used to assess the program, no other independent program evaluation has been conducted.

PART Performance Measurements

Program: National Forest Improvement and Maintenance
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

4.CAP1 **Were program goals achieved within budgeted costs and established schedules?** Answer: NO Question Weight25%

Explanation: No evidence given that program goals were achieved within budget costs and established schedules.

Evidence: While cost estimates are given for large projects, OMB has not received any detailed cost or schedule estimates for program goal implementation. As the goals are currently defined, such cost estimates would greatly overwhelm available budget resources.

PART Performance Measurements

Program: National Forest Improvement and Maintenance
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

Measure: Facilities Condition Index (a ratio of the cost of remedying maintenance deficiencies to the current replacement value, commonly used by private firms to monitor condition of facilities)

Additional Information:

Year	Target	Actual	**Measure Term:** Long-term
2003	0.87	0.87	
2004	0.87		
2005	0.87		

Measure: Miles of road reconstruction and capital improvement

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2003	24,579	24,579	
2004	28,965		
2005	35,080		

Measure: Miles of trail maintained to standard

Additional Information:

Year	Target	Actual	**Measure Term:** Annual
2003	26,301	26,301	
2004	25,592		

PART Performance Measurements

Program: National Resources Inventory
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The National Resources Inventory (NRI) is a statistically based survey that has been designed and implemented using scientific principles to assess land use and natural resource conditions on non-Federal lands in the United States. Several pieces of legislation have mandated that NRCS collect data on natural resources. The key statute in authorizing resources inventory activities within NRCS is the Rural Development Act of 1972. It directs the Secretary of Agriculture to implement a land inventory and monitoring program and to issue reports on the condition and trends of soil, water, and related resources. In addition, the objectives for NRCS in conducting natural resources inventories are clearly articulated in the Resources Inventory Policy - General Manual Title 290 Part 400.

Evidence: Legislation: Soil Conservation and Domestic Allotment Act of 1935 (Public Law 74-46, 16 U.S.C. 590 a-f), Rural Development Act of 1972 (Public Law 92-419, 7 U.S.C. 1010a), Soil and Water Resources Conservation act of 1977 (Public Law 95-192, 16 U.S.C. 2004). NRCS Policy: General Manual Title 290 Part 400 - Resources Inventory.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The NRI serves as the Federal Government's principal source of information on the status, condition, and trends of soil, water, and related resources in the United States. NRCS needs scientific data on natural resources and environmental conditions that is valid, timely, relevant, and credible.

Evidence: Legislation: Soil Conservation and Domestic Allotment Act of 1935 (Public Law 74-46, 16 U.S.C. 590 a-f), Rural Development Act of 1972 (Public Law 92-419, 7 U.S.C. 1010a), Soil and Water Resources Conservation Act of 1977 (Public Law 95-192, 16 U.S.C. 2004). NRCS Policy: General Manual Title 290 Part 400 - Resources Inventory. NRCS Documents: NRCS Strategic Plan FY 2003-2008, NRCS Performance Results Measurement System (PRMS) documents.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The NRI is the most comprehensive database of its kind ever attempted anywhere in the world. No other database on the condition of natural resources has the depth of information as does the NRI, nor the breadth to provide national results. The NRI is unique because 1) it provides a nationally consistent database for all non-Federal lands; 2) it features data on resource trends, gathered and monitored in 1982, 1987, 1992, 1997, and 2001 by thousands of technical and natural resource data collection experts; and 3) it has a direct correlation with soils data, which permits analysis of resources in relation to the capability of the land and in terms of soil resources and conditions.

Evidence: NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resouces Inventory (NRI), Summary Report 1997 National Resources Inventory (revised December 2000).

PART Performance Measurements

Program: National Resources Inventory
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: YES Question Weight 20%

Explanation: The NRI is a statistically based survey that has been designed and implemented using scientific principles. Current NRI statistical procedures are a result of decades of collaborative research between NRCS and Iowa State University's Center for Survey Statistics and Methodology.

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight 20%

Explanation: The NRI has been implemented specifically to provide natural resources information to the Secretary of Agriculture. The NRI continues to target its efforts at providing updated, pertinent information for USDA by adjusting its annual surveys to meet national information needs and advance the agency's mission over time.

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI), NRI budget requests.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: NO Question Weight 12%

Explanation: The objectives of the NRI are to provide scientifically credible, timely, and relevant information about the nation's natural resources. OMB continues to have concerns, however, with the long-term performance measures included in this analysis.

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight 12%

Explanation: Because the answer to Question 2.1 was "no," the PART guidance requires that the answer to this question also be "no."

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight 12%

Explanation: Two annual measures are included in this review. They are based on data gathering deadlines and quality guidelines set in the annual NRI Business Requirements Report. This report specifies workload assignments on the number of samples to be completed as well as a time line for identifying the major NRI activities for the reporting period.

Evidence: NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

PART Performance Measurements

Program: National Resources Inventory
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

2.4 **Does the program have baselines and ambitious targets for its annual measures?** Answer: YES Question Weight 12%

Explanation: In order for the NRI to meet short- and long-term goals, baseline sample sizes and standards for statistical reliability have been established.

Evidence: NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight 12%

Explanation: The cooperator on the NRI, the Center for Survey Statistics and Methodology at Iowa State University, provides internationally recognized expertise in theoretical and applied aspects of survey design, survey operations, statistical estimation technique, and statistical analysis. ISU has cost-shared with NRCS on NRI work throughout the entire period of the cooperative agreement to support program goals.

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Cooperative Agreement 68-3A75-108.

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 12%

Explanation: The NRI has regularly been reviewed by independent and/or outside organizations in order to assure the quality of its natural resources data. Program management has used the recommendations from these evaluations as guidelines for making improvements in the NRI. Additionally, the resources inventory program has an active Advisory Group in place for providing guidance on a variety of strategic and operational issues and has initiated an internal Quality Assurance program.

Evidence: NRCS Documents: Data Rich, Information Poor; By the Numbers; Proceedings from NRI Workshop, 2000; Oversight and Evaluation Report, 2002; NRI Advisory Group documentation; Resources Inventory Quality Assurance Plan.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight 12%

Explanation: The NRI budget is directly tied to sample size and workload. The NRI budget spreadsheets delineate specific resource needs for particular program activities. Any changes in sample size due to funding or policy shifts affects the delivery of NRI data and products.

Evidence: NRCS Documents: NRI budget requests, NRI statistical design.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 12%

Explanation: NRI Policy has instituted the development of 1-, 2-, and 5-year plans, wherein program objectives are enumerated. The NRI provides the basis for specific measures and objectives in the NRCS strategic plan.

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI), NRCS Strategic Plan 2003-2008.

PART Performance Measurements

Program: National Resources Inventory
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: Performance information is collected on two crucial NRI activities: 1) samples completed for data collection and 2) samples that have passed data review. This information is available in real time, on-line for review by program managers, State Conservationists, State Resources Inventory Coordinators, ICCS leaders, Headquarters staff, etc. In addition, progress reports on the status of data collection were sent to State and Regional Conservationists, ICCS leaders, and State Resources Inventory Coordinators every month during data collection. This information was used by these managers to monitor performance and to allocate resources accordingly.

Evidence: NRCS Documents: Monthly progress reports on status of data collection, graphs and maps on status of data collection, maps of status of data review.

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 14%

Explanation: NRI staff are expected to complete NRI activities on schedule each year with the funds allotted. NRCS State Conservationists are ultimately responsible and accountable for program implementation, financial integrity, and adherence to schedules. Responsibilities of all involved parties are outlined in the Resources Inventory Policy. Annual goals are articulated in the Business Requirements Report. Specifics on workload/sample size, schedule, and deadlines are distributed to each State. The NRI Quality Assurance Plan provides guidance on maintaining the quality of the data. Financial reimbursements for cooperators are tracked through the FSIS system.

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI), NRI Quality Assurance Plan.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight 14%

Explanation: NRI funds are obligated and disbursed along with the rest of the Conservation Operations appropriations. Funding is allocated through the Resources Inventory Division to the Budget Allocation Office, which distributes funds to the States. Funding for the NRI partner at Iowa State University is executed through a cooperative agreement.

Evidence: NRCS Documents: NRI budget requests, Cooperative Agreement 68-3A75-9-108.

PART Performance Measurements

Program: National Resources Inventory
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 14%

Explanation: "Yes" is a valid answer for this question, but the program should develop efficiency performance measures. The IT investments and improvements the program has made in recent years may be increasing efficiency, but OMB is currently not aware of efficiency measures that track these improvements. The majority of NRI data is collected using remote sensing at 21 Inventory Collection and Coordination Sites (ICCS's), located throughout the country. These ICCS's are responsible for front-line management and leadership of data collection activities. Full-time, part-time, temporary, and volunteer employees are used to achieve the maximum utilization of resources in the data collection process. The ICCS's employ cutting-edge technology in program execution, including Web-based instructional systems, high quality analogue and digital imagery, hand-held data collection devices with a computer-assisted survey instrument, military-grade GPS units, and a Web-based data review system.

Evidence: NRCS Documents: NRI Data Collection Instructions, NRI Imagery Contract documents, Personal Digital Assistant document, Computer-Assisted Survey Instrument, Data Review System documents.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: Active coordination of resources inventory efforts has been executed between the NRI and other USDA and outside programs. The NRI focuses on private lands and collaborates with the National Agriculture Statistics Service on their enumeration of private agricultural lands. The NRI also coordinates with the Forest Service (Forest Inventory and Analysis) and the U.S. Fish and Wildlife Service on complementary activities on public lands, and with Minnesota Department of Natural Resources on regional studies. NRI Policy directs the coordination of the NRI program with other Federal, State, Tribal, and local government resources inventory programs when feasible, practical, and consistent with NRCS's mission.

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: NRI budget line items; joint USDA-DOI release of wetlands data, 2001; MN DNR reports. USDA Document: Integrating Surveys of Terrestrial Natural Resources: The Oregon Demonstration Project.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: The Federal Financial Management Improvement Act established a statutory requirement for agency heads to assess, on an annual basis, whether their financial management systems comply with Federal financial management system requirements; applicable Federal accounting standards; and the Standard General Ledger at the transaction level. The agency Financial Management Director certified that the NRCS financial management system is in compliance with this Act.

Evidence: FSIS System, General Manual Title 250.

PART Performance Measurements

Program: National Resources Inventory
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: NRI operating procedures were formalized with the implementation of NRI Policy. The adoption of the NRI policy was a significant step in articulating program objectives, outlining responsibilities, and establishing a schedule for specific management activities. Within the last 2 years, a Quality Assurance effort has been initiated to address management issues. The NRI program has received valuable feedback from several objective, external reviews, most recently from the Oversight and Evaluation Division. NRI managers are currently incorporating many of these suggestions into the program. Additionally, input from the NRI Advisory Group is useful in improving program management.

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Oversight and Evaluation Report--National Resources Inventory, NRI Advisory Group documents, Resources Inventory Quality Assurance Plan.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight 25%

Explanation: Because the answer to Question 2.1 was "no," the PART guidance requires that the answer to this question also be "no." The overriding goal of the NRI is to provide credible, timely, and relevant information about the Nation's natural resources and environmental conditions at national, regional, and State levels.

Evidence: NRCS Documents: NRCS Strategic Plan 2003-2008, Performance Results Measurement System documents, Communication Sheet on NRI data use, Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight 25%

Explanation: Two of the annual output measures included in this review have performance results reported. Though the program has not meet its target of 100% for the two measures, it has been improving its performance in one measure to near the target level.

Evidence: NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI), Transcripts of Chief's Testimony to Congressional Appropriations Committees.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: SMALL EXTENT Question Weight 25%

Explanation: The NRI program does not have efficiency measures, but the program has implemented a number of meaningful IT improvements in recent years to enhance efficiency and program performance. Increased utilization of technology, such as digital imagery, has resulted in a number of advances in the program. Improvements have been noted in meeting the deadline for data collection, increases in data collection efficiencies, reductions in error rates, and reduced costs for imagery. Until the program can better document its improved efficiencies, however, the score for this question cannot be more than "small extent."

Evidence: NRCS Documents: Graph comparing 2001 vs. 2002 data collection production, Data Review System error reports, NRI imagery contract documents.

PART Performance Measurements

Program: National Resources Inventory
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: NA Question Weight: 0%

Explanation: While there are other federal resource inventory programs, such as the Forest Inventory Analysis, Forest Health Monitoring Survey, NASS surveys, and the National Wetlands Inventory, NRCS's NRI program is unique because they do not have the same measurement objectives, they are land and resource assessment programs. The NRI is the only statistically-based national inventory of land use and resource conditions in the country. OMB is not aware of analyses that have reviewed the relative performance of these programs.

Evidence: NRCS Documents: Integrating Surveys of Terrestrial Natural Resources: The Oregon Demonstration Project; Data Rich, Information Poor; Summary Report--1997 National Resources Inventory (revised December 2000); NRI Web site.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: LARGE EXTENT Question Weight25%

Explanation: Independent evaluations have affirmed the value of the NRI, and have made recommendations for improving operations and/or delivery of products. The most recent independent evaluation, Oversight and Evaluation Report--National Resources Inventory (2002), indicated that improvements could be made in the NRI program but agency changes were necessary for these improvements to occur. Actions are underway to address the recommendations.

Evidence: NRCS Documents: Oversight and Evaluation Report--National Resources Inventory (2002), By the Numbers; Proceedings of NRI Workshop (2000); Data Rich, Information Poor.

PART Performance Measurements

Program: National Resources Inventory
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

Measure: Percent of 73,576 Primary Sampling Units collected by deadline.

Additional Information: Data collection on NRI sample is completed by the deadline each year.

Year	Target	Actual
2001	100%	82%
2002	100%	98%
2003	100%	
2004	100%	

Measure Term: Annual

Measure: Percent of samples that have passed data quality standards by collection deadline.

Additional Information: This measure is contingent on the level of completion of data collection.

Year	Target	Actual
2001	95%	
2002	95%	85%
2003	95%	
2004	95%	

Measure Term: Annual

Measure: Conduct NRI according to statistical principles (percent).

Additional Information: Adhere to scientifically developed statistical principles, procedures, and practices.

Year	Target	Actual
2001	100%	
2002	100%	

Measure Term: Annual

Program: National Resources Inventory
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

2003	100%
2004	100%

Measure: Reduce the average cost per Primary Sampling Unit data collection ($/PSU) by X% by 2008.

Additional Information: Baseline average cost per Primary Sampling Unit data collection is $XXX in FY 2002.

Year	Target	Actual
2008	X%	

Measure Term: Long-term (Efficiency Measure)

Measure: Provide natural resources information to the scientific community (percent).

Additional Information: Provide data for the development of models, analysis tools, and reports.

Year	Target	Actual
2001	100%	
2002	100%	
2003	100%	
2004	100%	

Measure Term: Long-term

Measure: Agriculture policy is based on scientifically sound information on natural resources provided by the NRI (percent).

Additional Information: The NRI provides key information on natural resources in drafting the Farm Bill, USDA policy, RCA appraisals, etc.

Year	Target	Actual
2001	100%	
2002	100%	
2003	100%	

Measure Term: Long-term

Program: National Resources Inventory
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

2004	100%

Measure: Progress on NRCS strategic objectives is tracked accurately (percent).

Additional Information: The NRI provides measures of the status of several natural resources that are central to the NRCS Strategic Plan--such as farmland conversion, irrigation, wetlands, forestland, and grazing land.

Year	Target	Actual
2001	100%	
2002	100%	
2003	100%	
2004	100%	

Measure Term: Long-term

OMB Program Assessment Rating Tool (PART)

Block/Formula Grants

Name of Program: National School Lunch

Section I: Program Purpose & Design (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	Is the program purpose clear?	yes	Goal - - safeguarding the health and well-being of Nation's children and encouraging the domestic consumption of nutritious agricultural commodities	National School Lunch Act, Child Nutrition Act	20%	0.2
2	Does the program address a specific interest, problem or need?	yes	The program provides nutrient dense meals to children, including free or low cost meals to low-income children.	National School Lunch Act, School Meal Initiative (SMI) Regulations, Team Nutrition	20%	0.2
3	Is the program designed to have a significant impact in addressing the interest, problem or need?	yes	On a daily basis serves nearly 6 out of 10 children enrolled in over 90,000 schools. Nearly half of all participants (47%) receive free meals. Subsidies amount to 15-25% of the price of meals purchased by upper-income children, who comprise 43% of participants.	The NSLP is available to nearly all children enrolled in public schools and many in private schools. In 2002 the program will serve an average of nearly 28 million meals each school day.	20%	0.2
4	Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?	yes	The NSLP is the sole mechanism for ensuring near universal access for meals to low income children in public and private schools. The NSLP sets national meal standards consistent with dietary guidelines and ensures that meals meet basic nutritional requirements. Reimbursement rates are intended to match the costs of producing meals.	NSLP is available in nearly all public schools. GAO found that reimbursement rates for free meals tie closely to the cost of producing meals. Information on Meal Costs in the National School Lunch Program. RCED-94-32BR December 1, 1993	20%	0.2
5	Is the program optimally designed to address the interest, problem or need?	no	The program is designed to provide access to meals, in particular to low income children, with minimum barriers and administrative costs. However, data suggest that a significant proportion of ineligible children are receiving benefits and USDA is studying alternatives to deal with the issue of over certification.	National School Lunch Act; NSLP Application/Verification Pilot Project: Report on First Year Experience (August 2002)	20%	0.0
Total Section Score					**100%**	**80%**

Name of Program: National School Lunch

Section II: Strategic Planning (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?	yes	The Agency's Strategic Plan has two primary strategic goals for all FNS' nutrition assistance programs. However, there are specific performance targets for NSLP under these goals. These include 1) rates of eligible populations participating in NSLP; 2) nutritional quality of NSLP meals; 3) accuracy of meal counts; and 4) rate of certification in excess of the estimated number of eligible children.	FNS Strategic Plan 2000 to 2005	14%	0.1
2	Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?	no	Annual measures include the targeted level of State monitoring of local efforts to ensure that NSLP meals meet nutrition standards, however data are not reported. CRE provides an annual mechanism to review meal quality and program integrity for a subset of SFAs.	The annual performance goals are not well linked to long-term goals.	14%	0.0
3	Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?	no	Program partners are generally not asked to report information that supports assessment of outcome goals, except on a periodic survey basis.		14%	0.0
4	Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?	yes	The National School Lunch, School Breakfast and Child are all designed to provide nutritious meals to children in school and child care settings. A single grantee may administer all three programs.	The programs use common eligibility guidelines and reimbursement rates. Procedures are harmonized to reduce grantee administrative burden.	14%	0.1
5	Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?	yes	Studies examining the nutritional quality of NSLP meals are conducted about every five years. CRE reviews are conducted on a regular 5 year cycle; reviews are comprehensive and corrective action is required for deficiencies identified in the reviews.	School Nutrition Dietary Assessment Study (SNDA) I collected data from schools during school year 1991-92 SNDA II collected data during school year 1998-99.	14%	0.1
6	Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?	no	The budget is designed to provide explicit estimates of levels of meal service. However, the linkage between program estimates and ultimate outcomes (e.g., health benefits) are not clearly linked to the budget		14%	0.0

Name of Program: National School Lunch

7	Has the program taken meaningful steps to address its strategic planning deficiencies?	yes	The Agency is working toward a consistent approach to developing a shared agenda with State Agencies. It is exploring the balance between administrative data collected and burden placed on partners. It is seeking to obtain adequate resources to conduct studies to fill information gaps.	A FNS-states working group developed strategies to encourage grantee commitment to performance goals. FNS staff are conducting a top-to-bottom assessment of current administrative data collections to eliminate unnecessary items and determine what changes can be made to support performance measurement	14%	0.1
Total Section Score					**100%**	**57%**

Section III: Program Management (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?	yes	State agencies report annually on the results of program oversight reviews which are conducted in accordance with uniform standards and procedures established by the Agency (Coordinated Review Effort). The agency also collects monthly meal service data structured by income eligibility status of recipient.	CRE Guidance; 7 CFR 218 (CRE regulations); FNS-640 (CRE Data Report); CRE Data Annual Reports	11%	0.1
2	Are Federal managers and program partners (grantees, sub grantees, contractors, etc.) held accountable for cost, schedule and performance results?	yes	State agencies and program operators are reviewed though Management Evaluations (SAs) and the Coordinated Review Effort (School Food Authorities). Identified program deficiencies must be address through corrective action and payments may be withheld if deficiencies are not corrected	Child Nutrition Management Evaluation Guidance; 7 CFR 218 (CRE regulations); CRE Guidance	11%	0.1
3	Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?	no	Funds are obligated consistently with the overall program plan. However, extant information indicates that a significant proportion of benefits are provided to ineligible children.	NSLP Application/Verification Pilot Project: Report on First Year Experience (August 2002)	11%	0.0
4	Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?	yes	Sub grantees are required to use approved competitive sourcing in program procurements. The agency works with State agency partners to identify, develop, and provide funding where available for IT improvements to increase program efficiency	NSLP Regulations	11%	0.1

Name of Program: National School Lunch

5	Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?	no	The agency's budget projections cover the cost of meal service and State's administrative expenses. Costs for administrative activities, including nutrition and food safety initiatives as well as oversight within program accounts. However, agency administrative costs are not provided by program activity and are not linked to performance levels.	FNS operates 15 domestic assistance programs but does not budget administrative expenses by program and does not link administrative funding to program outcomes.	11%	0.0
6	Does the program use strong financial management practices?	no	USDA has identified several material deficiencies in the National School Lunch Program including program eligibility and procurement in the child nutrition programs.	FNS has a number of initiatives underway, including demonstrations and regulatory actions to better address the issue of over certification.	11%	0.0
7	Has the program taken meaningful steps to address its management deficiencies?	yes	The agency is conducting pilot programs in over 20 School Food Authorities to test alternative approaches to certification and verification which may reduce the over certification problems, and is working with a contractor to evaluate the results of these pilots. The agency is also developing proposals to be included in reauthorization legislation to address the over certification problem.	NSLP Application/Verification Pilot Project: Report on First Year Experience (August 2002)	11%	0.1
8 (B 1.)	Does the program have oversight practices that provide sufficient knowledge of grantee activities?	yes	Grantee (State agency) activities are assessed annually or biennially through a structured Management Evaluation Process. Sub-grantees (School Food Authorities) are reviewed on a five year rotation using agency established procedures; results of the reviews are reported annually to the agency.	Child Nutrition Management Evaluation Guidance; 7 CFR 218 (CRE regulations); CRE Guidance	11%	0.1
9 (B 2.)	Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?	no	The agency collects annual performance data for program reviews conducted by State agencies, but does not publish information at the grantee level or for the public. The agency has issued a proposed rule to collect verification data for all School Food Authorities nationwide to improve the availability of data on certification and verification.	7 CFR 245 proposed rule *Determining Eligibility for Free and Reduced Price Meals and Free Milk in Schools -- Verification Reporting and Recordkeeping Requirements*	11%	0.0
Total Section Score					**100%**	**56%**

Name of Program: National School Lunch

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?	large extent	The Agency is making steady progress in achieving its long-term goals.	School Nutrition Dietary Assessment Study I & II; CRE Data Report; NSLP administrative data	20%	0.1

Long-Term Goal I:	Improve the diets of children and low-income people
Target:	By 2005, NSLP meals should provide ≤30% calories from fat; <10 calories from saturated fat; and 33% of RDAs of calories, vitamins, etc.
Actual Progress achieved toward goal:	Nutrient quality of meals improved significantly from SY 1991-92 to SY 1998-99. Proportion of calories from fat dropped from 38% to 33%; proportion from saturated fat dropped from 15% to 12%.
Long-Term Goal II:	Increase the accuracy of benefit issuance
Target:	By 2005, 90% of SFAs report accurate meal counts.
Actual Progress achieved toward goal:	Baseline: In 1997, 85.5% of SFAs reported accurate meal counts; In 2000, 86.8% of SFAs reported accurate meal counts.
Long-Term Goal III:	Increase rates of eligible populations participating in NSLP
Target:	By SY 2004/05 reach 55% of children enrolled in school
Actual Progress achieved toward goal:	Baseline: In SY 1995/96, 51% of children enrolled in school participated in NSLP; In SY 2000/01, 52% of children enrolled participated.

2	Does the program (including program partners) achieve its annual performance goals?	no	Annual performance goals are not well linked to long term goals, and focus on outputs or process rather than outcomes.		20%	0.0

Key Goal I:	Expand access and benefit delivery for NSLP
Performance Target:	2001 target - 27.6 million
Actual Performance:	2001 actual - 27.4 million
Key Goal II:	Monitor and support State and local efforts to ensure that USDA food benefits meet national nutritional standards
Performance Target:	2001 target - 2,900 SMI reviews conducted by State Agencies
Actual Performance:	2001 actual - 4,073 SMI reviews conducted by State Agencies indicating a high degree of oversight
Key Goal III:	Maintain benefit accuracy in NSLP
Performance Target:	2000 target - 87 % of SFAs in compliance with counting and claiming rules
Actual Performance:	2000 actual - 86.8% of SFAs in compliance with counting and claiming rules

3	Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?	large extent	Program has achieved substantial improvement in meal quality without changes in program reimbursement rates, however, erroneous payments appear to have increased over time, reducing the program's cost effectiveness.	School Nutrition Dietary Assessment Study I & II; analysis of Current Population Survey and administrative data.	20%	0.1

Name of Program: National School Lunch

4	Does the performance of this program compare favorably to other programs with similar purpose and goals?	yes	The NSLP serves a high proportion of the eligible population (58% on a daily basis vs. 21% for the School Breakfast Program (SBP)); meals served in schools are nutritionally superior to non-school meals; nutritional impacts are significant when measured over a 24 hour period.	Children's Diets in the Mid-1990s: Dietary Intake and Its Relationship with School Meal Participation - January 2001; NSLP Administrative Data	20%	0.2
5	Do independent and quality evaluations of this program indicate that the program is effective and achieving results?	large extent	Analysis of the CSFII data indicate that NSLP participation is associated with higher mean intakes of food energy and of many nutrients, both at lunch and over 24 hours. NSLP participants are more likely than non-participants to consume vegetables, milk and milk products, meat products, both at lunch and over 24 hours.	Children's Diets in the Mid-1990s: Dietary Intake and Its Relationship with School Meal Participation - January 2001	20%	0.1
Total Section Score					**100%**	**60%**

PART Performance Measurements

Program: National School Lunch
Agency: Department of Agriculture
Bureau: Food and Nutrition Service
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	57%	56%	60%	Demonstrated

Measure: Percentage of calories from fat and saturated fat

Additional Information:

Year	Target	Actual
1993		38%/15%
1999		32%/12%
2003		
2005	<=30% <=10%	

Measure Term: Long-term

Measure: Percentage of schools in compliance with meal claiming rules

Additional Information:

Year	Target	Actual
2000		86.8%
2001	87%	
2002	87%	
2003	87%	

Measure Term: Annual

Measure: Other annual measures under development

Additional Information:

Year	Target	Actual
2000		
2001		

Measure Term: Annual

PART Performance Measurements

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	46%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The Perishable Agricultural Commodities Act (PACA) and the Produce Agency Act are designed to: (1) protect producers, shippers, distributors, and retailers from loss due to unfair and fraudulent practices in the marketing of perishable agricultural commodities; and (2) prevent the unwarranted destruction or dumping of farm products handled for and on behalf of others. The program is described by Objective 2.4 of the AMS Strategic Plan and is reported annually in budget documentation.

Evidence: The Perishable Agricultural Commodities Act of 1930 (a) prohibits unfair conduct by commission merchants, dealers, and brokers; (b) requires that persons engaged in these businesses have a valid and effective license issued by the Secretary of Agriculture; (c) creates additional liability in damages to persons injured by the unfair conduct of a commission merchant, dealer, or broker; (d) provides for administrative action to establish the injury and its extent as well as a sanction in the form of suspension of license for failure to obey Secretary's order for payment of money; (e) provides for appeal of separation orders to district courts; (f) authorizes investigations by the Secretary including inspection and certification of commodities as to class, quality, and condition; (g) provides for suspension and revocation of license for flagrant or repeated violations of the Act; and (h) provides for civil, and monetary penalties for certain violations of the Act. The Produce Agency Act prohibits destruction or dumping by commission merchants.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: Fruit and vegetable traders in the produce industry continue to need more protection than traders in other industries because the product is perishable and a 1-2 day delay can mean the difference between profit and loss. Sellers must ship the quantity and quality of produce specified in their contracts, and buyers must accept shipments that meet contract specifications. PACA protections benefit not only growers who are generally sellers, but also a range of parties who are both buyers and sellers, including truckers, packers, processors, wholesalers, brokers, grocery wholesalers, and food service firms. PACA also provides procedures for resolving disputes outside the civil court system, and establishes a trust consisting of a buyer's produce-related assets. If a buyer becomes bankrupt, produce suppliers that have preserved their trust rights can recover money owed to them before trust assets are made available to general creditors.

Evidence: Unfair trade practices addressed by PACA include: rejection of produce without probable cause, failure to pay an agreed price promptly, discarding or destroying produce by an agent, misbranding or misrepresentation of fruits and vegetables, making false or misleading statements on the sale, and altering inspection certificates. Fruit and vegetable industry support for the program is clearly demonstrated in trade meetings and by the activities of the Fruit and Vegetable Advisory Committee, which is working with AMS to ensure that the program maintains or strengthens its effectiveness while undertaking efficiency improvements.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The PACA program does not overlap with other Federal efforts and there are no significant private sector or State or local government equivalents.

Evidence: AMS is the only agency with responsibility for enforcing the Act's requirements. The Act also supports AMS grading programs by helping to ensure that USDA quality labels are properly applied to fresh fruits and vegetables. One of the components of the larger PACA program is mediation and arbitration. Although private organizations offer mediation and arbitration services, the PACA Program is unique from private mediation services in that decisions issued are enforceable through suspension of the PACA license.

PART Performance Measurements

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	46%	Effective

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight20%

Explanation: There are no design flaws that prevent the program from meeting its defined objectives and performance goals. PACA is in fact a more effective and less costly alternative to civil courts for resolving trade disputes. Since the program is license and user fee funded, the government could not expend fewer tax resources through a different mechanism. The program monitors its effectiveness and efficiency through interaction with the Fruit and Vegetable Industry Advisory Committee and by undertaking periodic benchmarking studies against a range of government and commercial organizations.

Evidence: The PACA program provides the produce industry a faster and less expensive alternative to civil court action in resolving financial disputes. The program regularly performs benchmarking studies to exchange and evaluate business process ideas with other firms. The purpose of these studies is to examine ways in which the program can increase its efficiency. The most recent study was completed in March 2004. Furthermore, the Fruit and Vegetable Industry Advisory Committee is currently studying the PACA program organizational structure and processes to determine if changes could be made that would reduce costs without reducing program services or the protection it provides.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight20%

Explanation: Under PACA, anyone buying or selling commercial quantities of fruit and vegetables must be licensed by the U.S. Department of Agriculture. PACA beneficiaries are sellers of perishable fruits and vegetables, which include growers, shippers, growers' agents, wholesalers, processors, jobbers, brokers, and retailers. AMS ensures that all beneficiaries have access to information concerning the program via the Internet and educational outreach to growers and small businesses through 1) seminars and increased participation at growers' meetings; 2) publishing articles in publications directed at growers and small farmers; and 3) examining how the PACA program can be used to protect the rights of small farmers, small busineeses, and other growers.

Evidence: Trained marketing specialists receive hundreds of telephone calls each week from trade members requesting assistance in resolving contractual disputes. In most cases, the program's mediation efforts result in an amicable settlement, thus enabling the disputing parties to avoid costly litigation. However, if an informal settlement is not possible, the program has established formal complaint procedures under which USDA may award damages against a licensee who fails to meet its contractual obligations. The PACA program works diligently with the fruit and vegetable grading program to educate the produce industry about the law's fair trading practices and industry member's rights and responsibilities under the law. The program's website offers a PACA Internet Training Program, as well as detailed information such as licensing, protection of trust rights, unfair practices, damage claims, violators, and more. In addition, the PACA Program has established business partnerships with grower groups such as the Western Growers Association, and works within these partnerships targeting small businesses to educate them about PACA services through industry seminars and trade articles.

PART Performance Measurements

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	46%	Effective

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: AMS has identified several long-term goals, including 1) Mediation and arbitration--improving the mediation process allows commercial disputes to be resolved more quickly. 2) Enforcement--to strengthen enforcement of the Act, the program seeks to reduce the time involved in filing enforcement actions. More timely processing of PACA enforcement actions better protects sellers from unfair or unscrupulous practices. 3) Licensing--improving the licensing process decreases the time needed to apply, renew or reinstate a PACA license. Buyers and sellers of perishable fruits and vegetables are required to be licensed before they conduct business. 4) The program works with industry trade associations and grower groups to identify and educate program beneficiaries such as small farmers, organic producers, and exporters as to their rights under the Act. Comment: Does the program track the value of commodities that are lost year to year as a result of fraud?

Evidence: The program works to decrease the time frame for resolving commercial disputes through the use of new computer technology and process improvements and by encouraging increased use of different forms of alternative dispute resolution. These efforts increase the percentage of commercial disputes that are settled quickly. Through the use of computer technology, the program intends to cut in half the processing time that it takes to file USDA administrative action from the determination that a firm has violated the law's fair trade provisions. AMS provides beneficiaries with several different options they can use in applying for and renewing licenses in order to reduce time, including online access. Comment: The purpose of this question is to determine if the program is outcome oriented, and how it's long term measures relate to the program's intended outcome(s). To sustain a "Yes" please provide additional information explaining the rationale for using output measures, and how these measures meaningfully support the program.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 13%

Explanation: The program reviews its goals and progress semi-annually to update and improve its targets and timeframes for its long-term measures. The plan includes standards for timeliness, rates of settlement of commercial disputes, and overall customer service. The program has benchmarked these time frames against business leaders in private industry and the government.

Evidence: Mediation/Arbitration--The program will encourage increased use of alternative dispute resolution and process improvements. Within 5 years, the program will reduce the handling time of informal disputes from the current 8 months to 6 months, a 25 percent improvement. Enforcement--through a greater use of computer technology and increased cooperation with USDA's OGC, the program believes that the time frame for filing enforcement actions can be cut in half--reduced from 12 months in FY 2003 to 6 months--within the next 5 years. Licensing--the PACA program is beginning work on an online issuance/ renewal/ reinstatement licensing process to be fully implemented in 5 years to reduce licensing processing time from 5 to 3 days.

PART Performance Measurements

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	46%	Effective

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight 13%

Explanation: The PACA program has identified annual efficeincy measures that indicate its progress toward the program's long-term goals. To reduce the timeframe for commercial dispute resolution, the program must ensure that its informal resolution process proceeds quickly. The program's goal for completion of the informal process is 4 months for 85% of the complaints. Part of the enforcement process is the compilation and analysis of evidence from a field investigation and the resulting report. The program plans to reduce processing time by increasing the percentage of completion within 30 days. AMS is working toward a faster licensing process that will provide better services by providing applicants with electronic access. The annual licensing goal directly corresponds to the long-term goal.

Evidence: The program tracks its progress toward meeting these annual performance measures monthly. At the end of each fiscal year its results are analyzed in the program's annual report. Enforcement: the program tracks the timeliness of reparation complaint handling from the perspective of informal settlements and age of the cases. Licensing: the program tracks the timeliness of processing license application and renewals. Education: the program also records the number of seminars given to trade groups by PACA employees throughout the year for an internal measure of its education efforts. The program's performance goals are included in the AMS Strategic Plan and its measures are reported in AMS budget materials.

2.4 **Does the program have baselines and ambitious targets for its annual measures?** Answer: NO Question Weight 13%

Explanation: The purpose of the question is to determine whether the program has targets for its annual measures. The program does not have targets that demonstrate increased efficiency and progress towards its annual measures.

Evidence: The program's annual goals aresimilar to its long term measures: to maintain a baseline completion rate of 85% or more of its informal complaint handling within 4 months; to increase the percentage of all reports of investigation and evidence submitted within 30 working days of completion of the field investigation from the current baseline of 60 percent to 90 percent; and to reduce the number of working days needed to process 90% of license applications from the current baseline of 5 days to the goal of 3 days.

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight 13%

Explanation: The PACA program works diligently with the fresh products grading program in its outreach efforts to educate the produce industry about the law's fair trading practices and industry member's rights and responsibilities under the law. The program also works very closely with USDA's Office of General Counsel and the Justice Department to resolve formal commercial disputes. These partners recognize the need for program activities and the program's long-term goals, particularly in the areas of dispute resolution and enforcement.

Evidence: AMS can take action against the misuse of quality labeling on fresh fruits, vegetables, and specialty products under the Perishable Agricultural Commodities Act. Fresh products grading personnel are responsible for notifying the PACA program when they suspect violations of the Act to help ensure fair trading. The program plans to strengthen its cooperative relationship with USDA OGC as part of its strategy to reduce the timeframe for filing of enforcement actions.

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	46%	Effective

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 13%

Explanation: The program meets regularly with the Fruit and Vegetable Industry Advisory Committee to review PACA activities. The Advisory Committee is an independent group of individuals comprised of all segments of the fruit and vegetable industry, including wholesalers, distributors, retailers, processors, and shippers. The Committee is familiar with the mission and goals of the PACA program and is able to provide independent and sound recommendations for program improvement. Furthermore, the Advisory Committee's recommendations are made to the Secretary of Agriculture, not to program officials.

Evidence: The program contracted with a private consulting firm, Holistic Solutions (HSI), to conduct a review focused on the organizational structure of the program in July of 2003. The review examined work flow, work load, staffing, regional boundaries, field office structure, and office location from the perspective of how these factors impact efficient mission delivery. After completing this review HSI submitted short term, mid-term and long-term recommendations to agency management. The review contained a range of recommendations designed to make operations more cost effective by consolidating and centralizing license functions and streamlining handling of complaint, enforcement actions, and licenses. The suggestions have been analyzed by AMS management. The recommended changes have now been submitted to the Fruit and Vegetable Industry Advisory Committee prior to the implementation of any major changes to the program.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight 13%

Explanation: For this program, budget requests are in the form of license fee proposals. AMS reviews the financial state of the program each fiscal quarter to ensure that anticipated revenue and operating reserve balances will be adequate to recover all direct and indirect costs the program is projected to incur for the current and at least two subsequent years. During those quarterly reviews, AMS also verifies that the program's operating reserves (authorized under the legislation) are adequate to fund unliquidated liabilities and unanticipated variances in service demand. If fee rates are not expected to recover projected costs, program managers are expected to consider ways to reduce costs or increase fees. Proposed fee increases are reviewed by USDA and OMB, and then published for public comment before they are put into effect. Budget documentation clearly identifies the full costs and performance goals of the program.

Evidence: This program must recover the cost of providing services while maintaining resource and customer service levels. AMS prepares an annual and legislatively mandated biennial review of fees. In addition, the agency monitors the programs' revenue, expenses, and operating reserve balances on a quarterly basis to ensure that fees are adequate to maintain program activities and whether cost reduction measures must be considered and/or implemented. Program costs include direct and indirect costs such as salary and related personnel costs, travel, rent, postage, equipment purchase and maintenance, and a proportionate share of division and agency administrative and supervisory costs.

PART Performance Measurements

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	46%	Effective

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight 13%

Explanation: The branch's benchmarking projects in 2001 and 2004 led to: the creation of a formal branch wide training program that has increased employee productivity in the area of complaint handling and conducting investigations, streamlined procedures for processing disciplinary cases, and the implementation of several initiatives to increase the quality of the communication between headquarters and field locations.

Evidence: The PACA Branch has undertaken numerous improvement measures directly related to its key program goals as the result of its strategic planning efforts. The branch's benchmarking projects in 2001 and 2004 have contributed to increased efficiency through the creation of a formal branch wide training program and streamlined procedures for processing disciplinary cases. In addition, strategic planning efforts led to improvements that made the branch's new database more user friendly.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 14%

Explanation: Monthly reports track performance in all key mission areas of the PACA program. Performance evaluations of all managers and a majority of other employees are tied to thier performance relative to those performance measures. In addition, AMS' PACA program has undertaken numerous benchmarking projects with a number of private industry and government agency partners. These efforts focus on the organizational structures of the benchmarking partners in order to determine if the PACA program can improve its businesses processes. AMS also solicits recommendations from the fruit and vegetable industry advisory committee for use in program management and performance improvement.

Evidence: The program monitors its performance by comparing the program's measures and results with other agencies and organizations in regularly-conducted benchmarking reviews. Benchmarking partners include Starbucks Coffee Company; Cisco Systems; Raytheon Missile Systems; American Society of Composers, Artists, and Performers; and the National Association of Securities Dealers, among others.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 14%

Explanation: AMS PACA program managers are held directly accountable for cost, schedule, and performance results. These factors are included in their performance standards.

Evidence: Federal managers are evaluated semi-annually on their success in meeting cost, service, and program performance goals as reflected in their individual performance standards. Furthermore, AMS has undertaken a top-down review of individual performance standards for all of its managers to strengthen and clearly identify the linkage between the agency's strategic plan and annual performance.

PART Performance Measurements

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	46%	Effective

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight 14%

Explanation: AMS fee programs have strict financial controls to track revenues and expenditures. AMS follows the requirements set out by OCFO and the FFIS accounting system. Requirements for program partners are included in cooperative and reimbursable agreements. AMS closely monitors revenue and expenditures at both the program and the agency level. Because the program depends on adequate revenue levels to maintain its existence, AMS is acutely aware that funds must be obligated in a timely manner and spent for the intended purpose.

Evidence: AMS reviews monthly, quarterly and annual financial reports, prepares quarterly status reviews, works with OIG auditors on annual financial audits, and prepares annual and biennial reviews of fees. Program employees and managers are responsible for obligating funds in a timely manner and verifying entries into the accounting system as required by the agency's Funds Control Directive. Program managers are held accountable by agency leadership through performance evaluation. AMS' budget office reviews the program's actual revenue, spending, and reserve balances on a quarterly basis and reports the status to the program managers and the agency Administrator.

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight 14%

Explanation: The program periodically visits other government agencies and private sector entities (such as companies and associations) to benchmark PACA processes. This procedure allows the program to measure, evaluate, and improve its processes to more effectively and efficiently serve buyers and sellers of perishable fruits and vegetables. As fees are set by rulemaking, the program undergoes detailed public review both through formal comments and through individual business decisions regarding the use of its services. In addition, the program's financial performance is individually reviewed by the Office of the Administrator at least quarterly.

Evidence: The PACA program's most recent benchmarking efforts examined ways that the program could become more efficient in the areas of management and oversight, organizational communication, employee job satisfaction, and customer service. The Benchmarking partners included Gaylord Entertainment, the Oregon Symphony Orchestra, Starbucks Coffee Company, and Raytheon Missile Systems.

3.5 **Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight 14%

Explanation: Within AMS, the PACA program regularly cross-trains employees with AMS' Fresh Fruits and Vegetable Grading program and Market News Service to maximize their employees' knowledge and understanding of the financial and business links between harvesting and shipping fresh fruits and vegetables to market. In addition, the PACA program collaborates with the Federal Mediation and Reconciliation Service.

Evidence: The PACA program works closely with other fruit and vegetable programs to train employees and industry members about fresh fruit and vegetable grade standards that can have a significant impact on prices, produce transactions, and potential contract disputes between industry members. Program employees cross-train with AMS Market News Reporters to increase employee awareness of marketplace issues. Additionally, the program works with the Federal Mediation and Reconciliation Service to train employees in Alternative Dispute Resolution techniques to help improve the program's process for resolving commercial disputes.

PART Performance Measurements

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately Effective
100%	88%	100%	46%	

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: AMS follows the financial management procedures established under the USDA accounting system FFIS, which requires documentation of entries into the accounting system. AMS also holds fee program managers accountable for the financial status of their programs by agency directive and personnel performance standards.

Evidence: The program has procedures to ensure that payments are proper and for the intended purpose. AMS completed an erroneous payment review in 2004 under the guidance of USDA's OCFO as a component of USDA's Department-wide review, from which the agency determined that significant erroneous payments were highly unlikely for this program. Financial information is verified by program employees for accuracy on a monthly basis as required by the AMS Funds Control Directive, and formally reviewed by agency management on a quarterly basis.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: The program has systems in place for identifying and correcting program management deficiencies and uses this system to make necessary corrections.

Evidence: Benchmarking studies designed to review the program's processes are good, but do not address the question. The PACA program worked closely with the fresh fruit and vegetable grading program to significantly strengthen fair trading protection after problems were uncovered in the fruit and vegetable grading program in 1999; these programs continue to coordinate their activities to better support the management of both programs. Comment: Examples of specific systems and actions taken in response to these systems are needed to justify a "Yes".

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: PART guidance states that if the program receives a Yes in Question 2.3 and a No in Question 2.4, then the program cannot receive a rating higher than Small Extent.

Evidence: The current timeframe for filing enforcement actions is nearly one year after the determination has been made regarding a violation of the laws's fair trade provisions. The program's goal of utilizing computer technology to reduce the timeframe for filing actions in half--from 12 months in FY 2003 to 6 months--within the next 5 years should be given greater scrutiny to determine additional means to reduce this processing time.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: PART guidance states that if the program receives a Yes in Question 2.3 and a No in Question 2.4, then the program cannot receive a rating higher than Small Extent.

Evidence: The PACA program has teamed with the F&V Fresh Products Grading program to cross-train each other's employees as well as provide training to fruit and vegetable industry members at the Fresh Products Training Center in Fredericksburg, VA. The program reduced its backlog of formal reparation complaints awaiting decisions from 168 to less than 60 cases. In addition, the average time for the issuance of a formal decision after filing of a disputed formal complaint was reduced from 9 months to 8 months. New licenses are now issued within one day of receiving a completed application, and 90% of renewals are processed within one day of receiving the renewal application. Comment: PART guidance states that a "Yes" answer requires evidence of collaboration leading to meaningful actions. Please provide additional evidence in support of the outcome of the collaboration.

PART Performance Measurements

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately Effective
100%	88%	100%	46%	

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: SMALL EXTENT Question Weight20%

Explanation: The purpose of this question is to determine whether management practices have resulted in efficiency gains over the past year. The program receives a Small Extent as recognition of its achievement in demonstrating increased levels of service to customers through improvements in technology, program reviews, and implementation of benchmarking recommendations.

Evidence: Between 2002 and 2003, the program reduced the case backlog of formal reparation complaints awaiting decision from 168 to 60. In addition, the average time for the issuance of a formal decision after filing a disputed formal complaint was reduced from 9 months to 8 months. The program also reduced the time needed to issue new licenses and renewals. New licenses are now issued within one day of receiving a completed application, and 90% of renewals are processed within one day of receiving the renewal application.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight20%

Explanation: The PACA program was shown to be equal to its benchmarking partners which include Starbucks Coffee Company; Cisco Systems; Raytheon Missile Systems; American Society of Composers, Artists, and Performers; and the National Association of Securities Dealers, among others. Fruit and Vegetable Industry members have consistently favored the PACA program over other private programs offering mediation services.

Evidence: In fiscal year 2001 Secretary Veneman presented the PACA Internet Training Team with a USDA Honors Award recognizing the team 'For its innovative development of an interactive, Internet-based training course for its customers on the Perishable Agricultural Commodities Act which governs the produce industry.' The PACA Internet testing program was the cornerstone of the program's outreach efforts in fiscal year 2000. The results of benchmark studies reflects favorably on the PACA program.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: SMALL EXTENT Question Weight20%

Explanation: This question is designed to determine whether the program is effective in achieving results based upon independent and comprehensive evaluations. The PACA Branch has undergone independent reviews of various aspects of the program. For example, the General Accounting Office and Congressional review in 1995 determined that the program is effective in facilitating the marketing of perishable agricultural goods. With some improvements in the program, Congress continued the program in the face of a bill to repeal the law. In additon, in 2003 the program contracted with Holistic Solutions, Inc. (private sector consulting firm) to conduct a review of the program's organizational structure. The results of this review have been analyzed by AMS management, but have not been implemented pending a review of the Fruit and Vegetable Industry Advisory Committee. Changes to the program's organizational structure could lead to increased efficiencies; however, these changes have not yet been made and the findings of the report were not shared with OMB. As a result, the program receives a Small Extent.

Evidence: The Act was amended on November 15, 1995, based on the results of the GAO audit and requests by the fruit and vegetable industry. The Perishable Agricultural Commodities Act Amendments of 1995, (PL 104-48), restructured and strengthened the PACA program. AMS is poised to reorganize the PACA program again in the near future depending on the Fruit and Vegetable Industry Advisory Committee's recommendations to the Secretary.

PART Performance Measurements

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	46%	Effective

Measure: Number of months to resolve commercial disputes.

Additional Information: The program's long-term goal is to reduce handling time for disputed formal complaints within 5 years, to an average of 6 months after completion of the investigation.

Year	Target	Actual	**Measure Term:** Long-term
2004	7		
2006	6.5		
2008	6		

Measure: Average processing time for enforcement actions (in months).

Additional Information: The program's long-term efficiency goal is to reduce, within 5 years, the average time needed to file administrative action to 6 months from the discovery of unfair trade violations.

Year	Target	Actual	**Measure Term:** Long-term
2004	12	12	
2006	9		
2008	6		

Measure: Average processing time for license approvals (in days).

Additional Information: The program intends to improve customer service by reducing the time needed for the completion of the liscense process to 3 days by the end of FY 2008.

Year	Target	Actual	**Measure Term:** Long-term
2004	5	5	
2006	4		
2008	3		

PART Performance Measurements

Program: Perishable Agricultural Commodities Act
Agency: Department of Agriculture
Bureau: Agriculture Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	46%	Effective

Measure: Completion timeframe for processing informal complaints (in months).

Additional Information: Maintaining the timeframe for resolving informal commercial disputes helps to ensure expedited financial recovery for sellers. Goal: process 85% of informal complaints within 4 months.

Year	Target	Actual	**Measure Term:** Annual
2004	4		
2005	4		
2006	4		

Measure: Percentage of reports completed within 30 days of field investigation.

Additional Information: Faster enforcement actions against fraudulent activities will increase protection for sellers. AMS investigation and analysis are part of the enforcement process; procedural and technical improvements will be used to shorten the timeframe.

Year	Target	Actual	**Measure Term:** Annual
2004	75	75	
2005	80		
2006	85		

Measure: Processing time for license applications (in days).

Additional Information: Licensing enables traders to conduct business and provides credit assurance. Goal: improve customer service and facilitate trading of perishable commodities by processing 90% of license applications within specified number of working days.

Year	Target	Actual	**Measure Term:** Annual
2004	5		
2005	4.5		
2006	4		

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose of APHIS' Pest and Disease Exclusion Programs is to prevent the introduction of foreign agricultural diseases through off-shore eradication and information collection activities and the regulation of agricultural imports. The programs also support the ability of U.S. producers to export their products both through protecting U.S. agricultural health and through directly resolving sanitary and phytosanitary issues that affect trade.

Evidence: The Animal Health Protection Act (7 USC sec. 8301 et seq.) and the Plant Protection Act (7 USC sec. 7701 et seq.) both authorize and require USDA to undertake activities to prevent the entry of foreign agricultural diseases. These programs play an integral part in APHIS' efforts to safeguard U.S. agriculture and natural resources and protect the livelihoods of U.S. producers.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The United States continually faces the potential introduction of foreign animal and plant pests and diseases through natural and human-assisted means of spread. The APHIS Pest and Disease Exclusion Programs work to prevent such occurances through off-shore eradication and information collection activities and the regulation of agricultural imports.

Evidence: Several devastating agricultural pests and diseases, such as foot-and-mouth disease, Mediterranean fruit fly, and screwworm, are present in Central and South America. Tropical bont tick is present in the Carribean, and cattle fever ticks are present in Mexico. Without the offshore eradication activities conducted by APHIS and cooperators in affected countries and the domestic prevention activities conducted in at-risk States, these pests and diseases would reach the United States through means of natural spread. FMD, for example, nearly reached the U.S.-Mexico border in the 1950s and was fought back in a dramatic eradication effort on the part of Mexican and U.S. animal health authorities. Today, the APHIS Foreign Animal Disease/Foot-and-Mouth Disease (FAD/FMD) program is establishing a permanent barrier for the disease at the Panama-Colombia border. The Import/Export program tracks the agricultural disease status of U.S. trading partners and sets import policy to ensure that agricultural diseases are not introduced through imports.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: No other Federal program responds to the overseas threat of plant and animal diseases.

Evidence: APHIS is the Federal agency responsible for setting agricultural import policy and representing the United States in matters covered by the World Trade Organization's Agreement on Sanitary and Phytosanitary Measures.

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: The programs' design and focus is effective and efficient. Preventing the entry of agricultural diseases saves taxpayers and agricultural producers the costs associated with eradication programs and prevents the production losses that foreign agricultural diseases would cause. The agency takes a proactive approach of seeking to eradicate pests and diseases in off-shore locations to accomplish this mission. This approach is preferable to the alternative of directing more resources to inspection efforts at ports of entry because the amount of resources necessary to raise the level of inspection even a small percentage would be cost prohibitive. Additionally, even with scientific sampling and inspection methods, the program will never detect all potential pests in passenger baggage and cargo. Accordingly, eradicating the highest risk pests and diseases where travelers and cargo originate significantly reduces the possibility that these pests will make it to the United States.

Evidence: If Medfly became established in the United States, economists estimate that it would cost producers $2 billion annually in lost export markets, production losses, and lower domestic prices. Preventing the pest's entry through eradication and preventive releases of sterile flies costs approximatley $56 million per year. APHIS conducted strategic planning reviews for several of the Pest and Disease Exclusion Programs (Medfly, FAD/FMD, and TBT) this fiscal year and determined that the FAD/FMD and TBT programs' designs were sound and effective. The TBT program, for example, has eradicated the pest on 67 percent of participating Caribbean islands, ahead of its schedule. Program officials expanded the goal of the Medfly program to make it more effective.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: Through its offshore eradication activities, APHIS is targeting pests and diseases where they originate. To help facilitate safe agricultural trade and collect information about the agricultural health status of our trading partners, the Trade Issues Resolution Management (TIRM) program stations agricultural attaches in places where trade issues arise.

Evidence: For example, genetic fingerprinting has shown that five of the past seven Medfly outbreaks in California involved Medflies from Central America. Eradicating Medlfy from Mexico, Guatemala, and eventually countries further south through Central America is a key part of APHIS' overall strategy to protect the United States. With the continued movement of people and goods from Central America, there is a continued risk of a Medfly introduction as long as the pest exists in those areas.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 11%

Explanation: APHIS has developed a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program, which is to prevent the introduction of foreign agricultural diseases.

Evidence: The Fruit Fly Exclusion and Detection (FFED) program's long-term performance measure is the number of severe outbreaks of exotic fruit flies in the mainland United States. The FAD/FMD program's long-term measure is the number of foreign animal disease incidents in the United States. Other programs, such as TBT, Screwworm, and Cattle Fever Tick, help support FAD/FMD exclusion goal by conducting exclusion activities for specific animal pests. The TIRM program's measure is the value of expanded and retained markets, new market access and trade facilitated. The Import/Export program provides critical support to the TIRM program through its certification of U.S. animal and animal product exports.

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 11%

Explanation: The program has ambitious targets and timeframes for its long term measures.

Evidence: The target for FY 2005 through 2008 for the number of severe outbreaks of exotic fruit flies in the mainland United States is 0. With improved efficiency in sterile fly production, APHIS is able to maintain its targets even though costs are rising in other areas, such as fuel costs and security for aerial operations. The target for FY 2005 through 2008 for the number of foreign animal disease incidents in the United States is 0. Finally, the FY 2006 through FY 2008 target for the value of expanded and retained markets, new market access and trade facilitated is constant ($2..447 billion), assuming no significant budget increases.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 11%

Explanation: The Pest and Disease Exclusion program has specific annual performance measures for each of its component programs that support the overall goal of preventing the introduction of foreign agricultural pests and diseases.

Evidence: For example, the FFED program's annual measure is the area (measured in square kilometers) of the international eradication zone considered free of Medfly. As this area increases, so does the size and strength of the international barrier that helps to protect the United States from Medfly introductions. The goal of the TBT program is to erradicate the tick from the Caribbean, thus precluding the tick (which carries a disease fatal to cattle and other animals) from spreading to the United States. The TBT program's annual measure demonstrates progress toward achieving this end through tracking the percent of premises that are rid of the tick on participating islands.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 11%

Explanation: APHIS has baselines and ambitious targets for the Pest and Disease Exclusion programs' annual measures.

Evidence: For the TBT program, the baseline is 30 percent of premises freed of the tick in FY 2003 on Antingua. The targets are 50 percent in 2005 and 95 percent in 2006. While the annual targets for other programs remain level, our costs are increasing. Our outputs also support our long-term targets. The targets for APHIS' FAD and fruit fly programs remain at zero for the next several years, even though increasing travel and agricultural trade continue to increase the risk of introducing a new pest or disease. Additionally, while maintaining this level of performance, the fruit fly program is increasing its efficiency. The fruit fly program estimates it will produce 2.7 billion sterile fruit fly pupae weekly in FY 2005 and 2006. Even though production is estimated to stay the same, the cost to produce 1 million sterile fly pupae has dropped from $395/million in FY 2000 to $139/million in FY 2004 to an estimated $132/million in '05. This improved efficiency provides resources for the increasing costs such as fuel and security and for increased surveillance efforts.

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight 11%

Explanation: APHIS cooperates with various stakeholders, Federal and State agencies, and other governments, all committed toward achieving the annual and long-term program goals. APHIS and its cooperators typically commit to program goals through broad agreements with governing boards and international organizations and through cooperative agreements with specific agencies, which specify funding levels and the activities each party is expected to carry out. For the Moscamed program, the program's technical advisory committee (made up of represenatatives from the United States, Mexico, and Guatamala) developed a unified management plan, which was endorsed by USDA's Undersecretary for Marketing and Regulatory Programs and his counterparts from ministeries of agriculture in cooperating countries. For the Tropical Bont Tick program and the Foreign Animal Disease/Foot and Mouth Disease program, APHIS works with umbrella organizations such as the United Nation's Food and Agriculture Organization and the Pan-American Organization to agree on program goals and then signs cooperative agreements with individual countries.

Evidence: Examples of joint commitment to goals include APHIS' cooperation with the governments of Mexico and Guatemala through a "unified management" approach approved by the Moscamed (the international Medfly eradication program) regional eradication task force commissioners (including USDA U/S Hawks.); APHIS' supports of the Pan-American Health Organizations plan to eradicate Foot and Mouth Disease from the Western Hemisphere which fits into APHIS program goals; and the Texas animal Health Commission (TAHC) strategic plan which ensures the commitment of working with APHIS to eradicate and prevent the spread of cattle ticks.

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 11%

Explanation: APHIS solicits independent evaluations a neede to ensure that its safeguarding efforts are effective. For example, since 1999, both the Nat'l Plant Board & the Nat'l Assoc. of State Dept.'s of Ag. (NASDA) have conducted extensive evaluations of APHIS' plant & animal health safeguarding programs, encompassing all our exclusion and monitoring and surveillance programs, our relationships with stakeholders, and our use of science and technology. The large scope of the reviews was necessary given changes in world trade and travel programs that required APHIS to adjust it operations. The Plant Board and NASDA ensured the quality of the reviews through exhaustive interviews with Agency personnel, stakeholders, and outside experts, and provided extensive documentation. The Smaller scale, independent evaluations are conducted more frequently to ensure that individual programs are effective.

Evidence: The Safeguarding Reviews were conducted by the Natl' Plant Board and the NASDA. Both are independent of APHIS and sometimes critical and have a stake in ensuring that APHIS performs its safeguarding mission effectively. The Moscamed program technical advisory committee is made up of academics, ARS scientists, and UN representatives. The committee conducts formal evaluations of the program at least once a year. The Amblyomma program in the Caribbean conducts evaluations as part of the normal reporting process under terms of agreement with the Food and Agriculture Organization of the U.N. APHIS' Planning and Program Development staff have facilitated a strategic planning analysis of the FAD/FMD, TBT, CSF, Screwworm, and Medfly programs. The reviews were conducted by pesonel independent of the programs and included input and discussion from industry, academia and program personnel. The program used Expert Choice decision making software to have stakeholder vote on the importance of activities for the FAD/FMD program strategic plan review.

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight 11%

Explanation: The program's budget is aligned with the program goals. APHIS' planning and budgeting process specifically relates program results to changes in funding, policy, or legislative mandates.

Evidence: APHIS budgets for all program costs, both direct and indirect, in developing and submitting annual proposals so that the total cost --including administrative and indirect-- is covered at each funding level. Additionally, Cooperative agreements have specific work and spending plans that tie into APHIS goals.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 11%

Explanation: The program conducts regular strategic planning reviews and addresses any deficiencies as necessary.

Evidence: Based on the Safeguarding reviews, APHIS is making numerous changes. For ex., we are increasing our focus on int'l info. gathering to support informed regulatory import policy.Following a strategic planning review of the intl' Medfly program, the program's goal was revised from maintaining a low Medfly prevalence in Guatemala to pushing the barrier to the Guatemala's southern border by 2010 and eventually to the Panama/Colombia border to ensure an effective buffer against the pest. The programs address issues of concers at meetings with stakeholders and have implemented recommendations from various reviews. For example, the Medfly program in Guatemala changed its management structure after a review. Similarly a review of the screwworm program lead to the plan to construct a one module rearing facility rather than three module facility. The int'l Medfly program was highlighted by a 2003 National Academy of Public Administration Report & a 2000 GAO report as a good ex. of a program that collects regular performance data for program decisions. (How Federal Programs Use Outcome Info. and GAO-GG-00204 respectively).

2.RG1 **Are all regulations issued by the program/agency necessary to meet the stated goals of the program, and do all regulations clearly indicate how the rules contribute to achievement of the goals?** Answer: YES Question Weight 11%

Explanation: All regulations issued by the program are necessary to meet the program goals. All regulations clearly indicate how the rules contribute to the achievement of the goals. USDA regulations have a preamble stating the goal of the program, which justifies the need for the regulation. For example, regulations promulgated by the Import/Export program help ensure that animals and animal products entering the United States pose minimal health risk to the U.S. herd. The regulations may also identify varying animal health zones or regions within the United States to promote international trade status of animals and animal products in those regions.

Evidence: Federal Register issuances of new rules to add, modify, or clarify existing regulations. APHIS programs review regulations on at least a 5-year cycle per APHIS policy, but most do so more frequently because pest and disease situations change quickly and require us to adjust our regulations. Recently published rules and notices are available on the APHIS Web site: http://www.aphis.usda.gov/ppd/rad/webrepor/vs.html.

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight: 9%

Explanation: The Pest and Disease Exclusion programs collect performance data throughout the year and use the information to adjust program operations as needed. If the data reveal that eradication or exclusion operations are not achieivng results, program managers determine what needs to be changed using performance data. For example, the Fruit Fly exclsuion program sets traps for exotic fruit flies and checks them on a regular basis. If exotic fruit flies are detected, the program responds immediately.

Evidence: The information collected by the programs is compiled into databases or reports, such as the Sanitary and Phytosanitary Accomplishment Report. Managers analyze program data and focus resources where they are needed most to accomplish program goals. For example, epidemiologists use data collected by the cattle fever tick program to investigate incursions of cattle ticks and develop new strategies to eradicate source populations in the eradication zone. The fruit fly eradication program releases sterile flies and collects data using traps. The program determines how many sterile flies should be distributed based on trapping data. The international Medfly program was highlighted by a May 2003 National Academy of Public Administration Report (How Federal Programs Use Outcome Information) and a Sept. 2000 GAO report (GAO-GG-00204) as a good example of a program that collects regular performance data useful for program decisions.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight: 9%

Explanation: Program managers are responsible for assessing and directing program policies and regulations to assure alignment with program goals and objectives. Federal managers and program partners are held accountable for cost, schedule and performance results.

Evidence: The successes or failures of program performance are a direct reflection of program management at all levels and are reflected in employee performance evaluations. Contracts that do not produce desired results are terminated. For example, when Honduras failed to provide its share of the cost for FMD surveillance and diagnostic testing, the agreement was terminated in FY 2003.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight: 9%

Explanation: The programs obligate funds in a timely manner in accordance with stated objectives, and they leave little or no unobligated balance in their line-item accounts.

Evidence: Programs estimate spending at the beginning of the fiscal year. APHIS' financial managers track spending throughout the year. Each month, Program Financial Managers and APHIS' Budget Staff review current spending results and projections to assure funds are being obligated in a timely manner and for their intended purpose. The Budget staff then briefs the Agency's Administrator each month on spending. APHIS accountants and program financial managers collaborate throughout and at the end of the year close out to ensure that spending estimates are accurate.

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight: 9%

Explanation: The international eradication Pest and Disease Exclusion programs have procedures in place to measure efficiency and cost effectiveness.

Evidence: The El Pino fly production plant is considered the world leader in technology improvement for sterile Medfly production and has achieved tremendous production efficiencies through adoption of new technologies. The program measures its efficiency by tracking the variable cost of producing sterile fruit flies. The program has been able to lower cost by 22% (from $178 per million to $139 per million). The screwworm program also tracks its cost in producing sterile flies and provides flies to cooperators at cost. While production costs, such as insurance, security, the price of gasoline, etc., have steadily risen over the course of the program's operation, the program has kept the price charged for flies level through improvements in technology. Additionally, our monthly financial review measures and documents efficiency gains.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight: 9%

Explanation: The Pest and Disease Exclusion programs collaborate and coordinate effectively with other Federal agencies and with other governments that are working towards the same objectives. The international Pest and Disease Exclusion are true cooperative efforts between APHIS and its foreign counterparts. For example, APHIS and its cooperators in Mexico and Guatemala recently developed a unified management plan for all three countries to follow in the international fruit fly eradication program. As part of the process, all three committed to a new long-term goal, the establishment of a permanent Medfly barrier at Panama's southern border and reallocated resources accordingly.

Evidence: APHIS cooperates with Mexico and Guatemala on the international fruit fly eradication program. Program cooperators have developed a joint financial plan and are tracking it with a joint accounting system, which enables transparent access to cost and performance data. As a result of a joint strategic planning decision to move the Medfly barrier steadily south rather than focusing on several areas at once, we reallocated funding from Guatemala's program to Mexico's (a difference of nearly $16 million). Funding for Guatemala will increase in future years as the free area moves south. Resources for the tropical bont tick program are also allocated based on strategic planning and needs across Caribbean countries. The TIRM and Import/Export programs work with FAS and USTR; they all share the goal of facilitating safe agricultural trade. As a result of this cooperation, the United States has signed free trade agreements with Morocco and Australia and negotiated the Central American Free Trade Agreement.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight: 9%

Explanation: The Pest and Disease Exclusion programs each receive an annual allocation, which includes funding for program support, and are held accountable for keeping spending within this amount. During the course of the year, program officials meet on a regular basis with the APHIS Budget and Program Analysis Staff to review projections and discuss financial issues of concern. Additionally, USDA is auditied by it Inspector General on an annual basis.

Evidence: USDA received clean audited opinions for FY 2002 and FY 2003 and is free of material control weaknesses. Procurement actions are handled by procurement specialists in accordance with established prodecures, controls, and competitive practices. Our system of credit card purchases is routinely reviewed. Spending is reviewed on a monthly basis in the APHIS status-of-funds process to assure that the funds are properly managed. Programs track activity costs using the Foundation Financial Information System.

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

3.7 **Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight: 9%

Explanation: The programs continuously review their management structures and address any deficiencies that are uncovered. Individual Pest and Disease Exclusion programs have their own systems in place to review program management.

Evidence: The Moscamed program's tech. advisory committee conducts formal evaluations of the program at least once a year. During 2003, the advisory committee identified a management weakness: separate program management structures for Mexico and Guatemala. Since then, a unified management structure has been put into place and has had a positive effect on management control. The TBT program conducts regular evaluations as part of the normal reporting process under the terms of its agreement with the U.N.'s Food and Ag. Org. APHIS' Policy and Program Development staff have facilitated a strategic planning analysis of the FAD/FMD, TBT, CSF, Screwworm, and Medfly programs. The reviews were conducted by pesonel independent of the programs included input and discussion from industry, academia and program personnel. The program used Expert Choice decision making software to have stakeholder vote on the importance of activities for the FAD/FMD program strategic plan review.

3.RG1 **Did the program seek and take into account the views of all affected parties (e.g., consumers; large and small businesses; State, local and tribal governments; beneficiaries; and the general public) when developing significant regulations?** Answer: YES Question Weight: 9%

Explanation: APHIS consults with State, local, and tribal officials, as well as industry, on an ongoing basis about animal and plant health issues of concern. All APHIS programs are committed to a rulemaking process that provides for full public participation. The Pest and Disease Exclusion programs that are regulatory based (including the domestic fruit fly program, cattle fever tick, and Import/Export) published 11 rules establishing or lifting fruit fly quarantines in calendar year 2003 and 11 rules regarding the disease status of specific regions or setting requirements for the introduction of animals or animal products from regions affected with a disease).

Evidence: The Pest and Disease Exclusion programs routinely propose significant actions for public comment prior to putting new regulations into effect. The program considers all comments submitted and responds to issues raised, explaining why it is adopting some suggestions and not others. See "Classical Swine Fever Status of France and Spain", April 20, 2004, Vol. 69, No. 76, which includes a section that shows how the program responded to public comments. The programs may extend the public comment period to allow interested persons additional time to prepare and submit comments. See "Mexican Fruit Fly; Interstate Movement of Regulated Articles", April 15, 2004, Vol. 69, No. 73.

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

3.RG2 **Did the program prepare adequate regulatory impact analyses if required by Executive Order 12866, regulatory flexibility analyses if required by the Regulatory Flexibility Act and SBREFA, and cost-benefit analyses if required under the Unfunded Mandates R**

Answer: YES Question Weight: 9%

Explanation: Whenever a rule is deemed significant, APHIS prepares a regulatory impact analysis, regulatory flexibility analysis, and a cost benefit analysis that comply with OMB guidelines. Regulatory analyses always receive peer review outside of the program, for example, from economists of the Policy and Program Development staff, from USDA's Office of Budget and Program Analysis, and Office of the Chief Economist. As appropriate, analyses receive external peer review.

Evidence: (Recently published rules and notices are available on the APHIS Web site: http://www.aphis.usda.gov/ppd/rad/webrepor/vs.html) A proposed rule entitled: "Bovine Spongiform Encephalopathy; Minimal Risk Regions and Importation of Commodities", Nov. 4, 2003, Vol. 68, No. 213, was determined to be significant and was reviewed by OMB. An economic analysis was conducted, as were all other necessary analyses. A proposed rule entitled: "Importation of Clementines, Mandarins, and Tangerines From Chile", March 22, 2004, Vol. 69, No. 55 was determined to be significant and was reviewed by OMB. An economic analysis was conducted, as were all other necessary analyses.

3.RG3 **Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?**

Answer: YES Question Weight: 9%

Explanation: APHIS reviews it's regulations on an ongoing basis to ensure consistency in accomplishing program goals.

Evidence: Ongoing review is a part of management responsibilities, and all regulations are reviewed on at least a 5-year cycle, per APHIS policy and in accordance with Section 610 of the Regulatory Flexibility Act. The domestic fruit fly program reviews and updates its regulations much more frequently. Whenever an exotic fruit fly outbreak is detected, the program must impose a regulatory quarantine. Program officials then carefully track the number of days since the last insect was trapped in order to lift the quarantine as soon as possible. The programs also use new scientific evidence as it becomes available and update regulations accordingly. The program proposed revising the clementine rule based on evidence from a recent pest risk assessment. Additionally, the WTO's Agreement on Sanitary and Phytosanitary Measures obliges APHIS to ensure that its international and domestic regulations are consistently applied. APHIS has revised several of its import requirements, such as those on Karnal bunt host material, for consistency with domestic regulations.

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

3.RG4 **Are the regulations designed to achieve program goals, to the extent practicable, by maximizing the net benefits of its regulatory activity?** Answer: YES Question Weight: 9%

Explanation: The regulations are designed to maximize net benefits and to achieve the programs' goals of safeguarding U.S. agriculture and facilitating safe agricultural trade.

Evidence: The programs make the best effort to assess how each additional regulation adds to the current level of regulatory requirements, and they strive to keep the regulatory compliance burden at a minimum. In accordance with the Paperwork Reduction Act, we quantify and report the level of paperwork burden when publishing proposed rules and request comments on how we can further minimize the burden. For regulations requiring permits, we have an on-line permitting system designed to reduce paperwork burden. Our import regulations also demonstrate our efforts to take the least restrictive regulatory action possible. For example, following outbreaks of Ralstonia in Guatemala, APHIS did not prohibit host material imports, such as geraniums, which are extremely important to the U.S. nursery industry but is requiring off-shore producers to follow clean-stock programs that allow trade to continue while protecting U.S. ag. Economic analyses accompanying rules show the benefits of additional compliance requirements. Recently published rules and notices are available on the APHIS Web site: http://www.aphis.usda.gov/ppd/rad/webrepor/vs.html.

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: LARGE EXTENT Question Weight17%

Explanation: The APHIS Pest and Disease Exclusion program's overall goal is to prevent intorductions of significant diseases. The program's success in meeting this goal is tracked through two long term measures releted to pest and disease outbrealks in the United States. In FY 2003, APHIS exceeded its target for the "number of severe outbreaks of exotic fruit flies detected on the mainland United States" by preventing one fewer outbreak than expected, but did not meet of zero foreign animal disease incidents in the United States. In this case, the incident was the outbreak of Exotic Bewcastle Disease, which was likely linked to illegal smuggling of fighting birds into the United States. While APHIS does work to combat smuggling, this type of artificial disease introduction is somewhat beyond APHIS' control. APHIS was very successsful in preventig the intorduction of many high-risk diseases, including foot-and-mouth disease and classical swine fever.

Evidence: For several years, APHIS has allowed two or fewer fruit fly outbreaks in the U.S. requiring emergency action. None of these has resulted in permanent establishments. No FMD cases were detected and none have been detected to date in FY 2004.

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: SMALL EXTENT Question Weight17%

Explanation: APHIS has baseline data for four out of six measures reported for the Pest and Disease Exclusion program. While the program did not meet its target for one fo these measures, the programs are demonstrating progress through the others, and have set ambitious targets for future years.

Evidence: In FY 2003, APHIS exceeded its goal by 10% for the number of sterile fruit fly pupae produced weekly (in billions).

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: LARGE EXTENT Question Weight 17%

Explanation: APHIS' PDE programs comply with Agency and Federal requirements to maximize cost-effectiveness by developing less expensive - and, sometimes, automated - methods that enable personnel to accomplish more with the same funding level. Also, these progams seek centralized supply distribution points to reduce shipping costs. As APHIS clears more areas of threatening pests and diseases, fewer tax dollars are needed for emergency eradication action. Even though performance did improve in past years, "largel extent" was given, since no goals had been established against which to measure the accomplishments.

Evidence: Fruit Fly: APHIS' use of eclosion towers, a new technology, saved $1 million in FY 2003 over FY 2002. Multi-lure traps - which were first used in FY 2002 - require service only twice a month as opposed to four times with the previous method. As a result, program can employ twice as many traps. In FY 2003, program began using a central warehouse to house trapping supplies. Using this warehouse has decreased shipping costs and has enabled program to buy items in bulk at a lower cost.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: YES Question Weight 17%

Explanation: APHIS' Pest and Disease Exclusion programs compare favorably with the exclusion efforts of other countries. For example, while European countries have recently experienced serious outbreaks of BSE, FMD, and classical swine fever (CSF), the United States has prevented FMD and CSF from entering the country and has had procedures in place that have prevented a large-scale BSE outbreak. APHIS has also successfully prevented Medfly from becoming established in the United States despite periodic outbreaks.

Evidence: The 2001 FMD outbreak in the UK cost more than $3.7 billion. A similar outbreak in the US would cost over $14 billion. While FMD spread to other countries in Europe (including the Netherlands and France) and Asia, it did not enter the US. APHIS is also successfully preventing CSF from entering the US from the Dominican Republic or Haiti through a combination of preclearance inspections and eradication activities. Additionally, while one case of BSE was detected in the US and others may be found, APHIS and other Federal agencies have had measures in place to prevent any infection from spreading. Experts believe that at least one million cattle in the UK were infected, and the epidemic there caused enormous losses as well as over 100 human deaths. APHIS has also successfully prevented Medfly from becoming established in the United States. As it moved into Central America (in the 1950s) and Mexico (in the 1970s), these countries were not able to prevent its establishment. APHIS is cooperating with these countries to eradicate Medfly from these areas.

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

4.5 **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: LARGE EXTENT Question Weight 17%

Explanation: Independent evaluations indicate that the programs are effective.

Evidence: The Animal and Plant Health Safeguarding Reviews (conducted by the National Association of State Departments of Agriculture and the National Plant Board in 2001 and 1999) both showed that APHIS safeguarding activities are largely effective and made recommendations for ensuring that the programs remain effective in our increasingly global economy. APHIS has acted on many of the recommendations, which include an increased focus on off-shore risk reduction. In response, among other improvements, we are establishing a formal international information gathering program. Additionally, the APHIS FFED program's use of performance data in program management has been cited twice in government-wide reviews, in a May 2003 study by the National Academy of Public Administration and a September 2000 GAO study.

4.RG1 **Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits?** Answer: YES Question Weight 17%

Explanation: Through regulatory impact analyses of significant rules, APHIS assures that its goals and benefits are achieved at the least societal cost with maximum benefit.

Evidence: Our import regulations demonstrate our efforts to take the least restrictive regulatory action possible and maximize benefits. For example, following outbreaks of Ralstonia in Guatemala, APHIS did not prohibit host material imports, such as geraniums, which are extremely important to the U.S. nursery industry but is requiring off-shore producers to follow clean-stock programs that allow trade to continue while protecting U.S. ag. APHIS has maximized net program benefits in resolving market access for cherry exports to Korea, potato exports to Mexico, and clementine imports from Spain. These actions/regulations help both U.S. producers in expanding business and U.S. consumer in expanding choice.

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

Measure: Number of foreign animal disease incidents in the United States.

Additional Information: APHIS is tracking its success at excluding diseases by measuring the number of foreign animal disease incidents.

Year	Target	Actual	**Measure Term:** Long-term
2003	0	1	
2004	0		
2005	0		
2006	0		
2007	0		
2008	0		

Measure: Areas free of Medfly in Mexico and Guatemala.

Additional Information: The greatest threat of Medfly establishment in the United States is from the spread of the pest overland through Mexico and into fruit and vegetable growing areas in Texas and California. APHIS and Mexico have decided to embark on a long-term program to eradicate medfly completely from southern Mexico and Guatemala.

Year	Target	Actual	**Measure Term:** Annual
2003	Baseline	70,000 km2	
2004	70,000 km2		
2005	70,000 km2		
2006	70,000 km2		

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

Measure: Number of traps set in Florida and Puerto Rico.

Additional Information: APHIS has replaced original traps with new multi-lure traps (MLT). Whereas the old traps required service 4 times a month, the new traps require only 2. As a result, the proram has employed twice as many traps without increasing funds. With more traps, APHIS can significantly enhance its fruit fly detection capability.

Measure Term: Annual

Year	Target	Actual
2000		17,000
2001		17,000
2002		17,000
2003		57,000
2004	57,000	

Measure: Number of severe outbreaks of exotic fruit flies detected on mainland U.S.

Additional Information: APHIS is tracking its success at excluding pests through the amount of outbreaks of exotic fruit flies.

Measure Term: Long-term

Year	Target	Actual
2003	2	1
2004	0	
2005	0	
2006	0	
2007	0	
2008	0	

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

Measure: Value of expanded and retained markets, new markets access and trade facilitated (in billions).

Additional Information: APHIS is tracking its success at facilitating trade by measuring the value of markets retained, expanded or opened.

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	2.4	
2004	2.4		
2005	2.447		
2006	2.447		
2007	2.447		
2008	2.447		

Measure: Number of horseback river patrols.

Additional Information: APHIS implements a horseback patrol along the Rio Grande. These patrols are responsible for the apprehension of stray or smuggled Mexican livestock. As of 2001, 50 percent of bovine and 20 percent of equine apprehended were infested with ticks. This measure displays the continuous effort toward preventing tick infestations.

Year	Target	Actual	**Measure Term:** Annual
2003	12356	11259	
2004	12500		
2005	12500		
2006	12500		
2007	12500		
2008	12500		

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

Measure: Number of countries from which agricultural disease/pest information is collected.

Additional Information: By building a network of information concerning agricultural diseases and pests in other countries, APHIS expands its knowledge to be put forth toward safeguarding U.S. agriculture from foreign animal diseases.

Year	Target	Actual	**Measure Term:** Annual
2003	N/A	N/A	
2004	3		
2005	14		
2006	14		
2007	14		
2008	14		

Measure: Number of sterile fruit fly pupae produced weekly (in billions).

Additional Information: By producing sterile pupae, APHIS reduces the risk of pests being established in the United States.

Year	Target	Actual	**Measure Term:** Annual
2003	2	2.2	
2004	2.7		
2005	2.7		
2006	2.7		
2007	2.7		
2008	2.7		

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

Measure: Regulatory decisions or initiatives taken to ensure safe commodity importation.

Additional Information: In order to manage the risk of exotic pests and foreign diseases, APHIS implements regulations on commodity imports.

Year	Target	Actual	**Measure Term:** Annual
2003	N/A	26	
2004	30		
2005	30		
2006	30		
2007	30		
2008	30		

Measure: Percent of premises freed of the tick on Antigua.

Additional Information: APHIS protects the United States from the risk of tropical bont tick infestations by eradicating the tick from the Caribbean islands. Antigua is the most severe case among the islands due to its large livestock population.

Year	Target	Actual	**Measure Term:** Annual
2003	N/A	N/A	
2004	30		
2005	50		
2006	95		
2007	97		
2008	100		

PART Performance Measurements

Program: Pest and Disease Exclusion
Agency: Department of Agriculture
Bureau: Animal and Plant Health Inspection Service (APHIS)
Type(s): Regulatory Based

Section Scores				Rating
1	2	3	4	Effective
100%	100%	100%	72%	

Measure: Dollar cost of 1 million sterile fruit flies produced at the El Pino facility in Guatemala.

Additional Information: APHIS produces sterile male pupae and sells them to the States for dispersal. The sterile male flies unsuccessfully mate with female flies consequently reducing the population of flies. This measure displays cost efficiency within APHIS by producing pupae for less money and sharing that savings with the States.

Measure Term: Annual

Year	Target	Actual
2000		$264.00
2001		$216.00
2002		$176.00
2003		$139.00
2004	$139.00	

PART Performance Measurements

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose of the Pesticide Data Program (PDP) is to collect pesticide residue data to support implementation of the Food Quality Protection Act (FQPA). The Purpose of the Microbiological Data Program (MDP) is to collect baseline data to address food borne pathogens in the food supply.

Evidence: The authority for the PDP program is in title III, section 301 of the FQPA. The authority for the MDP program is in the Agriculture Marketing Act of 1946.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The PDP program is the main supplier of data to EPA that accurately reflects pesticide residues in the U.S. food supply. This data is used to implement the FQPA and make regulatory decisions that affect agricultural production. The data supplied through the PDP program is tied to FQPA implementation time tables through cooperative agreements with State Departments of Agriculture. MDP baseline data will enable government agencies to develop risk assessment models, and evaluate antimicrobial resistance.

Evidence: PDP provided 87 percent of the data used for the cumulative risk assessment of organophosphates which led to regulatory decisions affecting 22 crop protectants. PDP is currently generating data needed for cumulative risk assessment of pyrethroids, conazoles/triazoles, and other pesticide classes. MDP data were sent to CDC and FDA. Cultures are provided to ARS to support the Interagency Taskforce on Antimicrobial Resistance.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: PDP is the only program in the U.S. that is specifically designed to produce dietary risk assessment data on a national level. The data is representative of over 50 percent of the U.S. population and all geographic regions of the country. The data reflect population exposure to pesticides through dietary intake. MDP baseline fruits and vegetables survey on foodborne pathogens is a first-time national scale effort that is not duplicative of any other federal program.

Evidence: PDP is designed to allow national estimates from the data obtained. PDP covers major agricultural producers as well as underserved rural areas. For example, community water systems in the PDP water survey include small water treatment plants that are not being surveyed by any other federal program. Over time MDP data are expected to spot trends in microbial contamination and serve as a basis for risk assessment.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: One mechanism to strengthen the effectiveness and efficiency of the program would be to consider charging a fee to industry beneficiaries for partial or full cost of the program.

Evidence: OMB Circular A-25, states that, "It is the objective of the United States Government to .... promote efficient allocation of the Nation's resources by establishing charges for special benefits provided to the recipient that are at least as great as costs to the Government of providing the special benefits ....".

PART Performance Measurements

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight 20%

Explanation: MDP and PDP sampling plans, developed by NASS statisticians, are designed to collect samples that represent what is available to the U.S. consumer. The States initially chosen for participation in the program are major producers of fruits and vegetables in the U.S., and as such, they already had the sampling and testing infrastructure needed by PDP. In addition, PDP studies are focused on the chemicals and fruits and vegetables identified by EPA as part of its needs to set pesticide tolerances.

Evidence: State vouchers are carefully reviewed to ensure that charges are for allowable items and are in agreement with forecasted expenditures. Any discrepancy is quickly addressed with state personnel and corrected, if necessary.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight 12%

Explanation: The ultimate outcome of PDP data will be full implementation of FQPA. PDP data output has a significant impact on the FQPA implementation process, and at the same time supports the agricultural industry in making necessary transitions to safer crop protection tools to maintain production. The PDP program has identified the following long-term performance measure as a surrogate for an outcome measure: 'Provide EPA pesticide residue data on targeted food commodities based on established timeframes and requirements of the FQPA of 1996.'

Evidence: The FQPA of 1996 requires that all tolerances established by EPA (over 10,000) be revised for conformance with the new standards set by the Act. EPA published a Federal Register Notice (August 4, 1997; volume 62, No. 149) which described the Agency's timetable for reassessing food tolerances for the next 10 years. PDP plans data collection activities in accordance with EPA's established timetables and timeframes for pesticide tolerance reassessment. AMS' timeframes are established by the statutory requirements of the EPA.

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: YES Question Weight 12%

Explanation: PDP plans data collection activities in accordance with EPA's established timetables and timeframes for pesticide tolerance reassessment.

Evidence: PDP data are used for evaluation of newly registered pesticide uses such as conazoles and pyrethroids. PDP data collection plans for 2003 and 2004 for pyrethroid compounds are based on regulatory activities (cumulative risk assessment of pyrethroids) that EPA has scheduled for 2005. MDP plans for 2003-2004 include complete migration to new and more efficient technologies and to demonstrate equivalency of data across laboratories.

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight 12%

Explanation: Annual performance goals are measured by the number of samples and analyses performed in a fiscal year.

Evidence: GPRA performance goals are expressed as percentage of sampling and analyses goals achieved and /or exceeded. Total number of commodities sampled and tested for in a given year (commodity- year) is compared to annual target

PART Performance Measurements

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 12%

Explanation: Annual measures include quantifiable targets to be achieved in a given year. These numbers are included in the program GPRA plan and are contingent on funding levels.

Evidence: PDP/MDP plan to deliver 100% of the analysis goal stipulated in the 2005 GPRA plan. This goal is developed using the baseline number for calendar year 2002 (PDP was 125,000 analyses). These programs must also respond to urgent requests from data users which at times may impact number of analyses performed. In these cases, PDP performs a cost-benefit analysis to determine impact to the agricultural industry if urgent data needs are not met and adjusts GPRA goals accordingly.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 12%

Explanation: Program operations are carried out by state partners through cooperative agreements with State Departments of Agriculture. Terms of the agreements include execution of program planning, adherence to operating procedures and a requirement to achieve ISO 17025 accreditation. Planning meetings are held with partners (states, EPA, CDC) to discuss long range planning and develop semi-annual plans.

Evidence: Program plans and standard operating procedures (SOPs) are sent to state partners well in advance of planning cycle. Plans and SOPs are also posted on the program's web site. State partners are required to show evidence of progress towards achieving ISO 17025 accreditation for their operations, which will ensure acceptance of data by international organizations.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: NO Question Weight 12%

Explanation: The most recent review of program operations was conducted by the USDA Inspector General's Office (OIG) in 1994. While not independent of the program, federal staff also conduct periodic reviews of program operations. AMS plans to request an audit of program operations by the USDA Office of the Inspector General in FY 2004.

Evidence: Appropriate citations from the 1994 review are:

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: NO Question Weight 12%

Explanation: The PART guidance states that in order to obtain a "yes", the program must provide a presentation that makes clear the impact of funding, policy, or legislative decisions on expected performance and explains why the requested performance/resource mix is appropriate. A program with budget planning that is not tied to performance or strategic planning would receive a No.

Evidence: The programs budget justification materials do not tie the budget request to the program's annual performance measure of the number of commodities tested and the number of samples analyzed.

PART Performance Measurements

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: NO Question Weight 12%

Explanation: While the program does have acceptable (output related) annual performance measures, and an acceptable long-term measure of providing EPA with pesticide residue data throughout the re-registration process, the program would be strengthened by adopting an additional outcome based long-term measure of the program's performance.

Evidence: The program has only one output based long term measure: 'Provide EPA pesticide residue data on targeted food commodities based on established timeframes and requirements of the FQPA of 1996.'

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: Program performance is measured by collective ability of PDP/MDP participants to deliver data within deadlines. Both programs have a strong quality assurance program that covers all aspects of data gathering, from sample collection to data reporting. PDP/MDP participants guarantee data by adherence to these strict QA protocols.

Evidence: Sampling performance is measured by participant's ability to collect a specified number of samples that meets PDP/MDP criteria. Laboratory performance is measured by ability to meet quality assurance/quality control protocols. Laboratories' performance is also measured through "proficiency check samples" and validation studies. Workload assignments are given according to laboratory area of expertise and capacity. Laboratory backlog is closely monitored and if warranted samples are rerouted to another laboratory.

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 14%

Explanation: AMS has assigned management of the PDP/MDP programs to the Science and Technology-Monitoring Programs Office. The MPO Director is held accountable for financial oversight, schedules and performance of PDP/MDP. Performance is monitored through GPRAs. Performance of State partners and contractors is monitored by MPO staff through audits and the Quality Assurance program.

Evidence: The MPO Director is held accountable for overall financial oversight, schedules and performance of PDP/MDP. Program participants are required to select individuals to oversee administrative, technical and quality assurance operations at each of the PDP/MDP facilities. These requirements are described in standard operating procedures (SOP-ADMIN2 Personnel and Organization). Performance of contractors is monitored through ongoing reports from PDP/MDP facilities.

PART Performance Measurements

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 14%

Explanation: Funds are obligated to fulfill the statistical sampling plan and are managed through cooperative agreements when appropriations are received. Amounts allocated to the states are proportional to planned workload, staffing levels and operational costs. Program partners are required to submit a budget with estimates of costs. Deviation from estimated expenditures must be cleared by MPO.

Evidence: Program partners submit periodic billing of expenditures. MPO reviews these bills for conformance with the terms of cooperative agreements, forecasted expenditures (standard form 424) and program plans. All purchases of single items over $5,000 by State and federal partners must be approved by MPO. State expenditures that exceed $25,000 or 10 percent (whichever is lower) of forecasted expenditures must be approved by MPO.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 14%

Explanation: For laboratory analyses, PDP/MDP utilizes state partners rather than private sector laboratories to maintain the impartiality of the data. Criteria used for outsourcing is any activity that cannot be accomplished by the PDP/MDP state partners, due to either cost or availability. Factors to be considered when outsourcing include obtaining statistically representative, unbiased samples consistently collected, handled, and shipped in a manner to ensure the integrity of the data produced. All program objectives and programmatic quality assurance criteria must be maintained in contract awards. Other examples of efficiency improvements are:

Evidence: Based on competitive sourcing, in 2002 PDP enlisted the services of water utilities staff and awarded this contract to a private vendor to manage water sample collection and provide supplies, resulting in savings of $450,000. Additional examples of activities outsourced include administering proficiency test samples and sample collection kits. Similarly, collection of pear concentrate samples at processing plants that could not be done by State partners in a cost effective manner was awarded to a private contractor. MDP has undertaken similar cost comparative studies.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: The program is a collaborative state-federal effort. The EPA and all ten PDP/MDP states provide feedback in program planning. The program also works with the USDA Office of Pest Management Policy (OPMP), USDA National Agriculture Statistics Service, CDC, and FDA to address agricultural industry's and government's data needs.

Evidence: EPA and OPMP review and concur on PDP program plans. EPA participates in PDP annual planning sessions with state partners. Long-range planning is developed with EPA, OPMP and other stakeholders (industry and consumer groups). EPA also provides technical support for laboratory operations (e.g., methods, pesticide reference materials, etc.). Records of planning sessions, conference calls, and interagency meetings are filed by MPO. State sample collectors and scientists are represented in Program Advisory Committees. MDP planning is developed in consultation with CDC and FDA.

PART Performance Measurements

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: PDP/MDP use the Federal Financial Information System and internal budget spreadsheets to track budget transactions.

Evidence: Invoices from clients are reviewed before they are processed for payment. Billing discrepancies and corrections are promptly resolved. Contracts that fail to meet criteria for deliverables are terminated. State partners are required to notify MPO of changes in staffing levels if these affect budget expenditures. Also, all purchases over $5,000 per item require the approval of the program Director.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: Reviewing data output provides the first indication of management deficiencies for both programs because poor management quickly translates into errors and or delays reporting data. State managers are promptly notified if in the course of data review (financial or scientific), recurring errors are spotted. If the problem is not corrected, financial, sampling or laboratory operations are scheduled for an audit by qualified headquarters staff. In addition, each program participant undergoes periodic reviews/audits of program operations. Any management or technical deficiencies observed are reported to AMS Compliance Office. These deficiencies must then be corrected and the corrective action documented and communicated to headquarters.

Evidence: As reported in the 1994 OIG report, poor management caused errors in data reporting and backlogs when the problem was not quickly corrected. PDP/MDP staff review data submissions sent daily via remote data entry. Any discrepancies, errors and/or omissions are promptly reported to program partners. Reports of outcome of program reviews including recommendations for improvement or corrective actions are sent to the state laboratory and AMS Compliance Office and are filed in program QA archives. Follow-up on-site reviews track implementation of corrective actions.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight 25%

Explanation: The program has only one output based long term measure: 'Provide EPA pesticide residue data on targeted food commodities based on established timeframes and requirements of the FQPA of 1996.' The program received a "small extent" for this question because it's difficult to determine what level of accountability program partners are held to and what the consequences are for their failure to meet deadlines.

Evidence: While the PDP annual GPRA goals have been met or, in some cases, exceeded, it's difficult to determine how ambitious the targets and timeframes are for data delivery to EPA.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight 25%

Explanation: Annual performance goals are met by all program participants. Achievement of annual goals is attained through active participation of all partners in formulation of plans. Sessions for long range planning are held once a year with all participants in attendance. Semiannual plans are prepared with participants input via meetings, conference calls and e-mails. The program received a "large extent" for this question due to the fact that all of it's annual measures and it's long-term measure is output related.

Evidence: PDP/MDP GPRAs were met or exceeded. Summaries of PDP data are published annually and posted on the Web site (http://www.ams.usda.gov/science/pdp/ or /mdp/). MDP data will be released in 2003. Semiannual plans, which are also posted on the Web, and are used by PDP customers to project availability of data.

PART Performance Measurements

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: SMALL EXTENT

Question Weight25%

Explanation: While the program has recently developed an efficiency measure, it cannot be deternmined if that measure has contributed to increased efficencies. Next year, the PART evaluation will revisit this question to determine the effectiveness of the efficiency measure on the program. Another way to strengthen the cost effectiveness and efficiency of the program would be to consider charging industry beneficiaries with partial or full cost of the program. However, the PDP/MDP completed OMB Circular A-76 for fiscal years 2000-2003 and provided Federal-State cost comparisons that demonstrate program efficiency.

Evidence: The number of samples analyzed by PDP has increased as follows: 1999--9,125 samples; 2000--10,907 samples; 2001--12,264 samples; 2002--12,933. Program efficiency is also measured by timeliness of data delivery and ability to accommodate urgent data requests. In these cases, economic impact to agricultural industry is weighed and output is adjusted accordingly. Remote data entry capabilities were provided to MDP labs. DNA-based technologies, currently under validation at MDP laboratories, are expected to yield significant savings.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: NA

Question Weight: 0%

Explanation: PDP is the main provider of dietary risk assessment data to the EPA for use in the registration and re-registration of pesticides in accordance with the FQPA of 1996. PDP procedures have been given to other data providers at the request of EPA. Program staff was invited to participate in an international risk assessment workshop for the European Union to discuss program design and procedures. MDP is the only program collecting unbiased microbiological baseline data in fruits and vegetables. However, based on the unique purpose of the program, it received an "na".

Evidence: See answer to question number 1.1 for PDP. Existing Federal programs collect microbiological data in response to food poisoning incidents or to track emerging food borne illnesses whereas MDP data collection does not target specific problem areas. MDP is an ongoing survey that provides government agencies unbiased data on food borne pathogens in fruits and vegetables that can be used as baseline for outbreak investigations. Over time, the data are expected to serve as basis for microbial risk assessments.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: NO

Question Weight25%

Explanation: The most recent review of program operations was conducted by the USDA Inspector General's Office (OIG) in 1994. While not independent from the program, federal staff also conduct periodic reviews of program operations. AMS plans to request an audit of program operations by the USDA Office of the Inspector General in FY 2004.

Evidence: Appropriate citations from the 1994 review are:

PART Performance Measurements

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

Measure: Number of samples analyzed (average of the PDP/MDP programs).

Additional Information: PDP: the number of commodities sampled compared to the annual target: 11,000 in FY02; 11,500 in FY03-05. MDP: the number of samples tested for foodborn pathoghens (beginning 2002) compared to the annual target: 10,245 in FY 02; 11,000 in FY 03-05

Year	Target	Actual	**Measure Term:** Annual
2002	21,245	23,157	
2003	22,500		
2004	22,500		
2005	22,500		
2006			

Measure: Number PDP samples analyzed compared to annual target

Additional Information: Analyses per commodity class (fruits and vegetables, grains, meats, drinking water); annual target is 98,000.

Year	Target	Actual	**Measure Term:** Annual
2002	98,000	125,440	
2003	98,000		
2004	98,000		
2005	98,000		

Measure: Percentage of pesticide residue data on targeted food commodities provided to EPA in accordance with established timetables and timeframes for pesticide tolerance reassessment.

Additional Information: PDP plans data collection activities in accordance with EPA's established timetables and timeframes for pesticide tolerance reassessment in accordance with the FQPA of 1996.

Year	Target	Actual	**Measure Term:** Long-term
2002	10%	0%	

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

2003	30%
2004	50%
2005	70%

Measure: Percentage of foodborne pathogen analysis goal achieved

Additional Information: Analysis of foodborne pathogens (E. coli and Salmonella) per commodity compared to annual target of 20,482 in FY 02 and 22,000 in FY 03-05

Year	Target	Actual	**Measure Term:** Annual
2002	100%	100%	
2003	100%		
2004	100%		
2005	100%		

Measure: Percentage of analysis goal achieved for additional virulence factors

Additional Information: Analysis of virulence factors performed compared to annual target of 300 in FY 02 and 1000 in FY 03-05

Year	Target	Actual	**Measure Term:** Annual
2002	100%	100%	
2003	100%		
2004	100%		
2005	100%		

PART Performance Measurements

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

Measure: Cost per test (in dollars)

Additional Information: To arrive at a cost per test, the PDP program divides the laboratory operating costs (lab budget and equiptment purchase expenses) from the 10 participating labs by the number of tests conducted.

Year	Target	Actual
2002	$9.36	$9.36
2003	$11.07	$11.07
2004	$9.41	$9.41

Measure Term: Annual (Efficiency Measure)

Measure: Cost per sample

Additional Information: To arrive at a cost per sample, the PDP program divides the laboratory sampling budgets (a total of the 10 participating labs) by the number of samples collected.

Year	Target	Actual
2002	$107.03	
2005		
2006		

Measure Term: Annual (Efficiency Measure)

Measure: Number of EPA tolerances covered by PDP data.

Additional Information:

Year	Target	Actual
2002	1,000	
2003	1,000	
2004	1,000	
2005	1,000	

Measure Term: Long-term

PART Performance Measurements

Program: Pesticide Data/Microbiological Data Programs
Agency: Department of Agriculture
Bureau: Agricultural Marketing Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

2006	1,000

PART Performance Measurements

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The Plant Materials Program provides plant solutions to conservation problems. The primary purpose of the program is to develop and promote plant technology to support a wide variety of natural resource conservation efforts. In addition to these two goals, the program also seeks to identify future plant needs and to develop technology to address these emerging issues. One of the program purposes is also to ensure adequate production of plants and seeds by commercial growers.

Evidence: The NRCS National Plant Materials Manual Part 539 provides guidance on the purpose, mission, activities, and legislation for the Plant Materials Program. 7CFR613 provides the most current legal description of the mission and operation of Plant Materials Centers.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The program invests time and effort into identifying emerging conservation issues, such as invasive species and carbon sequestration, and how plant technology can address them. And much of the research and training this program provides is fundamental to the mission of NRCS. Much of NRCS's conservation work is accomplished through vegetative practices. Without the program, little of this type of work would be fulfilled by other federal agencies or the private sector.

Evidence: Plant Materials Program projects and studies are directly related to and have a direct impact on NRCS Strategic Objectives and Conservation Needs. Because plants form the foundation for many conservation practices, Plant Materials studies and products are directly aligned with specific resource issues. The purpose and mission of the Plant Materials Program is well known among the conservation community, and its uniqueness and success have been touted in professional journals. Plant Materials Centers continue to support conservation plantings by producing high-quality Foundation seed and plants which are made available to commercial growers for large-scale production and sale to the public. Most of the native plants currently available for conservation solutions and much of the technology development to ensure success would not be carried out by others if the Plant Materials Program was not doing it.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The Plant Materials Program develops plants and plant technology products for immediate application to conservation problems on both private and public lands through the NRCS delivery system on a county, state, and regional basis. In addition, the program integrates local, private-sector needs with plant technology that is developed so that commercial seed growers can meet market needs. No other agency or group has the infrastructure to develop and deliver this applied technology in this manner. The commercial conservation seed and plant industry relies upon the conservation plants released and technology developed by the Plant Materials Program because the cost of research and development is not economically feasible at the private industry level. While there are other governmental programs that research plant technology, such as the Agricultural Research Service and Land Grant Universities, the Plant Materials program is unique in its focus on developing vegetation for use in resource conservation applications.

Evidence: The Plant Materials Program selects plants and develops plant technology with a specific need identified through local grass roots efforts. The Plant Materials Program works with unique conservation situations, which are typically not addressed by other agencies. Other federal and state agencies select plants and develop and transfer plant technology, but the areas of concern and method of operation are quite different from the Plant Materials Program. Independent authors in professional journals have touted the importance of the role of the Plant Materials Program in plant selection and in providing directly applicable technologies at the local level.

PART Performance Measurements

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: YES Question Weight 20%

Explanation: The Plant Materials Program is national in scope and carefully designed to deliver the right product at the right place on a timely basis. There are 26 Plant Materials Centers (PMC) and associated Plant Materials Specialists servicing 50 states as well as Puerto Rico and the Pacific Basin. The program addresses conservation needs identified at the grass-roots levels of conservation organizations, researches and develops solutions to address the problems, and then delivers new technology back to the field through a seamless technology transfer program. New methods of technology transfer, such as through the Internet, are utilized when available and appropriate. The Plant Materials Program is flexible and able to anticipate and respond to current and future conservation problems. The effectiveness and efficiency of the Program has been demonstrated in a recent economic analysis showing a ratio of 5.69:1 benefits to cost for the program.

Evidence: The Plant Materials Program is integrated from the ground up to provide for effective product development as well as planning and product transfer cycles. Plant Materials Centers have service areas that are able to address high-priority national needs within their regions or service areas. A recent Economic Analysis of the Plant Materials Program indicates a conservative ratio of about 5.69:1 benefits to cost. The importance and effectiveness of Plant Materials in plant selection and enabling conservation work on the ground has been touted by independent scientists in professional journals.

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight 20%

Explanation: The program uses a ground-up approach to identify and prioritize conservation issues. The state and national advisory committees then direct resources and program staff towards developing information and plant technology to address the priority issues. Commercial growers receive Plant Materials conservation plants through an established mechanism, and then they increase the conservation varieties for sale to the public.

Evidence: The Plant Materials Program works from the grass-roots level up, providing for very effective product development as well as ensuring that conservation technology products reach the intended audiences and beneficiaries. The Plant Materials Program works directly with commercial growers to ensure that conservation plant varieties are available. The rewards and benefits of Federal involvement in the development of conservation plant varieties for the good of the environment and the American people is necessary given the potential risks to private industry to do the same work.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: NO Question Weight 11%

Explanation: The Program is developing new long-term performance goals and measures consistent with the goals in the NRCS Strategic Plan. The current measures focus on outputs and NRCS hopes to develop new measures to better measure the achievement of outcomes under this program. Because Plant Materials provides technical support to NRCS operations, the outcomes of Program goals relate directly to enabling NRCS to more effectively and efficiently achieve its natural resource outcomes. These draft goals will identify outcomes and perfrmance targets. Long term Program goals will be reflected in Plant Materials Centers' Long Range Plan when they address the specific resource needs of their service areas.

Evidence: The Plant Materials Program is developing a draft outline for a new Strategic Plan to better align the Program's mission with tangible goals and performance measures. Plant Materials Centers create their own Long-Range Plans which address specific resource needs in their service area within the context of the Programs' Long Term Goals.

PART Performance Measurements

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 11%

Explanation: Because there are not adequate long-term performance measures in place for this program, according to PART guidance the answer to this question must be "no."

Evidence: Timeframes and targets for long-term performance measures are described in the 'Measures' section of the PART spreadsheets.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 11%

Explanation: The program has a number of annual performance goals, including new measures currently under development as part of NRCS new strategic planning exercise. The program does not have an efficiency measure, however. NRCS has used the current measures for an extended time and are adequate for reporting the outputs of the program (number of studies produced, people trained, plants released to commercial growers). The new measures should provide better insight into how well the program is achieving its long-term goals.

Evidence: Plant Materials Program annual goals will be more directly aligned with the NRCS Strategic Plan and Plant Materials draft outline for a strategic plan beginning in FY 2004. Annual performance measures and targets for these measures are described in the 'Measures' section of PART.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 11%

Explanation: Targets have been routinely set for Plant Materials Program goals. Typically, individual Plant Materials Centers set their own goals based on minimum criteria, reasonable expectations, and the availability of staff resources at the PMC.

Evidence: Annual performance measures and targets for these measures are described in the 'Measures' section of the PART spreadsheets.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 11%

Explanation: Partners that share, utilize, or receive support from the Plant Materials Program are required to enter into Cooperative Agreements with NRCS. These are reviewed and approved by the respective State Conservationists. Most cooperative projects do not obligate money, but are provided for by in-kind services. Cooperative Agreements clearly indicate the mission and purpose of both parties entering into the agreement. Cooperative agreements document annual goals, which are consistent with Plant Materials Program and NRCS goals.

Evidence: Plant Material Centers enter into Cooperative Agreements with partners for development of plant technology. Partners can include other federal agencies, local conservation districts, and universities.

PART Performance Measurements

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 11%

Explanation: The Plant Materials program does not conduct independent reviews of its operations by groups that are external to NRCS. Instead, NRCS uses a variety of independent intra-agency reviews to evaluate the effectiveness of the program. These groups are unbiased and in an appropriate position to critically examine the operation and effectiveness of the program. The intra-agency reviews are conducted by State Plant Materials Committees, Plant Materials Technical Committee, and State Conservationists' Plant Materials Advisory Committee. In addition to state level reviews, the National Plant Materials Manual outlines the requirement for Quality Assurance Reviews (QAR) of Plant Materials Centers to be held every 5 years. The QAR is a comprehensive review of all aspects of PMC operations, and emphasizes the development of long-range plans and goals, assessment of performance, and attempts to ensure that the PMC is following established guidelines for conducting the business of Plant Materials.

Evidence: National Plant Materials Manual guidelines include those for Quality Assurance Reviews and for Plant Materials advisory committees. A National Bulletin is issued annually requiring Plant Materials advisory committees meet. Plant Materials reviews and advisory committees provide recommendations for changesand alter, adjust or redirect plans as needed.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 11%

Explanation: The budget requests are not explicitly tied to achieving the long-term goals. It is not clear how performance would increase for the measures if program funding was increased. It is also not clear how additional program funding would be prioritized if it were provided. The requests Plant Materials Centers (PMC) annually provide budget request to the Plant Materials Program Leader. All budget areas (object classes) are accounted for in the budget requests submitted to the Program Leader.

Evidence:

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 11%

Explanation: Plant Materials Program strategic planning efforts were completed in 1991, 1996 and 2000. The 1996 and 2000 strategic planning efforts identified a large number of critical issues the program needed to address. The resulting Task Force Report identified major issues and concerns within the Program and outlined a plan for resolutions. Efforts are underway to emphasize primary Program goals and to better align Plant Materials Program goals with NRCS goals and improve the measurement of more accurate performance elements.

Evidence: Strategic Planning efforts in 1991, 1996, and 2000 have led to greater emphasis on key program goals and improvements in planning and processes. Results of the 2000 effort prompted creation of an Operation Plan. A Marketing Plan was recently completed to more effectively meet one of our primary Program goals of improving technology transfer.

PART Performance Measurements

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

2.RD1 **If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals?** Answer: NA Question Weight: 0%

Explanation: The Plant Materials Program does not evaluate research proposals. As indicated in Question 1.3, the Plant Materials Program is very different from other programs in its scope, operations and emphasis on activities. Although other programs have similar broad goals and purposes, i.e., develop and transfer plant technology for natural resource conservation, it is very difficult to compare the Plant Materials Program with other programs based on the differences. The Plant Materials Program does, however, cooperate and partner with other programs having similar goals to improve the ability of both programs to accomplish their goals more efficiently (synergistic effect). An example of this is with the USDA Agricultural Research Service to study both the basic and applied aspects of a research problem important to solving a conservation need.

Evidence:

2.RD2 **Does the program use a prioritization process to guide budget requests and funding decisions?** Answer: YES Question Weight: 11%

Explanation: The NRCS Strategic Plan identifies general priorities and goals for the Plant Materials Program. Emphasis is given to highest priority and emerging conservation needs which can be addressed with plant technology. In addition, the program strives to fulfill the President's Management Agenda of E-government by development of electronic resources to collect data as well as improvements of electronic information delivery, such as through the Plant Materials Program Web site. At the level of Plant Materials Centers (PMC), PMCs undergo resource evaluation and prioritization processes with advisors, partners, and customers when developing their Long Range Plans. High priority items are addressed under the guidance of National Plant Materials Program performance goals.

Evidence: The mission and purpose of the Plant Materials Program is clearly defined by statute and within the National Plant Materials Manual. Plant Materials Program priorities are clearly in line with NRCS strategic goals and priorities. Broad program goals of improving data collection and management and information and technology transfer are being enhanced by the development of electronic resources, such as the Plant Materials Operations and Management System (POMS) and development and expansion of the Plant Materials Program Web site (http://plant-materials.nrcs.usda.gov). Prioritization of activities is done at Plant Materials Centers through processes to identify high-priority needs and development of Long Range Plans.

PART Performance Measurements

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: Program performance data is collected quarterly from Plant Materials Centers (PMC) and Plant Materials Specialists through the Plant Materials Operations and Management System (POMS) to record program activities and accomplishments. POMS data is used in a variety of ways: for completing reports, answering questions from management and from Congress, and to generate Plant Materials Web pages. Activities and performance data is used for reviewing PMC progress, redirecting activities as needed, and can be used for adjusting funding to individual PMCs based on performance. Key elements of POMS data related to Program performance are incorporated into the agency's Performance and Results Measurement System (PRMS).

Evidence: The Plant Materials Operations and Management System (POMS) database captures elements of Plant Materials activities, data, and performance. A summary of data is provided to agency management to show accomplishments within the Program on a quarterly and yearly basis. The Plant Materials Program Leader utilizes more extensive data when determining funding, overall performance and effectiveness, and for taking remedial action.

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 14%

Explanation: The National Plant Materials Program Leader makes suggestions for allocations to states with Plant Materials Centers (PMC). The State Conservationist (STC) in each state is responsible for appropriate fund disbursement, which usually occurs according to performance goals outlined in State and PMC Business Plans. The PMC Business Plan outlines the responsibilities of individuals at the PMC to meet performance goals. The Plant Materials Program Leader sends PMC performance results to the State Conservationist at mid-year to keep the STC apprised of the PMC's performance. Periodically, long-term performance reports are sent to STCs to show the performance of the PMC in relations to other PMCs.

Evidence: Plant Materials Centers prepare annual business plans that outline the activities for the year required to meet performance goals and assigned responsibilities for tasks to individuals.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight 14%

Explanation: The National Plant Materials Program Leader makes suggestions for allocations to states with PMCs based on the amount requested from PMCs and the total amount available from Congressional appropriations legislation. Through the direction of the State Conservationist, the State Budget officer routinely manages the PMC budget and makes adjustments as needed.

Evidence: Plant Materials Centers annually submit budget requests to the National Program Leader. Funds are obligated throughout the fiscal year according to state and Plant Materials Center budget plans, and are summarized in annually in budget reports.

PART Performance Measurements

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 14%

Explanation: The program is developing and will deploy in FY 2004 a new process for allocating resources to the field-level Plant Materials Centers. This new allocation system evaluates and benchmarks the performance of each center and rewards cost-effeciency and program achievements. This system will rely on performance evidence collected quarterly through the Plant Materials Operations and Management System (POMS). Performance data can be used to adjust annual funding allocations by the Program Leader.

Evidence: Operational and performance efficiency is measured within the Program by comparing products and the cost/product at Plant Materials Centers.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: The Plant Materials Program collaborates with many agencies and non-government organizations that share conservation goals to capitalize on resources and expertise from each of the cooperators. This in-kind collaboration includes the sharing of expertise, land resources, specialized equipment, labor, development of publications and eventual release of plant products. Coordination of activities is done through the establishment of cooperative agreements and assignment of points-of-contact within each agency and also through the Experiment Station Committee on Organization and Policy (ESCOP), which provides uniform standards for plant development for State Agricultural Experiment Stations, the USDA Agricultural Research Service, and NRCS.

Evidence: The Plant Materials Program establishes cooperative agreements for joint work with other federal and state agencies, or receives cooperative grants to enhance current efforts. Results of work are published in cooperative reports to give all partners full credit. Many of the conservation plant varieties developed by Plant Materials are cooperative releases with other agencies.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: The bulk of financial management practices fall to NRCS and not directly to the Plant Materials Program Leader or to Plant Materials Centers (PMC). PMCs follow their State Office administrative section's guidelines for accounting. Reports can be generated on a routine basis for the PMC Manager or Program Leader to assess the validity of charges and to ensure that spending is consistent with program needs.

Evidence: Funds are obligated throughout the fiscal year according to state and Plant Materials Center budget plans, and are summarized in annual reports. At the State level, Plant Materials Center budgets are audited as needed.

PART Performance Measurements

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: Plant Materials Program planning efforts in 1991, 1996 and 2000 also functioned to identify and solve management deficiencies. The 1996 and 2000 strategic planning efforts identified a large number of critical issues the program needed to address. The most recent (Task Force, 2000) effort identified major issues and concerns within the Program and outlined a plan for resolutions. Program management changes which have occurred include creation of the National Plant Materials Advisory Committee, development and implementation of a Marketing Plan, development of consistent Business Plans at Plant Materials Centers (PMC), and providing better coordination with external groups. At PMCs, review processes were put in place and emphasized in the revised National Plant Materials Manual.

Evidence: Planning efforts in 1991, 1996, and 2000 have led to greater emphasis on key program goals and improvements in management processes. Results of the 2000 effort prompted creation of an Operation Plan as well as creation of a National Advisory Committee. A Marketing Plan was recently completed to more effectively meet one of our primary Program goals of improving technology transfer. At PMCs, the Quality Assurance Review serves as the basis for evaluating and addressing management deficiencies. Uniform data collection and utilization has been greatly enhanced through development of the Plant Materials Operations and Management System.

3.RD1 For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality? Answer: NA Question Weight: 0%

Explanation: The Plant Materials Program does not award funds for external R&D for plant selection or plant technology development.

Evidence:

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight 20%

Explanation: The program does not have adequate long-term performance measures in place. They are currently under development.

Evidence: The 'Measures' section of the PART outlines progress on long-term goals in use by the Plant Materials Program.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight 20%

Explanation: The Plant Materials Program has been achieving its basic annual performance goals. But the program is developing new annual performance goals in order to replace the existing goals. Baselines have not been established for these new measures. In addition, until adequate long-term outcome goals are established for the program, it is difficult to ascertain how well the program is achieving its goals through its annual measures. The Program has been actively evaluating studies to develop new varieties or technology, has been delivering this technology through written documents and training sessions, and has steadily been releasing new varieties to commercial growers to enhance current conservation or address new conservation needs. Changes in annual goals will occur in FY 2004 to better describe how progress will be made towards achieving the outcomes necessary to meet long-term goals.

Evidence: The 'Measures' section of the PART outlines progress on annual goals in use by the Plant Materials Program.

PART Performance Measurements

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: The Plant Materials Program progress shows that productivity has, in general, increased during the fiscal year 1998-2002 time period. Productivity in the last 1-2 years has begun to level out. The program does not have well-designed efficiency measures, however, and does not systematically track efficiency improvements. The program does track the average cost to produce a written or oral product, but this measure is general and does not provide adequate insight into the program's cost effectiveness.

Evidence: The Plant Materials Program has consistently met or exceeded its goals for the past 4 fiscal years. Over the last 5 years, the development or transfer of new products has steadily increased over 40%, while the cost/product has decreased about 75%, indicating a general increase in overall efficiency.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: In order to improve the score of this question, NRCS needs to provide more explanation and evidence as to how this program differs with other vegetation research programs, such as those operated by the Agricultural Research Service and land grant universities. There are no formal evaluations or reports comparing the Plant Materials Program to other programs with similar goals. While similar programs might have comparable broad common goals of selecting plant and plant technology to be used for resource conservation needs, other programs are quite different in their emphasis and mechanism of operation. Efforts by the Plant Materials Program and other agencies directly complement each other to maximize efficiency and obtain maximum benefits. Coordination is accomplished through cooperative agreements and research plans. The Plant Materials Program is essential to provide immediate vegetative solutions to address NRCS' conservation goals and the successful implementation of the Farm Bill.

Evidence: It is difficult to make direct comparisons on the performance of the Plant Materials Program to other programs because Plant Materials is very unique in its focus. There are no other programs that compare directly to Plant Materials. Reviews of plant breeding programs and conservation plants species have touted Plant Materials as having the most significant impact on the ability to conduct conservation activities today.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: Though independent evaluations of this program have not been conducted, it is reasonable that the agency does not initiate these independent reviews because of the program's small size relative to NRCS's other conservation programs. Instead, uses independent, intra-agency reviews to critically examine the effectiveness of the program. For example, the program uses Quality Assurance Reviews (QARs) to review the operations of the field-level Plant Materials Centers. The program also examines its strategic goals and overall structure on a constant basis with national and state level reviews by the Plant Materials Technical Committee and the State Conservationists' Plant Materials Advisory Committee.

Evidence: A review conducted by the agency (SCS) in 1982 indicated that the program was effective and achieving results to meet conservation needs (Exhibit 12).

PART Performance Measurements

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

Measure: Number of technical documents distributed and downloaded

Additional Information: This is a relatively new long-term goal and measure

Year	Target	Actual	**Measure Term:** Annual
2002		157,351	
2003	200,000		
2004	300,000		
2005	450,000		
2006	675,000		

Measure: Number of technical documents describing plant use and management information for meeting specific resource concerns.

Additional Information: This measure has been modified to include only technical documents which is more relevant to the long-term goal; measure starts being used in 2004

Year	Target	Actual	**Measure Term:** Annual
2004	200		
2005	200		
2006	200		

Measure: Number of new plant materials released to commercial growers.

Additional Information: This measure is for one of the Program's core products. Targets are conservative due to nature of long-term nature of product development and changes in current policy.

Year	Target	Actual	**Measure Term:** Annual
2002	25	29	
2003	27		

Program: Plant Materials Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

2004	20
2005	20
2006	20

Measure: Percent of Foundation seed and plant stocks maintained

Additional Information: This is a new measure which indicates the ability and effciency of the program to provide plants to commercial growers

Year	Target	Actual
2004	80	
2005	85	
2006	90	
2007	95	
2008	100	

Measure Term: Annual

PART Performance Measurements

Program: RBS Business and Industry Guaranteed Loan Program
Agency: Department of Agriculture
Bureau:
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The B&I Guaranteed Loan Program helps finance business, industry, and the employment of rural residents for the purpose of improving the economic and environmental climate in rural communities with populations less than 50,000. This purpose is achieved by bolstering the existing private credit structure through the guarantee of loans intended to provide lasting community benefits. Such loans finance all segments of the economy, such as mining, manufacturing, and wholesale and retail sales. Loan funds are used to finance the purchase and development of land, buildings, equipment, facilities, machinery, and to pay start-up costs and to supply working capital.

Evidence: The program is authorized in Section 310B of the Consolidated Farm and Rural Development Act, as amended. The mission of the Rural Business-Cooperative Service is "to enhance the quality of life for rural Americans by providing leadership in building competitive businesses including sustainable cooperatives that can prosper in the global marketplace."

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The Business and Industry (B&I) Guaranteed Loan Program addresses the need for capital for rural America, providing incentives to create and retain jobs in rural areas. Due to a number of reasons, businesses in rural areas may face difficulty obtaining credit from private lenders. For example, many small community banks lack adequate capitalization to make these loans without a guarantees. Rural business may also find it difficult to get credit from urban and larger banking institutions. Economic decline in rural areas has also limited the access and availability of rural capital. This program provides loan guarantees to give the assurance needed to extend credit in rural communities, and in some cases help to match rural borrowers with rural lenders.

Evidence: These needs are well documented:' Congressional study, "The Credit Crunch: Its Impact on Business and Jobs," published July 12, 1993' Office of Advocacy, U.S. Small Business Administration, "Small Business Finance in Rural and Urban Regions"' Federal Reserve Bank of Kansas City, Center for the Study of Rural America. 'The Impact of Bank Mergers and Acquisitions on Small Business Lending: A Conference Report" and "Financing Rural America" ' USDA Economic Research Service (ERS) "Credit in Rural America, Agricultural Economic Report no. 749, 1997."

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight20%

Explanation: Numerous programs serve to stimulate economic development in rural communities. These include: the Small Business Administration's (SBA) 7(a) and Community Development (504) programs, the Economic Development Administration (EDA), the Tennessee Valley Authority's (TVA) Economic Development Loan fund, and other USDA programs that support business and community development. For example, an applicant from the Appalachian region may apply to programs administered by HUD, USDA and ARC to obtain financing for building construction. In other cases, two agencies may explicitly have the same goals and serve similar applicants'both SBA and USDA measure the number of jobs created. However, in some cases programs can be differentiated: SBA's 7(a) loan levels are limited to an exposure of not more than $1 million, with an average interest rate and fees higher than typically charged for the B&I Guaranteed Loan Program, and the 504 program is limited to development in specific geographic regions. Although there are a variety of state programs that serve a similar purpose, they also vary in degree of funding and rural availability.

Evidence: ' GAO report 00-220. 'Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities' (September 2000)' Catalog of Federal Domestic Assistance' Small Business Financial Resource Guide' SBA Budget Request and Performance Plan.

PART Performance Measurements

Program: RBS Business and Industry Guaranteed Loan Program
Agency: Department of Agriculture
Bureau:
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: The guarantee loan structure is consistent with program objectives to improve the quality of life in rural areas and to meet business and credit needs in under-served areas. The B&I programs' average loan size is over $1 million. Without the provision of a guarantee, many smaller lenders in rural areas do not have adequate capitalization to make these large loans and are unable to make the necessary capital advances to the businesses they serve. In addition, rural businesses may find it difficult to obtain credit from urban and larger banking institutions. The program is structured to meet these needs by facilitating the provision of credit to those unable to obtain private credit for projects meeting the program's policy objectives of stimulating economic development in rural communities .

Evidence: Section 310B of the Consolidated Farm and Rural Development, as amended, and RD Instructions 4279-A, 4279-B, and 4287-B.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: The B&I program is specifically targeted to rural residents, and is further prioritized to meet the greatest need of communities suffering from out migration, persistent poverty, long-term population decline and job deterioration, natural disasters, and fundamental structural changes in its economic base, as defined by 7 CFR 4279.155. The Agency, of its own accord and without specific direction from Congress, set funds aside for businesses in Empowerment Zones and Enterprise Communities (EZ/EC) and Rural Econoic Area Partnership (REAP) designated areas. However, prioritization only occurs when competition for program funds is strong. In recent years, demand for the program has slackened (due in part to weaker economic conditions) and in such circumstances applications are funded on a first-come, first-serve basis. Only when it appears that demand may exceed available funding, are applications rated based upon the prioritization process defined in program regulations.

Evidence: 7 CFR 4279.155. The set-aside for EZ/EC and REAP for FY '03 was $25.8 million or close to 3 percent of total available loan level.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 12%

Explanation: Long-term measures focus on the key outcomes of the program: employment opportunities and community economic benefits. ' Employment opportunities: applicants are required to project the number of jobs created and RBS state offices routinely examine applicants to verify job creation estimates. While a long-term measure, the agency tracks the number of jobs created or saved on an annual basis.' Community economic benefits: Data is based upon Department of Labor (DOL) information. Currently, RBS's baseline assumes that for every dollar of program funds expended, the overall community benefits are 2.5 times that amount. This measure looks at the value-add provided to the community as a result of the jobs created through the help of the program.RBS is also exploring additional methods and resources for measuring the effectiveness of the B&I Guaranteed Loan Program, including the comparison of program data (number of jobs, types of industries, etc.) against demographic/economic data to better understand the local/regional impact of the program on such problems as persistent poverty and high out-migration rates.

Evidence: Draft Rural Development 2005 Performance Plan. Benchmark Input-Output Account tables published by the Department of Labor's Bureau of Labor Statistics. RBS study determined that for every dollar of program funds expended, the overall community benefits provided were realized two and a half times over. This was determined by averaging DOL statistics for the types of industries funded by the B&I program.

PART Performance Measurements

Program: RBS Business and Industry Guaranteed Loan Program
Agency: Department of Agriculture
Bureau:
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 12%

Explanation: Baselines have been established for both long-term measures, but targets are currently under development for the performance measure tracking the community economic benefits provided by the B&I program.Jobs created/saved: baselines and targets are established based on past and projected performance. Targets are established by assuming that one job is created for every $32,000 of program funds. This figure is projected based on past performance and is updated to reflect actual data based upon information collected from program applicants. Community economic benefits: Baseline of 2.5 times the amount of assistance expended through its supportable program level. This was determined by averaging DOL statistics for the types of industries funded by the B&I program. As a result of this PART evaluation, RBS will analyze actual program data on the types of jobs supported each year and compare those results to the DOL 2.5 multiplier or benchmark, in order to more accurately determine the extent of community benefits. The initial analysis will occur during FY 2005 and will be reviewed each third year thereafter.

Evidence: Proposed Budget Performance Integration measures for FY 2005; The Rural Development FY 2003 and 2004 Annual Performance Plan

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 12%

Explanation: The B&I Guaranteed Loan Program has specific annual measures and goals that support the longer-term goals and objectives of the program. Annual measures include: ' number of jobs created/saved (also used as a long-term measure)' the portfolio's delinquency rate, which assesses the cost-effectiveness and efficiency of the program. Higher delinquency rates increase the cost of the program and may reflect poor lender servicing.

Evidence: The Rural Development FY 2003 and 2004 Annual Performance Plan and the Guaranteed Loan System.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 12%

Explanation: The target for the portfolio's delinquency rate is ambitious, given the recent downturn in the economy, which has affected borrowers' abilities to meet credit obligations. Maintenance of a relatively low delinquency rate in such circumstances will require strong oversight of lender servicing and loan making. Targets and baselines have also been established for the number of jobs created annually. The number of jobs are estimated by the borrower at the time the application is submitted. State Office personnel verify the number of jobs during required site visits and input the information into the Guaranteed Loan System.

Evidence: The Rural Development FY 2003 and 2004 Annual Performance Plan and the Guaranteed Loan System.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 12%

Explanation: Through program regulations, the Agency/lender/borrower mutually agree to both creditworthiness standards and reporting requirements to document the goals and objectives of the program. Borrowers are required to estimate the number of jobs created/saved and the average wage rate. Lenders are required to certify that the guaranteed loan has a reasonable assurance of repayment based on the history, projections, equity, and collateral.

Evidence: Agency regulations, primarily 7 CFR 4279-B and 4287-B. The FY 2002-2005 Rural Development Long-range Strategic Plan has been made available to the public. The plan is delivered by program regulations that provide for the achievement of the goals identified therein. By signing the forms, the lenders and borrowers have given their complied consent to the goals and objectives expressed in the Strategic Plan.

PART Performance Measurements

Program: RBS Business and Industry Guaranteed Loan Program
Agency: Department of Agriculture
Bureau:
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?

Answer: NO Question Weight 12%

Explanation: As there are no independent evaluations that examine how well the program is accomplishing its mission and meeting its long-term goals, the program must receive a 'no' to this question.However, both GAO and OIG conduct audits, surveys, and investigations regarding specific aspects of program delivery and/or servicing. Lenders and borrowers are required to submit a variety of management tools, including, but not limited to, analysis of borrower financial statements, borrower status reports, classifications of guaranteed loans based upon the degree of risk. The Agency performs Management Control Reviews (MCR), Business Programs Assessment Reviews (BPAR), and other reviews of State activities. Such evaluations are used to improve the program's regulations and procedures. In addition, the Agency has contracted with the Farm Credit Administration (FCA) to perform an independent assessment of both lenders and State Office operations.

Evidence: GAO report 99-10. Rural Business Cooperative Service's Lending and the Financial Condition of its Loan Portfolio (January 1999).GAO report 99-249. Rural Business Cooperative Service's Business Loan Losses (August 1999).USDA's Office of Inspector General routinely audits state offices regarding the status of loan portfolio and lender servicing. Recent reports include:' Rural Business Cooperative Service Lender Servicing of Business and Industry Guaranteed Loans Columbus, GA (February 2002)' Liquidation of a Business and Industry Guaranteed Loan Washington State (December 2002). OIG is currently performing an audit of the program

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?

Answer: NO Question Weight 12%

Explanation: The Agency is attempting to include these measures and goals in a clear and concise manner, however at the present time this has not been accomplished.

Evidence: The FY 2005 Budget and Performance Integration process will require a greater effort to tie the Budget request to program performance.

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?

Answer: YES Question Weight 12%

Explanation: The Agency is undertaking a complete rewrite of program regulations to address identified concerns and deficiencies, such as lender performance and eligibility, borrower eligibility, priority goals, and underwriting requirements. The Agency is also rewriting its strategic plan to include new indicators that more accurately reflect program goals and objectives. The Agency has just completed an automated loan and grant processing system (GLS) to provide a more comprehensive monitoring of program activities.

Evidence: Both processing and servicing regulations are to be published as a proposed rule. Publication of these rules are proposed for March 2004.

PART Performance Measurements

Program: RBS Business and Industry Guaranteed Loan Program
Agency: Department of Agriculture
Bureau:
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 11%

Explanation: The Agency monitors program funding activities of the various State Offices and provides for a pooling of unobligated funds that are then made available nationwide in an effort to meet the greatest need. Delinquencies are monitored on a quarterly basis. The Agency also conducts annual lender reviews. Borrowers/lenders are required to submit current financial statements and changes in guaranteed loan classifications as they occur. State Offices frequently meet with the Small Business Administration regarding outreach conferences in an effort to obtain feedback from constituent groups, as well as to provide current program information. As a result of these efforts, the agency is undertaking a rewrite of program regulations to address identified concerns and deficiencies, such as lender performance and eligibility, borrower eligibility, priority goals, and underwriting requirements.

Evidence: The Agency receives and responds to OIG/GAO audit recommendations. The Agency receives quarterly problem and delinquent loan reports from the State Offices. Lender/borrower reports are received on timetables established in 7 CFR 4279-B and 4287-B.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 11%

Explanation: Program Directors are rated on their performance in processing and servicing B&I Guaranteed Loans. Lenders are held accountable for prudent loan making and servicing activities based on written contracts. States not meeting the regulatory requirements for sound underwriting and servicing may have their loan authority removed. State Directors, National Office Division Directors, Deputy Administrator Business Program, and the Administrator all sign an attestation as to the accuracy and completeness of the data that reports program results. This is required by 7 CFR 2000-I.

Evidence: 7 CFR 4279-A, 4279-B, 4287-B, 2006-I, and 1901-A.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 11%

Explanation: All appropriated funds are obligated for credit-worthy projects. Field and National Office staff monitors the use of funds through the use of the Guaranteed Loan System. The National Office provides written guidance through the use of RD Instruction 1940-L, Exhibit A, Attachment 1, to assure funds are appropriately obligated and otherwise committed.

Evidence: The Agency prepares RD Instruction 1940-L, Exhibit A, Attachment 1, annually. This provides the field with the allocations for the fiscal year, procedures for accessing National Office reserve funds, and pooling of unobligated funds. Monitoring of these activities is accomplished through the Guaranteed Loan System.

PART Performance Measurements

Program: RBS Business and Industry Guaranteed Loan Program
Agency: Department of Agriculture
Bureau:
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 11%

Explanation: The agency recently acquired Moody's Financial Analyst software to make credit analyses more consistent. In addition, RBS recently adopted an automated forms package for the program called "B&I Loanpak," which will expedite the processing of loans and is also developing a short application form to expedite processing of loans in the amounts of $400,000 or less ($600,000 as of FY '04).

Evidence: 7 CFR 4279-B contains the guidance and requirements to help agency credit analyses more consistent. Section 6019 of the 2002 Farm Bill contains the statutory authority for the short application form (B&I Loanpak).

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 11%

Explanation: The program has joint goals with other Agency programs to target rural communities and customers with the greatest need. State Offices deliver other Rural Development programs, such as Community Facilities and Water and Waste Disposal, which provide associated infrastructure necessary to foster economic development and support the businesses financed under the B&I program. The goals of all programs are clustered to meet this objective, as is the goal for creation and retention of jobs.In addition, the agency is working to revise its Memorandum of Understanding (MOU) with the U.S. Small Business Administration (SBA) to update the agreement to reflect current program needs. RBS also plans to work with the Department of Commerce and minority lending institutions to leverage other efforts and outreach initiatives aimed at assisting minority and other high-priority communities.

Evidence: The Rural Development FY 2003 and 2004 Annual Performance Plan.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 11%

Explanation: In addition to the lender's analysis, the Agency performs an underwriting process to ensure compliance with sound financial management practices. The Agency is currently rewriting the B&I program regulations in an effort to strengthen its current and future loan portfolio. The Agency has recently acquired Moody's Financial Analyst software to help make Agency credit analyses more consistent.

Evidence: Quarterly problem and delinquent loan reports and periodic OIG audits are evaluated and appropriate actions taken as a result. The Agency has recently acquired Moody's Financial Analyst software to help make Agency credit analyses more consistent.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 11%

Explanation: In addition to the lender's analysis, the Agency performs an underwriting process to ensure compliance with sound financial management practices. The Agency is currently rewriting the B&I program regulations in an effort to strengthen its current and future loan portfolio. The Agency has recently acquired Moody's Financial Analyst software to help make Agency credit analyses more consistent.

Evidence: In FY 2001, a team of field and National Office employees reviewed loan files for all B&I loans for which final losses were paid or were repurchased in FY 2000. The results of this review and recommended actions were conveyed to the field and web-based training is used to improve loan making and servicing activities. In addition, the Agency has contracted with the Farm Credit Administration (FCA) to perform an independent assessment of both lenders and State Office operations.

PART Performance Measurements

Program: RBS Business and Industry Guaranteed Loan Program
Agency: Department of Agriculture
Bureau:
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

3.CR1 **Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: YES Question Weight 11%

Explanation: Management Control Reviews (MCRs) and Business Programs Assessment Reviews (BPARs) are conducted on a 5-year rotational basis. Results are analyzed on an ongoing basis to assure that funds are being committed appropriately, servicing activities are undertaken in a timely manner, and management reports are received as required by the program regulations. In addition, the Agency has contracted with the Farm Credit Administration (FCA) to perform an independent assessment of both lenders and State Office operations. In cooperation with OIG, RBS has taken agressive action to prevent or remedy abuses of the program by lenders. Examples include the debarment of principal owner of a lender, denied payment of loss requests, and substantially reduced loss claims as a result of lender negligence. In response to an OIG audit, the Agency has issued an Unnumbered Letter and an Administrative Notice (AN) addressing how to ensure that appraisals submitted adequately reflect the value of collateral. The Agency has also issued ANs on collateral, equity, feasibility studies, and financial reporting requirements, in response to OIG audits.

Evidence: Compliance with MCR requirements and documentation of corrective actions taken on BPARs are steps taken to address management deficiencies, as well as 7 CFR 4279-B and 4287-B. In addition, the Agency has contracted with the Farm Credit Administration (FCA) to perform an independent assessment of both lenders and State Office operations.

3.CR2 **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight 11%

Explanation: The B&I program uses historical information on portfolio performance to develop subsidy estimates. An annual subsidy rate is calculated using an audited cash flow that was approved by the OIG in 2001 and 2002. The subsidy rate is formulated, re-estimated and apportioned within all OMB guidelines. While the magnitude of change in subsidy reestimates is modest, in recent years the actual cost of the program has been consistently higher than that projected in the program's subsidy model largely as due to differences between default assumptions and actual data. As a result RBS has recently acquired Moody's Financial Analyst software to make credit analyses more consistent.

Evidence: Program subsidy model and audited cash flows, Federal Credit Supplement, apportionments and the Budget Appendix

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight 25%

Explanation: The number of jobs created or saved has been achieved or exceeded in virtually every year. However, RBS has revised its performance measure regarding "community economic benefits" to update performance assumptions and to incorporate actual data. Performance data under this revised approach will not be available until the FY 2005 President's Budget.

Evidence: Rural Development annual program performance reports.

PART Performance Measurements

Program: RBS Business and Industry Guaranteed Loan Program
Agency: Department of Agriculture
Bureau:
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight25%

Explanation: Over the last 3 years, on average, the Agency exceeded its annual performance goals. However, the delinquency rate has increased dramatically in this program, thereby increasing the federal government's risk of loss. While poor economic conditions contribute to borrowers' difficulties in meeting credit obligations, inadequate servicing by lenders has also increased the likelihood of loss in this program.

Evidence: Annual performance plan

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: NO Question Weight25%

Explanation: The subsidy rate, which measures the cost of the program, has increased over the last couple of years due in large part to increasing defaults. The delinquency rate also rose substantially over the last year. This is in part a result of adverse economic conditions but is also related to the effectiveness of lender servicing. Recent OIG reports recommend that lender oversight be strengthened in a number of areas.

Evidence: Federal Credit SupplementUSDA OIG report: Rural Business Cooperative Service Lender Servicing of Business and Industry Guaranteed Loans Columbus, GA (February 2002)USDA OIG report: Rural Development'Liquidation of a Business and Industry Guaranteed Loan Washington State (December 2002).

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: SMALL EXTENT Question Weight25%

Explanation: Regarding financial performance and cost-effectiveness, the B&I program compares fairly well other programs with similar purposes and goals. For example, the program's subsidy rate is comparable to the SBA 7(a) program even though the B&I program has a lower guarantee fee. The B&I program is also cost-competitive with the 7(a) program. In FY 2001, the cost per job created for B&I was $24,372 as compared to $29,786 per job created by the 7(a) program. However, as no performance evaluations have been conducted to compare the economic impact of similar programs such as SBA's 7(a) and 504 programs, it is difficult to compare these programs' performance in strengthening the rural economy.

Evidence: RBS 2001 Annual Report and the SBA 2003 Budget Request and Performance Plan.

PART Performance Measurements

Program: RBS Business and Industry Guaranteed Loan Program
Agency: Department of Agriculture
Bureau:
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

4.5 **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: NO Question Weight: 0%

Explanation: No independent performance evaluations have been conducted to assess the program's impact on improving economic opportunities in rural communities. To date, evaluations have largely focused on loan making and serving activities and the financial performance of the portfolio.Recent Office of Inspector General (OIG) reports suggest that oversight of lender servicing and state office training need improvement. Report findings include:' loan funds have been disbursed for unauthorized purposes and loans were approved for borrowers that had other delinquent debt;' lenders have not complied with agency instructions regarding loan making and approval; and' the agency has guaranteed loans based on incomplete and improperly prepared analysisHowever, these audits were selective in that reviews were often skewed toward delinquent loans and were not representative of the quality of the entire portfolio. As a result, the OIG is currently performing an audit of the B&I Guaranteed Loan Program, but the audit is not complete. In addition, the Agency has contracted with FCA to perform an independent assessment of both lenders and State Office operations.

Evidence: USDA OIG report: Rural Business Cooperative Service Lender Servicing of Business and Industry Guaranteed Loans Columbus, GA (February 2002)USDA OIG report: Rural Development'Liquidation of a Business and Industry Guaranteed Loan Washington State (December 2002).OIG Examination Plan for the B&I program.

PART Performance Measurements

Program: RBS Business and Industry Guaranteed Loan Program
Agency: Department of Agriculture
Bureau:
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

Measure: Rural Jobs Created/Saved

Additional Information: This measure tracks the total number of jobs created/saved for the program.

Year	Target	Actual
2001	36,800	44,130
2002	31,049	26,809
2003	33,844	
2004	33,844	

Measure Term: Long-term

Measure: Guaranteed Loan Delinquency Rate

Additional Information: This measures the portfolio delinquency rate, not including bankruptcies.

Year	Target	Actual
2001	3%	4%
2002	3%	10.29%
2003	9.5%	
2004	9.3%	

Measure Term: Annual

Measure: Community Economic Benefits (million dollars) Measure assumes that for every $1 spent, the program provides an added value of $2.50 to the local economy. Measure is being revised based on actual program data.

Additional Information: This measure tracks the overall economic benefit. Research conducted by the Department of Labor determined that B&I loans provide overall economic benefits in the amount of 2.5 times the dollars obligated.

Year	Target	Actual

Measure Term: Long-term

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose is to enhance economic opportunities and the performance of agricultural producers by increasing productivity, market and trade opportunities and management. The agency program is fully aligned with and meets the mission for USDA Strategic Goal 1 (Enhance Economic Opportunities for Agricultural Producers), which is to advance the creation and distribution of science-based knowledge specifically to enhance economic opportunities open to agricultural producers. The Cooperative State Research, Education and Extension Service's Goal 1 objectives are met through coordinated work under 6 portfolios: Expand International Marketing Opportunities; Support International Economic Development and Trade Capacity Building; Expand Alternative Markets for Agricultural Products and Activities; Risk Management and Financial Tools to Farmers and Ranchers; Promote the Efficiency of Agricultural Plant Production Systems; Promote the Efficiency of Agricultural Animal Production Systems. Education, research and extension work with multiple funding authorities in all 6 portfolios is appropriately integrated and coordinated, and is designed to enhance economic opportunities and performance of agricultural producers by increasing productivity, market and trade opportunities, and management.

Evidence: CSREES education, research and extension work to enhance economic opportunities for agricultural producers is authorized under Food Security and Rural Investment Act of 2002; Competitive, Special, & Facilities Research Grant Act; Agricultural Research, Extension, & Education Reform Act of 1998; Federal Agriculture Improvement & Reform Act of 1996; National Agricultural Research, Extension, & Teaching Policy Act of 1977; National Agricultural Research, Extension, & Teaching Policy Act Amendments of 1985; National Aquaculture Act of 1980; Food, Agriculture, Conservation, & Trade Act of 1990, Title XVI; Food, Agriculture, Conservation, & Trade Act of 1990, Title XXV; National Nutrition Monitoring & Related Research Act of 1990; Rural Development Act of 1972; Research Facilities Act; Conference Report for Agricultural Risk Protection Act of 2000. Goal 1 is clearly defined by the UDSA, REE Mission Area, and CSREES Strategic Plans, the CSREES Mission, and annual and revised USDA Performance Plans.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: Maintaining agricultural sector economic viability has been a priority of Congress and every Administration since the Great Depression. CSREES addresses existing national needs to enhance economic opportunities for agricultural producers through sponsorship of education, research, and extension. Preserving, maintaining and expanding plant/animal genetic diversity is crucial to adapt quickly to changing conditions. Identifying and managing risks inherent in agriculture helps strengthen competitiveness and maintain sustainable income and profitability. Improving and developing new food and non-food bio-based products, including fuels, is critical to respond to domestic and global demands. Analysis of domestic and international policy and developing sound management and marketing responses helps guide development and ensure individual producer use of competitive, economically sound, environmentally friendly approaches to produce products national needes for food, feed and fiber.

Evidence: CSREES Goal 1 directly addresses specific national needs to enhance economic opportunities for agricultural producers, as per the USDA and REE Strategic Plans. Goal 1 work focuses on Agricultural Markets and Trade, International Economic Development, Agricultural and Food Processing/Biobased Products (including fuels), Structure of the Agricultural Sector and Farm Management (including risk management), Plant Production, and Animal Production collectively to enhance economic opportunities for agricultural producers.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: CSREES' unique mission to integrate education, research, and extension extramural programs is coordinated with federal, state, local and private sector to avoid excessive overlap, redundancy or unnecessary duplication. Integrated sponsorship of knowledge generation, education, and technology transfer is not duplicated by others and is carried out with university partners. Diversity of programs and funding allow applied research and technology transfer for immediate response to emerging needs, and longer term work to develop and transfer information to producers to deal with the underlying causes of problems by adjusting production and marketing methods and using new technology. The scope of work is integrated and complimentary with USDA agencies (e.g., ARS, ERS, NASS, NRCS, APHIS, FSA, RMA, GIPSA) other departments and institutions (e.g., NSF, DOE, EPA, NASA), states, and private sector to provide inclusive, but non-duplicative, coverage. Coordination adds value to agency work and the related work of other providers in the public and private sector.

Evidence: Goal 1 objectives enhance economic opportunities for agricultural producers through coordination and consultation and input from other agencies and stakeholders, and in cooperation with partners. National Program Leaders coordinate and collaborate with partners, other providers and constituents to ensure work is not redundant or duplicative but is complementary and supplementary to ensure comprehensive, validated knowledge is developed and adopted by relevant constituents. This is done through meetings with counterparts (e.g., ARS scientists, ERS economists), seeking input for Requests for Applications that complement and enhance the value of work of other providers, and including them on peer reviews panels. For example, joint CSREES/ARS work on soybean rust includes fundamental research to understand nature of the disease, develop short term responses to infestation, prepare agents to contain or control outbreaks, develop resistant varieties, develop new production methods, and quantify the value of damaged crops.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: This answer received a "no" despite the following write-up, which shows that CSREES has a strong internal merit- review process. It received a "no" because a portion (less than 10 percent) of programs are earmarked through Congress appropriations to a specific location and purpose. CSREES has designed all portfolios to effectively address needs of agricultural producers. They integrate areas of science, multiple funding sources, and education, research and and extension efforts in a comprehensive, non-duplicative package. This approach optimizes the strengths, targets and benefits of a complex mix of authorizations, 57 funding lines, and traditional programs around common areas of need and science. Each component, regardless of funding activity, is held to high standards of relevance, quality and productivity specificed in the President's Managemnt Agenda. All components, including formula, special grants, earmarks and integrated programs (that is programs that have both research and extension components) submit proposals or work plans that are independently peer- or merit-reviewed by internal National Program Leaders (NPL's) and external panels or appropriate experts prior to the release of funds. Indpendent of funding mechanisms, funding id not awarded to inferior proposals, and funding is deferred pending correction of deficiencies.

Evidence: NPLs use scientific expertise, independent review panel and stakeholder input and other info. to prepare guidance for education, research and extension activities to address national needs and problems. This guidance reflects changes in needs, the state of science and education, administration and congress priorities to ensure comprehensive, effective, efficient investment of public resources to enhance economic opportunity for producers. Peer/merit review ensures relevance, quality and productivity of all funded activities, including formula and special grants. Integrated education, research and extension work consists of explicit problem areas that clearly define areas of science and education, e.g., Animal Production focuses on Reproductive Performance, Nutrient Utilization, Genetic Improvement, Animal Genomics, Physiological Processes, Environmental Stress in Animals, Production Management Systems, and Improved Animal Products. Topics of animal protection, as distinct from production are covered in Animal Protection in Goal 3.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight20%

Explanation: CSREES portfolios are targeted to concentrate research and education on enhancing productive capacity, management and marketing issues specific to agricultural producers. The combination of authorizations and funding streams targets extramural education, research and extension at institutions with broad geographic coverage, and include designated resources for minority and other institutions that target specific populations. This helps ensure a comprehensive, continuous flow of science based knowledge and technologies that are relevant to the diverse needs of multiple constituencies.

Evidence: CSREES designed and packaged Goal 1 programs in collaboration with other agencies, including ARS and ERS to complement work of other agencies and to supplement work not covered in their mission areas to avoid redundancy and duplication of efforts and funding. CSREES' unique mission to support research, and education, and extension is an asset in specifically utilizing and adding value to the research efforts of other federal agencies and departments as well as that of other public and private sector providers.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 10%

Explanation: CSREES has a balanced strategy to deal with problems and topics to enhance economic opportunities for U.S. producers. Strategic Goal 1 has a limited number of quantifiable long term outcome based performance measures that focus on ensuring the profitability of agriculture through improved production, management and marketing, and providing an adequate, affordable supply of products to meet domestic and global needs for food, fiber, and related bio-based products.

Evidence: The long term goals established for Goal 1 are: (1) Increase use of transportation fuels from biomass to 4% of total transp[ortation fuel use by 2010, (2) the Agricultural Productivity Index (crops and animals) will increase by 123 by 2010. Data for these measures come from ERS and Office of Energy Policy and New Uses.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 10%

Explanation: The long-term impact of CSREES Education, research and extension is increased agricultural productivity. The long term (2010) goal is a rate of growth that exceeds the Post World War II historical average. Between 1948-1994 ag. productivity rose at a 1.88% annual rate. During the 1990s, as average annual growth rates for federal obligations for basic research declined (Federal Funding of Basic Research http://www.ams.org/government/growthrates.html) annual productivity growth was 1.15%. CSREES and its sibling agencies in the REE Mission Area, as well as Forest Service research agencies, aligned their strategic plans with REE and USDA and coordinated similar long term objectives and problem areas to increase productivity, value added, and returns to public education, research, and extension.

Evidence: Long-term performance is assessed on a 5 year basis to better comprehend the cumulative nature of research and education processes, and to consider the aggregate flow of outcomes and impacts that may be sporadic and have time lags that are impossible to predict ex ante. The CSREES target is an average annual productivity growth rate through 2010 that exceeds long tern and recent historical trends.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 10%

Explanation: CSREES has specific annual performance and efficiency targets that measure progress toward achieving long term goals. Annual measures include output (e.g., quality, relevance and productivity of education, research and extension work to increase agricultural productivity) and efficiency (e.g., cost and time to review proposals and award funding to grantees).

Evidence: Annual performance of the Goal 1 objectives is assessed to determine progress toward solving targeted national problems and achieving long term goals. Performance review scores for each objective reflect expert assessment of the three PMA dimensions of relevance, quality, and performance, along a continuum from exceeds expectations to meets expectations, to needs improvement. The reported score is a mean of quantitative Portfolio Review Panel scores for Agricultural Markets & Trade, International Economic Development, Agricultural & Food Processing/Biobased Products (including fuels), Structure of the Agricultural Sector and Farm Management (including risk management), Plant Production, and Animal Production. Efficiency measures monitor progress in reducing cost and time per proposal processed and reviewed.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 10%

Explanation: Following the recent completion of the USDA, REE and CSREES Strategic Plans, portfolios of work were established for each Strategic Objective. Annual measures for performance and efficiency have been established. Baselines are established on recent performance, and ambitious targets have been established to routinely and continuously improve performance, reduce costs, and save time.

Evidence: Annual performance scores for each objective are baselined at meets expectations. Annual performance targets call for a cumulative 5 percentage point improvement in exceeding expectations. Efficiency baselines for cost per proposal reviewed ($356) and mean time to review proposals and release funds (161) days were established for 2002. Annual targets call for an average 3% reduction in review and processing cost, and an average 3% reduction in review time.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 10%

Explanation: CSREES enters into education, research, and/or extension partnerships only when mutual benefit is clearly demonstrated and it is consistent with CSREES mission, Strategic Plan and long term and annual goals. Submitted proposals and plans of work specify the scope of work, milestones, measures, outputs and outcomes, along with performance monitoring procedures. Submission of proposals and acceptance of awarded funds requires contractual commitment to working to accomplish annual and long term goals.

Evidence: CSREES funds over 2000 proposals, cooperative agreements and other transactions yearly. All proposals and plans of work (including formula, special, other mandated funding) must include measures relevant to CSREES long term and annual performance goals and targets. NPL review and monitoring of performance assures continued commitment of partners. Funds are withheld or deferred in the event that the contracted commitment is not maintained. As an example of government partners working toward common goals, over the past 3 years Cooperative Extension Service partnering with Farm Service Agency served a useful role in building a mutually beneficial working relationship between government agricultural agencies in need of production training for recently hired Farm Loan Officer Trainees http://www.joe.org/joe/2004april/ent.shtml#rb5.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight 10%

Explanation: All Goal 1 portfolios are independently assessed by panels of outside experts every 5 years. Assessments provide useful comments to help NPLs and implementing partners generate meaningful outcomes.Other external reviews and evaluations of CSREES programs are encompassed in materials reviewed by the review panels in making their assessment of the portfolio. For example, multiple evaluation studies in their entirety can be submitted as evidence of effectiveness and accomplishments.

Evidence: The results of independent expert portfolio review assessments for CSREES Goal 1 can be found in the Long Term Measures tab. Also see individual evaluations, e.g., Battelle Memorial Institute, "Ohio Agricultural Research and Development Center: A Generator of Positive Economic Impacts for Ohio". http://www.oardc.ohio-state.edu/bab.pdf

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight 10%

Explanation: The Budget and Performance Integration (BPI) process ensures a direct link between long range and annual goals, defined in the 3 Strategic Pans, and the annual Departmental Performance Plan. Designation of explicit problem areas that define the portfolios are exclusive and non-duplicative and make it possible to directly link budget lines with goals, objectives, portfolios, and problem areas in a transparent manner.

Evidence: See Agency budget requests, Explanatory Notes and accompanying information. New classification and reporting systems currently under development or in pilot testing will strengthen the budget and performance linkages and increase transparency.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 10%

Explanation: Significant efforts were undertaken to fully align the new CSREES Strategic Plan with the REE and the USDA Strategic Plans. Comprehensive Problem Area codes have been developed for all Agency work and are being used to align areas of CSREES higher education, research, and extension work under the portfolios that support the strategic objectives. Budget Performance Integration enhances budget preparation and justification based on need, strategic planning, and overall performance.

Evidence: CSREES demonstrates comprehensive linkages of all Goal 1 portfolios between congressional authorizations and appropriations, the Strategic Plans, the departmental and agency mission, the departmental Performance Plan, and specific areas of science and education.

2.RD1 **If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals?** Answer: YES Question Weight 10%

Explanation: The Goal 1 program is continuously coordinated through CSREES NPL consultation with complementary programs in USDA, other departments, universities, state agencys, industry, producers and other stakeholders. Program relevance to the departmental and REE missions is regularly evaluated and coordinated with other providers and partners. NPLs also provide information guidance and counsel to other agencies, scentists, providers and advisory groups to assess and compare the benefits of the work of similiar groups.

Evidence: Constituents, stakeholders and partners are routinely involved in program planning, development and review. NPLs consult with academic and industry scientists and educators beyond the Department, with advisory groups (e.g., National Agricultural Research, Extension, Education, and Economics Advisory Board; Council for Agricultural Research, Extension, and Teaching; Council for Agricultural Science and Technology) and industry groups (e.g., national producers' associations; farm organizations) to assure the relevancy of education, research and extension and to ensure complementarity with the programs of others. Considerable coordination takes place with USDA, interagency work groups, and other departments (e.g., USDA/NASA Interagency Working Group; Interagency Working Group on Plant Genomes; Buy Bio Interagency Work Group) to add value and extend the benefits of the efforts of CSREES' and other programs with similar goals.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

2.RD2 **Does the program use a prioritization process to guide budget requests and funding decisions?** Answer: YES Question Weight: 10%

Explanation: The agency develops budget and programmatic priorities based on existing and emerging needs, recent success in research, the state of science, educational capacity, and direct input form partners, constituents and other providers. The comprehensive BPI process makes the linkages and potential gaps and overlaps that become apparent as the budget request is being prepared, allowing for refinement of the budget request before it is submitted.

Evidence: NPLs and their colleagues from other agencies and institutions collaborate on the development of RFAs, including priorities, the direction of science and education, and the integration of portfolio work within the agency. This information is an integral component of the BPI process in collaboration with OBPA and OMB.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight: 8%

Explanation: Recipients of competitive and line item grants are required to submit annual progress reports and final reports through the Current Research Information System (CRIS) for research, higher education and integrated activities or directly to the NPL as per Terms and Conditions of grant awards. NPLs use this information to monitor progress, make recommendations, measure impact and make changes in priorities & focus, and program administration. CSREES collects information on the progress of research formula awards through CRIS and collects information on the total portfolio of agricultural research and extension activities through the plan-of-work reporting process and other proprietary databases, with NPL oversight. Extension work is reported through Plans of Work and annual reports. CSREES is developing and implementing a reporting system or add-on feature to CRIS for extension work. This will better integrate performance data across the areas of education, research and extension.

Evidence: Terms and Conditions for competitive and line item awards specify annual and final report requirements. Reports determine progress of each grant and if additional grant funds should be provided. NPLs use information to compile reports, measure program impacts & respond to inquiries from management, public, and Congress. See http://cris.csrees.usda.gov/. Research projects supported with formula funds are reported in CRIS as per Administrative Manuals for Hatch, Evans-Allen, McIntire-Stennis & Animal Health Research Programs. Some extension formula programs have proprietary database reporting systems. 1862 and1890 Land-Grant Institutions are required to submit 5-Year Plans of Work and Annual Reports of Accomplishments and Results (See Guidelines for State Plans of Work & Annual Report Guidelines). Reports measure impacts of institutions in addressing critical issues identified through stakeholder input.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight: 8%

Explanation: CSREES managers are accountable at all levels of the agency. The Office of Extramural Programs (OEP) is fiscally accountable, and program managers are subject to Financial Assistance Regulations. Partners submit Cash Transactions and and Financial Status Reports and undergo audit, per OMB Circular A-133. Formula grantees submit a Cash Transactions Report and annual Financial Status and documentation to sustain the report. Agency NPL's are accountable for schedule and performance results. NPL's monitor progress by evaluating and measuring program impacts. CSREES performance standards relate to strategic goals and objectives. Project periods (three to five years) ensure time to carry out work on schedule and as approved from peer- or merit- reviewed proposals and plans of work. NPL's consider budget adequacy; partners obtain prior approval for budget changes. NPL's review and approve plans of work from the land grant institutions, and arrange for and coordinate review of any programs not formally covered by plan of work reporting.

Evidence: Budget Office develops Control Tables with NPL assignments for the fiscal year. Office of Extramural Programs develops guidelines and training to assist NPLs in solicitation, review, and award of grants. This is one effort of PACE Committee, a CSREES workgroup of NPLs and administrative staff working to streamline and simplify the grants administration process and to solve problems of mutual interest. Grant recipients are provided an annual allocation letter that provides amounts of formula grant awards, and if applicable, matching requirements. Institutions with a match requirement submit a Certification of Offset form before formula funds are released. Guidelines for State Plans of Work, Annual Report Guidance, and Administrative Guidance for Integrated Research and Extension Activities provide formula grantees with compliance and reporting instructions for the administration of most CSREES formula funds.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight: 8%

Explanation: Funds are, in most cases, required to be obligated in the year appropriated. Audits, reviews and mandatory reporting, along with active post-award management, ensure that funds are spent for the intended and agreed upon purposes.

Evidence: CSREES prepares a schedule of obligations,monitors unobligated balances, compares obligations with scheduled estimates, and makes appropriate asjustments. NPLs can defer the dispersal of obligated funds if deficiencies or deviations are detected. Awardees are required to take corrective action in order to secure the release of funds.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight: 8%

Explanation: CSREES has an internal grants management system, CREEMS, which assists management and staff by providing budget, expenditures, and statistical data related to the administration of grants (e.g., time to process a proposal from receipt to award; time to process a post-award action). The system serves as a management tool for tracking action items and administrative compliance requirements. The system is CSREES' innovation in integrating all grant processes (programmatic, administrative and fiscal) into one database. Annual efficiency measures compare proposal review time and costs.

Evidence: See CREEMS documentation http://www.csrees.usda.gov/business/other_links/egov/csrees/creems.html. See Annual Efficiency Measures tab. The agency has a comprehensive IT Strategic Plan to increase the use of technology to increase cost and time efficiency, http://www.csrees.usda.gov/about/offices/pdfs/strategic_plan_03-08_Final.pdf

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight: 8%

Explanation: CSREES programs and portfolios are highly integrated and coordinated both within the agency and externally. There is a high degree of coordination between related areas of science, education and extension. Coordination through CSREES NPLs with complementary programs in USDA, other federal departments, universities, state agencies, industry, and with producers and other stakeholders leads to adjustments in program management and resource allocation. NPLs and their counterparts from other federal agencies and institutions collaborate on the development of RFAs and guidance for Plans of Work, including priorities, the direction of science and education, and the integration of multidisciplinary work within the agency and with the work of other providers. Program relevance to the departmental and REE missions and priorities is regularly evaluated and coordinated with other providers and partners.

Evidence: CSREES constituents, stakeholders and partners, along with others doing related work, are routinely involved in program planning, development and review. For example, NPLs collaborate with scientists and educators within and beyond the Department, with advisory groups and industry to maintain the relevancy of education, research and extension and to ensure complementarity with the programs of others. One result is jointly funded programs with NASA, NSF, DOE and others. Coordination takes place within the USDA, with interagency work groups, and with other departments to add value and extend the benefits of the efforts of CSREES programs and of other programs.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight: 8%

Explanation: Grantees must comply with Federal financial assistance regulations & specific USDA & CSREES implementing regulations.Audits, reviews & mandatory reporting, with active post-award management, ensure that funds are spent for agreed upon purposes. Grant recipients are required to report expenditures each quarter 45 days after close of the quarter via PSC-272 Federal Cash Transactions Report, via DHHS-PMS. Draw down requests are denied for failure to submit this report. If an institution fails to submit technical and financial reports by June 15th, the 4th quarter formula funds and subsequent formula allocations are withheld until requirements have been satisfied.

Evidence: Financial management is conducted as per OMB Circulars for Federal financial assistance, USDA regulations and the Administrative Manual, CRIS Instructions, C-REEMS instructions, and Agency records indicating the receipt and approval of financial and technical reports. CSREES implemented the Federal Financial Information System in FY 2002. Prompt action is taken to corrrect material weaknesses, if identified by auditors.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight: 8%

Explanation: The Agency has a number of improvement processes underway to upgrade its management efforts. CSREES is in the process of developing guidelines for reviewing officials to use as they review, make recommendations for changes, and approve the project proposals for all formula-funded research. CSREES also has taken action to improve general administrative, managerial, and fiscal functions; post-award management of its entire grant system, including formula, as well as line-item, and competitive grant mechanisms; and planning and accountability efforts. New annual efficiency measures have been developed, with historical baselines and 2004 and 2005 targets.

Evidence: Transition to e-Gov will result in paperless proposal and plan submission, review, approval and funding authorization to reduce processing time. Guidelines for review and approval of formula funding are in review. 5 CSREES programs transition to electronic submission this year. A Program Administration Coordination Effort (PACE) addresses management, administrative, and fiscal issues to increase grant award effectiveness. PACE is completing Service Standards that set temporal guidelines for planning, awards management and time-critical administrative and management activities. A group is establishing guidelines for post-award management. Planning & Accountability provides guidance, analysis, policy recommendations for strategic and short-term planning, budget justification, performance measurement and evaluation, contributing to review and improvement of administrative functions and assisting NPLs assess accomplishments and determine changes to improve performance and efficiency.

3.BF1 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: YES Question Weight: 8%

Explanation: Formula funded, special or administrative grants are subject to qualified expert assessment of merit prior to award of funding. In all cases, release of funds can be and is deferred pending submission and approval of an acceptable and merit reviewed proposal or plan of work against which performance is assessed. CSREES works with new and first-time recipients to ensure they understand Federal Financial Assistance regulations and policies and works to ensure the proposed project is sound, relevant and meritorious. NPLs monitor awards to ensure progress as intended by legislation and the approved proposal. To ensure success and fulfill requirements, CSREES can place additional controls on new grant recipients.

Evidence: In accordance with to statutes (c.f., Agricultural Research, Extension, & Education Reform Act of 1998) or other policies, proposals and plans of work are subject to either peer review or merit assessment. The agency maintains an extensive data base of highly qualified grant proposal reviewers from government, academia, and industry, and provides strict guidelines, training, and NPL nd administrative oversight to the proposal review and award recommendation process. All reviews are held to the same strict standards of relevance, quality and performance as per the PMA.

3.BF2 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? Answer: YES Question Weight: 8%

Explanation: CSREES collects, compiles and disseminates grantee performance information in a transparent and publicly assessable manner. All grantees are required to submit Annual Reports of Accomplishments, and Termination Reports to describe their performance in achieving their stated goals and to describe their progress. This annual report is entered into the CRIS system, and is available to the public.

Evidence: The widely used CRIS is a comprehensive repository of performance data for funded projects. These are identified by problem area and include proposal summaries, annual performance reports, outcomes and impacts, and termination reports. This information is searchable, available to the public, and has the capacity to produce various types of reports according to customer needs. Another CSREES innovation, the Competitive Research, Education, and Extension management System (C-REEMS), makes comprehensive information on proposals, their review and award management available.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

3.CO1 **Are grants awarded based on a clear competitive process that includes a qualified assessment of merit?** Answer: YES Question Weight: 8%

Explanation: Although a portion of grants are appropriated as earmarks, the vast majority of grants are awarded on a competitive-based process. An extensive, rigorous review process for competitive programs includes a panel manager, qualified reviewers, strict guidelines and safeguards to avoid conflict of interest. Formula funded, special or administrative grants are subject to qualified expert assessment of merit prior to award of funding. In all cases, release of funds can be and is deferred pending submission and approval of an acceptable and merit reviewed proposal or plan of work against which performance is assessed. CSREES works with new and first-time recipients to ensure they understand Federal Financial Assistance regulations and policies and works to ensure the proposed project is sound, relevant and meritorious. NPLs monitor awards to ensure progress as intended by legislation and the approved proposal. To ensure success and fulfill requirements, CSREES can place additional controls on new grant recipients.

Evidence: In accordance with to statutes (c.f., Agricultural Research, Extension, & Education Reform Act of 1998) or other policies, proposals and plans of work are subject to either peer review or merit assessment. The agency maintains an extensive data base of highly qualified grant proposal reviewers from government, academia, and industry, and provides strict guidelines, training, and NPL nd administrative oversight to the proposal review and award recommendation process. All reviews are held to the same strict standards of relevance, quality and performance as per the PMA.

3.CO2 **Does the program have oversight practices that provide sufficient knowledge of grantee activities?** Answer: YES Question Weight: 8%

Explanation: The agency has a reporting system (CRIS) in place. Oversight procedures are sufficient to understand and monitor grantee activities. All grantees are required to submit proposals or plans of work fully describing the education, research and extension work for which all types of funding (including mandated formula and special grants) is requested. Grantees are required to submit Annual Reports of Accomplishments describing their progress in achieving their stated goals for each funded activity. Reports are entered in the CRIS data base http://cris.csrees.usda.gov/ and are available to the public via the Web. NPLs and Awards Management Branch provide review and oversight of all funded activities, including mandated projects. NPLs provide program leadership and oversight, including site visits; agency administrative and support staff assist in program management and support the review process for each program. Expert peer or merit review panels are used to provide assessment of the efforts of grantees.

Evidence: Oversight practices and techniques provide CSREES with knowledge of grantee activities down to the individually funded project level. The Administrative Manual contains explicit program monitoring and reporting requirements. Grantee institutions submit annual Progress Reports; a report is required for each funded project included in the institution's approved work plan for the Federal Fiscal Year. A Termination Report must be submitted for each completed or terminated project. Reports must be submitted in conjunction with progress reports on active projects and must include a summary of outputs and accomplishments over the entire life of the funded project. CSREES is implementing an enhanced reporting system to supplement CRIS to include extension work http://www.csrees.usda.gov/business/other_links. The agency conducts site visits to a substantial number of grantees on a regular basis, and conducts annual audits of grantee performance. NPLs maintain close working relationships with grantees and their institutions.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

3.CO3 **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: YES Question Weight: 8%

Explanation: CSREES annually collects, compiles and disseminates grantee performance data down to the funded project level and makes it publicly available in a transparent manner via the CRIS Web Site at http://cris.csrees.usda.gov/. Grantees are contractually required to submit an Annual Report of Accomplishments, and Termination Reports to describe their performance in achieving their stated goals and to describe their progress on funded projects are entered into CRIS.

Evidence: The widely used CRIS is a comprehensive repository of performance data for funded projects from CSREES and work of related agencies with similias activities. These are identified by problem area and include proposal summaries, annual performance reports, outcomes and impacts, and termination reports. This information is searchable, available to the public, and has the capacity to produce various types of reports according to customer needs. See http://www.csrees.usda.gov/business/other_links/egov/csrees/cris.htmlAnother CSREES innovation, the Competitive Research, Education, and Extension management System (C-REEMS), makes comprehensive information on proposals, their review and award management available. See http://www.csrees.usda.gov/business/other_links/egov/csrees/creems.html

3.RD1 **For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality?** Answer: YES Question Weight: 8%

Explanation: All partners are required to submit Annual Plans of Work or specific proposals for funding of all types, including formula and special grants. All plans and proposals are subject to merit or peer review in the institution prior to submission to CSREES. All plans and proposals are subject to a competitive-based reviewe by at least 1 NPL and usually by 2 others prior to recommending approval and award of funding. High standards of scientific or educational relevance, quality and productivity apply. Awards Management Branch has procedures similar to those used for competitively awarded grants and funding to maintain the quality of other than competitive grants programs. All funded activities are portions of specific portfolios and are subject to annual and periodic expert portfolio review for relevance, quality and performance. Portfolios of funded projects including formula and special grants are reviewed by independent panels of outside experts for relevance, qualitt and performance.

Evidence: Financial management is conducted as per OMB Circulars for Federal financial assistance, USDA regulations and the Administrative Manual, CRIS Instructions, C-REEMS instructions, and Agency records indicating receipt and approval of financial and technical reports. Portfolio review assessment outcomes from panels provide quantitative and qualitative assessments that focus and guide future efforts. Research projects supported with formula funds are reported in CRIS as per Administrative Manuals for Hatch, Evans-Allen, McIntire-Stennis & Animal Health Research Programs. For some extension formula programs there are proprietary database reporting systems.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight25%

Explanation: This program has made clear and consistent progress in achieving its long term performance goals. External Portfolio assessments demonstrate that that progress was made toward acheving 2004 program goals. CSREES uses its strategic plan, the GPRA process, and portfolio reviews to plan, execute, track and report on the progress of this program. The progrsm is working to increase animal and crop production efficiency, and to achieve an eight-fold in the market share if transportaion biofuels by 2010. The Index of Agricultural Productivity captures the growth in outputs not accounted for in growth of inputs. The Index (1996 =100) was 104.4 in 2002, the most recent year for which the Index was available. This is an increase from 103.6 in 2001. Agriculture's net value added to the US economy is forecast at $93 million in 2004, up from the 1999-2003 average of $89.2 billion. Bio-based transportation fule (ehtanol and biodiesel) use increased from 0.5% of total fuel (gasoline and diesel) use in 2002 to 1.9% in 2003. This is on schedule toward meeting the target of 4% of transporation fuel from biobased sources by 2010. Note: Even though these measures are under development, the answer received a "small extent" rather than a "no" since the agency was able to demonstrate past progress for the measures.

Evidence: Agriculutral productivity continues to grow (the Index was flat from 1996-1999). Index off Agricultural Productivity, www.ers.usda.gov/publications/agoutlook/AOTables/. Ball, V.E. and G.W. Norton, Ag. Productivity Measurement and Sources of Growth, www.cplpress.com/contents/C844.htm. Value Added by Ag. to the US Economy, www.ers.usda/publications'Agoutlook/AOTables/. Use of biofuels is increasing. Use of ethanol increased from 2.81 billion gallons in 2002 to 3.4 billion gallons in 2003. Biodiesel use increased from 0.5 million gallons in 1999 to 25 million gallons in 2002, to 30 million gallons in 2003 (USDA Office of Energy Policy and New Uses). The goal is an eight-fold increase in biofuel use. In 2003, the most recent year for which data is available, biofuels accounted for a 1.9% market share of road transportation fuel.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight25%

Explanation: Targets for both annual performance and efficiency as defined were met or exceeded. Strateic Goal 1, Enhance Economic Opportunities for Agricultural Producers portfolio of work was assessed by six independent expert panels to determine progress toward achieving long term goals and solving targeted national problems. The aggregate (weighted by the relative funding of the six portfolios) was 80, and all individual portfolio scores were in the "exceeds expectations" range. Progress in two efficiency measures (proposal review costs and average time to award funding) continues to be made by improved use of information technology (e Gov and e Grants); however, a 28% increase in panel honoraria increased total costs per proposal and requires an upward adjustment of the benchmark. The adjustment also accurately reflects the salary and benefits of panel managers.

Evidence: Performance achievement is scored on expert assessment of PMA dimensions of relevance, quality and performance on a continuum that from "exceeds expectations" (67 to 100) to "meets expectations" (34 to 66) to "needs improvement" (0 to 33). The 2004 score (80), a dollar-weighted mean of the six portfolios meets the target. Quality, relevance and performance exceeded expectations (67) in all cases. Comparative benchmark data are not available prior to 2004. However, a meta-analysis of rate return estimates agriculture research and development (including extension) by the International Food Policy Research Institute in 2000 found that public funded rates exceed those of other sources (above average), www.ifpri.org/pubs/abstract/113/rr113toc.pdf. Agricultural productivity was demonstrated in 2002 to exceed that of other sectors of the U.S. economy. Ball, V.E. and G.W. Norton, Ag Productivity Measures and Sources of Growth (above average), www.cplpress.com/contents/C822.htm.

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight25%

Explanation: Efficiency and cost effectiveness are increased by reducing time-to-completion of proposal solicitation, review and funding, and by reducing peer vetting costs per proposal reviewed. The limit on recovery of indirect (F&A) costs for most CSREES competitively awarded grants has been increased to 20% of total Federal funds provided under each award. Transition to eGov and full electronic solicitation and submission of proposals will be completed in 2005.

Evidence: Mean time to completion of proposal review and award to date decline by 16 days over the 2003 level . Peer review costs were reduced nearly $50 per proposal between 2003 and 2003 and are forecast to deline another $15 in 2004.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: NA Question Weight: 0%

Explanation: CSREES is the only extramural research agency in USDA. There is no comparable research entitiy in Federal, State, local government, or in the private sector that address agriculture and food issues at the national level.

Evidence:

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: LARGE EXTENT Question Weight25%

Explanation: CSREES Goal 1 portfolios and their component programs are evaluated by independent experts in the fields of science and by stakeholders. All Goal 1 portfolios were independently assessed by panels of outside experts this year. Assessments provided comments to help NPLs and implementing partners generate meaningful outcomes, in addition to scores of the quality, relevance and performance of each portfolio. Research affects productivity with a time lag; benefit streams typically extend beyond 30 yrs. Evaluative studies found rates of return of 40% to 60% for public R&D investment regardless of level of aggregation or geographical area. Extension reduces the time lag; its major effect on productivity is the short to intermediate period, although major technology adoption throughout the sector is a long term accomplishment due to the dynamic and constantly changing technology packages and management methods available. Economists estimate rates of return to extension from 20% to over 100%.

Evidence: Agriculture operates at high efficiency because of knowledge, techniques and technologies developed at land grant universities. Battelle's 2003 evaluation of Ohio State's Agricultural Research & Development Center, partly funded by CSREES, identified improved soil fertility; managed & controlled ag. pests; prevented, diagnosed, treated animal infectious diseases; controlled crop losses caused by pathogens; increased yields through breeding & enhanced cultivars; increased meat yields by enhanced breeding. Batelle found soybeans produced through OARDC discoveries annually generate $191 mil. economic output, $67 mil. income, 4,030 jobs http://www.oardc.ohio-state.edu/bab.pdf. Current research in Journal of Extension evaluated differences in users and non-users of extension in dealing with wheat diseases; CES programs and literature rapidly alerts farmers to services available regarding disease identification and prevention http://www.joe.org/joe/2004april/ent.shtml#a8.

4.CA1 Were program goals achieved within budgeted costs and established schedules? Answer: NA Question Weight: 0%

Explanation:

Evidence:

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

4.RG1 **Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits?**

Answer: NA

Question Weight: 0%

Explanation:

Evidence:

PART Performance Measurements

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

Measure: Use of biofuels

Additional Information: This measure captures the goal to increase the use of biomas-based transportation fuels 8-fold over the next 5 years. Data from the Renewable Fuel Association show the use of fuel ethanol increasing from 174 M gallons in 1980 to 2.818 gallons in 2003. The National Biodiesel Board estimates usage has increased from 500,000 gallons in 1999 to 25 million gallons in 2003

Year	Target	Actual
2004	1.0%	1.9%
2010	4.0%	

Measure Term: Long-term

Measure: Agricultural Productivity index as measured by total factor productivity for agriculture. Total factor productivity is a well-established measure of productivity used across economic sectors to gauge growth patterns and the factors contributing to growth. It is the ratio of total outputs to toal inputs. ERS tracks this index.

Additional Information: The 2010 target assumes an annual rate of increase of 1.5%, the average growth rate between 1989 and 1999. This is significantly more than the .035%, or almost flat, annual average achieved between 1994 and 1999. Experts at ERS consider 1.5% to be optimistic, given the most recent trends. 1999 is the most recent year for which the actual index is now available. The index for 2002 is based on an assumed growth rate of 1.5% between 1999 and 2002. The 2002 index will be available in the fourth quarter of FY 2004. At that time the target will be revised using the more recent data and the same growth assumptions.

Year	Target	Actual
2001	Baseline	103.6
2002	104	104.4
2004	105	105
2010	119	

Measure Term: Long-term

Measure: Assessment of relevance quality and performance of projects by outside peer review (on a scale of 0 to 100).

Additional Information: Goal 1 performance is assessed to determine progress toward solving targeted national problems related to each Strategic Objective. The score reflects expert assessment on the R&D dimensions of relevance, quality and performance, along a continuum of "exceeds expectations" (67 to 100), "meets expectations" (34 to 66) and "needs improvement" (0 to 33). The reported score is a dollar-weighted mean of quantitative scores for the Goal 1 objectives.

Year	Target	Actual
2004	Baseline	80

Measure Term: Annual

Program: Research/Extension Grants: Economic Opportunities for Producers
Agency: Department of Agriculture
Bureau: Cooperative State Research, Education and Extesnion Service
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
80%	100%	100%	58%	Effective

2005	82
2006	84

Measure: Cost Per Proposal Reviewed

Additional Information: Cost Per Proposal Reviewed = Total Paneling Costs / Total Number of Proposals Reviewed. Benchmark recalculated in 2004 to reflect 28% increase in honoraria

Year	Target	Actual
2002	Baseline	$493
2003	$475	$446
2004	Rev. bench	$528
2005		

Measure Term: Annual

Measure: Proposal Review Time in days

Additional Information: Average calendar days between proposal receipt and funding award date.

Year	Target	Actual
2002	Baseline	238
2003	230	202
2004	225	216
2005	210	

Measure Term: Annual

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose of the RC&D program is to improve the capability of states, units of government, Indian tribes, nonprofit organizations, and councils to accelerate the conservation, development and utilization of natural resources; improve the general level of economic activity; and enhance the environment and standard of living in designated RC&D Areas. The program purpose is achieved by providing technical assistance to designated RC&D Areas. This technical assistance includes facilitation of regional planning processes and comprehensive knowledge of federal and state assistance available to the designated RC&D Area. RC&D Councils, with public involvement, develop strategic area plans to address their locally identified concerns. This development and implementation of RC&D area plans helps cities and towns, counties, conservation districts, tribes, state government and federal government to work together to achieve common goals strategically focused on regional resource conservation and economic viability.

Evidence: Legislation: Food and Agricultural Act of 1962 (P. L. 87-703, Section 102); Agriculture and Food Act of 1981 (P. L. 97-98, Sections 1528-1538); Farm Security and Rural Investment Act of 2002 (P. L. 107-171, Sections 1528-1537) NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. http://policy.nrcs.usda.gov/scripts/lpsiis.dll/M/M_440_513.htm NRCS Documents: FY05 USDA budget request http://www.whitehouse.gov/omb/budget/fy2005/pdf/appendix/agr.pdf and NRCS budget justifications

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: NRCS identifies three national needs that this program is to address: (1) access to technical and financial assistance, (2) lack of staff or capacity, and (3) leadership development. The technical assistance provided addresses the need for conservation of natural resources and community development planning support, problem-resolution facilitation, and developing public consensus of regional needs. RC&D Councils are required to complete a strategic planning process every 5 years, develop an area plan and implement projects to achieve the goals and objectives outlined in that plan.

Evidence: NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. http://policy.nrcs.usda.gov/scripts/lpsiis.dll/M/M_440_513.htm Documents: USDA Strategic Plan, Natural Resources and Conservation Service Strategic Plan 2003 Update http://www.nrcs.usda.gov/about/spa/documents/2003_Strategic_Plan_Update.pdf, RC&D Area Application, from RC&D Manual, Application Checklist, and Application Description & Review Process, Area Plan Examples, RC&D Map

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight20%

Explanation: It is not clear how the purposes and services provided by the RC&D program are unique from similar resource conservation planning, rural economic development, and community facilities/amenities development services provided by other USDA agencies (such as the Forest Service and Rural Development) and other federal departments (such as the Department of Commerce's Economic Development Administration). Furthermore, the program has not demonstrated how the services it provides is distinct and unique from services already provided by other NRCS programs and field staff. In addition, NRCS has significant interactions and collaborative working relationships with state and local government resource agencies (such as soil conservation districts and departments of fish and game) through the State Technical Committees at the state levels down to Local Work Groups at the community levels.

Evidence: Legislation: Food and Agricultural Act of 1962 (P. L. 87-703, Section 102); Agriculture and Food Act of 1981 (P. L. 97-98, Sections 1528-1538); Farm Security and Rural Investment Act of 2002 (P. L. 107-171, Sections 1528-1537). NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. http://policy.nrcs.usda.gov/scripts/lpsiis.dll/M/M_440_513.htm, NRCS Documents: Response to comment from Chief's Field Advisory Committee , USDA Departmental Regulation, USDA Policy Advisory Board Memorandum of Understanding, Benefit and fund leveraged data, NRCS budget justifications, Success Stories

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight20%

Explanation: There appears to be no strong evidence or available analysis whether another approach or program design would be more effective. RC&D Councils are required to complete a strategic planning process every 5 years, develop an area plan and implement projects to achieve the goals and objectives outlined in that plan. The planning process, area plan, and project are defined in the statute. RC&D extends impact by leveraging funds from other federal programs, state and local government, and private sources to accomplish its legislated purpose of assisting councils in designated RC&D Areas to develop and implement area plans.

Evidence: NRCS Documents: NRCS budget justifications, Historical accomplishments, Leveraging ratio, List of Backlog of applications, RC&D Area Plan examples, RC&D Area Annual Report examples, Project success stories

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: NO Question Weight20%

Explanation: The program funds are not targeted. At the national level, NRCS does not identify programmatic priorities and allocate dollars according to these priorities. Instead, the appropriated dollars are divided among the 375 RC&D areas to fund staff support. The program has not documented that the local areas with the greatest need are prioritized and targeted.

Evidence: NRCS Documents: FY05 USDA budget request http://www.whitehouse.gov/omb/budget/fy2005/pdf/appendix/agr.pdf, NRCS budget justifications, Appropriation History Table, success stories, RCD-11 FY 04 allocation breakdown: 94% of budget allocated to States, 6% provided to NRCS National Headquarters for oversight

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: NO Question Weight 13%

Explanation: The RC&D program does not yet have an adequate number of easily understood long-term outcome measures that meaningfully reflect the activities of the program. NRCS states that several outcome-oriented, long-term measures are under development. NRCS is working to improve its long-term measures to more meaningfully reflect the primary purpose of the program (to improve the capability of state and local government and local non-profit organizations to develop and implement conservation and development programs). The current and new measures do not assess program's contribution to the improvement in local capability to address local needs.

Evidence: NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. http://policy.nrcs.usda.gov/scripts/lpsiis.dll/M/M_440_513.htm NRCS Documents: NRCS budget justifications, FY 05 NRCS Budget Request, Natural Resources and Conservation Service Strategic Plan 2003 Update http://www.nrcs.usda.gov/about/spa/documents/2003_Strategic_Plan_Update.pdf, Benefit and fund leveraged data; New POINTS System

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 13%

Explanation: Because the program received a "no" in question 2.1, it must receive a "no" for this question.

Evidence: Documents: NRCS budget justifications, FY 05 NRCS Budget Request, Natural Resources and Conservation Service Strategic Plan 2003 Update, http://www.nrcs.usda.gov/about/spa/documents/2003_Strategic_Plan_Update.pdf, New POINTS system, Benefit and fund leveraged data; RC&D Logic Model.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: RC&D has annual output measures that measure program activity. RC&D has reported the current annual measures each year since 2002. In addition, NRCS is developing two additional annual performance measurse. Finally, NRCS is developing at least one efficiency measure that will be in place to assess performance beginning October 1, 2004.

Evidence: Legislation: Food and Agricultural Act of 1962 (P. L. 87-703, Section 102); Agriculture and Food Act of 1981 (P. L. 97-98, Sections 1528-1538); Farm Security and Rural Investment Act of 2002 (P. L. 107-171, Sections 1528-1537). NRCS Documents: Examples from Initial Performance Plan 2002, Performance Plan 2003, 2005 RC&D green sheets budget request, NRCS budget justifications, FY 05 NRCS Budget Request, Natural Resources and Conservation Service Strategic Plan 2003 Update

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: Baselines are based on historical data. Targets have been established for the annual measures. Implementation of these measures begins October 1, 2004.

Evidence: NRCS Documents: NRCS budget justifications, FY 05 NRCS Budget Request, Natural Resources and Conservation Service Strategic Plan 2003 Update

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?**

Answer: YES Question Weight 13%

Explanation: RC&D Councils are required to develop and implement 5-year strategic area plans that address locally identified issues within the national framework of land conservation, water management, community development, and land management. All area plans are reviewed and approved by the respective NRCS State Conservationists and by the national RC&D program staff to ensure that the work undertaken by the Councils support the goals of the program and the goals of the agency's strategic plan. The RC&D program operates successfully due to its unique USDA-non-government organization partnership. USDA policy officials and other agency members of the USDA RC&D Policy Advisory Board provide policy advice for the program, and work to effectively and appropriately integrate the RC&D program into all relevant USDA community development activities.

Evidence: NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. NRCS Documents: Annual report from RC&D program staff to USDA PAB showing dollars leveraged from each agency; Farm Services Agency directives, PAB Memorandum of Understanding.

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**

Answer: YES Question Weight 13%

Explanation: Though NRCS has not conducted a formal program evaluation of the RC&D program for many years, the NRCS Oversight and Evaluation (O&E) Team has scheduled a review of the RC&D program in FY2005. The review will examine how effectively NRCS is implementing the RC&D program and make recommendations on how to improve the program's delivery. Additionally, NRCS began a national program evaluation in FY 2004 designed to meet the requirements of the 2002 Farm Bill. Anticipated evaluation outcomes include a qualitative and quantitative summary of RC&D program benefits and recommendations for a more effective nationwide program. A report will be submitted to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate describing the results of the evaluation, together with any recommendations for continuing, terminating, or modifying the program no later than June 30, 2005. Outside agencies, such as GAO or OIG, have not reviewed the program in many years.

Evidence: Legislation: Farm Security and Rural Investment Act of 2002 (P. L. 107-171, Sections 1528-1537), NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. http://policy.nrcs.usda.gov/scripts/lpsiis.dll/M/M_440_513.htm, NRCS Documents: National RC&D Task Force Report, 1995, Iowa State Report, 1998 http://www.ag.iastate.edu/centers/rdev/newsletter/Summer98/RC&Ds.html.

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: The program's budget requests are not explicitly tied to performance goals. The program's resource allocation decisions do not reflect desired performance levels and the effects of funding and other policy changes on results are not clear. However, according to NRCS, the FY 2006 budget will tie to new performance goals to the budget request. In late FY 2004, NHQ will assemble a Design Team to initiate the development of 'Performance Based Budget Allocations' strategy for the states based on the new performance goals.

Evidence: NRCS Documents: FY 2005 Budget submission; Responses to House and Senate Budget Hearing sessions; Estimated Cost Model

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: NO Question Weight 13%

Explanation: Because the program has not taken recent steps to meaningfully evaluate its performance, it can not take proactive steps to identify and address strategic planning deficiencies.

Evidence:

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: Program performance data is collected annually from the RC&D Coordinator through the RC&D Information and Management System to record RC&D Council activities and accomplishments. This information will be collected quarterly in the new Program Operations and Tracking System (POINTS) beginning in FY 2005. The information provided by the system is used for national reporting needs, oversight by national and state program managers, RC&D project management for coordinators, and use by RC&D Councils. Performance by Councils is reviewed and state program managers work with individual Councils to ensure that performance is improved when needed.

Evidence: NRCS Policy: GM 330 - Operations Management, Part 400: Functions of Management, GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. NRCS Documents: POINTS database, RC&D Information Management System - http://rcd.sc.egov.usda.gov/, RC&D budget documents, NRCS training course descriptions, RC&D success stories

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 14%

Explanation: The National RC&D Program Manager recommends to NRCS leadership for allocations to the states and is responsible for budget allocation and holding states accountable for the funds allocated to support the program. The State Conservationist (STC) in each state is responsible and accountable for overall program implementation and results, including identifying, monitoring and analyzing performance indicators and financial integrity. The Deputy Chief for Strategic Planning and Accountability provides national oversight. State offices conduct quality assurance reviews in accordance with guidance provided in the National Conservation Program Manual. The agency does enter into cooperative agreements with RC&D Councils and associations of Councils. These cooperative agreements have specific deliverables that are clearly defined. Funds are not dispersed throughout the year without a detailed report on the status of the deliverables.

Evidence: NRCS Policy: GM 360 - Human Resources, Part 404.6: Resource Conservation and Development (RC&D) Staffs GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. NRCS Documents: Allocation Letters to State Conservationist from the Chief of NRCS, Program Manager's 'fund integrity' document to outline and document to the State Conservationist the appropriate use of program specific funds, Individual Performance Plan example, Cooperative Agreement example

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight 14%

Explanation: RC&D funds are allocated to the states and obligated in a timely manner. Funds are used to provide technical assistance in the form of a USDA RC&D coordinator to the Council. The RC&D coordinator is a facilitator for the local people to build and implement their individualized and locally determined program, as identified in the area plan. Funds are fully used for the intended purpose of supporting the activities of designated RC&D Councils. The FY 2006 budget will tie the new performance goals to the budget request. The budget requests have been explicitly tied to achieving the long-term goals.

Evidence: Legislation: Food and Agricultural Act of 1962 (P. L. 87-703, Section 102); Agriculture and Food Act of 1981 (P. L. 97-98, Sections 1528-1538); Farm Security and Rural Investment Act of 2002 (P. L. 107-171, Sections 1528-1537). NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. http://policy.nrcs.usda.gov/scripts/lpsiis.dll/M/M_440_513.htm., NRCS Documents: NRCS Budget Documents, Responses to budget hearing questions

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: NO Question Weight 14%

Explanation: The program does not currently have an system in place to measure and achieve improving cost effectiveness. However, the program is developing a new process for allocating funds to support RC&D Council activities. In late FY 2004, NHQ will assemble a Design Team to develop a 'Performance Based Budget Allocations' strategy for the states based on the performance goals. Allocations will rely on RC&D Council performance. Performance evidence will be collected in FY 2004 through the current reporting system and in FY 2005 through the RC&D POINTS system. The answer to this question can change once NRCS implements the new RC&D performance evaluation/allocation system and demonstrates how it measures cost effectiveness in program execution.

Evidence: NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. NRCS Documents: Annual report from RC&D program staff to USDA PAB showing dollars leveraged from each agency; Farm Services Agency directives, PAB Memorandum of Understanding; Farm Service Agency Memorandums

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: Coordination and collaboration is the basic premise of the RC&D program. RC&D Councils collaborate will many federal and state agencies and non-governmental organizations (NGOs) that are involved in conservation and community development activities. At the national level, collaboration and coordination is achieved through the activities with USDA Policy Advisory Board (PAB) agencies, other federal agencies or entities, National Association of RC&D Councils, and other national level NGOs. Similarly at the state level, state program managers work with state level employees of the USDA PAB agencies, other federal agencies, state agencies and NGOs within the state. To effectively implement their area plans RC&D Councils must conduct extensive coordination.

Evidence: NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. NRCS Documents: reports on partners & leveraged resources, New POINTS database, NRCS Strategic Plan (goals & objectives), USDA Farm Service Agency appointment of State RC&D liaisons, FY 05 budget submission

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: The RC&D federal funds are managed by NRCS. The majority of funds are used to pay for the technical assistance provided through federal NRCS employees within a state. NRCS tracks funds through the FFIS system. The Federal Financial Management Improvement Act established a statutory requirement for agency heads to assess, on an annual basis, whether their financial management systems comply with Federal financial management system requirements; applicable Federal accounting standards; and the Standard General Ledger at the transaction level. The agency Financial Management Director certified that the NRCS financial management system is in compliance. RC&D Councils are required to follow Internal Revenue Service (IRS) regulations and reporting requirements as outlined for 501(c) income tax exempt organizations. NRCS policy states that Councils are to operate with efficient fiscal business practices.

Evidence: Legislation: Farm Security and Rural Investment Act of 2002 (P. L. 107-171, Sections 1528-1537), NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program., NRCS Documents: New Area Plan Review checklist

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: Over the past 4 years, NRCS has tightened its policy regarding the RC&D program. The policy manual was revised in FY 2000 and in FY 2002 to strengthen the roles and responsibilities of all levels of agency personnel involved in the program and incorporated changes as a result of the 2002 Farm Bill. RC&D program has developed training modules on federal employee conduct and responsibilities for both federal employees and council members. RC&D instituted the compliance requirement of the Council having a current RC&D Area Plan with improved monitoring and controls. The national office conducts state reviews and is currently conducting the legislatively mandated program evaluation. RC&D program developed a new reporting system and that emphasizes the importance of performance and accountability within the program. The national office instituted quarterly conference calls with state program managers to discuss emerging issues, management agendas and reporting requirements.

Evidence: NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. NRCS Documents: Ethics training for all RC&D Coordinators (USDA ethics Website at http://www.usda.gov/ethics/index.htm and the NRCS ethics training Website at http://www.nhq.nrcs.usda.gov/ethics/.); New RC&D Concepts and Area Planning National Employee Development Center courses, establishment of Continuing Education Credits for training received by RC&D Coordinators, Listening Session format for National Program Evaluation, New POINTS Database

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight 20%

Explanation: Because the program received a "no" in question 2.1, it must receive a "no" for this question.

Evidence: NRCS Documents: Budget reporting, NRCS performance planning, 2003 Update to NRCS Strategic Plan, PAB Reports, Reports from the existing database

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight 20%

Explanation: Performance goals from FY 2000 to FY 2005 have been based on the number of projects completed by RC&D Councils in several categories. The program has achieved or exceeded its annual performance goals from FY 2000 to FY 2003. The program has developed annual measures that reflect the primary purpose of the program and the statutory required elements of a RC&D area plan.

Evidence: NRCS Documents: Budget reporting, NRCS performance planning, PAB Reports

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: NO Question Weight 20%

Explanation: The RC&D program does not have adequate efficiency measures in place to evaluate the program's cost effectiveness, though the program will have at least one measure for the start of FY 2005. Furthermore, the program does not currently have in place a system for measuring program efficiency, though a new system is under development and should be implemented in FY 2005. Once the new performance reporting system is operating and can demonstrate improved efficiency through its new measures, the RC&D program can receive credit for this question.

Evidence: NRCS Documents: NRCS budget submissions, Historical appropriation table, Responses to House and Senate Hearing questions

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: NO Question Weight20%

Explanation: No analysis has been conducted of how the RC&D program compares with other similar programs. Therefore, it is currently unknown how effective the program is when compared to other federal, state, local, and private assistance programs.

Evidence: Legislation: Food and Agricultural Act of 1962 (P. L. 87-703, Section 102); Agriculture and Food Act of 1981 (P. L. 97-98, Sections 1528-1538); Farm Security and Rural Investment Act of 2002 (P. L. 107-171, Sections 1528-1537) NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. http://policy.nrcs.usda.gov/scripts/lpsiis.dll/M/M_440_513.htm NRCS Documents: FY05 USDA budget request. http://www.whitehouse.gov/omb/budget/fy2005/pdf/appendix/agr.pdf NRCS budget justifications, Iowa State Report, 1998 http://www.ag.iastate.edu/centers/rdev/newsletter/Summer98/RC&Ds.html.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: NO Question Weight20%

Explanation: No recent, sufficiently independent evaluations have been conducted of the RC&D program. Outside agencies, such as GAO or OIG, have not reviewed the program in many years. However, NRCS is currently conducting an in-depth evaluation of the program in preparation for a congressionally mandated report; the report will be completed by June 2005. Furthermore, NRCS established policy requires that each designated RC&D area is reviewed by the respective state office at least once every five years. This review includes input from program participants, partners and stakeholders. A report is sent to national headquarters for review and concurrence.

Evidence: Legislation: Farm Security and Rural Investment Act of 2002 (P. L. 107-171, Sections 1528-1537), NRCS Policy: GM 440 - Conservations Program Manual, Part 513: Resource Conservation and Development Program. http://policy.nrcs.usda.gov/scripts/lpsiis.dll/M/M_440_513.htm, NRCS Documents: NARC&DC 'Circle of Diamonds' program http://www.rcdnet.org/circle.htm, National RC&D Task Force Report, 1995, Iowa State Report, 1998 http://www.ag.iastate.edu/centers/rdev/newsletter/Summer98/RC&Ds.html.

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

Measure: Number of local businesses created in rural communities through RC&D Assistance.

Additional Information: This outcome measure directly relates to the community development element in the authorizing statute.

Year	Target	Actual	**Measure Term:** Annual
2003	Baseline	264	
2004	300		
2005	315		
2006	337		
2007	367		
2008	400		

Measure: Number of local jobs created in rural communities through RC&D assistance.

Additional Information: This outcome measure directly relates to the community development element in the authorizing statute.

Year	Target	Actual	**Measure Term:** Annual
2003	Baseline	4673	
2004	4700		
2005	4750		
2006	4800		
2007	4875		
2008	4900		

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

Measure: Acres of agricultural land treated for which wildlife is the primary or secondary resource concern.

Additional Information: This outcome measure directly relates to the land management element in the authorizing statute.

Year	Target	Actual	**Measure Term:** Annual
2005	Baseline		
2006			
2007			
2008			

Measure: Acres of watershed or area-wide conservation plans developed for water or air quality.

Additional Information: Water management is a required element of an RC&D area plan. Water quality is included. This will relate to the annual plan of work of a Council with goals for water quality.

Year	Target	Actual	**Measure Term:** Annual
2005	Baseline		
2006			
2007			
2008			

Measure: Percentage of RC&D Area Plans that meet NRCS minimum standards

Additional Information: NRCS has established minimum standards and criteria for Area Plans. Areas are in the process of revising their plans. Each Area Plan will be rated using these standards.

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline		
2008	100%		

PART Performance Measurements

Program: Resource Conservation and Development
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	50%	86%	13%	Demonstrated

Measure: Percentage of RC&D Area Plans that exceed NRCS minimum standards

Additional Information: NRCS has established minimum standards and criteria for Area Plans. Areas are in the process of revising their plans. Each Area Plan will be rated using these standards.

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline		
2008	50%		

Measure: Ratio of RC&D staff positions (measured in Full Time Equivalent positions) to local jobs created in rural communities through RC&D assistance

Additional Information: Local jobs created is an annual performance measure. There is the expectation that over time, NRCS FTE involved in RC&D will become more efficient.

Year	Target	Actual	**Measure Term:** Annual
2005	Baseline		
2006			
2007			
2008			

Measure: Ratio of RC&D FTE to Agricultural lands treated for which wildlife habitat is the primary or secondary resource concern, acres

Additional Information: Wildlife habitat treated is an annual performance measure. There is the expectation that over time, NRCS FTE involved in RC&D will become more efficient.

Year	Target	Actual	**Measure Term:** Annual
2005	Baseline		
2006			
2007			
2008			

PART Performance Measurements

Program: Rural Business Enterprise Grant Program
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	38%	100%	33%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: Rural Business Enterprise Grants are made to public bodies and private nonprofit corporations to finance and facilitate development of small and emerging private business enterprises and for the creation, expansion, and operation of rural distance learning networks or rural learning programs that provide educational instruction or job training related to potential employment or job advancement to adult students in rural areas.

Evidence: The program is authorized in Section 310B(c) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1932 (c)). A goal or core mission of USDA is to increase economic opportunity in rural America. This is reflected in USDA's (FY 2002-2007) and Rural Development's (FY 2006-2011) strategic plans. The public can also access the USDA's website at www.usda.gov for program information.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The Rural Business Enterprise Grant (RBEG) Program is addressing the inherent barriers of rural areas to obtain information and expertise and develop an educated workforce to improve small businesses. By supporting small business enterprise expansion and development with emphasis on job creation and retention, the RBEG Program will assist many rural areas with their existing problems. Assistance is provided via capital from revolving loan funds, technical assistance and training, and construction or purchase of real property.

Evidence: GAO Report RCED-93-35 Rural Development - Rural America Faces Many Challenges (November 1992). The report explains that rural America's underlying challange is to revitalize local and regional areas by developing enterprises that can respond to changing economic conditions. The average number and dollar amount of preapplications and applications pending after obligation of appropriated fund for the past 3 fiscal years was 326 and $51.4 million, respectively. Congress' strong demand to continue to fund this program year after year in accordance with USDA's appropriation budget requests.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight20%

Explanation: Other departments and agencies such as the Economic Development Administration, Appalachian Regional Commission, and Small Business Administration provide economic development grant programs or technical assistance for the benefit of small businesses in urban and rural areas. While redundant with these programs in other agencies, the RBEG Program is specifically designed for rural areas. The RBEG is flexible in that eligible purposes include working capital, fees and charges for professional services, refinancing of debts, RLFs, adult training, production of television programs, rural distance learning networks. Also, RBEG does not have a matching requirement. Projects are selected based on a priority point system which gives priority to projects located in low income areas, high unemployment rates, cost per job, the amount of funding request, etc. Also, Congress has earmarked funds for special initiative areas that include persistent poverty (EZ/EC/REAP), Native Americans, and Mississippi Delta Counties and Parishes.

Evidence: Catalog of Federal Domestic Assistance, The Small Business Financial Resource Guide, GAO Report 00-220 - Economic Development Multiple Federal Programs Fund Similar Economic Development Activities (September 2000).

PART Performance Measurements

Program: Rural Business Enterprise Grant Program
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	38%	100%	33%	Demonstrated

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: This program has no major flaws. It is efficient and effective in providing assistance as evidenced by: The grant program is consistent with the program objectives to support business expansion and development and provide jobs to increase economic opportunities in Rural America. In fact, for the past 3 fiscal years (FY 2001-2003), the Agency has made an average of 482 grants for $47,971,000. This average has increased by 78 grants and $11.9 million from the previous 3 year fiscal years (FY 1998-2000). Related job creation and retention average for FY 2001-2003 was 25,804. This is approximately a 258 percent increase from the previous 3 fiscal years (9,983) and is partly due to having a mandatory tracking system in place to capture job information. The GLS system is used by the Agency as a management tool to monitor loan and grant status and performance measures. Finally, the Agency uses a check and balance system for servicing and collections if at any time a grantee is determined not eligible for all or part of the financial assistance received.

Evidence: Section 310B(c) of the Consolidated Farm and Rural Development Act, as amended, RD Instruction 1942-G, Business Programs Annual Reports FY 1998 - FY 2003 (information pulled from the Guaranteed Loan System), 7 C.F.R Part 1951, Subpart O, and the Guaranteed Loan System.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: The Rural Business Enterprise Grant Program is specifically targeted to rural residents, and is further prioritized to meet the greatest need of communities with populations under 5,000, areas with high unemployment rates, and areas where populations are living below poverty rate as defined in 7 CFR 1942.305(b)(3). Additionally, there have been earmarked funds for Empowerment Zones and Enterprise Communities (EZ/EC) and Rural Area Partnerships (REAP) and Native Americans for the past 3 fiscal years and the Lower Mississippi Delta area for the past 2 fiscal years. The average amount available for EZ/EC and REAP for the past 3 fiscal years was $7.9 million, in which the Agency obligated 83 percent or $5.8 million. The average amount available for Native Americans for the past 3 fiscal years was $2.7 million, in which 100 percent of the funds were obligated. The average amount available for Lower Mississippi Delta for the past 2 fiscal years was $1 million, in which 100 percent was obligated.

Evidence: Priority targets can be found in 7 CFR 1942.305(b)(3). All figures were obtained from Business Programs Annual Reports for FY 2001 - FY 2003 (information pulled from the Guaranteed Loan System).

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: NO Question Weight 13%

Explanation: Ultimately, job creation and retention is the specific measure used. This is the annual measure and the long-term measure is just the annual measure added up over a period of years. Applicants are required to project the number of jobs created or saved. Rural Business-Cooperative Service field offices verify job creation/retention estimates when the project is completed. Verfication may occur 1 year after the project is obligated for training projects or could possibly be up to 3 years in the case of revolving loan fund projects. The Agency tracks and reports the number of jobs created or saved on an annual basis. The Agency is also working with the University of Missouri-Columbia for measuring the effectiveness of the program including comparison of short-term outputs against local/regional economic data to better understand the impact and the long-term outcome of the program. Results may determine additional long-term measures or outcomes needed. RBS has also identified appropriate long-term measures that would be useful, but the study needs to be complete in order for them to know if these are feasible.

Evidence: USDA Strategic Plan for FY 2002-2007, the draft Rural Development Strategic Plan for FY 2006-2011, and the Guaranteed Loan System.

PART Performance Measurements

Program: Rural Business Enterprise Grant Program
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	38%	100%	33%	Demonstrated

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 13%

Explanation: Targets were established for FY 2003 and 2004 for the number of jobs created or saved. The measures are based on past performance and are updated and reported on an annual basis. Information is collected from the applications, verify by field offices at site visits and inputted into the Guaranteed Loan System. This is not ambitious since it is the same as the annual measure, there is no real differentiation. Additionally, no targets are set beyond 2005. Furthermore, to provide the same amount of jobs in 03 as in 04 in not particularly challenging nor ambitious. The other goals are TBD from the study.

Evidence: USDA Strategic Plan for FY 2002-2007, Rural Development FY 2003 and FY 2004 Annual Performance Plan, the draft Rural Development Strategic Plan for FY 2006-2011 and the Guaranteed Loan System. The Univ. of Missouri Study.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: The RBEG Program has two specific annual performance measures that demonstrate progress towards supporting small business enterprises and offering employment opportunities. The annual performance measures are the number of businesses benefiting from the RBEG Program and the number of jobs created and/or saved. Additionally, along with the loan programs, all of RD is currently developing common efficiency measures.

Evidence: Rural Development FY 2003 and FY 2004 Annual Performance Plan and the Business Programs Annual Reports FY 1998 - FY 2003 (information pulled from the Guaranteed Loan System)

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight 13%

Explanation: Ambitious targets were established for FY 2003 and 2004 for number of businesses benefiting from the RBEG Program and the number of jobs created or saved. Applicants are required to project the number of businesses to be assisted and the number of jobs created or saved. Rural Business-Cooperative Service field offices verify business and job creation/retention estimates when the project is completed. Verfication may occur 1 year after the project is obligated for training projects or could possibly be up to 3 years in the case of revolving loan fund projects. The Agency tracks and reports the number of businesses assisted and the number of jobs created or saved on an annual basis. But as with the long-term goals and measures, the targets established do nothing more than to maintain the status quo, they are neither ambitious nor challenging.

Evidence: Rural Development FY 2003 and FY 2004 Annual Performance Plan and Draft Rural Development Strategic Plan for FY 2006-2011.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: Based on program regulations, applicants are required to estimate the number of businesses to be assisted and the number of jobs created and/or saved with the proposed project. This can be done in the grantee's Scope of Work or Workplan for revolving loan fund projects. Grantees are also required to provide project and financial reports on a quarterly basis to identify status of objectives and goals. Field office staff verifies final information on projections when the project is completed.

Evidence: 7 C.F.R. Part 1942, subpart G , and Attachment 1 of 7 C.F.R. Part 1942, subpart G. By signing obligation documents (Grant Agreement), grantees have committed to reporting and meeting the goals of the program.

PART Performance Measurements

Program: Rural Business Enterprise Grant Program
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	38%	100%	33%	Demonstrated

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight 13%

Explanation: No external review on a regular basis. However, internally, RBS has a Special Projects/Program Oversight Division (SPPOD) that conducts independent State Office reviews of business programs activities called Business Program Assessment Reviews (BPAR). The monthly BPARs are conducted to identify weaknesses in State internal controls, program administration, lender oversight, program outreach, and management information systems. These findings are brought to the attention of State staff as a means to correct deficiencies and reverse wrong-doings. Annual Managements's Discussion and Analysis of RD Consolidated Statements are prepared that reflect target/actual Key Performance Indicators. These assessments ultimately lead to the improvement of program regulations and procedures and the overall efficiency of State Office operations. The Agency also completes Management Control Reviews (MCR) from a national program standpoint and State Internal Reviews where field offices do peer reviews with other States to evaluate regulatory compliance and programeffectiveness.

Evidence: Business Program Assessment Reviews for FY 2002 and 2003 and the Management Control Review of the Rural Business Enterprise Grant Program (FY 2001).

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: Currently, budget requests are submitted with explanatory notes that are related to program performance results, but the notes do not give a clear indication of the full cost of achieving the results.

Evidence: The budget and performance integration process will require a greater effort to tie accomplishments of annual and long-term performance goals with program budgets.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: The RBEG Program regulation has been completely rewritten to address the deficiency of re-issuing administrative notices year after year to field offices regarding clarifications and policies on program administration. This guidance needs to officially be made part of the regulation through the Federal government regulatory review process and allow the public the opportunity to make comments on the policy. Also, the regulation has not been re-issued since 1992 and does not include requirements for establishing performance indicators or a mechanism for measuring results at the end of the project. The loan and grant tracking system used by the Agency, GLS, has mandatory input fields on program output elements. The Rural Development Strategic Plan for FY 2006-2011 has been drafted.

Evidence: The new RBEG regulation will be 7 C.F.R. Part 4284, subpart B and is expected to be published as a proposed rule no later than August 2004. Draft copy of the Rural Development Strategic Plan for FY 2006-2011 .

PART Performance Measurements

Program: Rural Business Enterprise Grant Program
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	38%	100%	33%	Demonstrated

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 10%

Explanation: The Agency uses the Guaranteed Loan System to track loan and grant information including specific performance outputs (i.e., number of businesses assisted). Grantees provide projected performance outputs in their applications and field offices verify the outputs via site visits and final reports when the project is completed. The Agency reports these results on an annual basis. Additionally, the Agency uses recommendations of the National Association of Credit Specialists and results from Business Program Assessment Reviews to evaluate the effectiveness of the program.

Evidence: The Agency receives quarterly and final finanical and project performance reports to address objectives and goals in accordance with 7 C.F.R. Part 1942, subpart G. The National Association of Credit Specialist visit with National Office staff on a quarterly basis to discuss program issues.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 10%

Explanation: Field Office program directors are rated on their performance as it relates to the RBEG Program. Field Offices not complying with regulatory requirements of the program may have their authority removed. Grantees are held accountable for meeting the scope of work of the project (i.e., timeframe, cost, and purpose). The Agency may terminate grant funds on non-performing grantees, which will reduce the grantee's changes of ever receiving Federal grant funds in the future. State Directors and National Office Directors and Administrators all sign an attestation as to the accuracy and completeness of the data that reports program results.

Evidence: The grantee signs an obligating document (Grant Agreement/Letter of Conditons) which outlines the purpose, cost, and timeframe of the project as well as the grantee's responsibilities after obligation. In accordance with 7 C.F.R. Part 1942, Subpart G. and Attachment 1 of Subpart G. Delegation of Authority is found in 7 C.F.R. 1901-A. 7 C.F.R. 2006-I discusses the accountabilty and accuracy of data.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 10%

Explanation: Funds are obligated to projects that meet the eligibility requirements and priorities of the program regulation. The National Office provides written guidance through the use of RD Instruction 1940-L, Exhibit A, Attachment 1, to assure funds are appropriately obligated and otherwise committed. Field offices use OMB's Cost Principles Circulars when reimbursing grantees for approved expenses. All monitoring of funds is done through the Guaranteed Loan System.

Evidence: The Agency prepares RD Instruction 1940-L Exhbit A, Attachment 1, annually. This provides the field with the allocations for the fiscal year, procedures for accessing National Office reserve funds, and pooling of unobligated funds. 7 C.F.R. Part 1942-G discusses eligibility and priority and OMB Circulars A-21, A-122, A-87 and FARS 31.2 covers the allowable expenses for projects.

PART Performance Measurements

Program: Rural Business Enterprise Grant Program
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	38%	100%	33%	Demonstrated

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 10%

Explanation: The Agency is heavily involved with the E-Gov initiatives for a paperless system. Ultimately grantees will have one place to go (grants.gov) to apply for Federal assistance. All forms and information received at grants.gov will be downloaded to our Guaranteed Loan System saving time and resources of the Agency. Additionally, the Agency is working on the E-authenication initiative to have borrowers/grantees authenticate their signatures in person one-time at a field office location. Once this completed, the borrower/grantee can submit requests for reimbursements or advances or any information basically using an e-signature via the world wide web. The Agency also calculates the burden to the public and estimated cost of administering the program via Agency personnel with in the paperwork burden package of 7 C.F.R. Part 1942, subpart G.

Evidence: Agency participation on the individual initiatives. Paperwork burden package of 7 C.F.R. Part 1942, Subpart G.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 10%

Explanation: The RBEG Program has joint goals with other Agency programs to target rural communities and customers with the greatest need. This results in the efficient use of taxpayer dollars across like program within the Federal government. The allows the best use of these limited funds to help the most needy in rural aresas.The Agency also administers Appalachian Regional Commission grants, Delta Regional Authority grants and grants from the Economic Development Administration on behalf of the respective agencies through the Rural Business Enterprise Grant Program. This results in effeciency across government as well because the other agency can rely on USDA's expertise and they do not have to reinvent the whell. All grants approved from the other agencies must meet the requirements of 7 C.F.R. Part 1942, subpart G. Field offices administer the grants at their level. This results in consistency within the Federal Government.

Evidence: 7 C.F.R. Part 1942, subpart G, Memorandum of Understanding between the Appalachia Regional Commission and Rural Development, Memorandum of Understanding between Economic Development Administration and Rural Development, and Memorandum of Agreement between Delta Regional Authority and Rural Development.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 10%

Explanation: The Agency uses the Guaranteed Loan System to track loan and grant information including performance outputs. Field offices obligate grants, reimburse grantees for allowable expenses, and direct deposit funds into grantees accounts using the GLS. GLS has the capability to run reports on unliquidated obligations and use of funds to assist the Agency in monitoring grant funds. Also, the grantee must have a financial management system in place in accordance with 7 C.F.R. Part 3015 to receive grant funds. Finally, 7 C.F.R. Part 1942, Subpart G, has been re-written to include a provision for the Agency to terminate grants that have any outstanding balances after 3 years, especially in the case of a revolving loan fund projects. This will give the Agency a chance to re-allocate those funds before the Treasury symbols expire and funds are lost.

Evidence: Examples of screens and/or reports from GLS, 7 C.F.R. Part 3015, and a copy of proposed rule for RBEG re-write (4284-B)

PART Performance Measurements

Program: Rural Business Enterprise Grant Program
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	38%	100%	33%	Demonstrated

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 10%

Explanation: The Agency uses the Business Program Assessment Reviews (BPAR) and Management Control Reviews (MCR) to identify and correct program management deficiencies. BPARs look at individual States' program management. SPPOD and FCA identify program weaknesses and make recommendations to correct deficiences to the individual States during the BPARs. The Agency typically reviews 10 States annually. States are responsible for developing a plan of action to correct weaknesses identified in the BPAR report. MCRs looks at program management from a national standpoint. The methodology is very similar to the BPARs where weaknesses are identified and corrective action plans prepared. Based upon weaknesses found in the BPARs and a MCR, GLS has been updated to include mandatory input fields on performance outputs and 7 C.F.R. Part 1942, subpart G, has been completely re-written to provide a more user-friendly regulation that will be a better resource for public understanding and improvement in program administration.

Evidence: Business Program Assessment Reviews for FY 2002 and 2003 and the Management Control Review of the Rural Business Enterprise Grant Program (FY 2001), GLS screens, and a copy of proposed rule for RBEG re-write (4284-B).

3.CO1 Are grants awarded based on a clear competitive process that includes a qualified assessment of merit? Answer: YES Question Weight 10%

Explanation: The Agency uses 7 C.F.R. Part 1942, subpart G, section 1942.305(b)(3), to determine a priority score on eligible projects. The majority of funds appropriated for the program are distributed to State Offices to allocate. Generally, 10% of the appropriated funds are held in the National Office for competitive funding cycles. All funding deadlines are discussed in RD Instruction 1940-L, Attachment 1, Exhibit A, which is issued annually. Federal Register notices are completed where appropriated for earmarked funds. States spend their allocations by selecting the highest-ranking applications they received. States who deplete their allocations may compete for National Office reserve funds. Starting with the highest-ranking application received nationwide, the highest-ranking application per State is selected until the National Office reserve is exhausted. This ensures the Agency is distributing funds on a geographical basis. If a tie exist in the competition, projects are selected based on the viability of the projects in accordance with the funds available.

Evidence: 7 C.F.R. Part 1942, subpart G, section 1942.305(b)(3), RD Instruction 1940-L, Attachment 1, Exhibit A, and a Federal Register notice for the transportation earmark.

3.CO2 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: YES Question Weight 10%

Explanation: The Agency uses the GLS system to track and report on its loans and grants. Field offices are able to track specific grant information such as use of funds, performance outputs, and scheduled site visits. Additionally, field offices review and process reimbursement requests, receive quarterly financial and project reports to keep updated on the project, and do field visits to ensure the grantee is meeting all requirements such as civil rights and environmental responsibilities. Verification of purpose, use of funds, and performance results is completed by the field offices before final expenditures of grant funds are issued. Information is updated on GLS as appropriate.

Evidence: GLS system screens and/or reports and 7 C.F.R. Part 1942, Subpart G.

PART Performance Measurements

Program: Rural Business Enterprise Grant Program
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	38%	100%	33%	Demonstrated

3.CO3 **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: YES Question Weight 10%

Explanation: Grantees provide projected performance outputs such as number of businesses assisted or number of jobs created and/or saved in their applications. The Agency tracks these performance measures in GLS and verifies the outputs via site visits and final reports when the project is completed. Results are collected and reported on an annual basis including results with out-year effects. Verification may not occur for 3 years after obligation (i.e. revolving loan fund); however, the performance results are reported in the year the project was obligated. The Agency posts program results at www.rurdev.usda.gov/rbs/bpdir.htm and publishes an annual report for distribution.

Evidence: Business Programs Annual Reports FY 1998 - FY 2003 (information pulled from the Guaranteed Loan System) and the Agency website.

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight 20%

Explanation: The short-term outputs of number of businesses assisted and number of jobs created and/or saved have been achieved or exceeded every year and have certainly increased the rural capital base. However, the Agency is currently working with University of Missouri-Columbia for measuring the effectiveness of the program including comparison of the short-term outputs against local/regional economic data to better understand the impact and the long-term outcome of the program. Ultimately, the University of Missouri-Columbia will assist us with using the economic model to measure the rural capital base, which will give the Agency a mechanism to track the long-term outcome. But until then we cannot adequately answer this question.

Evidence: Rural Development Annual Performance Plans, Business Programs Annual Performance Results and 7 C.F.R. Part 1942, Subpart G. Univ. of Missouri Study results.

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: SMALL EXTENT Question Weight 20%

Explanation: The RBEG Program has exceeded its annual performance goals of number of businesses assisted and number of jobs created and/or saved for the past 3 fiscal years. Also, grantees commit to performance measure outputs when the grant is awarded, provide quarterly status reports until the project is completed, and present final performance results. The Agency reports these results in an annual report.

Evidence: Rural Development Annual Performance Plans FY 2001-2004 and Business Programs Annual Reports FY 2001-2004.

4.3 **Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: SMALL EXTENT Question Weight 20%

Explanation: The Agency has not established any efficiency measures to improve efficiencies or cost effectiveness in achieving program goals. However, the Agency is participating in the E-gov initiatives (E-grants and E-authentication) to reduce staff time and resources and burden time to the public. Additionally, the 7 C.F.R. Part 1942, subpart G, has been completely re-written to provide a more user-friendly regulation that will be a better resource for public understanding and improvement in program administration. These cost-efficient initiatives have improved program administration and demonstrate improved efficiency for the Agency. Additionally, an efficiency measure is under development for all of RD.

Evidence: Agency participation on the individual initiatives and a copy of proposed rule for RBEG re-write (4284-B).

PART Performance Measurements

Program: Rural Business Enterprise Grant Program
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	38%	100%	33%	Demonstrated

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: LARGE EXTENT

Question Weight 20%

Explanation: The Economic Development Administration and Appalachian Regional Commission have similar measures of jobs created and/or retained along with their goal of increasing economic development. In comparing performance information available in FY 2002 for EDA and FY 2003 for ARC, EDA exceeded its job creation/retention measure by 64 percent and ARC was only able to meet 78 percent of its job created or retained outcome. The RBEG Program exceeded its job creation and/or saved measure an average of 36 percent for the last two fiscal years. Additionally, Rural Development administers some of the programs for EDA and ARC, which ultimately has assisted both agencies in positive performance results.

Evidence: ARC Output and Outcome Results for FY 2003 Area Development Projects, Economic Development Administration Targets and Performance Summary (FY 2002), Rural Development Annual Performance (FY 2002/2003), and Business Programs Annual Results (FY 2002/2003).

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: RBS has a Special Projects/Program Oversight Division (SPPOD) that conducts independent State Office reviews of business programs activities called Business Program Assessment Reviews (BPAR). The monthly BPARs are conducted to identify weaknesses in State internal controls, program administration, lender oversight, program outreach, and management information systems. These findings are brought to the attention of State staff as a means to correct deficiencies and reverse wrong-doings. Annual Managements's Discussion and Analysis of RD Consolidated Statements are prepared that reflect target/actual Key Performance Indicators. These assessments ultimately lead (as has been exemplified on more than one occasion to OMB) to the improvement of program regulations and procedures and the overall efficiency of State Office operations. Additionally, RBS has contracted with the University of Missouri to help cature the total effect of Rural Development business programs on rural America. This study will assist in measuring the quality of jobs and how industries in a region link. The study will help the Agency to ascertain where a particular business is getting its material, etc. and what other industries are benefitting from a business.

Evidence: Business Program Assessment Reviews for FY 2002 and 2003 and the Management Control Review of the Rural Business Enterprise Grant Program (FY 2001). University of Missour Study.

PART Performance Measurements

Program: Rural Business Enterprise Grant Program
Agency: Department of Agriculture
Bureau: Rural Business-Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
80%	38%	100%	33%	Demonstrated

Measure: Increase in rural capital base

Additional Information: Working with the Univeristy of Missouri to use program outputs in a local/regional economic data models to determine long-term outcomes.

Year	Target	Actual	**Measure Term:** Long-term

Measure: alsoAnnual Measure:Number of jobs created and/or saved throught the financing of businesses. [data here represents the Long-term targets and baselines]

Additional Information: Increase in employment

Year	Target	Actual	**Measure Term:** Long-term
2003	baseline	17206	
2004	17206		
2005	17340		

Measure: Number of businesses benefitting in one year. [this is the output as it relates to the program funding level]

Additional Information: Number of businesses assisted.••

Year	Target	Actual	**Measure Term:** Annual
2003	baseline	3400	
2005	3400		
2004	3400		

Measure: Number of businesses assisted

Additional Information: Applicants are required to project the number of businesses to be assisted. Verfication may occur 1 year after the project is obligated for training projects or could possibly be up to 3 years in the case of revolving loan fund projects. Projections are

Year	Target	Actual	**Measure Term:** Annual

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose of the Value-added Producer Grant program is to award competitive grants to eligible independent producers (as determined by the Secretary) of value added agricultural commodities and products of agricultural commodities to assist an eligible producer' (A) to develop a business plan for viable marketing opportunities for a value-added agricultural commodity or product of an agricultural commodity; or (B) to develop strategies for the ventures that are intended to create marketing opportunities for the producers. The purpose of this program is to enable producers of agricultural commodities to participate in the economic returns to be found in the value-added market. Grants are to be used to develop business plans and develop strategies for creating marketing opportunities. Grants may also be used for feasibility studies and to provide capital to establish alliances or business ventures that allow the producers of the value-added agricultural product to better compete in domestic and international markets.

Evidence: Agricultural Risk Protection Act of 2000 (HR 2559) Subtitle D'Agricultural Marketing SEC. 231. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS. 7 CFR Parts 4284 and 1951.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The farmers share of the retail food market basket has declined from a 1973 high of 44 percent to just 21 percent in 2001. The purpose of the VAPG program is to enable producers of agricultural commodities to participate in the economic returns to be found in the value-added market at the retail level. Grants are to be used to develop business plans and develop strategies for creating marketing opportunities. Grants may also be used for feasibility studies and to provide capital to establish alliances or business ventures that allow the producers of the value-added agricultural product to better compete in domestic and international markets.

Evidence: Market Basket Indexes of retail price, farm value, and the farm-to-retail price spread, and farm value share, 1980-2001.Farm value share of retail price (Percent)1980 37 1991 271981 36 1992 261982 35 1993 261983 34 1994 241984 35 1995 241985 32 1996 251986 31 1997 231987 30 1998 221988 30 1999 211989 30 2000 201990 30 2001 21Source: Calculated by ERS based on data from government and private sources. 1 For a market basket of food bought in foodstores in a base period, currently 1982-84. The retail price index is derived from data from the U.S. Department of Labor, Bureau of Labor Statistics.Farm value is based on prices farmers received for commodities. The spread between the retail price and farm value represents charges for processing and marketing.

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: There is no program, state or federal, that provides the large level of funding directly to a producer for efforts toward value-added agriculture. There are a very few small state programs that do not have similar award criteria. Few of these programs were competitive grant programs and the amount of a single grant award was limited to less than $100,000. As the study of value-added grant programs indicated, large, competitive grant programs may take hold at the state and local level in the future as this federal program takes hold, but until then, this remains the main source of funding for farmers who want to invest in value added agriculture.

Evidence: A document entitled, A Survey of State Value-Added Grant Programs, located at the University of Georgia describes value-added programs in selected states.A SURVEY OF STATE VALUE-ADDED GRANT PROGRAMS Samuel J. Hancock and William A. Thomas Over the past decade, the trend of value-added agriculture has been sweeping the nation. Even though the concept of value-added is not new, its applications at the producer level of the agricultural marketing chain has only recently been explored on a large scale. This evolution of agriculture has prompted many states to provide technical and/or financial assistance to individuals, farmer cooperatives, and private industries so that further processing of that state's agricultural commodities would take place before the product left the state's borders. This has been done in hopes of creating new jobs as well as increasing the tax base. Another reason for this trend has been to help farmers capture profits beyond the farm gate by helping them vertically integrate their operations in hopes of reducing their dependence on government programs. The purpose of this report is to discuss some of these state programs. The focus area for this report was states located in the South, Midwest, and part of the Great Plains. The states will be put into three general categories. They include the following: - States with grant programs specifically targeted at value-added agriculture - States with general grant programs not specifically targeted at value-added agriculture - States with no grant programs for value-added agriculture The remainder of the report can be viewed at the following website:www.agecon.uga.edu/~caed/valueHancock&Thomas.pdf

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight20%

Explanation: The VAPG Program uses matching funds and in kind contributions as two mechanisms on the process side to help achieve the program's intended purpose. Furthermore, while the program is conducted by the National Office, Rural Development State Offices provide the oversight to help enhance the program's effectiveness and efficiency through hands on work with applicants and monitoring of awardees. During the applications review process, scoring criteria award more points for those applications with a lower cost per producer. The grant agreement specifies the projects will be monitored to assure performance, adherence to timelines, etc.

Evidence: 7 CFR Parts 1951 and 4284General Requirements for Cooperative Services Grant Programs, Value-Added Producer Grants, Agriculture Innovation Centers and Rural Cooperative Development Grants. The grant agreement specifies the projects will be monitored to assure performance, adherence to timelines, etc. The following is an excerpt from the grant agreement:United States Department of Agriculture Rural Business-Cooperative Service Value-Added Agricultural Product Market Development Grant Agreement (VADG). This Grant Agreement (Agreement)delineates the agreement of the parties.NOW, THEREFORE, in consideration of the grant; The parties agree that:"7. Provide periodic reports as required by the Grantor. A financial status report and a project performance report will be required on a semi-annual basis (due April 30 and October 30). The financial status report must show how grant funds and matching funds have been used to date and project the funds needed and their purposes for the next quarter. A final report may serve as the last semi-annual report. Grantees shall constantly monitor performance to ensure that time schedules are being met and projected goals by time periods are being accomplished.

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight20%

Explanation: 1) Program regulations explicitly define the target audience and activities considered to be eligible. Program is designed for all producers of agricultural commodities and is promoted in newspapers and other media through out the U.S. The program is also promoted by State Departments of Agriculture, Commerce, Business, etc. The program is also touted by agricultural groups on a nationwide, state and local basis. This evidence suggests the program is designed to reach the highest practicable percentage of target beneficiaries. 2) All applications are screened at both the state and national levels to identify ineligible applicants. Reviewers are also authorized to identify applications the may suspect to be ineligible. Hence, the program is designed in a way that is likely to result in an extremely low level of erroneous payments.

Evidence: 7 CFR Parts 1951 and 4284Eligibility:Grants will be awarded only to independent producers, eligible agricultural producer groups, farmer or rancher cooperatives or majority-controlled producer-based business ventures. Independent producers include agricultural producers, steering committees of producers and producer-owned corporations and associations who have an ownership interest in the agricultural product to which incremental value will accrue as a result of the proposed project.§ 4284.911 Evaluation screening:The Agency will conduct an initial screening of all proposals to determine whether the applicant is eligible and whether the application is complete and sufficiently responsive to the requirements set forth in the RFP to allow for an informed review. Failure to address any of the required evaluation criteria will disqualify the proposal.....§ 4284.912 Evaluation process. (a) Applications will be evaluated by agricultural economists or other technical experts..... (b) After all proposals have been evaluated and scored in accordance with the point allocation specified in the applicable RFP, Agency officials will present to the Administrator of RBS a list of all applications in rank order, together with funding level recommendations. (c) The Administrator reserves the right to award additional points, as specified in the applicable RFP, to accomplish agency objectives (e.g. to ensure geographic distribution, distribution of a commodity or accomplish presidential initiatives.) The maximum number of points that can be added to an application cannot exceed ten percent of the total points of the original score.(d) After giving effect to the Administrator's point awards, applications will be funded in rank order until all available funds have been obligated. (e) In the event an insufficient number of eligible applications are received in response to a given RFP, time permitting, subsequent rounds of competition will be initiated by publishing subsequent RFPs. (f) Unless a proposal is withdrawn, eligible but unfunded proposals from preceding competitions in a given fiscal year will be considered for funding in subsequent competitions in the same fiscal year.

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: 'Increase in producer revenues.' The increase is measured by the amount received above that which would have been received by selling raw commodity. Each recipient is required to respond to an annual survey to identify additional revenues directly related to the grant. However, The program has essentially two audiences: awards for conducting a business plan/feasibility study and awards for a working capital grant. Performance measures may not be the same for both grant programs. In FY 2003, a university (third party) was awarded a grant to study of the potential effects of the funded value-added projects on (a) the demand for agricultural commodities, (b) market prices, (c) farm income and (d) Federal outlays on commodity programs. The University grant recipient will assess the performance of USDA value-added program recipients. The report should be available by the end of FY 2005, and the measures should be in effect for FY 2006.

Evidence: § 4284.15 Performance reviews. (a) USDA will incorporate performance criteria in grant award documentation and will regularly evaluate the progress and performance of grant awardees. (b) USDA may elect to suspend or terminate a grant in all or part,..... Evidence of Independent Study:[Federal Register: May 20, 2003 (Volume 68, Number 97)] [Page 27520-27526] DEPARTMENT OF AGRICULTURE Rural Business-Cooperative Service Notice of Funding Availability (NOFA) Inviting Applications for a University Value-Added Research Grant SUMMARY: This Notice announces the availability of $300,000 in fiscal year (FY) 2003 to fund a grant for research at a university concerning the effects of projects for value-added agricultural commodities or products on agricultural producers and the commodity markets.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 13%

Explanation: Baselines and measures under development because this is a new program as of the 2002 Farm Bill. RBS has contracted a study to help with this development.

Evidence: The program has defined a one year one-time grant for either purpose. Each grant recipient must respond to an annual survey documenting their increase in revenues and other negotiated or specified performance measures attributable to the grant received from USDA. Numbers will be verified by State Monitors through observation and site visits. Baselines for the long term measure and the appropriate target and timeframes are currently under development.

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: The agreed upon measure is cost per grant. Baselines are under development because this is a new program as of the 2002 Farm Bill. RBS has contracted a study to help with this development. The study will help them develop appropriate measures, including an efficiency measure. These measures should be in effect for FY 2006.

Evidence: Program regulations:§ 4284.12 Reporting requirements.Grantees must submit the following to USDA:(a) A "Financial Status Report" listing expenditures according to agreed upon budget categories, on a semi-annual basis. Reporting periods end each March 31 and September 30. Reports are due 30 days after the reporting period ends.(b) Semi-annual performance reports that compare accomplishments to the objectives stated in the proposal. Identify all tasks completed to date and provide documentation supporting the reported results. If the original schedule provided in the work plan is not being met, the report should discuss the problems or delays that may affect completion of the project. Objectives for the next reporting period should be listed. Compliance with any special condition on the use of award funds should be discussed. Reports are due as provided in paragraph (a) of this section. The supporting documentation for completed tasks include, but are not limited to, feasibility studies, marketing plans, business plans, articles of incorporation and bylaws and an accounting of how working capital funds were spent.(c) Final project performance reports, inclusive of supporting documentation. The final performance report is due within 30 days of the completion of the project. § 4284.15 Performance reviews. See 2.1 Evidence/Data.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight 13%

Explanation: University VAPG Study Grant is to establish baselines and appropriate targets for its annual measures. The grantee signs a grant agreement at the state level. Grantees will be working with RD State Office staff monitors to establish appropriate baselines and measures.

Evidence: Given the reporting requirments outlined in Q 2.3, baselines and targets should be easily determined once the study has been completed.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: The VAPG program requires all grant agreements to include performance measures to help the program achieve its goals and monitor those measures. Rural Development State Offices are only other partners. State Office staff particpate in the handling of grant applications, preliminary eligibility evaluations, establish grant agreements and monitor recipients.

Evidence: § 4284.12 Reporting requirements. Grantees must submit the following to USDA:(a) A "Financial Status Report" listing expenditures according to agreed upon budget categories, on a semi-annual basis. Reporting periods end each March 31 and September 30. Reports are due 30 days after the reporting period ends.(b) Semi-annual performance reports that compare accomplishments to the objectives stated in the proposal. Identify all tasks completed to date and provide documentation supporting the reported results. If the original schedule provided in the work plan is not being met, the report should discuss the problems or delays that may affect completion of the project. Objectives for the next reporting period should be listed. Compliance with any special condition on the use of award funds should be discussed. § 4284.15 Performance reviews. (a) USDA will incorporate performance criteria in grant award documentation and will regularly evaluate the progress and performance of grant awardees.

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?

Answer: NO Question Weight 13%

Explanation: There are no external, independent evaluations that are done on a regular basis for this program. However, it should be noted that the VAPG program was subject to one OIG review of National Office procedures in 2003. A second OIG review is looking at recipient eligibility and State Office monitoring. RD Financial Management Division conducts both 'Management Control Reviews' (MCR) and 'State Internal Reviews'(SIR). MCRs examine National Office program operations. SIRs are conducted in the same manner but focus on program delivery at the state level to assure programs are operated correctly by state employees. RD Instructions for the program were published in late April and the VAPG program will most likely be scheduled for and MCR and SIR in 2005 or 2006. Additioinally, in FY 2003, a university was awarded a grant to study of the potential effects of the funded value-added projects on (a) the demand for agricultural commodities, (b) market prices, (c) farm income and (d) Federal outlays on commodity programs. The University grant recipient will assess the performance of USDA value-added program recipients.

Evidence: The regular reports cited are all aimed at ensuring that general policies and procedures for allocating resources and managing funds are carryed out properly. These do not take into consideration program performance or effectiveness. Additionally, the contracted study referenced, was authorized and funded as part of the farm bill, there is no ad-hoc or regular review of program performance or effectiveness that can be cited.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?

Answer: NO Question Weight 13%

Explanation: The program was first authorized in 2002. At present, there is no direct link between budget and performance. However, as this program evolves, USDA will be able to link funding with performance. The fact that this program is so new results in this problem.

Evidence: Agricultural Risk Protection Act of 2000 (HR 2559)SEC. 231. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS.(a) GRANT PROGRAM.'(1) ESTABLISHMENT AND PURPOSES.'Of the amount made available under section 261(a)(2), $15,000,000 shall be used by the Secretary to award competitive grants to eligible independent producers (as determined by the Secretary) of value added agricultural commodities and products of agricultural commodities to assist an eligible producer'Also, the 2002 Farm Bill provides approximately $33 million annually in grants through 2006 for valued-added agricultural product marketing development grants. 2002 Farm Bill authorized Value-Added Agricultural Product Marketing Development Grants to receive $40 million per year from the CCC, with eligibility liberalized to increase participation in the program.The Consolidated Appropriations Act of 2004....not to exceed $15,000,000, to remain available until expended, shall be for value-added agricultural product market development grants, as authorized by section 6401 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1621 note).

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight 13%

Explanation: The VAPG program staff have made significant progress in addressing perceived deficiencies. Final rules and RD Instructions were published April 29, 2004. Final rules address comments from stakeholders. Only those regulations absolutely necessary to accomplish the program mission and goals were promulgated based on the standards laid out in Executive Order 12866 on the identification of the need for the regulation. Two new employees were hired and begin work in late May, 2004 to help run the program. OIG reviews, MCRs and SIRs will help identify deficiencies for corrective action. The current study of performance measures will also contribute to this.

Evidence: 7 CFR Parts 1951 and 4284General Requirements for Cooperative Services Grant Programs, Value-Added Producer Grants, Agriculture Innovation Centers and Rural Cooperative Development
Grants The Study to look at performance measures, etc.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 10%

Explanation: Late in FY 2003, a university (third party) was awarded a grant to study of the effects of projects for value-added agricultural commodities or products on agricultural producers and the commodity markets funded by USDA. The study must systematically examine the potential effects of the funded value-added projects on (a) the demand for agricultural commodities, (b) market prices, (c) farm income and (d) Federal outlays on commodity programs. The grant recipient will assess the performance of USDA value-added program recipients. The grant recipient will develop data series directly related to the research effort, where such data are not otherwise available. Results of this study will not be available until FY 2005.Program regulations call for the collection of performance data on individual grant recipients during and following conclusion of the grant period. A study will be conducted following data collection. State Offices monitor the projects through a semi-annual performance reporting and a site visit.

Evidence: Notice of Funding Availability (NOFA) Inviting Applications for a University Value-Added Research GrantAGENCY: Rural Business-Cooperative Service, USDA.SUMMARY: This Notice announces the availability of $300,000 in fiscal year (FY) 2003 to fund a grant for research at a university concerning the effects of projects for value-added agricultural commodities or products on agricultural producers and the commodity markets. Grant funds are to be used to perform a study of the effects of projects for value-added agricultural commodities or products on agricultural producers and the commodity markets. Grant funds may be used to assess the performance of USDA value-added program grant recipients, including agricultural innovation centers as part of the study.RD Instrucitons: § 4284.12 Reporting requirements.§ 4284.15 Performance reviews.

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: NO Question Weight 10%

Explanation: States have been issued instructions on how to run the program following publication of the final regulations in the Federal Register. Individual grant recipients are required to establish performance measures in the grant agreement. Recipient performance will be monitored by State Office staff. However, managers would not be held accountable if grants did not increase producer income.

Evidence: RD Instruction 4284-JSubpart J ' Value-Added Producer Grants4284.910 Application processing. 6 (a) Applications. 6 (b) Required forms. 6 (c) Proposal. 64284.911 Evaluation screening. 84284.912 Evaluation process. 84284.913 Evaluation criteria and weights. 8 (a) Planning grants. 9 (b) Working capital grants. 124284.914 Grant closing. 15 (a) Letter of Conditions. 15 (b) Applicant's intent to meet conditions. 15 (c) Grant agreement. 15

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight 10%

Explanation: Funds are obligated to the State Offices shortly after announcment of award winners. Program regulations require initial screening of grant applications to verify applicant eligibility, realistic work plan for use of funds, verification of matching funds.

Evidence: Program regulations and RD Program Instructions specify:§ 4284.911 Evaluation screening. (1) Conduct initial screening of all proposals to determine eligiblity and responsiveness to the requirements set forth in the RFP'.(5) Work plan/Budget. (6) Verification of Matching Funds. Applicants must provide a budget to support the work plan showing all sources and uses of funds. Applicants will be required to verify matching funds, both cash and in-kind. § 4284.914 Grant closing. (a) Letter of Conditions. The Agency will notify an approved applicant in writing, setting out the conditions under which the grant will be made. (b) Applicant's intent to meet conditions. Applicant must complete, sign and return the Agency's "Letter of Intent to Meet Conditions," or, if certain conditions cannot be met, the applicant may propose alternate conditions.(c) Grant agreement. The Agency and the grantee must sign the Agency's "Value-Added Producer Grant Agreement" prior to the advance of funds.

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight 10%

Explanation: University grant is funding a study by a third party to suggest appropriate performance and efficiency measures. Budget and Performance Integrations is studying full cost accounting methodologies to select the means for best measuring performance and program efficiencies.

Evidence: [Federal Register: May 20, 2003 (Volume 68, Number 97)][Page 27520-27526]DEPARTMENT OF AGRICULTURERural Business-Cooperative ServiceNotice of Funding Availability (NOFA) Inviting Applications for a University Value-Added Research GrantAGENCY: Rural Business-Cooperative Service, USDA.ACTION: Notice.SUMMARY: This Notice announces the availability of $300,000 in fiscal year (FY) 2003 to fund a grant for research at a university concerning the effects of projects for value-added agricultural commodities or products on agricultural producers and the commodity markets.Cost Allocation methodology is currently understudy by BP&I group.

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 10%

Explanation: While there is no program, state or federal, that provides the large level of funding directly to a producer for efforts toward value-added agriculture, the program can be used in conjunction with other Federal programs, such as the B&I guaranteed loan program or the Rural Business Enterprise grant program. These are programs to stimulate economic development in rural areas and not specifically designed for value added agriculture, but funding can be combined to achieve both purposes. In addition, Federal dollars from other programs, such as the ones mentioned, can count toward the matching requirment of this program.

Evidence: Matching requirement specified both in law and reg. Agricultural Risk Protection Act of 2000 (HR 2559) Subtitle D'Agricultural Marketing SEC. 231. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS. 7 CFR Parts 4284 and 1951.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 10%

Explanation: VAPG regulations and RD Program Instructions provide guidelines for the financial management practices. Both National Office and State Office personnel must use the RD General Ledger System (Grants and Loans Financial Mangement System) and the FFIS to ensure that payments are made properly for the intended purpose to minimize erroneous payments. Both of these financial management systems meet statutory requirements. The financial information is accurate and timely.

Evidence: OIG conducted a "survey" of the VAPG program to look at all aspects of the program to determine if they should do an in-depth audit, and if so, what parts of the program should have an in-depth audit. OIG decided to do an in-depth audits in two areas -- (1) Are the entities that have received grants eligible to receive them and (2) are we sufficiently monitoring grantees in terms of use of grant funds and performance.The program does have procedures in place to ensure that payments are made properly for the intended purpose to minimize erroneous payments.Program Regulations:§ 4284.908 Use of grant and matching funds.(3) Hire a Certified Public Accountant or other qualified individual to design an accounting system for the proposed venture'.§ 4284.910 Application processing. (6) Verification of Matching Funds.§ 4284.913 Evaluation criteria and weights.(5) Work plan/Budget. (6) Amount requested.§ 4284.914 Grant closing. (a) Letter of Conditions.(b) Applicant's intent to meet conditions.(c) Grant agreement.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 10%

Explanation: OIG conducted an "survey" of the VAPG program to look at all aspects of the program to determine if they should do an in-depth audit, and if so, what parts of the program should have an in-depth audit. OIG decided to do an in-depth audits in two areas -- (1) Are the entities that have received grants eligible to receive them and (2) are we sufficiently monitoring grantees in terms of use of grant funds and performance.VAPG staff have worked to get final regulations approved with publication in the Federal Register on April 29, 2004. RD Instructions for the VAPG were published to coincide with the Federal Register final rule.

Evidence: Results of the OIG have not been released by OIG. The study remains underway.RD Program Instructions:PART 4284 ' GRANTSSubpart A ' General Requirements for Cooperative Services Grant Programs

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

3.CO1 **Are grants awarded based on a clear competitive process that includes a qualified assessment of merit?** Answer: YES Question Weight 10%

Explanation: 100 percent of funding is distributed according to a competitive process. Outside reviewers contracted through a third party conduct independent merit reviews and score applications. Scores are then run through a statistical procedure that adjusts for scoring bias and ranks all applications. Details on the process are declared in the program regulations and RD Instructions.

Evidence: Program regulations:Subpart J---Value-Added Producer Grants 4284.907 Eligibility for grant assistance.4284.910 Application processing.4284.911 Evaluation screening.4284.912 Evaluation process.4284.913 Evaluation criteria and weights.4284.914 Grant closing.RD Instructions:PART 4284 ' GRANTSSubpart J ' Value-Added Producer Grants4284.902 Policy.4284.903 Program administration.4284.907 Eligibility for grant assistance.4284.910 Application processing.4284.911 Evaluation screening.4284.912 Evaluation process.4284.913 Evaluation criteria and weights.4284.914 Grant closing.

3.CO2 **Does the program have oversight practices that provide sufficient knowledge of grantee activities?** Answer: YES Question Weight 10%

Explanation: RD Instructions provide explicit directions on oversight practices to assure adequate knowledge of grantee activities. Instructions also recommendation actions to be taken if grantee does not meet standards of performance.

Evidence: RD Instructions:§ 4284.12 Reporting requirements.Grantees must submit the following to USDA:(a) A "Financial Status Report" on a semi-annual basis.(b) Semi-annual performance reports that compare accomplishments to the objectives stated in the proposal.(c) Final project performance reports, inclusive of supporting documentation. The final performance report is due within 30 days of the completion of the project.§ 4284.14 Grant servicing.Grants will be serviced in accordance with 7 CFR part 1951, subparts E and O. Grantees will permit periodic inspection of the program operations by a representative of the Agency. All non-confidential information resulting from the Grantee's activities shall be made available to the general public on an equal basis.Rural Development field staff will be responsible for servicing and monitoring grants. On-site visits should be conducted annually at a minimum. Additional site visits should be conducted if there are performance problems. The site visit should include a review of all documentation supporting costs paid with grant funds.

3.CO3 **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: YES Question Weight 10%

Explanation: See RD Instructions. Grantees will permit periodic inspection of the program operations by a representative of the Agency. All non-confidential information resulting from the Grantee's activities shall be made available to the general public on an equal basis.

Evidence: RD Instructions:§ 4284.14 Grant servicing.Grants will be serviced in accordance with 7 CFR part 1951, subparts E and O. Grantees will permit periodic inspection of the program operations by a representative of the Agency. All non-confidential information resulting from the Grantee's activities shall be made available to the general public on an equal basis.

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight20%

Explanation: Results of the University Grant provide this data. However, that remains a year away. The grant results and performance reports from individual grantees will tell us if grantees meet all their long-term performance goals ' including performance targets and timeframes. Grant award winners from the FY 2003 VAPG program will not begin performance reporting until FY 2004.

Evidence: None

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: NO Question Weight20%

Explanation: By this time next year, RBS should have data on grantees individual performance goals. State Offices will monitor the grantee performance. However, RBS does not have the data at present.

Evidence: RD Instructions§ 4284.14 Grant servicing. § 4284.15 Performance reviews. (a) USDA will incorporate performance criteria in grant award documentation and will regularly evaluate the progress and performance of grant awardees. (b) USDA may elect to suspend or terminate a grant in all or part, or funding of a particular workplan activity

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: NO Question Weight20%

Explanation: Measurement tools are not in place at this time. No data available. Regulations and RD Instructions for State Office monitoring of grantees are to be published in late April, 2004. The Strategic Plan remains a working document at this time, April, 2004. Methods of full cost accounting are also under study and should provide for effective cost and efficiency measurement tools. Once the Strategic Plan is approved and a methodology for full cost accounting accepted, data collection and analysis will get underway. Initial grantee performance reports are not due until later in FY 2004.

Evidence: None

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: LARGE EXTENT Question Weight20%

Explanation: This program enhances revenue for farmers similiarly to how USDA's other grant programs for farmers do. As most programs in USDA have as a measure the number of grants as a function of funding, this program has a very good ratio. However, the main performance measures are still under development because of the newness of this program.

Evidence: Matching requirement specified both in law and reg. Agricultural Risk Protection Act of 2000 (HR 2559) Subtitle D'Agricultural Marketing SEC. 231. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS. 7 CFR Parts 4284 and 1951.

PART Performance Measurements

Program: Rural Business-Cooperative Service Value-Added Producer Grants
Agency: Department of Agriculture
Bureau: Rural Business --Cooperative Service
Type(s): Competitive Grant

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	90%	13%	Demonstrated

4.5 **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: NO Question Weight 20%

Explanation: OIG report is pending as of late April, 2004. A grant has been let to a University to do an independent study of VAPG. An National Office Management Control Review and State Internal Review will be scheduled for VAPG in 2005 or 2006. Reviews could not be schedule until final rules and program instructions were issued on April 29, 2004.

Evidence: No study or review, annual or ad-hoc can be cited that looks at program effectiveness or results except for the study specifically authorized and funded in the farm bill, which will not be replicated by the agency in future years.

Measure: Increase in producer revenues

Additional Information: The amount received above that which would have been received by selling raw commodity

Year	Target	Actual	**Measure Term:** Long-term

Measure: Cost per grant

Additional Information:

Year	Target	Actual	**Measure Term:** Annual

PART Performance Measurements

Program: Rural Distance Learning and Telemedicine Loan and Grant Program
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	83%	20%	Demonstrated

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The Distance Learning and Telemedicine (DLT) loan and grant program has a clear purpose as laid out in the authorizing legislation, 7USC 950aaa. The purpose of this program "is to encourage and improve telemedicine services and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents.' These funds are used to provide the access necessary to have working distance learning and telemedicine facilities.

Evidence: The programs purpose is laid out in 7USC 950aaa.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: A GAO report provided an estimate from a 1996 RAND Corporation study that 'estimates that providing a 'technology-rich' learning environment in every school would cost $10 billion to $20 billion per year. State and local government resources alone can not meet the needs for technology in schools.' A second GAO report cited a study, by McKinsey & Company, Inc., that indicated that 'placing one networked computer laboratory in each school nationwide would cost $11 billion up front and $4 billion in annual costs.' Telemedicine helps rural residents obtain specialized medical treatment without traveling large distances. This type of expertise is usually found in urban or university hospitals.

Evidence: GAO reports HEHS-99-133 Telecommunications Technology Federal Funding for Schools and Libraries and HEHS-98-35 School Technology Five School Districts' Experiences in Funding Technology Programs

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: There are no programs that provide similar assistance. USDA's program provides grants and loans to fund fully operational DLT facilities. Other potentially similar programs normally fund only specific aspects of providing DLT services. The Department of Health and Human Services has a telehealth program which is designed to help communities build the human, technical and financial capacity to develop sustainable telehealth programs and networks. GAO identified 35 programs supported telecommunications and information technology for schools and libraries of which only four programs target schools, libraries and technology. GAO 'did not identify instances where two individual programs were providing identical services to identical populations ' that is, had the same goals, the same activities or strategies to achieve them, and the same targeted recipients.' A second study showed school districts did not rely on a single source of funding. The districts used local, state, federal and private funding to provide for school technology needs. Only one district relied heavily on federal funding.

Evidence: GAO report HEHS-99-133 Telecommunications Technology Federal Funding for Schools and Libraries and GAO report HEHS-98-35 School Technology Five School Districts' Experiences in Funding Technology Programs.

PART Performance Measurements

Program: Rural Distance Learning and Telemedicine Loan and Grant Program
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	83%	20%	Demonstrated

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: YES Question Weight 20%

Explanation: There is no strong evidence that there are major design flaws. The program has operated successfully for a number of years essentially under the same criteria. One potential flaw that was corrected was the requirement of applicants to provide a 30% match in order to be eligible for funding. While matching funding is an important part in achieving project sustainability and local community involvement, it had the unintended affect of excluding poorer communities that could not achieve the required 30% match. The matching contribution was lowered to 15% for eligibility purposes two years ago. However, potential beneficiaries are not interested in obtaining loans. They prefer to receive grants. Due to this applications for less than 10% of loan funds are approved each year.

Evidence: Farm Bills (1990 and 1996); 7 CFR Part 1703, Subparts D and E.

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight 20%

Explanation: In providing financial assistance, RUS gives priority to rural areas that have the greatest need for distance learning and telemedicine services. In general, the need is greatest in areas that are economically challenged, costly to serve, and experiencing outward migration. Points are given for comparative rurality, the need for and benefits from the service, economic need, ability to leverage, innovativeness, cost effectiveness, and participation of EZ/EC and champion communities.

Evidence: 7 CFR 1703, Subparts D and E; Distance Learning and Telemedicine Application Guide

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight 13%

Explanation: The strategic goal this program is linked to is to increase economic opportunity in Rural America. Increasing education can improve the employment opportunities available for graduates. In addition, with better schools and medical care, it is possible to attract new businesses to rural areas. However, it is difficult to measure the impact of this program on economic opportunity. USDA has developed new long-term and annual that reflect the impact the program has on improving rural distance learning and telemedicine. Increased graduation rates in rural high schools.

Evidence: USDA Strategic Plan

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight 13%

Explanation: Baselines and targets are under development.

Evidence:

PART Performance Measurements

Program: Rural Distance Learning and Telemedicine Loan and Grant Program
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	83%	20%	Demonstrated

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight 13%

Explanation: USDA has developed new long-term and annual that reflect the impact the program has on improving rural distance learning and telemedicine. USDA has developed new efficiency measures for all credit programs. Three annual measures are percent of rural counties that have telemedicine facilities, percent of rural public schools that have distance learning facilities, and percent of rural libraries that have distance learning facilities.

Evidence:

2.4 **Does the program have baselines and ambitious targets for its annual measures?** Answer: NO Question Weight 13%

Explanation: Baselines and targets are under development.

Evidence:

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight 13%

Explanation: Grantees must be the owners/operators of the system they are building. Therefore, they are committed to providing service to educational or health care facilities. The program makes grants available for the end-user computer equipment to be placed in schools or medical facilities; as such, when the equipment is deployed in a rural county, the performance goal is supported.

Evidence: Standard Form 269A; 7 CFR 1703 Subparts D and E.

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight 13%

Explanation: Independent evaluations reviewing how well the program is accomplishing its mission and meeting its long term goals are not performed. However, Management Control Reviews are performed on a periodic basis, not to exceed 5 years. These reviews look at how RUS is implementing the DLT program and provides recommendations for improvement. The Rural Development financial statement audit, which includes compliance with GPRA, is conducted annually by the Office of the Inspector General (OIG).

Evidence: A MCR of the grant program was completed in 1999. The report concluded that the program was well run, but noted some areas for improvement (1999 MCR, DLT grants). Another MCR is being conducted this year. The grant program has been categorized as "low-risk" by the Management Control Group. OIG financial statement audits.

PART Performance Measurements

Program: Rural Distance Learning and Telemedicine Loan and Grant Program
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	83%	20%	Demonstrated

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight: 13%

Explanation: Since RUS does not have annual performance measures that are outcome measures, it is unclear how funding, policy or legislative changes impact annual performance. Once long term and annual outcome measures, baselines and targets are established, the impact should be more evident. Funding requests do not detail why the requested funding level is reasonable and adequate and why the requested performance/resource mix is appropriate. Budget requests have generally been static over the last several years. Demand for grant funds on an annual basis always exceeds requested program budget authority and annually appropriated grant levels. However, demand for loan funds is consistently significantly below requested and appropriated loan levels.

Evidence:

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight: 13%

Explanation: RUS is working to correct its strategic planning deficiencies for all programs including the DLT program.

Evidence: USDA Rural Development Draft Strategic Plan

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight: 8%

Explanation: All borrowers are required to annually file financial and performance data. Information is used to process and monitor loans allowing for effective and consistent management of the loan portfolio. In addition, a grant project performance activity report is required on an annual basis until the project is complete and the funds are expended. Performance information provides assurance that the project is on track and funding is being utilized in a proper manner. If there are any deviations from the proposed project, a corrective action (site visit or expedited audit) would be initiated.

Evidence: 7 CFR Ch. XVII, Subpart D'Distance Learning and Telemedicine Loan and Grant Program'General; Form 269A; Grant Agreement

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight: 8%

Explanation: The Federal Manager directly responsible for the DLT program is at the SES level with specific performance measures that ensure accountability. Loan contracts require borrowers to use loan funds for specific purposes. Borrowers are required to provide annual financial and performance data which is reviewed by program staff. Grants are monitored to assure that the projects are completed in accordance with the scope of work. The Grantee submits to RUS a 'Request for Advance or Reimbursement' bearing the original signature of the authorized agent of the Grantee. Advances of funds are only for approved purposes of the grant. Invoices are required to ensure that program dollars are spent only for intended purposes. Each project is audited by RUS field accountants after the project has been completed.

Evidence: Program Manager Performance Elements and Evaluations; 7 CFR 1703, Subparts D and E; Distance Learning and Telemedicine Application Guide; SF 270

PART Performance Measurements

Program: Rural Distance Learning and Telemedicine Loan and Grant Program
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	83%	20%	Demonstrated

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight: 8%

Explanation: Funds are obligated in a timely manner and to the fullest extent possible based on applications received, approved and awarded. The grant program is administered as part of a national competition; as such, all program funds are generally obligated on the same date after the grant applications have been evaluated and scored. However, due to potential beneficiaries unwillingness or inability to obtain loans, less than 10% of loan funds are approved annually. RUS monitors recipients to assure that projects are completed in accordance with the approved scope of work and that the financial assistance is expended for approved purposes.

Evidence: 7 CFR 1703, Subparts D and E; Distance Learning and Telemedicine Application Guide; SF 270

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight: 8%

Explanation: Management Control reviews are used to analyze program efficiency and identify management deficiencies. These reviews can result in recommendations for improvement. Beginning in FY 2004, electronic application filing was initiated through the Grants.Gov process; while the process was not heavily utilized in its initial year, it is anticipated that electronic filing will greatly improve program efficiencies. In addition, revisions were made to the application guide and a new "tool kit" was developed to better assist applicants in the application process and in understanding the program requirements. All information is posted on the RUS web site. USDA is developing a department-wide efficiency measure for all loan programs.

Evidence: DLT Application Guide and Tool Kit; www.usda.gov/rus/telecom/dlt/dlt.htm; The 1999 Management Control Review found a lack of standardization in directions for scoring worksheets and documentation. New scoring worksheets and directions were established.

3.5 **Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight: 8%

Explanation: RUS is a member on the Telemedicine Working Group coordinated by the HHS Office for the Advancement of Telehealth. RUS works with the Appalachian Regional Commission (ARC) since ARC can provide matching dollars to RUS applicants. Information about ARC is included in the DLT grant application guide. RUS also collaborates with other USDA programs that are similar including the RUS' Telecommunication Program and the Rural Housing Services' Community Facilities Program. This collaboration is done to facilitate projects that may be common to the programs. It is unclear what, if any interactions RUS has with the 35 entities identified by GAO that provided funding that could be used to support telecommunications and information technology for schools and libraries. In addition, GAO discusses coordination by the Office of Science and Technology Policy and the Department of Education's Office of Education Technology but does not indicate how or if the other 33 entities coordinate efforts.

Evidence: GAO report HEHS-99-133 Telecommunications Technology Federal Funding for Schools and Libraries; Staff Instruction 1703-2 for post review responsibilities.

PART Performance Measurements

Program: Rural Distance Learning and Telemedicine Loan and Grant Program
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	83%	20%	Demonstrated

3.6 Does the program use strong financial management practices? Answer: YES Question Weight: 8%

Explanation: Based upon the annual financial statement audit, the DLT program utilizes strong financial management practices. The Rural Development mission area, of which the DLT program is a part, received unqualified audit reports in Fiscal Years 2001, 2002 and 2003. Projects must demonstrate sustainability, i.e., the ability to operate on their own after the grant or loan has been made. Each project must demonstrate its financial capacity to prove feasible. In addition, each project is audited by RUS field accountants after the project has been completed.

Evidence: Rural Development's annual financial statement audit; 7 CFR 1703 Subparts D and E; Staff Instruction 1703-2; post grants audits.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight: 8%

Explanation: The Management Controls process and reviews are used to analyze efficiency, identify management deficiencies and recommend improvements.

Evidence: For example, one review noted in some instances that projects had not been visited by field staff in a timely manner. The program issued a staff instruction to clearly layout responsibilities for the field staff in the post review process.

3.CO1 Are grants awarded based on a clear competitive process that includes a qualified assessment of merit? Answer: YES Question Weight: 8%

Explanation: Applications for grants must meet rurality requirements and address the following scoring criteria: 1) need for services and benefits derived from services (up to 55 points); 2) comparative rurality of service area (up to 45 points); 3) economic need of service area (up to 35 points); 4) ability to leverage resources (up to 35 points); 5) innovativeness of project (up to 15 points); 6) cost effectiveness of system (up to 35 points); and 7) participation in Empowerment Zone and Enterprise Communities and Champion Communities (up to 15 points). Applications will be selected for approval based on scores assigned and availability of funds.

Evidence: 7 CFR 1703, Subparts D and E; Distance Learning and Telemedicine Application Guide; 1996 Farm Bill

3.CO2 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: YES Question Weight: 8%

Explanation: RUS General Field Representatives are required to meet with grantees and visit the project from time to time to ensure proper operation. In addition, each project is audited by RUS field accountants after the project is completed.

Evidence: Staff Instruction 1703-2; post award audits.

3.CO3 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? Answer: NO Question Weight: 8%

Explanation: Though RUS requires a project performance activity report on an annual basis until the project is complete and the funds are expended, only limited data is available to the public in a transparent and meaningful manner. RUS does post success stories on their web page but the information is limited.

Evidence: 7 CFR Ch. XVII, Subpart D'Distance Learning and Telemedicine Loan and Grant Program'General; www.usda.gov/rus/telecom/dlt/dlt.htm

PART Performance Measurements

Program: Rural Distance Learning and Telemedicine Loan and Grant Program
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	83%	20%	Demonstrated

3.CR1 **Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: YES Question Weight: 8%

Explanation: Borrower's performance is monitored on an ongoing basis. Annually borrowers submit financial and performance data and an audited financial statement. Procedures are established to monitor borrower compliance. Financial information is reviewed and each borrower's risk is established by a pre-established set of financial criteria. Borrowers with high or imminent risk are reviewed for the cause and agreed upon corrective action is pursued. The Agency's accounting staff review borrower's audited financial statements and monitor borrower compliance. Deficiencies noted in the audit and downward trends in financial performance are reported to the program for correction. The accounting staff independently tracks the program's progress in obtaining corrective action. Monthly the accounting staff notifies the program staff of any late payment collections, at which time the program takes immediate action to remedy.

Evidence: 1) Borrower financial and performance reports; 2) Borrowers' audited financial statements: 3) Accounting and Program tracking reports, which provide information on deficiencies noted in financial audits, downward trends in financial performance and progress in obtaining corrective action; 4) Accounting staff's audit review checklists; 5) Annual risk assessment report, which provides an analysis of each borrowers risk based on data submitted by the borrower; and 6) Monthly Delinquency Report, which provides information on any late payment collections.

3.CR2 **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: NO Question Weight: 8%

Explanation: The DLT credit model did not assume any defaults due to the low rate of defaults in loans to schools and hospitals. Default assumptions were also based on the Telecommunications program which has never experienced a loan default (only late payments). However, the DLT loans are not necessarily awarded directly to schools or hospitals and the entities receiving these loans are not necessarily telecommunications companies. Three defaults occurred in FY2003 to private companies that received loans to support DLT services in schools and hospitals. The cash flow model has been adjusted to reflect the defaults that occurred however, recovery assumptions have not been changed. Further analysis is necessary to determine if the correct assumptions are used in the model based on the actual borrower makeup.

Evidence: RUS cash flows

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight20%

Explanation: The DLT program needs to develop long-term performance measures that reflect the impact the program has on improving rural distance learning and telemedicine and how this ties in with USDA's goal of increasing economic opportunity in Rural America. In addition, baselines and targets need to be developed.

Evidence:

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: NO Question Weight20%

Explanation: The DLT program needs to develop new annual performance measures that reflect the impact the program has on improving rural distance learning and telemedicine. In addition, baselines and targets need to be developed.

Evidence:

PART Performance Measurements

Program: Rural Distance Learning and Telemedicine Loan and Grant Program
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	83%	20%	Demonstrated

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: SMALL EXTENT — Question Weight 20%

Explanation: The application guide was revised this year in response to a Congressional suggestion that the material was to cumbersome. As such, a new "tool kit" was developed and the guide was reformatted to be more user friendly to the applicant. In addition, applications are now accepted electronically though the Grants.Gov initiative. All relevant program information is available on the RUS web site.

Evidence: DLT Application Guide and Tool Kit; www.usda.gov/rus/telecom/dlt/dlt.htm

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: SMALL EXTENT — Question Weight 20%

Explanation: As of the GAO report in 1999, the RUS DLT program did not have the highest administrative cost to program cost ratio. However, the DLT program was one of the highest of the ten programs that target technology. In addition, the DLT program had one of the higher FTE totals.

Evidence: GAO report HEHS-99-133 Telecommunications Technology Federal Funding for Schools and Libraries

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT — Question Weight 20%

Explanation: Although independent evaluations reviewing how well the program is accomplishing its mission and meeting its long term goals are not performed, other aspects of performance including financial management are reviewed. Financial statement audits have indicated that the program is effective and achieving its goals. These audits review the financial aspects of programs which is a significant issue for loan programs and loan portfolio management. Management Control Reviews are performed on a periodic basis, not to exceed 5 years. These reviews look at how RUS is implementing the DLT program and provides recommendations for improvement. Based on this partial credit was given. To obtain a large extent or yes, reviews of actual performance results (actual program impact) are necessary.

Evidence: A MCR of the grant program was completed in 1999. The report concluded that the program was well run, but noted some areas for improvement (1999 MCR, DLT grants). Another MCR is being conducted this year. The grant program has been categorized as "low-risk" by the Management Control Group; Rural Development's annual financial statement audit

PART Performance Measurements

Program: Rural Distance Learning and Telemedicine Loan and Grant Program
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	83%	20%	Demonstrated

Measure: Cost per loan. Measure is under development

Additional Information: The ratio of total annual obligated salaries and expenses funding over the obligated average loan portfolio balance outstanding plus accrued interest and fees plus total average grants. At the moment cost accounting systems are not in place to track expenses at the program level. However, over the next year the agency will be working to differentiate adminstrative expenses among each loan program.

Year	Target	Actual	**Measure Term:** Annual

Measure: Increased percentage of medically underserved counties with telemedicine facilities. Baselines and targets are under development.

Additional Information:

Year	Target	Actual	**Measure Term:** Long-term

Measure: Percentage of rural counties that have telemedicine facilities. Baselines and targets are under development.

Additional Information:

Year	Target	Actual	**Measure Term:** Annual

Measure: Increased graduation rates in rural high schools. Baselines and targets are under development.

Additional Information: Based on Census data.

Year	Target	Actual	**Measure Term:** Long-term

Measure: Percentage of rural public schools that have distance learning facilities. Baselines and targets are under development.

Additional Information:

Year	Target	Actual	**Measure Term:** Annual

PART Performance Measurements

Program: Rural Distance Learning and Telemedicine Loan and Grant Program
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Mixed

Section Scores				Rating
1	2	3	4	Results Not
100%	50%	83%	20%	Demonstrated

Measure: Percentage of rural libraries that have distance learning facilities. Baselines and targets are under development.

Additional Information:

Year	Target	Actual

Measure Term: Annual

PART Performance Measurements

Program: Rural Electric Utility Loans and Guarantees
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	88%	59%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: Authorizing legislation provides the Secretary of Agriculture the authority to make loans for electrification purposes to provide electricity to rural areas.

Evidence: 7 USC Chapter 31

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: Commercial credit is more expensive than government credit. Providing electricity in rural areas is more expensive than urban (per customer). Geography and low population density make providing electric service in rural areas more difficult and expensive. To provide cheaper energy supply to citizens in rural areas and to improve access to reliable electric service, government lending is beneficial.

Evidence: For the past year, Moody AAA bond rates averaged 1.9 above the 10 year Treasury rate. Private rural electric lenders rates are above the Moody rate. For example, in August the private lender rate was 2.5% above the RUS rate.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight20%

Explanation: Commercial credit is available. RUS makes a significant contribution since they are the primary financing source for rural cooperatives, however, the program is not targeted to the most remote, poor areas.

Evidence: Two private lenders provide loans to RUS borrowers. RUS provided the following % of funds to borrowers: in 1999, 23%; in 2000, 34%; and in 2001, 55%. The remaining funds were provided by commercial sources.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight20%

Explanation: Even though there is no conclusive evidence that there are better ways of accomplishing this goal, the government should focus more on commercial guarantees (other than the small amount through CFC and CoBank) to provide loans in lieu of direct loans and 100% guarantees. Commercial guarantees are known to decrease the risk to the government and increase ability of commercial sector to meet capital needs.

Evidence: RUS has direct and 100% guaranteed loans. These types of loans are more costly to the government. Since there are private lenders, RUS should move towards more private sector guarantees, guaranteed at 80% or less. However, current legislation requires a 100% guarantee.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: NO Question Weight20%

Explanation: Except for the Hardship loans, RUS electric loans are not provided in such a way that would focus support to areas of greatest need. In addition loan funds do not always go to rural areas.

Evidence: GAO report GAO/RCED-98-42

PART Performance Measurements

Program: Rural Electric Utility Loans and Guarantees
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	88%	59%	

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: Four specific performance measures have been developed which focus on specific short-term and long-term outcomes and reflects the purpose of the Electric Program and its funding. These measures support the program purpose of providing electricity to rural areas. % of miles of line new or upgraded is important since these lines must be installed and maintained for rural residents to obtain electricity. % of customers receiving new or upgraded service provides information on the population that is benefiting from the electric loans. Reducing system outages improves the reliability of electricity provision to rural areas. Increasing generating capacity allows electric program borrowers to meet growing needs in rural areas.

Evidence: In developing these four specific performance measures, the program purpose, goals, and funding were analyzed to develop measures that adequately reflect the program.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 13%

Explanation: The four performance measures developed have annual and long term performance targets that are discrete, quantifiable, and measurable.

Evidence: Discrete, quantifiable, and measurable data is collected annually from various agency sources such as RUS Form 740c, RUS Form 130, and the Borrower's Statistical Report. Historical data from these reports was used to develop ambitious targets.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: The four performance measures developed include specific annual short-term performance measures which will demonstrate progress toward achieving the long-term outcomes of the Electric Program. See question 2.1 for more information. USDA has developed new efficiency measures for all credit programs.

Evidence: The performance measures include annual short-term measures that collectively will aid the program in meeting its long-term outcomes.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: In developing the four specific performance measures appropriate baselines and ambitious targets were set.

Evidence: Discrete, quantifiable, and measurable data is collected annually from various agency sources such as RUS Form 740c, RUS Form 130, and the Borrower's Statistical Report. Historical data from these reports was used to develop ambitious targets.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: RUS borrowers are committed to supplying rural areas with electricity and provide regular reports on their financial and operating performance.

Evidence: RUS requires yearly submission of Form 7, Financial and Statistical Report, for all distribution borrowers and Form 12, Operating Report-Financial, for all generation and transmission borrowers.

PART Performance Measurements

Program: Rural Electric Utility Loans and Guarantees
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	88%	59%	

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight 13%

Explanation: There are no annual independent audits of the performance of the program performed on a regular basis. However, RUS receives a financial audit each year. This audit reviews many aspects of the credit programs. In addition, both the USDA IG and GAO review various aspects of RUS's performance.

Evidence:

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: Since RUS does not have annual performance goals that are outcome goals, it is unclear how funding, policy or legislative changes impact annual performance (especially service to areas of persistent outmigration or poverty). The funding impact is easily seen on the loan level since the budget authority and loan level are linked.

Evidence:

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: RUS has developed new short term and long term measures that are outcomes. Ambitious targets have been developed.

Evidence:

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: NO Question Weight 13%

Explanation: RUS borrowers submit yearly reports. RUS reviews the loan portfolio on a continuous basis. However, RUS does not use the information to direct funding to areas of critical need.

Evidence: Data is used to project financial need and determine how to allocate resources to meet program demands to meet or exceed performance goals.

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 13%

Explanation: All managers are evaluated on a yearly basis using the performance standards that are directly related to achieving performance goals.

Evidence: Program Management is one factor in the Employee Performance Work Plan.

PART Performance Measurements

Program: Rural Electric Utility Loans and Guarantees
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	88%	59%	

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight: 13%

Explanation: Most funds are obligated in the year they are appropriated. The funds that are not obligated are too small to support a loan. A borrower's loan application specifically references a RUS approved "work plan" which includes the projects that may be funded under a specific loan. Amendments to the work plan and loan must be approved by RUS.

Evidence:

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight: 13%

Explanation: RUS does not have a specific process for improving performance nor do they have efficiency measures. However, RUS routinely monitors program and employee performance. See question 3.7 below.

Evidence:

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: NA Question Weight: 0%

Explanation: Though there are no other similar Federal programs and very few state and local programs, RUS does work with the private sector to finance rural electric projects.

Evidence:

3.6 Does the program use strong financial management practices? Answer: YES Question Weight: 13%

Explanation: Rural Development has worked extensively w/the CFO/OMB/OIG to improve credit programs financial management. Audit results: FY2000-qualified opinion and FY2001, FY2002 and FY2003-unqualified opinion.

Evidence:

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight: 13%

Explanation: RUS routinely monitors program and employee performance. Employees are evaluated twice a year. Loan committees review the process for timely reporting and response. When deficiencies are found managers work with employees to develop a plan to correct deficiencies.

Evidence: One example of efficiency improvements is the Automated Legal Practice Service that improved the process for developing and reviewing legal documents.

PART Performance Measurements

Program: Rural Electric Utility Loans and Guarantees
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	88%	59%	

3.CR1 **Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: YES Question Weight 13%

Explanation: RUS borrowers are required to submit yearly reports. Borrowers provide unqualified CPA audits with applications. RUS field personnel visit borrowers on a regular basis to ensure proper financial management and operation practices.

Evidence:

3.CR2 **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight 13%

Explanation: Rural Development develops subsidy rates that estimate the cost to the government, including various risks, which are audited by the OIG.

Evidence: RUS provides subsidy estimates and reestimates. Cash flow models have been audited by the IG. Credit programs are audited each year as part of the financial audit for compliance with laws including FCRA and Debt collection. IG Financial statement audits FY2000, FY2001, FY2002 and FY2003.

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: LARGE EXTENT Question Weight 25%

Explanation: USDA has developed new measures and targets. Data from previous years is provided to show efforts towards improving electric service. The program has made significant progress in obtaining annual goals which indicates that the long term goals should be obtained. However, in some instances the actuals do not meet the current targets so it is possible that not all long term goals will be met. Based on this, partial credit is given.

Evidence: See answer to 4.2.

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: LARGE EXTENT Question Weight 25%

Explanation: USDA has developed new measures and targets. Data from previous years is provided to show efforts towards improving electric service. The program has made significant progress in obtaining many of its annual performance goals. However, not all years have exceeded the targets and in one measure the results show a decrease instead of an increase. Based on this, partial credit is given.

Evidence: % of consumers receiving new or upgraded services was 4.1% in 2003. % of borrowers with system outage hours equal to or less than 5 was 72.1% in 2002 which is a 3.5% decrease from 2001. % increase in new/upgraded miles of line was 2.4% in 2003. % of kilowatts of generating capacity added was 6.6% in 2002. (Some data from 2003 is not yet available.)

4.3 **Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: LARGE EXTENT Question Weight 25%

Explanation: RUS has made improvements in efficiency over the past 5 years. The number of employees in RUS has remained constant while the loan dollars have increased from $1.6 billion in FY1999 to $4.1 billion in FY2002.

Evidence: Loan dollars per employee has increased from 11.7 in FY1999 to 30.6 in FY2002.

PART Performance Measurements

Program: Rural Electric Utility Loans and Guarantees
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	88%	59%	

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: NA Question Weight: 0%

Explanation: There are no other programs that have similar purpose and goals.

Evidence:

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT Question Weight 25%

Explanation: RUS receives a financial audit each year which reviews many aspects of the credit programs. For FY2000, Rural Development received a qualified opinion and for FY2001, they received an unqualified opinion. These audits review the financial aspects of programs which is a significant issue for loan programs and loan portfolio management. However, the IG noted that Rural Development lacks meaningful performance indicators that measured progress towards meeting performance goals. In addition, GAO has reviewed various aspects of operations and noted that RUS has been successful in some areas but there is still room for improvement. There are no regularly scheduled audits for program effectiveness. Based on this, only a small extent is given.

Evidence: GAO reports - 1998, 1999, 2001 IG Financial statement audits FY2000, FY2001, FY2002 and FY2003.

PART Performance Measurements

Program: Rural Electric Utility Loans and Guarantees
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	88%	59%	

Measure: Percentage of all electric program borrowers' consumers receiving new or upgraded electric service. From 2005 through 2010.

Additional Information: Increase the percentage of consumers receiving new or upgraded electric service by 27% by 2010. Performance is measured using a formula based on the number of consumers recieving new or upgraded electric service divided by the total number of consumers served by all existing electric program borrowers (both are based on data reported by borrowers on RUS Form 740c and Informational Publication 201-1).

Year	Target	Actual	**Measure Term:** Long-term
2010	27%		

Measure: Percentage of all electric program distribution borrowers with system outage hours equal to or less than 5 system outage hours per year per consumer.

Additional Information: Increase the percentage of electric program distribution borrowers with system outage hours equal to or less than 5 system ourage hours per year per consumer by 2% annually. Performance is measured using a formula based on the number of all electric program distribution borrowers that have system outage hours equal to or less than 5 system outage hours annually per consumer divided by the number of all electric program distribution borrowers. The data is obtained annually from an Agency produced Borrowers' Statistical Profile.

Year	Target	Actual	**Measure Term:** Annual
2001		75.6%	
2002		72.1%	
2003		71.5%	
2004	Baseline		
2005	+2%		
2006	+2%		

Measure: Percentage of all electric program borrowers' distribution and transmission lines that are new or have been upgraded.

Additional Information: Increase the percentage of new or upgraded miles of distribution and transmission lines by 2.5% annually. Performance is measured using a formula based on the number of new or upgraded miles of distribution and transmission lines divided by the total number of existing miles of distribution and transmission lines for all Electric Program borrowers (based on data reported by borrowers on the RUS Form 740c and Informational Publication 201-1).

Year	Target	Actual	**Measure Term:** Annual
2001		3.5%	

PROGRAM ID: 10000456

Program: Rural Electric Utility Loans and Guarantees
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	88%	59%	

2002		2.3%
2003		2.4%
2004	2.4%	
2005	2.5%	
2006	2.5%	

Measure: Percentage of kilowatts of generating capacity added.

Additional Information: Increase the percentage of kilowatts of generating capacity added by 4% annually. Performance is measured using a formula based on the total kilowatts of generating capacity added divided by the total kilowatts of generating capacity for all Electric Program borrowers. The data is obtained from the RUS Form 130, RUS Form 12 and/or Informational Publication 201-1.

Year	Target	Actual	**Measure Term:** Annual
2001		3.5%	
2002		6.6%	
2003		3%	
2004	Baseline		
2005	4%		
2006	4%		

Measure: Percentage of consumers receiving new or upgraded electric service.

Additional Information: Increase the percentage of consumers receiving new or upgraded electric service by 4.5% annually. Performance is measured using a formula based on the number of consumers recieving new or upgraded electric service divided by the total number of consumers served by all existing electric program borrowers (both are based on data reported by borrowers on RUS Form 740c and Informational Publication 201-1).

Year	Target	Actual	**Measure Term:** Annual
2001		4.9%	

Program: Rural Electric Utility Loans and Guarantees
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	88%	59%	

2002		4.3%
2003		4.2%
2004	4.3%	
2005	4.5%	
2006	4.5%	

Measure: Percentage of all electric program distribution borrowers with system outage hours equal to or less than 5 system outage hours per year per consumer.

Additional Information: Increase the percentage of electric program distribution borrowers with system outage hours equal to or less than 5 system ourage hours per year per consumer by 12% by 2010. Performance is measured using a formula based on the number of all electric program distribution borrowers that have system outage hours equal to or less than 5 system outage hours annually per consumer divided by the number of all electric program distribution borrowers. The data is obtained annually from an Agency produced Borrowers' Statistical Profile.

Year	Target	Actual	**Measure Term:** Long-term
2010	12%		

Measure: Percentage increase of new or upgraded miles of distribution and transmission lines.

Additional Information: Increase the percentage of new or upgraded miles of distribution and transmission lines by 15% by 2010. Performance is measured using a formula based on the number of new or upgraded miles of distribution and transmission lines divided by the total number of existing miles of distribution and transmission lines for all Electric Program borrowers (based on data reported by borrowers on the RUS Form 740c and Informational Publication 201-1).

Year	Target	Actual	**Measure Term:** Long-term
2010	15%		

Measure: Percentage of kilowatts of generating capacity added.

Additional Information: Increase the percentage of kilowatts of generating capacity added by 24% by 2010. Performance is measured using a formula based on the total kilowatts of generating capacity added divided by the total kilowatts of generating capacity for all Electric Program borrowers. The data is obtained from the RUS Form 130, RUS Form 12 and/or Informational Publication 201-1.

Year	Target	Actual	**Measure Term:** Long-term
2010	24%		

PART Performance Measurements

Program: Rural Electric Utility Loans and Guarantees
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	88%	59%	

Measure: Cost per loan. Measure is under development.

Additional Information: The ratio of total annual obligated salaries and expenses funding over the obligated average loan portfolio balance outstanding plus accrued interest and fees plus total average grants. At the moment cost accounting systems are not in place to track expenses at the program level. However, over the next year the agency will be working to differentiate adminstrative expenses among each loan program.

Year	Target	Actual

Measure Term: Annual

PART Performance Measurements

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: Authorizing legislation provides the Secretary of Agriculture the authority to make loans for the improvement and expansion of telecommunications services in rural areas. The policies and procedures by which this purpose is carried out are detailed in implementing regulations.

Evidence: 7 USC Chapter 31; Rural Electrification Act of 1936, as amended; and 7 CFR Parts 1735 through 1757.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: Due to industry's constant technological evolution, the definition of telecommunications service is constantly evolving. The issue of providing services to sparsely populated areas still exists. As such, the program's mission continues to exist. Providing telecommunications services in rural areas is more expensive than in non rural areas. Investment per subscriber in rural systems averages $2,921 compared to $1,920 for urban. The two private sector lenders provide capital for rural telecommunications at interest rates that average 2 percentage points higher than Government rates before adjustments upwards for risk. Given the recent downturn in the telecommunications industry, private lenders have restricted the amount of capital available and raised rates over the past two years, thereby making investment in rural telecommunications more expensive without RUS program financing. However, some RUS borrowers are million dollar companies that are capable of obtaining private financing.

Evidence: In the Rural Electrification Loan Restructuring Act (the 1993 Farm Bill), Congress amended the Rural Electrification Act to require that facilities financed under this program must be capable of providing broadband service at the rate of 1 megabite per second. SEC filings.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight20%

Explanation: Commercial credit is available. One commercial lender has $5 billion in outstanding loans to rural telecommunications companies and issues about $500 million to $1 billion per year in new loans. A recent SAIC study performed for the Rural Telephone Bank showed that rural telecommunications capital needs met by the commercial market are significantly higher (75%) then the support provided through the RUS telecommunications program. In addition, the Universal Service Fund also provides support to telecommunications providers in rural areas. In 2002, USF provided $2 billion in funding to rural high cost areas. However, no other Federal, State, local or private programs provide lending for rural telecommunications infrastructure on an 'area coverage' basis, where applicants must provide service to the widest practicable number of rural residents (not just 'in-town' customers).

Evidence: 7 CFR Part 1735.11, Area Coverage "the borrower must seek to provide service to all interested potential subscribers in the service area." Due to cyclical fluctuations in the availability of private capital, a steady source of available capital is important; annual commercial bank statements. SAIC report - "Annual rural telecommunications capital spending is estimated at $4.8 billion. Internal funding by rural carriers is estimated to serve roughly 50% of this demand."

PART Performance Measurements

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: Program effectiveness and efficiency has been increasing. The program is effective in making capital available where the private market cannot. No private sector capital is available that requires "area coverage" to ensure that the most rural customers receive service. Due to financial and technological feasibility requirements of the program and a low default rate, a $500 million lending program costs the Government only $125,000 (based upon 2004 subsidy rates), less than 0.03%. The program is promoting efficiency through a series of new program initiatives designed to streamline operations. The Office of Inspector General conducts ongoing audits of the program's operations and efficiencies, the most recent of which was conducted in 1998. No material findings were disclosed. Basically, there is no evidence that there are flaws that limit the program's effectiveness or efficiency.

Evidence: FY2003 subsidy rates - 1.71, 0.05, and -2.36. FY2004 subsidy rates - -4.44, 0.05, and -1.85. The program introduced new "Xpress" loan procedures designed to process and approve loans for financially sound borrowers in less than 15 days thereby promoting internal efficiency and lowering borrowers' costs.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: NO Question Weight 20%

Explanation: There is no prioritization of applications for the other telecommunications loan programs to make sure the neediest areas receive funding first. In addition, the program is not designed to prevent funding from supporting non rural telecommunications investments. There is no requirement to recertify rural status of a telecommunication provider which can lead to funding supporting non rural areas. The program provides funding to areas of 5,000 inhabitants or less and requires that the most rural customers lying outside of the population concentrations are served through its area coverage requirement. The program's hardship funds are targeted to borrowers who: 1) have an average number of subscribers per mile of line is not more than 4; 2) have a projected TIER of not greater than 3; and 3) are participating in its state telecommunications modernization plan. However, in FY2003, the Hardship program was only 15% of the RUS telecommunications programs loan level.

Evidence: 1) Eligibility is dictated by 7 USC Chapter 31; Rural Electrification Act of 1936, as amended "As used in this subchapter, the term "rural area" shall be deemed to mean any area of the United States not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 5,000 inhabitants;" 2) 7 CFR Part 1735.11, Area Coverage; and 1735.30, Hardship Loans; 3) GAO/RCED-98-42 Opportunities to operate electricity and telecommunications loan programs more effectively, "specifically, because the loan programs are intended to assist in the development of the nation's rural areas, targeting loans to borrowers that provide service to areas with low populations could result in the more effective use of the agency's limited loan funds."

PART Performance Measurements

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: Three specific long-term performance measures and four specific short-term performance measures have been developed which focus on specific short-term and long-term outcomes and reflect the purpose of the Telecommunications Program and its funding. These measures support the program purpose of providing telecommunications to rural areas.

Evidence: In developing these four specific performance measures, the program purpose, goals, and funding were analyzed to develop measures that adequately reflect the program. New measures include: percentage of customers receiving new and/or improved service, percentage of lines upgraded to high speed capability, and percentage decrease in subscriber rates attributable to RUS funding. See performance measures attached.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 13%

Explanation: Baselines and targets have been developed. The targets are similar to levels that have been achieved in previous years though the funding level has been reduced. These targets are ambitious though attainable since in several of the areas this program has been accomplishing more with similar or less funding than in previous years.

Evidence: Discrete, quantifiable, and measurable data is collected annually from various agency sources.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: The four performance measures developed include specific annual short-term performance measures which will demonstrate progress toward achieving the long-term outcomes of the Telecommunications Program. The new annual measures reflect the impact the program has on improving rural telecommunications. USDA is developing an efficiency measure for all credit programs.

Evidence: The performance measures include annual short-term measures that collectively will aid the program in meeting its long-term outcomes. New measures include: percentage of subscribers receiving improved service, percentage of miles of lines upgraded to high-speed capability, and percentage increase in leveraging. See performance measures attached.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: Baselines and targets have been developed. The targets are similar to levels that have been achieved in previous years though the funding level has been reduced. These targets are ambitious though attainable since in several of the areas this program has been accomplishing more with similar or less funding than in previous years.

Evidence: Discrete, quantifiable, and measurable data is collected annually from various agency sources.

PART Performance Measurements

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?**

Answer: YES Question Weight 13%

Explanation: For more than 53 years, the program borrowers have been committed to provide modern, advanced telecommunications service. Loan contracts require loan funds be used for specific purposes. All loans are reviewed by program staff to ensure that loan funds were used for proper loan purposes. Borrowers annually report the information required to evaluate performance measures.

Evidence: RUS Form 479, Financial and Statistical Reports for Telecommunications Borrowers. Standard loan contract.

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**

Answer: NO Question Weight 13%

Explanation: Independent evaluations reviewing how well the program is accomplishing its mission and meeting its long term goals are not performed. However, Management Control Reviews are performed on a periodic basis, not to exceed 5 years. These reviews look at how RUS is implementing the Telecommunications program and provides recommendations for improvement. In addition, the Office of the Inspector General and the General Accounting Office periodically perform compliance audits of the Telecommunications program. The Rural Development financial statement audit, which includes compliance with GPRA, is conducted annually by OIG. All borrowers also have annual financial audits.

Evidence: 1) Management Control Review August 2001, 2)OIG and GAO compliance audits; and 3) OIG financial statement audits. The last MCR evaluated compliance with rules and regulations controlling loan application and approval and post loan reviews. In most instances RUS personnel complied with the rules and regulations. 4 GAO audits that dealt with RUS since 1979. One was on long-term cost implications and another was on the financial condition of RUS' loan portfolio. A third GAO audit reviewed all federal telecommunications programs looking at lessons learned by communities receiving funding. Only one GAO report focused on RUS telecommunications program performance, GAO/RCED-98-42 Opportunities to operate electricity and telecommunications loan programs more effectively. This report indicated that opportunities exist "to make the Rural Utilities Service's electricity and telecommunications loan programs more effective and less costly."

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?**

Answer: NO Question Weight 13%

Explanation: Since RUS did not have annual performance measures that were outcome measures, it was unclear how funding, policy or legislative changes impact annual performance. Once baselines and targets are established for the new measures, the impact should be evident. The funding impact is easily seen on the loan level since the budget authority and loan level are linked.

Evidence: Rural Development budget processing instructions.

PART Performance Measurements

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight 13%

Explanation: The Telecommunications program has developed a limited number of specific long-term performance measures and annual performance measures. Baselines and targets for these measures need to be developed. Performance measures are reviewed on an annual basis to ensure current applicability to program delivery.

Evidence: A review of long-term performance measures, annual performance measures, and outcomes is required as part of the Rural Development budgeting process.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 13%

Explanation: Detailed records of annual lending activities are maintained. All borrowers are required to annually file financial and performance data. Information is used to process and monitor loans allowing for effective and consistent management of the loan portfolio. The results of this management are reflected in low default rates. Information collected is also used to improve program processes, for example modifying loan application processing to reduce the time involved. However, this information is not currently utilized to measure performance in meeting long-term and annual goals and targets. In addition, this information is not used to direct funding to areas of critical need.

Evidence: 1) Internal processing records; and 2) RUS Form 479, Financial and Statistical Reports for Telecommunications Borrowers. Loans approved and funded on a first in first out basis. RUS Form 479 is an annual report submitted by borrowers providing information on balance sheet data, income statements, subscriber levels, plant fund expenditures, and other financial data. An example of changes made: loan processing information was used to implement new procedures to expedite loan processing for borrowers that met certain financial and eligibility requirements.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 13%

Explanation: The Federal Manager directly responsible for the Telecommunications program is at the SES level with specific performance measures that ensure accountability. Loan contracts require borrowers to use loan funds for specific purposes. Borrowers are required to provide annual financial and performance data which is reviewed by program staff.

Evidence: 1) Program Manager Performance Elements and Evaluations; and 2) RUS Form 479, Financial and Statistical Reports for Telecommunications Borrowers.

PART Performance Measurements

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight: 13%

Explanation: On average, loans are processed within 60-90 days of receipt of a completed application. Total funds available are obligated by fiscal year end. Each loan application requires a loan design that includes a forecast of service requirements and a narrative of the services to be offered, support for subscriber forecasts, and engineering studies detailing the proposed construction. Based upon this, a Telephone Loan Budget is prepared which includes all costs of the project including those financed with RUS loan funds and those with non-loan funds. All loan funds disbursed are reviewed by the Agency to ensure that funds were expended for proper loan purposes under the Rural Electrification Act. Funds improperly spent are required to be returned to the Federal Government.

Evidence: 1) Loan processing schedules; 2) Obligation schedules; 3) Loan applications, which provide information used to make sure loan is for eligible purposes; 4)Telephone Loan Budgets; and 5) Loan Fund and Accounting Reviews, which provides and "audit" on the use of expended funds to ensure that funds are used only for approved purposes.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight: 13%

Explanation: RUS routinely looks for methods of improving service and reducing costs. For example the introduction of the "Xpress" loan procedures, designed to process and approve loans for financially sound borrowers in less than 15 days versus 60-90 days for the normal process. RUS subsidy rates reflect the default risk of loans issued by RUS. For some time the Telecommunications program has had very low subsidy rates. For the last five years, except for one, all programs had rates below 5%. Low defaults reflect the quality of the borrowers and the program performance in that work performed by RUS reduces the losses experienced by the Government. The Agency has outsourced a significant portion of its IT activities including development of its loans management system. RUS also utilizes outside support for legal and environmental services.

Evidence: Contracts with outside consultants. New "Xpress" loan procedures. Loan program subsidy rates.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: NA Question Weight: 0%

Explanation: There are no other Federal, state, or local programs providing loan funding to the rural telecommunications industry. However, the Telecommunications program collaborates and works extensively with industry-related, non-lending Government partners. Specifically, the Telecommunications program utilizes the construction standards developed and issued in National Electrical Code, the National Electrical Safety Code, and the National Fire Protection Association. Construction projects must be included in the State's Telecommunications Modernization plan. The program works with the Appalachian Regional Commission, the National Telecommunications and Information Administration, the Federal Communications Commission, Federal Emergency Management Agency, Institute of Electrical and Electronic Engineers, National Association of Regulatory Utility Commissioners, National Exchange Carrier Association, National Telecommunications Cooperative Association, and National Rural Telecom Association, among others.

Evidence: 1) Engineering Standards: 2) Committee meeting notes; and 3) Multi-agency conferences.

PART Performance Measurements

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 13%

Explanation: Based upon the annual financial statement audit, the Telecommunications program utilizes strong financial management practices. The Rural Development mission area, of which the Telecommunications program is a part, received an unqualified audit report in Fiscal Years 2001, 2002 and 2003. The Agency's extremely low loan loss percentage, including the Telecommunications program's historic loan loss of $0, plays a major role in the clean audit opinion.

Evidence: 1) Rural Development's annual financial statement audit; 2) RUS Form 479, Financial and Statistical Report for Telecommunications Borrowers; 3) Borrowers annual audited financial statements; and 4) Telecommunications program's historic loan loss of zero.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 13%

Explanation: Management deficiencies are found through program monitoring and OIG financial audits. The Rural Development mission area has established a strong system of management controls, under which the Telecommunications program's management system is reviewed. Noted deficiencies are required to be remedied within a 12-month period which is strictly monitored by the mission area. Financial management deficiencies are detailed in Rural Development's annual financial statement audit. The Agency's only material weakness is due to its legacy accounting systems. The Agency has contracted with an IT development specialist to create a new loans management accounting system, expected to be completed by the end of Fiscal Year 2004.

Evidence: 1) Rural Development's annual financial statement audit; and 2) Management Control reviews, corrective action plans, and evidence of completion of corrective action plans.

3.CR1 Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled? Answer: YES Question Weight 13%

Explanation: Borrower's performance is monitored on an ongoing basis. Annually borrowers submit financial and statistical data and an audited financial statement. Procedures are established to monitor borrower compliance. Financial information reported on RUS Form 479 is reviewed and each borrower's risk is established by a pre-established set of financial criteria. Borrowers with high or imminent risk are reviewed for the cause and agreed upon corrective action is pursued. The Agency's accounting staff review borrower's audited financial statements and monitor borrower compliance. Deficiencies noted in the audit and downward trends in financial performance are reported to the program for correction. The accounting staff independently tracks the program's progress in obtaining corrective action. Monthly the accounting staff notifies the program staff of any late payment collections, at which time the program takes immediate action to remedy.

Evidence: 1) RUS Form 479, Financial and Statistical Report for Telecommunications Borrowers; 2) Borrowers' audited financial statements: 3) Accounting and Program tracking reports, which provide information on deficiencies noted in financial audits, downward trends in financial performance and progress in obtaining corrective action; 4) Accounting staff's audit review checklists; 5) Annual risk assessment report, which provides an analysis of each borrowers risk based on data submitted by the borrower on RUS Form 479; and 6) Monthly Delinquency Report, which provides information on any late payment collections.

PART Performance Measurements

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

3.CR2 **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight 13%

Explanation: The Rural Development mission area has changed the credit models used to calculate subsidy rates. The OIG has audited these new models. In addition, most variation experienced by the Telecommunications program's subsidy rates is due to interest rate fluctuations that are not within the programs control. Subsidy rates have been fairly consistent over the past ten years.

Evidence: FFB telecommunication loan subsidy rates have fluctuated 3.86 % over ten years. Treasury rate telecommunications loans have fluctuated 1.79% over ten years. Hardship telecommunications loans, which show more fluctuation due to the higher interest rate subsidization, has fluctuated more significantly at 24% over ten years.

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight 20%

Explanation: USDA has developed new measures and targets. Data from previous years is provided to show efforts towards improving telecommunications service. The program has made some progress in obtaining annual goals which indicates that the long term goals should be obtained. However, in several instances the actuals do not meet the current targets so it is possible that not all long term goals will be met. Based on this, partial credit is given.

Evidence: See answer to 4.2.

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: SMALL EXTENT Question Weight 20%

Explanation: USDA has developed new measures and targets. Data from previous years is provided to show efforts towards improving telecommunications service. The program has made some progress in obtaining many of its annual performance goals. However, not all years have exceeded the targets and in one measure the results show a decrease instead of an increase. Based on this, partial credit is given.

Evidence: % of subscribers receiving new or upgraded services was 6.8% in 2003. % of lines upgraded to high-speed capability was 4.9% in 2003. % decrease in subscribers rates attributable to RUS funding has no data before 2004. % increase in leveraging was -17% which is a decrease instead of an increase.

4.3 **Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: YES Question Weight 20%

Explanation: The Telecommunications program has instituted a multitude of operational efficiency processes and procedures, most notably its "Xpress" loan process which established a 15 day application process in lieu of the normal 60-90 days. Through ongoing efforts, default rates are maintained at low rates (consistently less than 0.5%).

Evidence: The Telecommunications program has been given several new programs to administer, including a multi-billion dollar broadband program, without any increase in human or administrative support expense resources.

PART Performance Measurements

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: SMALL EXTENT Question Weight 20%

Explanation: The RUS Telecommunications program compares favorably in some instances, not favorably in others, other comparisons provide no value, and others have not been done. The RUS program's interest rates are lower than private lenders, however this comparison is of little value. The RUS program has a better repayment history. But private lenders provide four times as much financing. A comparison between the USF and the RUS Telecommunications program might be possible since the purpose of USF's high cost program, reduce service rates charged to consumers, is similar to one of RUS's measures. However, the RUS program exists for additional reasons that would not be covered by this comparison. Basically, there are other programs that provide funding to the same companies. However, the purpose/mission of these programs differ greatly. This may make it difficult to have a meaningful comparison.

Evidence: The two private sector lenders provide capital for rural telecommunications at interest rates that average 2 percentage points higher than Government rates before adjustments upwards for risk. SAIC report - "Annual rural telecommunications capital spending is estimated at $4.8 billion. Internal funding by rural carriers is estimated to serve roughly 50% of this demand." No RUS loan has defaulted whereas one private lender experienced $5.5 million in losses from 2000 through 2002.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT Question Weight 20%

Explanation: Although independent evaluations reviewing how well the program is accomplishing its mission and meeting its long term goals are not performed, other aspects of performance including financial management are reviewed. These audits review the financial aspects of programs which is a significant issue for loan programs and loan portfolio management. The most recent Management Control Review found that RUS's loan application, approval and post loan reviews processes are implemented in accordance with the rules and regulations. Financial statement audits and OIG and GAO program compliance audits have indicated that the program is effective and achieving its goals. However, GAO/RCED-98-42 Opportunities to operate electricity and telecommunications loan programs more effectively provided recommendations on how to improve the program. Based on this, partial credit was given. To obtain a large extent or yes, reviews of actual performance results (actual program impact) are necessary.

Evidence: 1) Management Control Review August 2001, 2) Rural Development's annual financial statement audit; and 3) OIG and GAO compliance reviews.

PART Performance Measurements

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

Measure: Percentage of rural subscribers of telecommunications program borrowers receiving new or improved service. From 2004 through 2010.

Additional Information: Increase the percentage of consumers receiving new or upgraded telecommunications service by 40% by 2010. Performance is measured using a formula based on the number of consumers recieving new or upgraded telecommunications service divided by the total number of consumers served by all existing telecommunications program borrowers.

Year	Target	Actual	**Measure Term:** Long-term
2010	40%		

Measure: Percentage of lines upgraded to high-speed capability.

Additional Information: Increase the percentage of subscriber lines that are upgraded to high-speed capability by 30% by 2010. Performance is measured using a formula based on the number of subscriber lines upgraded divided by the total number of existing subscriber lines for all Telecommunications Program borrowers.

Year	Target	Actual	**Measure Term:** Long-term
2010	30%		

Measure: Percentage decrease in subscriber rates attributable to RUS funding.

Additional Information: This measure is designed to measure the reduction in rates charged to rural consumers for telecommunications.

Year	Target	Actual	**Measure Term:** Long-term
2010	14%		

Measure: Percentage of subscribers receiving new or improved service.

Additional Information: Increase the percentage of consumers receiving new or upgraded telecommunications service by 5.7% annually. Performance is measured using a formula based on the number of consumers recieving new or upgraded electric service divided by the total number of consumers served by all existing telecommunications program borrowers.

Year	Target	Actual	**Measure Term:** Annual
2001		5%	
2002		5.98%	
2003		6.8%	
2004	5.7%		

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

2005	5.7%
2006	5.7%
2007	5.7%

Measure: Percentage of telecommunications programs borrowers' subscriber lines in rural America that have been upgraded to high-speed capability.

Additional Information: Increase the percentage of subscriber lines that are upgraded to high-speed capability by 4.3% annually. Performance is measured using a formula based on the number of subscriber lines upgraded divided by the total number of existing subscriber lines for all Telecommunications Program borrowers.

Year	Target	Actual
2001		3.8%
2002		4.2%
2003		4.9%
2004	4.3%	
2005	4.3%	
2006	4.3%	
2007	4.3%	

Measure Term: Annual

Measure: Percentage decrease in subscriber rates attributable to RUS funding.

Additional Information: This measure is designed to measure the reduction in rates charged to rural consumers for telecommunications.

Year	Target	Actual
2004	2%	
2005	2%	
2006	2%	

Measure Term: Annual

Program: Rural Telecommunications Loan Programs
Agency: Department of Agriculture
Bureau: Rural Utilities Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Adequate
60%	75%	100%	46%	

2007	2%

Measure: Percentage increase in leveraging.

Additional Information: This measure is designed to measure the amount of non-governmental resources that are used to fund telecommunications plant investment in coordination with governmental resources.

Year	Target	Actual
2002	-17%	
2003	-17%	
2004	3%	
2005	3%	
2006	3%	
2007	3%	

Measure Term: Annual

Measure: Cost per loan. Measure is under development.

Additional Information: The ratio of total annual obligated salaries and expenses funding over the obligated average loan portfolio balance outstanding plus accrued interest and fees plus total average grants. At the moment cost accounting systems are not in place to track expenses at the program level. However, over the next year the agency will be working to differentiate adminstrative expenses among each loan program.

Year	Target	Actual

Measure Term: Annual

OMB Program Assessment Rating Tool (PART)

Credit Programs

Name of Program: Rural Water and Wastewater Grants and Loans

Section I: Program Purpose & Design (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Is the program purpose clear?*	Yes	The Water and Waste Disposal program is designed to provide loan, grant, and technical assistance for drinking water, sanitary sewer, solid waste disposal, and storm drainage facilities in rural areas.	The program is authorized in Section 306 of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926). The RUS mission statement is: "Improve the quality of life and promote economic development by administering its electric, telecommunications, and water /environmental programs in a service-oriented, forward looking, and financially responsible manner."	20%	0.2
2	*Does the program address a specific interest, problem or need?*	Yes	The Water and Waste Disposal program addresses the need for safe drinking water and effective waste disposal in rural areas and communities. These needs are well-documented. And because EPA's Clean Water and Drinking Water State Revolving Funds (SRFs) allow all areas and communities to be eligible as well as the fact that communities are not limited in size nor are they means tested results in EPA's program not effectively reaching the small rural populations that USDA's program does.	The 1996 EPA needs survey showed needs for wastewater systems in communities of 10,000 and under of $13.8 billion. Needs for drinking water are significantly higher. EPA's 1996 survey showed $37.2 billion in needs just in communities of 3,300 people or less; data were not available for those between 3,300 and 10,000. For a number of years, RUS has funded well over a billion dollars in water and waste disposal projects, but has continued to have a backlog of applications of approximately $3 billion. Congress authorized $360 million in budget authority (about $700 million in loans and grants) in the most recent Farm Bill to reduce the backlog.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Is the program designed to have a significant impact in addressing the interest, problem or need?*	Yes	The program is designed to have a significant impact in large part because it is only available to entities which cannot reasonably meet their needs from their own resources or through commercial credit sources. Grants are only available when using only loan funds would result in user rates which are not considered reasonable. Overall, RUS-funded projects, on average, provide about 80% of the total cost of the project. The remainder comes from a variety of sources, including the private sector.	Loan and grant eligibility, loan rates and terms, and the method for determining the grant amount are set out in 7 CFR 1780. 7 CFR 1777 outlines the point criteria for applications in a state based on low population, low income, and outside matching funds. Additionally, an application serving a Colonia is given the most priority within the point scale. 7 CFR 1777 also states that the National office has 35 additional points that can be added for initiatives such as geographical distribution of funds, severity of health risks etc.	20%	0.2
4	*Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?*	Yes	The program is designed to make a unique contribution because it is the only program which offers a "complete package" for small, poor rural areas. Direct loans, guaranteed loans, and grants are used when needed. Without these different forms of assistance, user rates in the poor, rural communities would ot be affordable. Technical assistance is provided to applicants, borrowers, and other rural communities through contracts and grants - ($32 million in FY 2002). RUS projects frequently involve other Federal, State, local, or private efforts, but is not redundant of them. Often other programs have some limitation like land cost not being eligible, so RUS finances thepart of the project to cover land cost. In other cases, RUS finances water distribution portion of a project because the other agency only wants to fund the treatment plant. A joint memorandum between USDA, and the states dated April 3, 1997, was developed to clarify how these programs should work together to collectively bring clean, safe drinking and wastewater facilities to all Americans.	RUS regulations (7 CFR 1780) require that applicants fund a project from their own resources or commercial credit if they are able to do so. Applicants must certify that other credit is not available, and RUS staff must analyze the circumstances and document that commercial credit is not available at reasonable rates and terms. There is no other State or Federal program that provides funding for water and wastewater treatment facilities that is means tested in this way.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	*Is the program optimally designed to address the interest, problem or need?*	Yes	Direct loans are best for serving the low and very low income populations. The program criteria requires that the community be rejected from private lender prior to qualifying for RUS assistance. Additionally, while up to 75% of the project cost can statutorily be funded by the grant portion of the program, RUS limits this through its regulations to just enough to ensure that the community pays reasonable user rates as compared with the area as a whole. This results in an average grant amount of 40% of project costs. These requirements ensure the cost effectiveness and efficiency of the program.	Interest rates and grants are based on income of the service area and need (7 CFR 1780). Section 306(c) of the Consolidated Farm and Rural Development Act. "Grassroots Environmental Protection, 2002 Report to Congress," National Rural Water Association, 2002. USDA's Approach to Funding Water and Sewer Projects," GAO, September 1995, GAO/RCED-95-258. Water and Wastewater Systems in Rural Low-income Communities: An Analysis of the U.S. Department of Agriculture Rural Utilities Service's Water and Environmental Program's Loan and Grant Program for Fiscal Years 1995 to 2000, by: Robert A. Rapoza Associates January 2001	20%	0.2
Total Section Score					**100%**	**100%**

Section II: Strategic Planning (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?*	No	WEP's mission is to provide needed water and waste disposal services in rural areas. This is not ambitious and it focuses on outputs rather than outcomes…though it has been difficult to overcome this problem in Rural Development because most funding is minimal compared to the amount of funding required to produce a direct macro-economic outcome on a measure such as clean, safe drinking water.	Statutory direction in Section 306(c) of the Consolidated Farm and Rural Development Act. OMB's 1998 spring review project, which evaluated the effectiveness of USDA's programs to address the needs of rural America. Results were summarized in the 2000 Budget of the United States on page 133.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2	*Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?*	Yes	RUS projects how many treatment facilities they will fund in persistent poverty counties In addition, RUS estimates the number of facilities it will be able to fund given funding levels. Also, each State is provided with delinquency goals, which improves the cost efficiency of the program by lowering the controllable loan subsidy costs.	USDA's Annual Performance Plan. Annual Staff Instruction issued requiring states to provide allocation levels and clarify priorities for the year. Delinquency goals are transmitted through a memorandum to State Directors.	14%	0.1
3	*Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?*	Yes	Loan and grant recipients must meet credit standards and comply with detailed requirements established in regulations.	Agency regulations, primarily 7 CFR 1780 and 7 CFR 1951.	14%	0.1
4	*Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?*	Yes	The Agency works closely with other agencies that fund water and wastewater systems. RUS field staff routinely work very closely with all other funding sources, frequently having regular meetings. Also, applicants are motivated to include leveraging in a project because it is considered when selecting which projects RUS will fund. This allows RUS to provide more assistance with a given funding level, thereby reaching or exceeding their goals.	In 1997, RUS, HUD/CDBG, and EPA signed a joint memorandum pledging cooperation. Additional MOU's are routinely signed on various issues such as EPA's Arsenic Rule.	14%	0.1
5	*Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?*	Yes	While not scheduled, OIG periodically reviews aspects of the program to identify potential areas of improvement. GAO, on occasion, also conducts reviews. Borrowers are required to submit management reports, typically CPA audits, to verify compliance with requirements. Also, the Agency performs Management Control Reviews (MCR) and other reviews of State activities.	Agency regulations, primarily 7 CFR 1780 and 7 CFR 1951, and Agency MCR guidelines.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	*Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?*	Yes	If the funding amount changes then the number of systems RUS can fund changes; this affects how many treatment facilities will be located in the persistent poverty counties. Other changes, such as new environmental standards, can increase the cost of individual projects, so that the total number of systems that can be funded declines. Overtime, this will reduce the amount of rural residents the RUS helps and the number of facilities located in the persistent poverty counties. Additional changes to the loan program are immediately known from the annual recalculation of the subsidy rate..which reflects historical loan performance, current economic predictions, and any legislative or regulatory changes that affect the terms and conditions of the loan program.	Annual Performance Report. E31 Memorandum of understanding between EPA and USDA on the implementation of the new Arsenic Standards.	14%	0.1
7	*Has the program taken meaningful steps to address its strategic planning deficiencies?*	Yes	The Agency is currently rewriting both its primarily loan and grant making and servicing regulations. It is also nearing completion of an automated loan and grant processing system which will allow more efficient monitoring of project information.	Servicing regulation published as a proposed rule. Loan and grant making regulation scheduled for publication as a direct final rule in mid-2003.	14%	0.1
Total Section Score					**100%**	**86%**

Section III: Program Management (Yes,No, N/A)						
	Questions	**Ans.**	**Explanation**	**Evidence/Data**	**Weighting**	**Weighted Score**

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?*	Yes	The Agency tracks use of funds by the States, and pools funds at least once a year to ensure that funds are directed to those with the most needs. It also monitors delinquency on a monthly basis, as well as preauthorized debit and electronic funds transfer. Borrowers are required to submit financial and other operational information each year. Agency staff consult frequently with HUD and EPA staff, and periodically meet with them; all frequently participate in conferences and meetings with the others.	Agency delinquency reports and other servicing reports. Monthly reports and other information on obligations. Borrower reports required by 7 CFR 1780.	10%	0.1
2	*Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?*	Yes	RUS Program Directors are rated in part based on fully utilizing allocated funds and on maintaining a low delinquency rate. Contractors are subject to requirements of the contract documents that include quality and schedule components. Consultants' fees paid from loan and grant funds are judged against those typically charged for similar work. (The Agency does not hire consultants, but borrowers/grantees do.)	Guidance in 7 CFR 1780; standard contract documents.	10%	0.1
3	*Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?*	Yes	All appropriated funds are obligated each year. Field staff monitors the use of funds through project completion.	Guidance in 7 CFR 1780.	10%	0.1
4	*Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?*	Yes	Field staff analyze all project costs. They evaluate the preliminary engineering report, approve contracts for professional services and water or wastewater treatment or purchase. Construction components are subject to open and free competition. Nearly 100 percent are competitively bid. Field staff monitors use of all funds as they are being spent.	Guidance in 7 CFR 1780.	10%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	*Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?*	Yes	RUS budgets for the full cost of each project. As funding levels change, so does the amount of treatment facilities RUS budgets for, both generally and those in a persistent poverty county. Additional changes to the budget estimate for the loan program are immediately known from the annual recalculation of the subsidy rate..which reflects historical loan performance, current economic predictions, and any legislative or regulatory changes that affect the terms and conditions of the loan program. The administrative costs for the program are provided through a single account for all RD programs, which will be evaluated in a separate PART.	USDA's annual performance plan, The Federal Credit Supplement and the Federal Credit Reform Act.	10%	0.1
6	*Does the program use strong financial management practices?*	Yes	The cash flow model is reviewed for accuracy annually by the IG and RUS gets a clean audit opinion for this program. Proper underwriting practices are reflected in the delinquency rate that is usually maintained at 1 percent or less. Only about one hundredth of one percent of loans made has been written off.	RUS' WEP program accounting system requirements, borrower management reports and the annual IG audit of agency financial statements.	10%	0.1
7	*Has the program taken meaningful steps to address its management deficiencies?*	Yes	Management Control Reviews are conducted periodically. Assistance visits are made to a number of States each year, and findings are reported to them and to the Financial Management Division.	Compliance with MCR requirements and documentation on State reviews.	10%	0.1
8 (Cr 1.)	*Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely and reporting requirements are fulfilled?*	Yes	As noted above, Management Control Reviews and Assistance visits are carried out each year. Data is analyzed on an ongoing basis at the State and National Offices to ensure that funds are being obligated and disbursed appropriately, collections are made timely, and management reports are being recd.	Guidance in 7 CFR 1780.	10%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
9 (Cr 2.)	*Does the program consistently meet the requirements of the Federal Credit Reform Act of 1990, the Debt Collection Improvement Act and applicable guidance under OMB Circulars A-1, A-34, and A-129?*	Yes	The subsidy rate is formulated, re-estimated and apportioned within all the guidelines. And, except where program goals necessitate, all circulars are adhered to.	Federal Credit Supplement, apportionments and the Budget Appendix	10%	0.1
10 (Cr 3.)	*Is the risk of the program to the U.S. Government measured effectively?*	Yes	The Agency monitors delinquency rates on an ongoing basis. Management reports and audits submitted by borrowers are reviewed by Agency staff, and weaknesses are followed up on. Periodic on-site reviews of each borrower are conducted. Additionally, an annual subsidy rate is calculated using an audited cash flow model. This computes the risk of the loan program for the Federal government.	Guidance in 7 CFR 1780; delinquency reports. The Federal Credit Supplement.	10%	0.1
Total Section Score					**100%**	**100%**

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?*	No	Over the life of the program fewer people in rural areas are experiencing access problems to safe, affordable, drinking water and wastewater disposal. However, RUS cannot show that this is directly related to their program or the economy as a whole. Additionally, the long-term goal needs to be more strategic and focused in order to allow for better analysis. Currently the measurement of the long-term goal in simply to add up the outputs from the annual goals over a set of years.	Annual Performance Reports	20%	0.000

Long-Term Goal I: Develop or expand rural water systems to provide quality drinking water in compliance with the Safe Drinking Water Act

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
			Target: The target is to help rural areas that need assistance in providing safe, affordable drinking water to the people they serve. The needs are not static, however; they change due to aging systems, drought conditions, new EPA requirements, and other factors. Success must therefore be viewed in terms of utilization of the resources provided, rather than as a percentage of progress toward a finite goal. The Agency continues to use 100% of the resources provided to it by Congress.			
			Actual Progress achieved toward goal: Over 2,500 loans made in the past 5 fiscal years.			
			Long-Term Goal II: Develop or expand rural waste disposal systems, in compliance with the Clean Water Act, to improve the quality of health and the environment in rural areas.			
			Target: The target is to help small communities and rural areas that need assistance in providing affordable sanitary waste disposal to the people they serve. Again, the needs are not static; they change due to aging systems, community growth, new EPA requirements, and other factors. Success must therefore be viewed in terms of utilization of the resources provided, rather than as a percentage of progress toward a finite goal. The Agency continues to use 100% of the resources provided to it by Congress.			
			Actual Progress achieved toward goal: Over 1,600 loans made in the past 5 fiscal years.			
2	*Does the program (including program partners) achieve its annual performance goals?*	Large Extent	The Agency typically meets or exceeds its annual performance goals. In some years, factors develop that result in a shifting demand in some areas. For example, State Directors can change the mix of loan and grant and affect the overall number of projects assisted.	Annual Performance Reports	20%	0.1
			Key Goal I: Number of RUS W&W assistance projects in the 540 persistent poverty counties			
			Performance Target: For 2002=230			
			Actual Performance: 255			
			Key Goal II: Number of people receiving safe, affordable drinking water from water systems financed by W&W loans and grants			
			Performance Target: For 2001=1,673,000			
			Actual Performance: 1,806,767			
			Key Goal III: Number of people receiving safe affordable waste disposal service from annually financed projects.			
			Performance Target: For 2001=743,000			
			Actual Performance: 527,379			

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?*	No	Direct loans are best for serving the low and very low income populations. The program criteria requires that the community be financially unable to secure private financing prior to qualifying for RUS assistance. Additionally, while up to 75% of the project cost can statutorily be funded by the grant portion of the program, RUS limits this through its regulations to just enough to ensure that the community pays reasonable user rates as compared with the area as a whole. This results in an average grant amount of 40% of project costs. Additionally, there is very little fraud, waste and abuse and the delinquency rate of the loan program is very low. RUS management indicates that at this point improved cost efficiencies and effectiveness would be at the margins and there have been no recent improvements/changes in program design or delivery.	Program regulations and Federal Credit Program rules and laws.	20%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Does the performance of this program compare favorably to other programs with similar purpose and goals?*	Yes	The program has very specific criteria for eligible communities: prove they can't secure private financing and have a population of less than 10,000 people, which makes it unique. EPA's State Revolving Fund (SRFs) is the most similar, yet does not target small rural areas, which are often unable to compete with the larger communities who vie for SRF funding. Additionally, SRF has no grant component to help reduce the user rates to a reasonable level for the area. This makes even a 0% interest SRF loan out of reach for some of the more remote, poor rural communities. It is those communities that would have no options without USDA's WEP programs.	GAO report discussing the patchwork of programs that serve the needs for rural water infrastructure. OMB's 2004 Common Measure for rural water.	20%	0.2
5	*Do independent and quality evaluations of this program indicate that the program is effective and achieving results?*	Yes	The National Rural Water Association, GAO and independent lobbying groups have all assessed the program as being a vital program, meeting the needs of targeted low-income communities that would otherwise have limited access to financing for water and waste disposal systems.	"Grassroots Environmental Protection, 2002 Report to Congress," National Rural Water Association, 2002. USDA's Approach to Funding Water and Sewer Projects," GAO, September 1995, GAO/RCED-95-258. Water and Wastewater Systems in Rural Low-income Communities: An Analysis of the U.S. Department of Agriculture Rural Utilities Service's Water and Environmental Program's Loan and Grant Program for Fiscal Years 1995 to 2000, by: Robert A. Rapoza Associates January 2001	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Total Section Score				**100%**	**53%**

PART Performance Measurements

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	44%	73%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: Goal - expand, extend, and strengthen the successful experience of the national school lunch program, safeguard the health and well being of the Nation's children, and encourage the domestic consumption of agricultural and other foods.

Evidence: Child Nutrition Act

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The program provides nutrient dense breakfasts to children, with a special emphasis on ensuring that breakfasts are available to low-income children

Evidence: Child Nutrition Act, School Meal Initiative, Team Nutrition

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: On a daily basis, more than 4 of every 10 children who receive a free or reduced price lunch at school also receive a free or reduced price breakfast. Approximately 83% of all SBP participants received free or reduced price meals

Evidence: The SBP is available in 72% of the schools which operate the NSLP; SBP schools account for almost 80% of total enrollment in all NSLP schools. In 2003, the program served an average of nearly 7.8 million meals each school day. (Source: FNS administrative data)

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight20%

Explanation: The SBP is the sole mechanism for ensuring access to free or low cost, nutritious breakfasts to a significant percentage of low income children in public and private schools. The SBP sets national meal standards consistent with Dietary Guidelines for Americans, updates these standards as necessary to keep them consistent with the Guidelines over time, and ensures that meals meet basic nutritional requirements through program evaluation and monitoring. Additional reimbursement is provided for meals served to free and reduced price eligible students in schools which have a high percentage of low-income students.

Evidence: The SBP is available in 72% of the schools which operate the NSLP; many states require that the SBP be available in schools which serve a high percentage of low-income students. (Source: FNS administrative data)The Dietary Guidelines for Americans are revised and reissued every five years (Source: Center on Nutrition Policy and Promotion); SBP nutrition standards are reviewed and updated as necessary to ensure continued consistency.The special reimbursement rates available for schools which serve a high percentage of low income students is meant to cover the cost of producing a breakfast. Information on Meal Costs in the National School Lunch Program. RCED-94-32BR December 1, 1993.

PART Performance Measurements

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	44%	73%	Effective

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: NO Question Weight 20%

Explanation: The program is designed to provide access to nutritious breakfasts, in particular to low income children, with minimum barriers and administrative costs. The vast majority of SBP meals are served to children certified eligible for free or reduced price meals. Some data suggest that a significant percentage of the children certified for free school meals may not be eligible for this benefit; USDA is studying program and policy alternatives to deal with the issue of overcertification in the NSLP/SBP, and a study will soon be underway that will indicate the extent to which the free/reduced price certified children who participate in the SBP are in fact eligible for the meal benefits they receive.

Evidence: Child Nutrition Act; Evaluation of the National School Lunch Program Verification/Pilot Projects, Volumes I and II, Report No. CN-04-AV1; A study on school meals erroneous payments should yield SBP payment error rate information in FY 2007.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: The USDA Strategic Plan includes a single strategic goal to improve the Nation's nutrition and health that subsumes FNS's goals. The Agency's Strategic Plan has two primary stategic goals for all FNS' nutrition assistance programs. However, there are specific performance targets for SBP under these goals. These include 1) rates of eligible populations participating in SBP; 2) nutritional quality of SBP meals; 3) accuracy of school meal (NSLP and SBP) counting and claiming; and 4) rate of school meals (NSLP and SBP) certification in excess of the estimated number of eligible children. The program also contributes to progress on two crosscutting measures: the prevalence of hunger among low-income households and the Healthy Eating Index (a measure of dietary quality) for low-income individuals and children.

Evidence: See USDA Strategic Plan for FY 2002-2007, Goal 4 (pp. 18-21) for measures related to FNS programs. See FNS Strategic Plan 2000-2005 for measures related to SBP participation rates (p. 10), SBP meal quality (p. 12), school meals counting and claiming (p. 15), and school meals certification accuracy (p. 15). Note that while the FNS strategic plan characterizes this measure in terms of NSLP, the certification process approves students for both programs; this same measure is characterized more clearly in the USDA plan (p. 21) as a school meals certification accuracy measure.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 13%

Explanation: The program has established ambitious targets and timeframes for increasing SBP participation rates, and improving nutritional quality of meals, and is working on establishing baseline and target measures for reducing SBP payment error.

Evidence: See USDA Strategic Plan for FY 2002-2007, Goal 4 (pp. 18-21) for measures related to FNS programs. See FNS Strategic Plan 2000-2005 for measures related to SBP participation rates (p. 10), SBP meal quality (p. 12), school meals counting and claiming (p. 15), and school meals certification accuracy (p. 15).

PART Performance Measurements

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	44%	73%	Effective

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: FNS tracks a number of annual measures related to long-term goals, and has recently integrated some of these into its budget presentation:' The rate of SBP participation among children enrolled in US schools (public and private) ' FY 2005 (budget) target is 18%. (FNS is considering an SBP "school coverage" rate as a supplemental measure.)' State oversight of local efforts to meet school meals nutrition standards ' FY 2004 (Annual Performance Plan ' APP) target is 4,100 reviews. This measure may be discontinued in the FY 2005 USDA plan. FNS intends to incorporate this measure, or an improved annual nutrition standards measure, in future budgets.' The rate of SFAs meeting counting and claiming standards ' FNS has worked against the FY 2005 goal of 90% compliance for the past several years, and intends to incorporate this as an annual measure in future budgets.' School meals certification error ' FY 2004 (APP) target was 24%. However, this measure has methodological limitations; FNS intends to develop an improved measure for use in future budgets.

Evidence: On SBP participation rate, see FNS FY 2005 Explanatory Notes, p. 26g-19.On State monitoring of local efforts to ensure that school meals meet nutrition standards, see USDA FY 2004 Annual Performance Plan, p. 42.Counting and claiming requirements reporting is part of internal Agency records of CRE reviews.On annual measure of school meals certification accuracy, see USDA FY 2004 Annual Performance Plan, p. 45, and FNS FY 2005 Explanatory Notes, p. 26g-19. See also USDA Performance and Accountability Report, p. 123, on the measure's limitations. Yes score is contingent on FNS incorporating the information in the FY 2003 budget. Please amend the text to indicate this.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: The program has established baselines for each annual measure and has set ambitious targets for each:' SBP participation rate: Most current data (FY 2003) -- 15.5%; FY 2005 (budget) target -- 18%.' State oversight of local efforts to meet school meals nutrition standards: Most current data (FY 2003) ' 4,113 reviews; FY 2004 (Annual Performance Plan ' APP) target -- 4,100 reviews. (Targets are set to maintain an appropriate oversight/corrective action presence, rather than incremental increase.)' The rate of SFAs meeting counting and claiming standards: Most recent data (FY 2001) -- 86.6%; FY 2005 (strategic plan) target -- 90%.' School meals certification error: Most recent data (FY 1999) -- 27%; FY 2004 (APP) target -- 24%. However, new measurement methodology is under development; these figures are no longer used.

Evidence: On SBP participation rate, see FNS FY 2005 Explanatory Notes, p. 26g-19.On State monitoring of local efforts to ensure that school meals meet nutrition standards, see USDA FY 2004 Annual Performance Plan, p. 42.Counting and claiming requirements reporting is part of internal Agency records of CRE reviews.On annual measure of school meals certification accuracy, see USDA FY 2004 Annual Performance Plan, p. 45, and FNS FY 2005 Explanatory Notes, p. 26g-19. See also USDA Performance and Accountability Report, p. 123, on the measure's limitations.

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	44%	73%	Effective

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight 13%

Explanation: Program leadership and staff continually communicate program goals to State agencies, which are held accountable for goals through required reviews and program information reports as a condition of operating the program. This data is used to assess progress in meeting program targets:' SBP participation rates are based on State and local reports to FNS on program participation.' School Meals Initiative Monitoring Reviews are conducted by States to ensure oversight of local efforts to meet school meals nutrition standards. FNS is exploring options to make use of review results to further improve accountability.' SFA counting and claiming accuracy is assessed through the Coordinated Review Effort (CRE); corrective action is required for identified deficiencies.' School meals certification error has been estimated nationally by comparing national survey data and State-reported administrative data. New program rules require SFAs to provide results of verification activities to FNS, and take corrective action to resolve certification problems.

Evidence: NSLP/SBP Program Regulations (see especially 7 CFR 210.19; 7 CFR 220.13)

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 13%

Explanation: National studies examining the nutritional quality of SBP meals are conducted about every five years by independent contractors. CRE reviews are conducted on a regular 5 year cycle; reviews are comprehensive and corrective action is required for deficiences identified in the reviews. A recent Economic Research service (ERS) study suggests benefical effects of the SBP: children with access to the SBP consume a better overall diet, obtain a lower proportion of calories from fat; are less likely to have low intakes of magnesium and low serum levels of vitamin C and folate.

Evidence: School Nutrition Dietary Assessment Study (SNDA) I, collected data from schools during SY 1991-92. SNDA-II, collected data during SY 1998-99. SNDA-III is scheduled to collect data in SY 2004/05. A study examining erroneous payments will be awarded to an outside contractor in 2004 with data collection to occur in SY 2005/06. Results of FNS-sponsored research and evaluations are posted at www.fns.usda.gov/oane. Evaluating the Impact of School Nutrition Programs: Final Report, ERS, July 2004, available at: www.ers.usda.gov/publications

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: FNS' budget request for the program displays resources in alignment with long-term strategic goals, fully accounts for all resources by displaying administrative and overhead expenses allocated to program accounts, and links justification of budget requests and legislative initiatives to the strategic goals. However, budget does not in all cases isolate the cost of efforts to improve performance (as opposed to costs that could support or result from improved performance).

Evidence: FNS FY 2004 and 2005 budget submissions to OMB.

PART Performance Measurements

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	44%	73%	Effective

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: FNS is working to develop a number of improved performance measures to support its long-term and annual goals, including:' An SBP 'schools coverage' measure to complement if SBP participation rate measure' An annual indicator of progress in improving school meals nutritional quality' Annual targets for the rate of SFAs meeting counting and claiming standards' A comprehensive analysis and measurement of erroneous payments in the school meals programs.We intend to incorporate these into appropriate budget and planning documents as they are available.More broadly, FNS has a flexible agency-wide annual planning process that identifies and adopts goals and actions for improvement as necessary, based on strategic objectives and targets. It has also sought adequate resources to conduct studies to fill key information gaps.

Evidence: PART review document (especially Q. 2.3); COMPASS planning system (internal to FNS); FNS FY 2004 and 2005 budget submissions to OMB.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: NO Question Weight 11%

Explanation: FNS collects key program data from States on a regular basis. These data are used, in part, to assess program performance. FNS also uses information from periodic management reviews of State activities to assess operations and improve performance. SFA operation of the NSLP is reviewed on a five year cycle in accordance with uniform standards and procedures established by the agency (Coordinated Review Effort). SBP operational procedures are the same as those of the NSLP. SFAs which are found to be in violation of program requirements may have a second review, which includes a review of SBP operations. About 5-7% of all reviewed SFAs receive a second review. States report on the results of NSLP reviews, but the report does not include separate data on the results of the SBP reviews.

Evidence: CRE Guidance; 7 CFR 218 (CRE regulations); Keydata Report; Management Evaluation Guidance

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 11%

Explanation: All FNS managers (GS-14 and above), including those responsible for the SBP, are now required to have their performance plans aligned with USDA strategic goals and FNS priorities. Agency work responsibilities related to annual and long-term program goals, emerging problems, and other factors are identified and planned prior to the beginning of the fiscal year. Performance plans explicitly tie managers' responsibilities to accomplishmnore of this designed priority work, and related strategic and annual goals. State agencies and program operators are reviewed through Management Evaluations (SAs) and the Coordinated Review Effort (SFAs). Identified program deficiencies must be addressed through corrective action and payments may be withheld if deficiencies are not corrected.

Evidence: Memoradum to Subcabinet and Agency Heads from USDA Deputy Secretary on President's Management Agenda and Performance Standads of GS-14s and 15s; Attestation of Under Secretary Bost to compliance with requirements; COMPASS planning system; Child Nutrition Management Evaluation Guidance; 7 CFR 218 (CRE regulations); CRE Guidance

PART Performance Measurements

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
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3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: NO Question Weight 11%

Explanation: Funds are obligated consistently with the overall program plan. School Breakfast funds are obligated appropriately and consistently for their intended purpose and within a timely manner and appropriate schedule. FMFIA reports from 2001 through 2003 and the A-133 Single-Audits have not identified any program-related deficiencies. FNS also uses information from periodic Management Evaluations to confirm that funds are being spent for their intended purposes. However, extant information indicates that some children certified for free and reduced price school meal benefits; this represents a risk of erroneous payments, though FNS does not have specific information on the level of erroneous payments that result from identified certification problems. (A study is underway to determine the level of erroneous payments in the SBP.)

Evidence: Child Nutrition Act; Evaluation of the National School Lunch Program Verification/Pilot Projects, Volumes I and II, Report No. CN-04-AV1; Federal Managers' Financial Management Integrity Act (FMFMIA) Report: Fiscal Year 2001-2003.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 11%

Explanation: ' SBP regulations require the use of competitive procurement procedures in acquiring foods and other program resources. ' Cost efficiency and effective operation of by local SBP partners is assessed through the single audit process; identified deficiencies must be corrected.' Reconcilations of program revenues and expenses are conducted annually. These reconciliations provide the means for ensuring effective utilization of program resources and for the identification of fiscal irregularities, which must be corrected. ' The ever increasing use of automated technology, including computer aggregation of data and automated edit checks has helped to improve the accuracy of reimbursement claims and program reports substantially.' FNS has undergone an extensive input process with stakeholders, including State agencies and local program operators, to discuss potential opportunities to simplify program operations and improve effectiveness through Child Nutrition reauthorization. FNS also provides training and technical assistance to address program inefficiencies and improve effectiveness.

Evidence: SBP regulations, FNS administrative records.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 11%

Explanation: The School Breakfast Program, the National School Lunch Program, and the Child and Adult Care Food Program all provide nutritious meals to children in school and/or child care settings, and so are designed to operate effectively through these institutions without compromising their core missions. These nutrition programs also coordinate and collaborate with each other in order to achieve shared program goals. State Child Nutrition directors generally oversee all three programs, making efficient use of staff for program oversight. A single grantee may administer all three programs. Household definitions and elgibility guidelines are align across all three programs, and a single application can be used to approve children for multiple programs.

Evidence: Child Nutrition Act; program regulatuions. The programs use common eligibility guidelines and reimbursement rates. Procedures are harmonized to reduce grantee administrative burden.

PART Performance Measurements

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	44%	73%	Effective

3.6 Does the program use strong financial management practices? Answer: NO Question Weight 11%

Explanation: The Agency maintains a series of strong financial measures built on Federal directives and consistent with statutory requirements to ensure sound financial management within SBP.FNS and State financial management systems provide accurate, current and complete disclosure of the financial status of the program. FNS has consistently received clean audit opinions over the last five years.However, extant information indicates that some children certified for free and reduced price school meal benefits; this represents a risk of erroneous payments, though FNS does not have specific information on the level of erroneous payments that result from identified certification problems. (A study is underway to determine the level of erroneous payments in the SBP.) In the meantime, USDA has undertaken a number of actions, including legislative recommendations and regulatory changes, to address the problem of certification accuracy.

Evidence: The Agency received an unqualified opinion from 1998 through 2000 in its financial statements audit. The Agency has had no reportable conditions in the Department's consolidated financial statements audit in 2001 and 2003.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 11%

Explanation: A study is underway to determine the level of erroneous payments in the SBP. In the meantime, USDA has undertaken a number of actions, including to address the problem of certification accuracy. These include: 1) pilot programs in over 20 SFAs to test alternative approaches to certification and verification to determine if they would improve certification accuracy: 2) legislative recommendations to require direct certification of FSP/TANF participants, and to increase review and verification of certifications; and 3) regulatory changes to require reporting on the results of certification verification, and to take corrective action on identified problems.

Evidence: Child Nutrition Act; Evaluation of the National School Lunch Program Verification/Pilot Projects, Volumes I and II, Report No. CN-04-AV1; Testimony of Under Secretary Bost, July 16, 2003; new regulations on verification report at 68 Federal Register 53483'53490

3.BF1 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: NO Question Weight 11%

Explanation: Procedures are in place to assess Grantee (State Agency) activities annually or biennially in conjunction with the NSLP through a structured Management Evaluation process. Sub-grantees (SFAs) are reviewed for operations of the NSLP/SBP on a five year rotation using agency established procedures; between 5 and 7 percent of reviewed SFAs have identified program deficiencies and receive a second review, which includes the operation of the SBP. However, due to lack of Agency resources, these oversight practices don't align with established procedures.

Evidence: Child Nutrition Management Evaluation Guidance; 7 CFR 218 (CRE regulations); CRE Guidance

PART Performance Measurements

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	44%	73%	Effective

3.BF2 **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: NO Question Weight 11%

Explanation: FNS collects a wide range of performance data from States and routinely publishes that data on the FNS web site. While some of the data is published on an annual basis, a wide variety of information is updated more frequently. Beginning in SY 2004-2005, the agency will collect additional data on certification and verification in the NSLP; the NSLP certification process also determines eligibility in the SBP. The agency collects annual performance data for NSLP CRE reviews, but the report does not include data on the results of SBP reviews in SFAs receiving second reviews. Results of SMI reviews examining the nutritional status of SBP meals are not reported.

Evidence: 7 CFR 245 Determining Eligibility for Free and Reduced Price School Meals and Free Milk in Schools - Verification Reporting and Recordkeeping Requirements (Final Rule, Sept. 11, 2003); Program Informaiton Report (Keydata); National Data Bank; FNS Web Site for Child Nutrition Programs.

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: LARGE EXTENT Question Weight 20%

Explanation: The Agency has made some progress in reducing hunger and improving diet quality since baselines were identified in 2000, and SBP contributes to this progress. The program itself is moving forward on long-term goals for improving access to the program and meal quality. Since FY 1990, program availability has risen from roughly 43,000 institutions with an enrollment of 20.8 million to over 78,000 instiutions with an enrollment of 39.3 million in FY 2003. The program is now available to 80.2 percent of students enrolled in the lunch program, as compared to 50 percent in FY 1990. Participation rates reached 15.5% in SY 2002-03, up from 13% in SY1995-96. Since the implementation of the School Meals Initiative for Healthy Children, the nutritional composition of breakfasts offered has improved, meeting program standards, with the exception of total calories.

Evidence: School Nutrition Dietary Assessment Study I & II; CRE Data Report; SBP administrative data

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: LARGE EXTENT Question Weight 20%

Explanation: The program has made progress on program participation rates, exceeded its target on reviews of nutrition quality by State Agencies, and has shown some improvement in the portion of SFAs operating with effective school meals counting and claiming procedures.

Evidence: Program Information Report (KEYDATA)

4.3 **Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: SMALL EXTENT Question Weight 20%

Explanation: The program has achieved substantial improvement in meal quality without changes in program reimbursement rates. However, the risk of erroneous payments in SBP remains a serious problem, potentially undermining the program's cost effectiveness.

Evidence: School Nutrition Dietary Assessment Study I & II; SBP administrative data; Analysis of CPS and SIPP data

PART Performance Measurements

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	44%	73%	Effective

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: YES Question Weight 20%

Explanation: While a smaller proportion of low-income children are served by SBP than by NSLP, most of the SBP meals are effectively targeted to low-income children. Breakfasts served in schools are nutritionally balanced. Participation in SBP provides positive nutritional impacts over 24 hours (not just at breakfast time).

Evidence: Children's Diets in the Mid 1990's: Dietary Intake and Its Relationship with School Meal Participation - January 2001; SBP Administrative Data

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: YES Question Weight 20%

Explanation: CSFII data indicate that SBP participation is associated with higher intakes of food energy, calcium, phosphorus, and vitamin C , both at breakfast and over 24 hours. SBP participants are more likely than non-participants to consume fruits and milk. The School Meals Initiative for Healthy Children, has reduced the fat and saturated fat content of school meals without compromising the overall nutrient content. Breakfasts offered in SY 1998-99 met SBP standards for total fat and saturated fat while breakfasts in SY 1991-92 did not (SNDA-II). The SBP Pilot Project found that during SY 2000-2001, school breakfasts met program standards for key vitamins and minerals, and the dietary guidelines for fat and saturated fat. NHANES III data show that children with access to the SBP consume a better overall diet, a lower proportion of calories from fat, and are less likely to have low magnesium intake and low serum levels of vitamin C and folate.

Evidence: Children's Diets in the Mid 1990's: Dietary Intake and Its Relationship with School Meal Participation - January 2001; School Nutrition Dietary Assessment Study-II - April 2001; Evaluation of the School Breakfast Program Pilot Project: Findings from the First Year of Implementation - October 2002 (FNS); Evaluating the Impact of School Nutrition Programs: Final Report -- ERS). FNS has an active research program to assess the effectiveness of program operations. Results of FNS-sponsored research and evaluations are posted at www.fns.usda.gov/oane. ERA reports are avaiable at: www.ers.usda.gov/publications.

PART Performance Measurements

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
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Measure: Percent of children enrolled in school participating in SBP

Additional Information: SBP Participation as a percentage of total public & private school enrollment Used as an annual and long-term measure.

Year	Target	Actual	**Measure Term:** Annual
1996	Baseline	13%	
2003		15.5%	
2004			
2005	18%		
2006			

Measure: Percent of calories from fat & saturated fat; percent of RDA for calories, vitamins & minerals

Additional Information: Measures of improvement of nutrient content of school breakfasts

Year	Target	Actual	**Measure Term:** Long-term
1992	Baseline	31;14;24	
1999	30;10;25	26;10;23	
2005	30;10;25		
2006	30;10;25		

Measure: Proportion of SFAs in compliance with school meals counting and claiming rules.

Additional Information: Based on a 5-year cycle of CRE reviews

Year	Target	Actual	**Measure Term:** Annual
1997	Baseline	85.5	

PART Performance Measurements

Program: School Breakfast Program
Agency: Department of Agriculture
Bureau: Food and Nutrition Service/Special Nutrition Programs
Type(s): Block/Formula Grant

Section Scores				Rating
1	2	3	4	Moderately
80%	88%	44%	73%	Effective

2001	87	86.6
2005	90%	
2006		

Measure: Percent of children certified for free school meals in error

Additional Information: Methodology is being revised; previous baselines and targets will no longer apply.

Year	Target	Actual
1999		
2004		
2005		
2006		

Measure Term: Long-term

Measure: SMI Reviews by State Agencies

Additional Information: Targets represent an appropriate oversight/corrective action presence based on a 5-year cycle, rather than a desired increase.

Year	Target	Actual
2002	2,900	3,517
2003	2,900	3,801
2004	4,100	
2005		
2006		

Measure Term: Annual

PART Performance Measurements

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	57%	89%	67%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The program purpose is "to provide decent, safe and affordable housing" pursuant to Title V of the National Housing Act of 1949 as amended., which declared that "every American deserves a decent home and suitable living environment". The Housing Act specifies that the program is intended for low and moderate income rural residents who are unable to obtain financial assistance from other sources at terms they can be expected to meet. Low income is defined in regulation as 50% below median income. Very low is defined as 80% below median income and rural is defined as communties less than 20,000.

Evidence: Authorizing legislation: Title V of Housing Act of 1949, as amended. 42 U.S.C. 1472 Section 501 & 502. 7 CFR 3550.2 (loan purposes); 7 CFR 3550.10 (definitions); 7 CFR 3550.53 (eligibility requirements); 7 CFR 3550.54 (income calculations & limits); 7 CFR 3550.2 & 7 CFR 3550.56(a) (rural area requirement); 7 CFR 3550.2 & 7 CFR 3550.51 (credit elsewhere test).

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The program addresses the need for the "on the cusp" borrower in rural areas for subsidized mortgage credit in order to be a successful homeowner. National programs and state programs had a history of leaving out or not penetrating rural areas. Additionally, most other programs have no subsidized interest component, leaving an otherwise worthy borrower unable to obtain credit. The Sec. 502 Single Family Housing Direct Loan program is the only Federal mortgage program targeted to low- and very low-income rural residents who otherwise could not afford to be homeowners.

Evidence: The Millenium Housing Commission, found that housing affordability remains a significant problem in rural areas. This finding is supported by studies done by the ERS, (Amberwaves, April 2004), HAC (Rural Voices, Summer 2002), and NAHB (news release, June 19, 2003). The need and demand for affordable housing in rural areas is further evidenced by the waiting list of applicants for the subsidized mortgage loan program in field offices nationwide.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: This is the only direct Federal lending mortgage program that is means tested and offers subsidized loans. It specifically targets low- and very low-income rural residents for homeownership. Additionally, because the borrower has to prove that he/she cannot get credit elsewhere it is unlikely that a private or state program would be able to provide assistance for a mortgage the way that this program can.

Evidence: See studies and articles mentioned above in Ques. 1.2 (Millenium Housing Commission, ERS, NAHB, HAC). 7 CFR 3550.53 (eligibility requirement/income limits) & ; 7 CFR 3550.54 (income calculations/income limits); 7 CFR 3550.2 & 7 CFR 3550.56 (a) (rural area requirement); 7 CFR 3550.2 & 7 CFR 3550.51 (credit elsewhere test).

PART Performance Measurements

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	57%	89%	67%	Effective

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: YES Question Weight 20%

Explanation: This program takes the "on the cusp" borrower and turns them into a successful homeowner. The intrest subsidy for each borrower is based on income, which is reviewed and adjusted annually. When and if the borrower's income reaches a point where he/she no longer qualifies for subsidized interest they are encouraged to graduate to private credit if possible. These design elements are all intended to ensure that the least amount of Federal dollars needed to result in successful homeownership are used in conjunction with making a loan to these low to very-low income rural residents.

Evidence: Credit Subsidy Model. 7 CFR 3550.53 (eligibility requirements/income limits)& 7 CFR 3550.54 (income calculation & income limits); 7 CFR 3550.157 (annual income verification); 7 CFR 3550.160 (refinancing/graduation).

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight 20%

Explanation: The intended beneficiaries are "low and very low-income residents of rural areas who do not currently own adequate housing, and who cannot obtain other forms of credit." Low income is defined in the regulation as 50% below median income. Very low is defined as 80% below median income and rural is defined as communties less than 20,000. The regulations ensure that its resources are effectively targeted to reach intended beneficiaries. State allocation of the funds take into consideration each state's percentage of the national number of rural households: 1) below 50% of the area median income and 2) between 50 and 80 percent of the area median income (very low and low-income respectively).

Evidence: 7 CFR Part 1940 Subpart L Sec.1940.565; 7 CFR Ch. XXXV Sec. 502; 7 CFR 3550.10 (definitions); 7 CFR 3550.53 (eligibility requirement/income limits) & ; 7 CFR 3550.54 (income calculations/income limits); 7 CFR 3550.2 & 3550.56(a) (rural area requirement); 7 CFR 3550.2 & 7 CFR 3550.51 (credit elsewhere test).

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight 14%

Explanation: The Direct Loan program has two long-term performance measures that include: 1) a measure for the percent of homeowners who stay in their Agency financed homes (based on the default rate for the program) and 2) a measure to maintain Agency status as having "No Material Weaknesses" based on OIG and MCR reviews. These measures meaningfully reflect the purpose of the program since they are directly tied to providing low- and very low-income rural residents access to resources to obtain decent, safe and affordable housing who would otherwise not be able to access any form of long-term credit to purchase a home.

Evidence: RHS Strategic Plan; Performance plans and budgets; U.S. Census data.

PART Performance Measurements

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	57%	89%	67%	Effective

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 14%

Explanation: The Direct SFH progam has ambitious goals to 1) maintain a successful homeowership rate that stays within 300 basis points of the FHA rate and 2) continue to manage the program in a manner that results in no material weaknesses from internal reviews. However, the target set for #1 of within 300 basis points of FHA is not very ambitious when the base line is 108 basis points. For #2, again the target is to maintain the status quo. There are no long term measures identified where the targets as compared to the baseline indicate the agnecy trying to achieve anything more than the status quo.

Evidence: RHS Strategic Plan; Budget and Performance Integration process (BPI); Performance plans and budgets; U.S. Census data.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 14%

Explanation: An annual output measure has been developed for the number of houses financed and an annual efficiency measure has been developed that measures successful homeownership using the annual delinquency rate of single family section 502 direct loans. Measuring the number of houses financed for single family homeownership and the annual delinquency rate as benchmarked against FHA's delinquency rate demonstrate progress toward the program's long-term goal of increasing homeownership in rural communities.

Evidence: RHS SFH Division Strategic Plan; Budget and Performance Integration (BPI) process; Performance plans and budgets; U.S. Census data.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight 14%

Explanation: A Short-term Outcome measure that measures the number of houses financed has been developed as an annual output measure. This measure is dependent on the level of program funding and the cost of housing. The successful homeownership measure is benchmarked against the FHA delinquency rate (within 500 basis points) in order to assure that Direct loan program borrowers compare favorably to the rest of the industry. However, as with the long-term measure, being within 500 basis points of FHA is not very ambitious when the base line is 300 basis points. There are no annual measures identified where the targets as compared to the baseline indicate the agnecy trying to achieve anything more than the status quo.

Evidence: RHS SFH Division Strategic Plan; BPI Process; Performance plans and budgets; U.S. Census data.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: NA Question Weight: 0%

Explanation: While the Agency collaborates with many different entities that have similar program goals, program funds are directly administered by the Agency. There are no grantees or contractors administering program funds. Therefore, there are no partners as defined by this question.

Evidence:

PART Performance Measurements

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	57%	89%	67%	Effective

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 14%

Explanation: In 1998, the Economic Research Service (USDA) surveyed existing Direct Section 502 borrowers. ERS' findings are further supported by a recently commissioned Customer Satisfaction Survey. In May 2002, the Millennial Housing Commission, appointed by Congress to examine Federal Housing policies and programs for affordable housing, recommended increased funding for the Direct and Guaranteed Section 502 programs because they are effective in meeting its objectives. The Agency has also conducted studies such as the recent Self-Testing Project to assure that equal profession service is provided and a study of the payment assistance formula. In addition, Management Control Reviews (MCR) and State Internal Reviews (SIR) are conducted on a regular basis on the Sec. 502 direct lending activities of the state and field offices of RHS to evaluate effectiveness of the program and identify potential program improvements.

Evidence: ERS Study, "Meeting the Housing Needs of Rural Residents: Results of the 1998 Survey of USDA's Single Family Direct Loan Housing Program"; Recent Customer Satisfaction Survey and comparison with JD Power 2004 Home Mortgage Study; Report of the Bipartisan Millenium Housing Commission Appointed by the Congress of the United States, May 30, 2002; Fair Housing Partnership Compliance Self Testing Project; Payment Assistance Bearing Point Study June 2004; RD Instruction 2006M.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 14%

Explanation: Currently, budget requests are submitted with explanatory notes that are related to program performance results but the notes do not give a clear indication of the full cost of achieving the results. Some of the goals are explicitly tied to the program performance, such as the numbers of homes financed, but Rural Development, as a whole is still working toward full budget and performance integration.

Evidence: Rural Development BPI documents, including agency mission statements/accomplishment reports. USDA Budget and Explanatory Notes.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 14%

Explanation: The Draft Strategic Plan currently under development is the process by which the program is taking meaningful steps to correct any strategic planning deficiencies.

Evidence: Draft agency strategic plan FY2006-FY2011; performance plans and budgets; U.S. Census data.

PART Performance Measurements

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	57%	89%	67%	Effective

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 11%

Explanation: The Agency collects data on loan applications, obligations, loan closings, and fee collections. Data on direct loan performance --unpaid principal balance, delinquency and status of mortgage is maintained on a real time basis through the program's centralized servicing center. Data is verified through manual review, automated system edits and post-review. Data is stored in a data warehouse and is used to generate an array of management reports that are the basis for program performance monitoring. Standard monthly reports on fund use and loan delinquency are provided to program managers.

Evidence: Dedicated Loan Origination and Servicing System and the Program Loan Accounting System. Federal Credit Supplement

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 11%

Explanation: State program managers are held accountable by their respective State Directors for responsible program management including full utilization of funding and appropriate targeting in accordance with 7 CFR 3550, RD Instruction 1940-L, and established goals and objectives.

Evidence: RD Instruction 1940-L; 7 CFR 3550; HB-1-3550.

3.3 **Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight 11%

Explanation: Loan funds are obligated at the same time the loan is approved. Internal controls have shown no evidence of significant erroneous payments or any violations of the Anti-Deficiency Act. The program is able to secure obligation reports on demand from the RD Data Warehouse.

Evidence: Erroneous Payments Risk Assessment, Obligation Detail Report--BRIO RD Data Warehouse; Finance Office 205 reports on loan obligations

3.4 **Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: NO Question Weight 11%

Explanation: The USDA Task Force on Common Efficiency is currently meeting to design and develop meaningful common efficiency measures. While the agency spends all the money that is appropriated, that is not enough of a benchmark to evalutate effciency or cost effectiveness.

Evidence: USDA Budget. USDA Task Force on Common Efficiency.

PART Performance Measurements

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately Effective
100%	57%	89%	67%	

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 11%

Explanation: The program collaborates with community and faith based non-profits, state housing agencies and private lenders in its direct loan making. Program funding is for loans made through the Self Help program and the Homeownership Initiatives (Rural Home Loan Partnership/Community Development Financial Institution) are maintained in the National Office.

Evidence: RD Instruction 1940-L, Exhibit A, Attachment 2, Part II, Subpart C

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 11%

Explanation: The program uses strong financial management practices as its financial statements have been determined to be free of material internal control weaknesses based on Management Control Reviews.

Evidence: RD Instruction 2006-M, Management Control Reviews.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 11%

Explanation: The Agency has a system in place to review program activity and identify, correct, and eliminate deficiencies.

Evidence: RD Instruction 2006-M, Management Control Reviews.

3.CR1 Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled? Answer: YES Question Weight 11%

Explanation: The program's Centralized Servicing Center monitors and reports on 1st year delinquencies. State program managers use this information to conduct loan underwriting reviews on all these loans and a random sampling of others on a monthly and quarterly basis.

Evidence: Dedicated Loan Origination and Servicing System, HB-1-3550, Chapter 6, Attachment 6-C. Federal Credit Supplement

3.CR2 Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government? Answer: YES Question Weight 11%

Explanation: Revisions to the program subsidy credit model in FY 2002 resulted in the Agency financial statement getting a a clean audit opinion from OIG.

Evidence: OIG report--section on program subsidy credit model. Federal Credit Supplement

PART Performance Measurements

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately Effective
100%	57%	89%	67%	

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight20%

Explanation: The program is on track to meet its long-term performance measures. Over the past several years, the Direct loan program's foreclosure rate has ranged from 3.9% at the end of FY 03 to approximately 4.1% in FY 01 and FY 02. This rate has consistently remained within 300 basis points of the FHA rate for the same time frames. The program has demonstrated steadily improving foreclosure rates on its single family home mortgages over the last several years resulting in fewer families losing their homes and positive outcomes of increases in the percentage of successful homeowners. In addition, the program has no "Material Weaknesses" resulting from OIG and MCR reviews.

Evidence: RHS SFH Division Strategic Plan; Budget and Performance Integration process (BPI); Performance plans and budgets; OIG reviews, MCR reviews.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight20%

Explanation: The program historically has consistently met all of its annual performance goals. It has met its annual performance goal of using program funds to serve only eligible loan applicants and its annual performance goal to achieve the targeted number of houses financed with program dollars has been met.

Evidence: Central Servicing Center Dedicated Loan Origination and Servicing System.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight20%

Explanation: The program has demonstrated steadily improving delinquency rates on its single family home mortgages over the last several years. In 1996, loan servicing activities were transferred from the field offices to a Central Servicing Center, resulting in improved efficiencies. Additionally, USDA as a whole is developing a common efficiency measure for loan programs.

Evidence: Dedicated Loan Origination and Servicing System. "Large Extent" was selected as an answer for this question rather than a "Yes" because the efficiencies identified are not included in the Draft RD Strategic Plan for FY2006-2011 and because there are efficiency measures currently under development through the USDA Task Force on Common Efficiencies.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight20%

Explanation: Program performance, measured by comparison to FHA and sub-prime market delinquency rates compare reasonably well.

Evidence: Through its "National Delinquency Survey" report, the Mortgage Bankers Association reports quarterly on industry delinquency and foreclosure rates. Agency delinquency and foreclosure rates are compared to FHA rates to assure that USDA's porfolio performance is in line with the industry.

PART Performance Measurements

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	57%	89%	67%	Effective

4.5 **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: YES Question Weight20%

Explanation: The Millenium Housing Commission (MHC) found it is effective in meeting its objectives. The report stated that it believes federal housing programs are an important element of the nation's housing and finance delivery system..." . The 1998 ERS Study analyzed the demographics of Section 502 Direct borrowers. Typical Section 502 Direct borrowers were characterized as under 40, have children, have low or modest incomes, have a home that is better than their previous residence, and are satisfied with their current home, neighborhood, and the program. Most believed that, without assistance from the program, they would have been unable to afford a comparable home for at least 2 years and possibly never. This study also shows that the program is benefitting the type of borrowers it was intended to benefit. ERS' findings are further supported by a recently commissioned Customer Satisfaction Survey. The results of this survey compare very favorably (86% satisfaction) to other mortgage lenders based on information from the JD Power 2004 home mortgage study.

Evidence: May 30, 2002, Report of the Bipartisan Millenium Housing Commission Appointed by the Congress of the United States, can be viewed at www.mhc.gov, ERS Study, "Meeting the Housing Needs of Rural Residents: Results of the 1998 Survey of USDA's Single Family Direct Loan Housing Program"; Recent Customer Satisfaction Survey and comparison with JD Power 2004 Home Mortgage Study.

PART Performance Measurements

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	57%	89%	67%	Effective

Measure: Number of homes financed with USDA single family housing direct loan funds

Additional Information: This is an output measure for the number of homes to be financed with program funds. This measure is dependent on program levels and housing costs.

Year	Target	Actual	**Measure Term:** Annual
2003	Baseline	12,379	
2004	15,500		
2005	12,000		
2006	9,900		

Measure: The number of basis points the program is within the delinquency rate of FHA's loan portfolio's delinquency rate.

Additional Information: This performance measure is an indicator of the annual success rate for Agency financed single family home mortgages compared to the FHA rate. The goal is to stay within 500 basis points of the FHA rate. Number equals how many basis points the program is within that of FHA

Year	Target	Actual	**Measure Term:** Annual
2003	Baseline	300	
2004	500		
2005	500		
2006	500		

Measure: The number of basis points the program is within FHA's loan portfolio's foreclosure rate.

Additional Information: This measure compares the % of sucessful Direct loan borrowers to the FHA inventory of foreclosures. The goal is to stay within 300 basis points of the FHA rate. Number represents how many basis points we expect to be within FHA's rate.

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	108	
2004	300		

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	57%	89%	67%	Effective

2005	300
2006	300
2007	300
2008	300
2009	300
2010	300

Measure: # of Material Weaknesses

Additional Information: The program will maintain its current status of no material weaknesses. Number represents how many material weaknesses are sustained by the program.

Year	Target	Actual
2003	Baseline	0
2004	0	
2005	0	
2006	0	
2007	0	
2008	0	
2009	0	
2010	0	

Measure Term: Long-term

PART Performance Measurements

Program: Single Family Housing Direct Loans
Agency: Department of Agriculture
Bureau: Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
100%	57%	89%	67%	Effective

Measure: Cost per loan.

Additional Information: The ratio of total annual obligated salaries and expenses funding over the obligated average loan portfolio balance outstanding plus accrued interest and fees plus total average grants. At the moment cost accounting systems are not in place to track expenses at the program level. However, over the next year the agency will be working to differentiate adminstrative expenses among each loan program.

Year	Target	Actual

Measure Term: Annual

PART Performance Measurements

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The program purpose as set forth in the Housing Act is to extend financial assistance in the form of loan guarantees to lenders who make loans to eligible borrowers in rural areas to enable them to purchase modest dwellings for their own use.

Evidence: Sections 501 and 502(h), Title V, Housing Act of 1949, as amended. RD Instruction 1980-D, Section 1980.301(b).

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The problem to be addressed is specified as a lack of decent, safe and sanitary dwellings in rural areas affordable to low or moderate income families and a need for additional sources of mortgage financing for those families. A recent ERS study indicated that, while non-metro homeownership rates are rising overall according to the 2000 census, one of every four non-metro counties experienced a decline, and non-metro minority households and low income households consistently have homeownership rates well below the norm. Many rural families lack the resources to provide for a down-payment to purchase a home. According to the Housing Assistance Council (HAC) affordability is the biggest problem facing low-income rural households. The Millennium Housing Commission also found that housing affordability remains a significant problem in rural areas. Program borrowers could not afford the purchase a home without the assistance the program provides.

Evidence: Sections 501(a) and 502(h)(10) and (11), Title V, Housing Act of 1949,as amended. USDA Economic Research Service, "April 2004 Findings - Rural Homeownership." Housing Assistance Council "Rural Voices, summer 2002. NAHB news release of June 19, 2003. Millennium Housing Commission Report. 5/30/02.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight20%

Explanation: The program enables lenders to offer a no-down payment, 100% loan-to-value ratio, fixed market rate, thirty-year, loan product with a one-time guarantee fee. Eligibility is limited income that is 115% of median income or less in rural areas. FHA, VA or State Housing Finance Agency programs are generally higher in cost, predominantly used in urban areas, some of which require down payments, and typically serve higher income applicants. While it is true that the FHA and VA home loan programs are not means tested, and household of any income size can qualify for the Federal assistance they offer and that lenders must certify that the loan would not be extended without the RHS guarantee, that is not enough of a distinction to say this program is unique. There can be, and most probably are, examples of borrowers who could qualify fo all 3 types of Fed Guarantee lending and there is no agency coordination or MOUs to ensure that no overlap is occuring.

Evidence: The Millennium Housing Commission report. USDA Economic Research Service, "April 2004 Findings - Rural Homeownership." Housing Assistance Council "Rural Voices, summer 2002. NAHB news release of June 19, 2003. GAO report GAO-02-305 "Opportunities to Improve Federal Foreclosure and Property Sale Processes". President's FY 2005 Budget Proposal (for FHA 100% LTV loan proposal). Statement by John C. Weicher, FHA Commissioner, before the House Housing and Community Opportunity Subcommittee, March 24, 2004.

PART Performance Measurements

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: This program is designed to supplement lenders' conventional loan products to enable them to reach target low & moderate income familes in rural areas that they would be unable to serve witout a government guarantee without significant additional risk. A nationwide network of more than 2000 lenders ranging from major corporations to small credit unions have been fully utilizing program appropriations since it's inception more than 10 years ago. However, the program's major design flaw is that unlike its federal counter parts offered by VA and HUD, the funding for this program is limited by annual appropriations. Lenders using all three products often threaten to not participate in this program if the funding is not seemless throughout the year. However, given that there is a set amount of funding for the year, which is provided on a quraterly basis, the program cosistently needs to look for other programs to raid in order to keep the funding seemless. Until RHS finds a way to deal with the lenders threat of leaving the program when demand exceeds available funds, or the program becomes actuairly sound like FHA or funded through mandatory funding like VA, this program will continue to be flawed.

Evidence: Reservation (GLS) and obligation (205-B) reports. Fannie Mae and Freddie Mac publications. List of participating lenders. Funds Management Study Statement of Work.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight20%

Explanation: This is the only means tested Federal housing guaranteed program. It is specifically for rural residents earning 115% or less of the median income in communities of 20,000 or less. Also, this program has an implied "credit elsewhere" test that requires the lender to certify that they would not make the loan without the proposed guarantee. The statute, regulations, and the program's funds management system ensures effective targeting by requiring the establishment of standards to target and give priority to areas that have a demonstrated need for additional sources of mortgage financing for low and moderate income families. Program authority is allocated among the States on the basis of the need of eligible borrowers in each State for such loans compared to the need of eligible borrowers for such loans among all States. In times of limited program funding, loans are prioritized for first-time homebuyers. Over thirty percent of all loans are made to very-low and low income homebuyers.

Evidence: Section 502(h)(10) and (11), Title V, Housing Act of 1949,as amended. RD Instruction 1940-L, "Methodology and Formulas for Allocations of Loan and Grant Program Funds," Section 1940.563, "Attachment 2, Part I, "Housing in Underserved Counties - 100 Eligible Counties," and Part II, Subpart C, Page 20. "Section 502 Guaranteed Purchase Loans (Nonsubsidized)," and Page 21, "Section 502 Guaranteed Refinance Loans (Nonsubsidized)." RD Instruction 1980-D, §1980.346(b) (credit elsewhere test). Form RD 1980-21 (Lender certification that they would not make the loan without the guarantee). Section 501(c) of the Housing Act of 1949 (credit elsewhere test).

PART Performance Measurements

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: The section 502 guaranteed program long-term performance measure is the rate of successful homeownership for program borrowers. This goal is measured by the program's foreclosure rate (loans in the process of foreclosure). The measure is benchmarked against FHA's foreclosure rate at a given period of time, and must be within 100 basis points of it. Borrowers that have their loans foreclosed upon are deemed to be not successful. Another long-term performance measure is for the program to maintain zero "material weaknesses" as identified by the Agency's Management Control Review process.

Evidence: Mortgage Bankers Association quarterly delinquency survey (FHA default and delinquency data). Section 502 guaranteed program monthly foreclosure statistics. Management Control Review results.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight 13%

Explanation: The foreclosure rate compares favorably to the Federal Housing Administration (FHA) home purchase program's rate. In an effort to gauge successful homeownership, long-term performance measures have been developed that will require the Agency to stay within 100 basis points of the FHA foreclosure rate. A baseline and target have been developed. The FHA and the 502 guaranteed programs are similar in that they are both high LTV Federal insured/guaranteed programs, but Rural Development's program is the riskier of the two since it provides for 100% LTV loans and applicant eligibility is means tested. Another target is to maintain zero program "material weaknesses" as identified by the Management Control Reveiw (MCR) Process. However, the target set for #1 of within 100 basis points of FHA is not very ambitious when the base line is below 75 basis points. For #2, again the target is to maintain the status quo. There are no long term measures identified where the targets as compared to the baseline indicate the agnecy trying to achieve anything more than the status quo.

Evidence: Mortgage Bankers Association quarterly delinquency survey (FHA default and delinquency data). Section 502 guaranteed program monthly foreclosure statistics. Management Control Review results.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 13%

Explanation: In order to promote the long-term program objective of successful homeownership, the Agency must meet annual objects for providing homeownership opportunities, and then measure the delinquency performance of those loans. The Agency has annual performance measures in place in these areas in the form of Budget Performance Indicators . These measures are in direct relationship to the long-term measure of successful homeownership.

Evidence: Rural Development Budget Performance Indicators (BPI). Agency and FHA loan delinquency data as provide by the quarterly Mortgage Bankers Association delinquency survey and Agency delinquency reports.

PART Performance Measurements

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 13%

Explanation: Annual baselines and targets have been established. A short-term outcome measure is the number homeownership opportunities provided. This measure is dependent on the level of program funding and the average loan amount. Additionally, the performance of the portfolio is tracked by benchmarking its 30-day plus delinquency rate against FHA's rate (goal is to be no more than 250 basis point higher than FHA). The homeownership opprotunities target are good given the inability to control home mortgage interest rates and their potential impact on program demand. The delinquency rate target is also good given the programmatic features of the product, which are riskier than FHA's. However, as with the long-term measure, being within 250 basis points of FHA is not very ambitious when the base line is "equal to" FHA. There are no annual measures identified where the targets as compared to the baseline indicate the agnecy trying to achieve anything more than the status quo.

Evidence: Rural Development Budget Performance Indicators (BPI). Agency and FHA loan delinquency data as provide by the quarterly Mortgage Bankers Association delinquency survey and Agency delinquency reports.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 13%

Explanation: State program managers are committed to work toward program goals. Lenders are required under the terms of their participation agreement to be knowledgeable of and comply with all program requirements as defined by regulations. Successful homeownership is the goal of the program, and Rural Development, participating lenders, and borrowers have a vested interest in achieving that goal.

Evidence: RD Instruction 1940-L; RD Instruction 1980-D; Form RD 1980-16, Agreement for Participation in SFH Guaranteed/Insured Loan Programs of the US Government

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight 13%

Explanation: Internal controls are in place under the provisions of RD Instruction 2006-M, Management Control System, including State Internal Reviews and National Management Control Reviews. The program has undergone the scrutiny of OIG and GAO audits without significant negative findings. The Millennium Housing Commission has recommended increased program funding. Independent evaluations of lender activity are conducted under the terms of a contract with IBM Consulting using an audit format consistent with industry compliance review standards. Their annual report to the Agency includes an assessment of program strengths and weaknesses that are taken into consideration for subsequent years management plans. The Housing Assistance Council also monitors and regularly conducts studies of the program's effectiveness in reaching low and moderate income families. The Mortgage Bankers Association quarterly delinquency survey is used to assess program default performance.

Evidence: RD Instruction 2006-M. IBM Consulting Statement of Work, contract and work program. IBM section 502 guaranteed annual report. OIG (04601-002-AT) and GAO (GAO-02-305) audit reports. HAC annual reports. Mortgage Bankers Association quarterly delinquency survey. Millennium Housing Commission Report, 5/30/02.

PART Performance Measurements

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: Budget requests are based on prior fiscal year accomplishments and are the basis for long-term performance goals, but Rural Development as a whole is still working toward full budget and performance integration.

Evidence: USDA Budget documents.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: Strategic planning is an annual exercise toward improved goals and objectives based on enhanced data collection. Rural Development has a plan under development that is expected to address the most recently identified strategic planning opportunities and deficiencies. The Single Family Housing program area has a strategic plan in place.

Evidence: USDA Rural Development Strategic Plan for FY 2006 - 2011 (draft).

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 11%

Explanation: The Agency collects real-time data on funds reservations, obligations, loan closings and fee collections. Data on guaranteed loan performance - unpaid principal balance, delinquency and status of mortgage is collected from holding lenders on monthly and quarterly basis via electronic data interchange. Additional data is collected as the loan is liquidated and presented if applicable for a loss claim. Data is verified through manual review, automated system edits and post-review. Data is stored in a data warehouse and is used to generate an array of more than 100 automated or ad hoc management reports through the Guaranteed Loan System (GLS) and/or BRIO that are the basis for lender and program performance monitoring. Standard monthly reports on fund use and loan delinquency are provided to program managers.

Evidence: Guaranteed Loan System (GLS) Rural Housing User Documentation: -Guaranteed Rural Housing Reservation of Funds System, -Guaranteed Loan Servicing Detailed Transactions (Field Office User Guide), -SFH Loss Claim Administration (online guide to automated loss claim system). -Electronic Data Implementation Guide

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 11%

Explanation: State program managers are held accountable by their respective State Directors for responsible program management including full utilization of funding and appropriate targeting in accordance with RD Instruction 1980-D, RD Instruction 1940-L, and established goals and objectives.

Evidence: RD Instruction 1940-L; RD Instruction 1980-D

PART Performance Measurements

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 11%

Explanation: Obligations of program authority are managed expeditiously through our Reservation of Funds System and tracked for full utilization by the end of each fiscal year. Internal controls have shown no evidence of significant erroneous payments or any violations of the Anti-Deficiency Act.

Evidence: Erroneous Payments Risk Assessment. Obligation Report (205-B). Guaranteed Loan System (GLS) Reservation of Funds report and National/State Obligation summaries

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 11%

Explanation: Recent automation enhancements enable staff to better control the reservation and obligation of funds. To name a few of many others; new enhancements enable tracking dormant obligations, unclosed loans, lender reporting, loss claim submission and payments. While these measures focus on timeliness of customer service and efficient monitoring, participation with the USDA BPI team, OBPA and OMB on a USDA task force to develop common efficiency measures is moving us toward developing more appropriate efficiency measures based on full cost accounting.

Evidence: USDA Task Force on Common Efficiency Measures

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 11%

Explanation: Rural Development has two formal agreements with Ginnie Mae that enable the two groups to share loan level performance data that enables more effective portfolio management for each. Rural Development has recently collaborated with FHA to share their Automated Underwriting Scorecard technology and adapt it to the section 502 guaranteed loan program. In 2004, Rural Development has met with FHA officials regularly to examine best practices for lender monitoring, foreclosure timeframes, and to study processes for automated loan loss claim processing. The Rural Development Administrator has recently approved an Interagency Agreement with the Department of Homeland Security that provides for Agency use of the Systematic Alien Verification for Entitlements Program (SAVE). Rural Development collaborates through frequent informal individual and regular meetings and conferences with participating lenders, related associations (Mortgage Bankers Association, National Association of Homebuilders, National Association of Realtors, National Association of Mortgage Brokers, Independent Community Bankers Association, US Foreclosure Network, National Council of State Housing Finance Agencies) , other Federal programs (FHA, VA), Fannie Mae, Freddie Mac,and State Housing Finance Agencies. We have entered an MOU with the Federal Reserve Banks designed to facilitate secondary market operations for section 502 guaranteed loans. Rural Development has a Testing Agreement with Fannie Mae to study the DeskTop Underwriter system.

Evidence: Memorandum of Agreement on Cooperative Monitoring Efforts with Ginnie Mae, 7/13/92. Letter Of Assurance with Ginne Mae, 2/26/03, Testing Agreement with Fannie Mae, 3/4/03. MOU with the Federal Reserve Banks, 12/4/01. Stakeholder meeting minutes from Mortgage Bankers Association sponsored meeting on the Agency's planned Automated Underwriting System, 6/03.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 11%

Explanation: Financial statements have been determined to be free of material internal control weaknesses, as determined by the FY 2003 MCR of the program.

Evidence: RD Instruction 2006-M. Finance Office documentation of Financial Accounting Systems.

PART Performance Measurements

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

3.7 **Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight 11%

Explanation: Any non-material (minor) deficiencies are fully addressed in MCR recommendations.

Evidence: Management Control Review Results

3.CR1 **Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: YES Question Weight 11%

Explanation: State program managers track monthly borrower delinquency, by lender, with particular emphasis on first-year delinquency, early delinquency and new lenders to assure the maintenance of the highest credit quality. This activity is supported with lender monitoring via desk reviews and field visits of underwriting and servicing on a regularly scheduled basis, or as needed, under RD Instruction 1980-D. Lenders submit data monthly by Electronic Data Interchange (EDI) directly from their own accounting systems. Loss claim administration is now automated and undergoing further development to assure timely processing and disbursement.

Evidence: RD Instruction 1980-D and Administrative Notices

3.CR2 **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight 11%

Explanation: This is a 30-year loan program with only a 12-year history, therefore we used the OMB subsidy credit model based on (Ginnie Mae) securitized loan program statistics, based on similar first ten-year loss patterns, 50% of GRH loans are sold in Ginnie Mae pools, over 50%of the GRH portfolio is in Ginnie Mae securitized pools, and contractual terms are comparable. The model was developed with the concurrence of the program, Rural Development Budget and USDA OCFO staff, and its use has proven consistent with program performance thus far.

Evidence: Credit Subsidy Model. Paper: "Explanation of Calculation of Proxy Loss Assumptions for Guaranteed Single Family Housing.

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight 20%

Explanation: For all the loans outstanding, delinquency remains within acceptable established levels. The resulting measure of successful homeownership (as measured by the foreclosure rate) applied to the outstanding portfolio is within the established limit.

Evidence: Rural Development Budget Performance Indicators (BPI). Agency and FHA loan delinquency data as provide by the quarterly Mortgage Bankers Association delinquency survey and Agency delinquency reports.

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: SMALL EXTENT Question Weight 20%

Explanation: Annual performance goals have been achieved. Goals for homeownership opportunities have been provided and delinquency rate performance has been within acceptable limits.

Evidence: Program obligation reports (205-B). Agency and quarterly Mortgage Bankers Association delinquency survey.

PART Performance Measurements

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: LARGE EXTENT

Question Weight20%

Explanation: Automation and the centralization of certain servicing processes continue to improve portfolio performance and increase efficiency. The Electronic Data Interchange (EDI) implementation has greatly improved the speed and accuracy of lender loan level default reporting, allowing the Agency to better monitor lenders that have loan performance trends outside of the norms. The Agency has embraced the use of credit scores for use in applicant risk assessment, resulting in speedier loan approvals for high score borrowers. The Agency continues to conduct ongoing program compliance review testing on lenders and servicers that pose the most significant risk to the Agency. This practice improves overall portfolio performance, and help to ensure that the 502 guarantee borrowers are successful.

Evidence: Agency Administrative Notices on Loss Mitigation (6/2003), and Use of Credit Scores (3/2004). EDI Implementation Guide. Letter to loan serviciers notifying them that loss mitigation processes will be centralized at CSC. Lender?servicer compliance review audit reports.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: YES

Question Weight20%

Explanation: Even though the guaranteed program is a means tested program, has a 100% LTV allowance, and serves families with significantly less household income than the FHA program our loan default performance compares favorably to FHA's.

Evidence: Rural Development Program Data Reports (delinquency, average income served). HUD FHA Program Statistics. Quarterly Mortgage Bankers Association loan delinquency survey.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: LARGE EXTENT

Question Weight20%

Explanation: Internal controls, under the provisions of RD Instruction 2006-M, Management Control System, include State Internal Reviews and National Management Control Reviews, which consistently show evidence of the program's effectiveness and efficiency. The program regularly undergoes the scrutiny of OIG and GAO audits without significant negative findings and is often compared favorably to HUD/FHA and VA programs, with particular regard to the management of liquidation and security property disposition procedures. Independent evaluations of lender activity are conducted under the terms of a contract with IBM Consulting using an audit format consistent with industry compliance review standards. Their annual report includes an assessment of program strengths and weaknesses that are taken into consideration for subsequent years management plans. The Housing Assistance Council also monitors and regularly conducts studies of the program's effectiveness. The Millennium Housing Commission has acknowledges the results of this program and the value therein. Industry delinquency statistics used to compare program performance are gleaned from the Mortgage Bankers Association quarterly delinquency survey.

Evidence: RD Instruction 2006-M. FY 2003 SF-GRH Management Control Review Final Report. IBM Consulting Annual Final Report. GAO Audit Report (GAO-02-305). OIG Audit Report (04601-002-AT). HAC annual reports. Lender and Servicer compliance review audit reports. Mortgage Bankers Association quarterly delinquency survey. Millennium Housing Commission Report, 5/30/02.

PART Performance Measurements

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

Measure: Number of homeownership opportunities created measured in terms of the number of new loans made.

Additional Information: This is an output measure for the number of home loans to be guaranteed with program funds. This measure is dependent on program levels and housing costs.

Year	Target	Actual	**Measure Term:** Annual
2003	Baseline	31,751	
2004	34,115		
2005	26,595		
2006	33,264		

Measure: The number of basis points the program is within the delinquency rate of FHA's loan portfolio's delinquency rate.

Additional Information: This performance measure is an indicator of the annual success rate for Agency guaranteed single family home mortgages compared to the FHA rate. The goal is to stay within 250 basis points of the FHA rate. Number represents how many basis points the program is within FHA's rate.

Year	Target	Actual	**Measure Term:** Annual
2003	Baseline	0	
2004	250		
2005	250		
2006	250		

Measure: The number of basis points the program is within FHA's loan portfolio's foreclosure rate.

Additional Information: This Measure compares the % of successful section 502 guaranteed loan borrowers (loans not in foreclosure) to the FHA inventory of loans in the process of forclosure. The goal is to stay within 100 basis points of the FHA rate. Number represents how many basis points the program is within FHA's rate.

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	>-75	
2004	100		

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

2005	100
2006	100
2007	100
2008	100
2009	100
2010	100

Measure: # of Material Weaknesses

Additional Information: The Program will maintain its current status of no material weaknesses. Number represents how many weaknesses the program has/is expected to sustain.

Year	Target	Actual
2003	Baseline	0
2004	0	
2005	0	
2006	0	
2007	0	
2008	0	
2009	0	
2010	0	

Measure Term: Long-term

PART Performance Measurements

Program: Single Family Housing Loan Guarantees
Agency: Department of Agriculture
Bureau: Rural Development, Rural Housing Service
Type(s): Credit

Section Scores				Rating
1	2	3	4	Moderately
60%	75%	100%	60%	Effective

Measure: Cost per loan.

Additional Information: The ratio of total annual obligated salaries and expenses funding over the obligated average loan portfolio balance outstanding plus accrued interest and fees plus total average grants. At the moment cost accounting systems are not in place to track expenses at the program level. However, over the next year the agency will be working to differentiate adminstrative expenses among each loan program.

Year	Target	Actual

Measure Term: Annual

PROGRAM ID: 10002446

PART Performance Measurements

Program: Snow Survey Water Supply Forecasting
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	67%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The statutory purpose of the Natural Resources Conservation Service (NRCS) cooperative snow survey and water supply forecast program is to provide agricultural water users and other water management groups in the western states area with water supply forecasts to enable them to plan for efficient water management. The program also provides the public and the scientific community with a database that can be used to accurately determine the extent of the seasonal snow resource. The western states area comprises Alaska, Arizona, California (east side of the Sierra Nevada mountain range only), Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Evidence: Authority: 26 Stat. 653; Sec. 8, Reorg. Plan No. IV of 1940, 54 Stat. 1234 (5 U.S.C. App. II); 5 FR 2421, 3 CFR 1938-1943 Comp. P. 1288. Source: 40 FR 12067, Mar. 17, 1975, unless otherwise noted. SNOW SURVEY AND WATER SUPPLY FORECASTING PROGRAM STRATEGIC PLAN - 1998MISSION STATEMENTWe lead a national cooperative program that provides snow, water and climate information. Our products and services help people use, conserve, improve, and sustain our natural resources and environment.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: Water is a scarce commodity in the Western US. In many basins 80% of useable water comes from mountain snowpack that vary dramatically year to year. The forecasts provided by this program are essential to agriculture, hydropower and municipal water managers. For irrigated agriculture alone program benefits are estimated at $14 billion per year.

Evidence: Agency Strategic Plan, 2000-2005. News media coverage. National Drought Policy Commission report (May 2000). Program annual accomplishment reports. International treaties.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The NRCS SS/WSF data collection network is the only high elevation data collection network in the US. The water supply forecasts are coordinated with other entities. For example the program works closely with the National Weather Service to share data and coordinate forecasting activities in the West. (The NWS focuses on flood forecasting for urban areas; NRCS focus on water supply forecasting for rural and agricultural areas.) State local and private entities have expressed the importance of this activity being carried out by an objective federal agency providing information that is consistent and available to all without respect to economic, geologic or political boundaries.

Evidence: Authority: 26 Stat. 653; Sec. 8, Reorg. Plan No. IV of 1940, 54 Stat. 1234 (5 U.S.C. App. II); 5 FR 2421, 3 CFR 1938-1943 Comp. P. 1288. Source: 40 FR 12067, Mar. 17, 1975, unless otherwise noted. Joint water supply forecasts activities and coordination activities are authorized through subsidiary working agreements between the Dept. of Commerce and Dept. of Agriculture to clarify the separate roles of forecasting seasonal water supply (USDA) and that of forecasts of flooding threats to life and property (NWS).

PART Performance Measurements

Program: Snow Survey Water Supply Forecasting
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	67%	Effective

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: This is a program has broad latitude to address customers' needs. There is no evidence that another approach would be more cost effective than the existing program.

Evidence: "An Evaluation of the Snow Survey and Water Supply Forecasting Program" USDA, SCS, Program Evaluation Division, February 1977. The 1983 Program Reorganization. The National Drought Policy Commission Report, May, 2000.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: Program is targeted to Western US water users who can benefit from water supply forecasts. Data is made available to the public through publicly accessible internet sites and the county level NRCS field offices. Collected data and information products are based upon the input from local NRCS ifficals meeting with groups of water suers, managers, and teh public at their county level.

Evidence: Authority: 26 Stat. 653; Sec. 8, Reorg. Plan No. IV of 1940, 54 Stat. 1234 (5 U.S.C. App. II); 5 FR 2421, 3 CFR 1938-1943 Comp. P. 1288. Source: 40 FR 12067, Mar. 17, 1975, unless otherwise noted. GPRA annual reports since 1994.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 13%

Explanation: The program has developed three long-term performance measures that support the programs purpose; 1) improve cost efficiency, 2) improve data quality assurance, 3) expand user access to data and forecasts, and 4) increase water supply forecast accuracy and frequency.

Evidence: Program Strategic Plan; Annual State reports; GPRA annual reports; NWCC annual plan and NRCS, Science & Technology Business Plan

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 13%

Explanation: The targets and timeframes for the long-term measures encourage continued improvement in the quality and utility of data gathered by the program, as well as the efficiency of how the data is gathered, managed, analyzed and disseminated. The program has goals to expand its water supply forecasting expertise just as rapidly as agency and external resoruces allow into geographic areas now without sufficient information. The time lines for expansion of services is driven by urgent need to balance limited water supplies for expanding areas of water use.

Evidence: Agency Performance Plan , Jan 28, 2002; Program Strategic Plan, and NWCC annual Business plans.

PART Performance Measurements

Program: Snow Survey Water Supply Forecasting
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	67%	Effective

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight 13%

Explanation: This review includes four annual performance measures. The output measures track the program's progress in information availability and utilization (number of forecasts issued), improving efficiency (number of manual snow courses automated), and improving the accuracy of forecasts (number of SNOTEL stations upgraded).

Evidence: NRCS Strategic Plan 2002 - 2005. The Initial NRCS Performance Plan for FY-2003 and the Revised Plan for FY-2002, January 2002, page 12 and page 14. FY 03 Forecasts Issued Target: 9,600. FY 03 User Accesses to Water Supply Forecasting information: target 90,000.

2.4 **Does the program have baselines and ambitious targets for its annual measures?** Answer: YES Question Weight 13%

Explanation: The agency has established increasing target values appropriate to respond to growing uses and demands for additonal and improved water supply forecast information.

Evidence: The Initial NRCS Performance Plan for FY-2003 and the Revised Plan for FY-2002, January 2002, page 12 and page 14

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight 13%

Explanation: The Snow Survey and Water Supply Forecasting program is supported by a wide variety of cooperators who provide funding or in-kind services to support the program goals. Commitment levels are high as these partners have a vested interest in the timely and accurate water supply information in their roles as water mangers and users in daily, weekly, and seasonal operational decisions and allocations of the limited water supplies.

Evidence: The evidence is in the form of joint and cooperative agreements between the program and cooperators. Most partners and cooperators have operational responsibility in making frequent water management decisons. Hence many have provided funding to install new stations, as well as to maintain existing stations. Other cooperators provide in-kind services to support the program goals. These services can include funding, helicopter time, and personnel to support the program. Public land managers (USFS, NPS, BLM and states) provide long term access and support for remote data site installations. PRMS Reports

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight 13%

Explanation: The Snow Survey program does not conduct independent reviews of its operations by groups that are external to NRCS. Instead, NRCS uses a variety of independent intra-agency reviews to evaluate the effectiveness of the program. These reviews are unbiased and critically examine the operation and effectiveness of the program. Most recently, an NRCS Oversight and Evaluation team conducted a review of the program in 2000. In addition, NRCS is currently conducting an independent assessment of the data quality assurance aspects of the program.

Evidence: O&E Management Assessment, August 2000; Data Quality Assurance Review currently ongoing. USDA Year 2000 Review of information activities determined that the 7 day / 24 hour per day functions of this program for current information and forecasts were "Mission Critical".

PART Performance Measurements

Program: Snow Survey Water Supply Forecasting
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	67%	Effective

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight 13%

Explanation: NRCS should provide evidence for how the budget requests are assembled for this program, including how its annual budgeting priorities are established. There is currently not a clear linkage between the budget request and the program's performance outcomes. Program funds are distributed to the National Water and Climate Center to support the Program infrastructure and to the 12 western states to support program operation, water user coordination and maintenance.

Evidence: Agency budget documents; CTA deliverable targets for CO-45; FFIS, NRCS FY03 Annual Performance Plan; FY03 allocation $9,929,000 which supports 67 FTE and program operation and maintenance.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight 13%

Explanation: The Snow Survey and Water Supply Forecasting program uses a wide variety of tools to address the programs strategic planning deficiencies. Constant feedback from water users help identify problem areas and future needs. This information is then provided to the PMT to help identify potential solutions. In 1988 a PIP (Program Improvement Plan) was conducted to identify planning deficiencies.

Evidence: A Program Management Team (PMT) was formed in 1992 in order to deal with program needs and to help identify shortcomings and possible solutions. In addition, each year, the Snow Survey Program meets with water users to gather specific information about their future needs.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight 14%

Explanation: The SS/WSF Program collects performance information as part of the NRCS GPRA program. Performance information is summarized from the National Water and Climate Center webpage and reported quarterly to the NRCS Deputy Chief for Strategic Planning and Accountability.

Evidence: GPRA information collected include 1) number of water users utilizing SS/WSF information and 2) number of customer accesses to data and forecasts.

3.2 **Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight 14%

Explanation: Program manager is responsible for establishing program goals and ensuring the state offices manage funds consistent with appropriated uses. The program managers at the state levels are accountable for adherence to standards and specifications for data collection and quality. Performance appraisals include evaluations of efficient use of funds and accomplishment of program goals.

Evidence: Program Manager Performance standards; annual program manager guidance to states.

PART Performance Measurements

Program: Snow Survey Water Supply Forecasting
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	67%	Effective

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 14%

Explanation: Snow Survey and Water Supply Forecasting program funds are regularly obligated by the end of the fiscal year. Unused funds have never exceeded 1% of the program allocation. Staff monitors obligations to insure funds are obligated in a timely manner.

Evidence: NRCS budget and accounting documents, FFIS financial reports

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 14%

Explanation: The SS/WSF program uses a wide variety of tools to help manage the budget. FFIS is used to track expenditures and purpose for each item. The SS/WSF program is constantly looking for lower cost alternatives and technologies to collect snowpack information and to deliver products to its customers. The effort to move away from manual snowpack surveying to automated data gathering with SNOTELs systems is an example of how the program is improving its cost-effectiveness.

Evidence: The SS/WSF program works with the National Business Center to develop technical specifications required to complete a successful contract and the lowest cost possible for equipment used in the automated SNOTEL network. Similarly, the program utilizes existing Government contracts to secure the necessary IT equipment at the lowest cost.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: Water supply forecasts are produced annually, January through June, in partnership with the National Weather Service (NWS). During the 2002 forecast season, the NRCS National Water and Climate Center issued 11,411 seasonal water supply forecasts for 709 locations in 12 Western states supporting water resource management activities. NRCS is solely or jointly responsible for 73% of the forecasts. The information from this program is used throughout USDA to help target drought management activities and conservation planning.

Evidence: Joint water supply forecasts activities and coordination activities are authorized through subsidiary working agreements between the Dept. of Commerce and Dept. of Agriculture. Program is fully integrated into NRCS eFOTG technology system and resource information services to support other agency programs.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: Program utilizes FFIS for financial management. In addition expenditures are tracked at the NWCC .

Evidence: Financial reports from FFIS.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: The program applies usual and customary business management practices including self evaluations, coordination with partners, strategic planning and periodic assessments.

Evidence: O&E Management Assessment, August 2000; Data Quality Assurance Review currently ongoing; Program-wide workshop, Dec. 2002.

PART Performance Measurements

Program: Snow Survey Water Supply Forecasting
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately Effective
100%	88%	100%	67%	

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: LARGE EXTENT Question Weight25%

Explanation: Significant progress has been made in four long-term performance measures; 1) improve cost efficiency, 2) improve data quality assurance, 3) expand user access to data and forecasts, and 4) increase water supply forecast accuracy and frequency. Additionally, NRCS has contracted with a third party to gather user satisfaction information in order to improve the agency's assessment of the program's performance. However, because these measures were recently developed, there are not multiple years of historical data to assess performance trends.

Evidence: Program Strategic Plan; Annual State reports; GPRA annual reports. Annual NRCS agency Explantory Notes for Congress document that since the year 2000 a 3% increase in the automated data collection system (SNOTEL) has made it possible to increase water supply forecast information to 29 indicator watersheds in Western US by 80%.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight25%

Explanation: All annual targets have been met or exceeded. These annual measures will be enhanced by including new measures in the NRCS performance logic model that are more descriptive of the program's activities. As for the long-term measures, because the annual performance measures are new, the agency needs to establish multi-year trend data to determine results.

Evidence: Program Strategic Plan; Annual State reports; GPRA annual reports

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: SMALL EXTENT Question Weight25%

Explanation: The program's efficiencies have been improving (e.g., the program collects more data and provides more water supply forecasts with the same level of funding), but the program does not have specific efficiency measures developed to demonstrate it. As more manual courses are automated and web-based product delivery expands, efficiencies will continue to increase.

Evidence: The amount of data collected has increased steadily. Water supply forecasts issued over the past decade have increased two-fold. Customer accesses to data and information have increased several orders of magnitude over this period.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight25%

Explanation: Compared to other programs that gather water quantity information, such as USGS stream gauging network and the State of Oklahoma climate network, the SS/WSF program meets or exceeds performance measures such as reliability and data completeness; and is more cost effective.

Evidence: Program information

PART Performance Measurements

Program: Snow Survey Water Supply Forecasting
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	67%	Effective

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: NA

Question Weight: 0%

Explanation: Though independent evaluations of effectiveness or performance have not been conducted, these independent evaluations are not warranted because of the program's budgetary size (approx. $9 million). A variety of tools are used to measure the effectiveness of the program. Several parts of the SS/WSF program have had internal programmatic evaluations completed within the last three years and have found the program to be achieving expected results. An NRCS Oversight and Evaluation team also conducted a review of the program in 2000, as well as a new review that is currently underway to evaluate the program's operations.

Evidence: In August of 2000, the NRCS conducted an Operations and Evaluation of the National Water and Climate Center . A Risk Assessment Review was also conducted in March of 2001. Both of these indicated that the SS/WSF program was effective and achieving results. They also found a few deficiencies that have been corrected. During 1979/80 public participation was solicited to determine if this program should be privatized or outsourced in some way. The conclusion of that response was to continue and strengthen federal leadership to assure consistency of service and product, timeliness, and availability to all users without respect to economic, geographical or political influences.

PART Performance Measurements

Program: Snow Survey Water Supply Forecasting
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	67%	Effective

Measure: Number of water supply forecasts issued.

Additional Information: This measure tracks the program's ability to meet water forecast information demands from state and local water managers. It also measures the program's efficiency as it provides greater information output for the same amount of base funding.

Year	Target	Actual	**Measure Term:** Annual
2004	12,500	12,500	
2005	13,000		
2006	13,800		

Measure: Increase the number of user accesses to specific water supply forecasts and data reports by 30% in FY-2006.

Additional Information: This measure provides an analytical measure of water supply forecast product relevance to water managers in the Western US.

Year	Target	Actual	**Measure Term:** Annual
2003	156,000	229,020	
2004	252,000		
2005	275,000		
2006	298,000		

Measure: Number of existing SNOTEL stations upgraded to current data collection technology standards.

Additional Information: This measure tracks the program's effort to maintain the automated SNOTEL system in optimum condition.

Year	Target	Actual	**Measure Term:** Annual
2003	200	78	
2004	200		
2005	200		

Program: Snow Survey Water Supply Forecasting
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	100%	67%	Effective

2006	0

Measure: Number of manual snow courses automated to SNOTEL configuration.

Additional Information: The program has a long-term (5-year) goal to automate 900 manual snow courses to improve water supply forecast efficiency and increase the number of water supply forecasts.

Year	Target	Actual	**Measure Term:** Annual
2003	12	12	
2004	15		
2005	20		
2006	40		

Measure: Accuracy of 20-year average water supply forecast in 29 representative basins. (Percent difference between estimate and actual.)

Additional Information: This meaure provides a quantitative measure of forecast improvement and could be used in an economic model to determine forecast value.

Year	Target	Actual	**Measure Term:** Long-term
2003	17%	17%	
2004	17%		
2005	16%		
2006	15%		

Measure: Average unit cost of a water supply forecast.

Additional Information: The baseline average unit cost of a water supply forecast was $1,032 in FY 2003.

Year	Target	Actual	**Measure Term:** Long-term
2003	$1,032	$1,032	

Program: Snow Survey Water Supply Forecasting
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately Effective
100%	88%	100%	67%	

2004	$1,022
2005	$1,011
2006	$991

Measure: Review 100 percent of historical SNOTEL data for quality and develop metadata for SNOTEL sites by 2010.

Additional Information: This measure ensures that GAO guidelines for high quality federally collected and distributed datasets are met.

Year	Target	Actual
2003	25%	25%
2004	40%	
2005	55%	
2006	70%	

Measure Term: Long-term

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: The purpose of the Soil Survey Program is to describe the soil resource sof the United States, synthesize the information to make it understandable to the general public and then distribute the information in a useable form to the public. The authorities as listed in evidence mandate this purpose. Legislation for making soil surveys are found in the Agricultural Appropriations Act of 1896, and subsequent appropriations Acts. The Soil Conservation and Domestic Allotment Act of 1935, Public Law 74-46 and Public Law 89-560 mandate that the Soil Conservation Service (now the NRCS)maintain current, published soil surveys and other forms of soil survey information for many uses by agencies, organizations, and individuals, and to assist in the use of this information (P.L 74-46, P.L 89-560).

Evidence: Authorities for making soil survey -- the Agricultural Appropriations Act of 1896, and subsequent appropriations Acts proceeding the Soil Conservation and Domestic Allotment Act of 1935, Public Law 74-46(16 U.S.C 590a-590f); Soil and Water Resources Conservation Act of 1977,(16 U.S.C. 2001-2009); Public Law 89-560,89th Congress, S.902, approved September 7, 1966; Secretary's Memorandum 1318, October 14, 1952; Memorandum 1320, Supplement 4, dated Nov.2, 1953 (Leadership NCSS); 7CFR 2.62 (Leadership of Federal part of NCSS conducting and publishing soil surveys); OMB Circular A-16, October 19, 1990 (Coordination of surveying, mapping, and related spatial activities).

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: Soil Surveys provide the information necessary to protect public health and welfare (i.e. designs for waste disposal, effluent treatment, management for dust containment, water quality in rivers and streams) and assure sustainable use of soils as a natural resource for economic benefits (agricultural production, protection of important farmlands, management practices that protect soil quality; management practices that mitigate drought effects, flooding or other natural disasters).

Evidence: Soil Conservation and Domestic Allotment Act of 1935, Public Law 74-46(16 U.S.C 590a-590f); Soil and Water Resources Conservation Act of 1977,(16 U.S.C. 2001-2009); Public Law 89-560,89th Congress, S.902, approved September 7, 1966; Secretary's Memorandum 1318, October 14, 1952; OMB Circular A-16, October 19, 1990 (Coordination of surveying, mapping, and related spatial activities); National Drought Policy Commission Report, 'Preparing for Drought in the 21st Century', May, 2000

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The NRCS Soil Survey Program is the only comprehensive soil resource inventory conducted at a national scale on the private lands of the United States. Individuals or governmental bodies at the local, state or national level use the information to plan for home sites, commercial and industrial development, farms, wildlife and recreational uses, prime agricultural land, hydric soils, highly erodible lands, highways, airports, and many other uses.

Evidence: Soil Conservation and Domestic Allotment Act of 1935, Public Law 74-46(16 U.S.C 590a-590f); Soil and Water Resources Conservation Act of 1977,(16 U.S.C. 2001-2009); Public Law 89-560,89th Congress, S.902, approved September 7, 1966; Secretary's Memorandum 1318, October 14, 1952; ; Memorandum 1320, Supplement 4, dated Nov.2, 1953 (Leadership NCSS); 7CFR 2.62 (Leadership of Federal part of NCSS conducting and publishing soil surveys); OMB Circular A-16, October 19, 1990 (Coordination of surveying, mapping, and related spatial activities).

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight 20%

Explanation: The Soil Survey Program is effectively designed to produce soil survey information for the local level of planning and management of natural resources. The system has been in place for over 50 years. By Public Law 89-560, (1966) soil surveys are to be funded and supported to a significant extent by local and state governmental entities in cooperative agreements and memorandums of understanding (MOUs) under the umbrella of the National Cooperative Soil Survey. These financial contracts and work planning statements clarify what a soil survey will look like, how it will be distributed and what problems will it address at the local level. This system provides the foundation so that regional and national planning may use the soil survey information for planning as well. The National Cooperative Soil Survey provides an infrastructure for cooperation between federal, state and local interests to agree on a national standard of data collection, interpretation and synthesis of soil information. System flexibility also allows for new electronic distribution of soil data.

Evidence: Public Law 89-560,89th Congress, S.902, approved September 7, 1966; Secretary's Memorandum 1318, October 14, 1952; ; Memorandum 1320, Supplement 4, dated Nov.2, 1953 (Leadership NCSS); 7CFR 2.62 (Leadership of Federal part of NCSS conducting and publishing soil surveys); OMB Circular A-16, October 19, 1990 (Coordination of surveying, mapping, and related spatial activities).SSURGO: Foundation for a Geospatial Agency Soil Survey Digitizing Quality Improvement Team Report, September 1966; Implementation of the SSURGO QIT Recommendations Status Report, December 1997; 2003 Explanatory Notes, NRCS Congressional report of budget, Soil Survey

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight 20%

Explanation: The Soil Survey Program is targeted to provide soil information to private land users and federal, state, and local government entities in all states. Priorities for tailoring the soil information to users are set at the state and local levels by county and state technical advisory committees and are identified in MOUs with partners. Resources are allocated using a formula that emphasizes funding for states with a high level of requests from state and local governments for assistance, states that need updates to outdated soil maps, as well as for surveys in areas with information gaps.

Evidence: Soil Conservation and Domestic Allotment Act of 1935, Public Law 74-46(16 U.S.C 590a-590f); Soil and Water Resources Conservation Act of 1977,(16 U.S.C. 2001-2009); Public Law 89-560,89th Congress, S.902, approved September 7, 1966; Secretary's Memorandum 1318, October 14, 1952Soil Survey Manual

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 11%

Explanation: The Soil Survey Program has developed long-term performance measures that track the program's progress in achieving its goals. These long-term goals include completing a soil inventory of all private lands in the United States, updating older soil surveys to current soil resource survey standards, and enhancing the utility of the soil survey information by digitizing completed soil surveys.

Evidence: Soil Survey Program Plans 1992, 1997, 2000; USDA Strategic Plan 2000-2005; NRCS Performance and Results Measurement System www.nrcs.usda.gov/ PRMS ; Soil Survey Scheduler; NRCS Strategic Plan 2000-2005; Congressional Report to House Committee on Appropriations'Ten-Year Plan for Standardized Soil Survey and Ecological Site Classification, DOI-BLM 8/02; National Drought Commission Report, May 2002

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 11%

Explanation: NRCS has set appropriate targets for the long-term measures.

Evidence: Soil Survey Program Plans 1992, 1997, 2000; USDA Strategic Plan 2000-2005; NRCS Performance and Results Measurement System www.nrcs.usda.gov/ PRMS ; Soil Survey Scheduler; NRCS Strategic Plan 2000-2005; Congressional Report to House Committee on Appropriations'Ten-Year Plan for Standardized Soil Survey and Ecological Site Classification, DOI-BLM 8/02; National Drought Commission Report, May 2002; Director's report in the National Cooperative Soil Survey Conference Proceedings, Regional Proceedings 1998-2002; Director's report in National State Soil Scientist's Meeting Proceedings, St. Joseph MO 2002

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 11%

Explanation: The Soil Survey Program tracks on an annual basis several performance measures. Two annual performance measures are included in this analysis, and they track the work product or output of the program.

Evidence: Soil Survey Scheduler; Performance Data-NRCS PRMS; Explanatory Notes Budget for 2001, 2002, 2003, 2004; Soil Survey Program Plan 2000; USDA-NRCS Strategic Plan 2000-2005

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 11%

Explanation: The Soil Survey Program tracks annual performance measures and has established adequate targets for the annual measures.

Evidence: Soil Survey Scheduler 1995-2000; Performance Data-NRCS PRMS; Explanatory Notes Budget for 2001, 2002, 2003, 2004 ; Soil Survey Program Plan 2000; USDA-NRCS Strategic Plan 2000-2005

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 11%

Explanation: Soil surveys are coordinated by Memorandums of Understanding (MOU) by all partners and cooperators in the soil survey at the local, regional (MLRA) and National level. Every active soil survey in the country has an associated MOU with its project, in which the partners agree to long term goals and products for the soil survey at the beginning of a survey. In addition, through the National Cooperative Soil Survey, there are annual work planning conferences at the State, Regional and National level which review long term goals and coordinate strategies to achieve them. On a state level, partnerships and contracts are administrated through cooperative agreements or procurements that are tracked and controlled through the FFIS. Performance Work Statements support all contracts for quality assurance that the work fulfills requirements of the project plans. It is the responsibility of the State Soil Scientist to service the contracts for quality assurance and coordinate goals and performance to the intent of the Program.

Evidence: General Manual 430; National Soil Survey Handbook; FFIS-Financial Management System; National Cooperative Soil Survey Conference Proceedings 1963-1997; National Cooperative Soil Survey Conference Proceedings 1998-2001

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?

Answer: YES Question Weight 11%

Explanation: NRCS does have a number of internal and external processes in place to review the performance of the program, and these processes are able to review the program critically. The National Cooperative Soil Survey Conference process encourages extensive reviews of program performance from users of soil information--these reviews include participation from partners both inside and outside the agency. The process has also encouraged periodic reviews of the program as well as the standard quality assurance internal controls as described in the National Soil Survey Handbook and General Manual Management Review Policy. Soil Survey was evaluated by a National Program Evaluation (1983 &1987) and an NRCS Oversight & Evaluation team in 1997. NRCS had a task force to do a Soil Survey Productivity Improvement Report in 1987. The Soil Survey Program has also initiated several customer assessment initiatives.

Evidence: NRCS Organizational Town Hall Meeting Proceedings and Summary, March 1998; Soil Survey Program Evaluations , 1983 & 1987; General Manual 430; National Soil Survey Handbook; Requirements Analysis for Soil Data Questionnaire, 1999; National Soil Program Evaluation (NRCS Oversight and Evaluation, 1997); National Cooperative Soil Survey Advisory Committee, 1997-2000; Soil Survey Productivity Improvement NRCS task force,1987; program functional reviews in 5 states: West Virginia 1999, Michigan 1999, Maryland 2000, Florida 2001, and Arkansas 2001; Management Reviews with a Soil Survey component New York and Wyoming in 2001

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?

Answer: YES Question Weight 11%

Explanation: The Soil Survey Budget requests and subsequent annual state allocations are developed with full costs for production goals for soil survey mapping, soil survey digitizing and publication of soil surveys nationally. Requests for increases in budget in the Soil Survey Program have been tied to goals of increased annual performance and/or quality for soil mapping, soil digitizing and preparation for publications. Research priorities in support of soil survey have been directed towards field validation of methods for new technology to improve quality and efficiency. Program Manager earmarks such as SSURGO, Map Finishing Centers and Special Projects focus emphasis in some states to assure that resources are provided for the Program that support the long range goals. In recent years, there has been an increase in Congressional earmarks with the Soil Survey Program. In the case of these earmarks, states have been diligent in accountability to keep accomplishments commensurate with funding.

Evidence: Tables reflecting Budget/Goals/Accomplishments by Region in soil survey publications, digitizing and mapping 1995-2003; Soil Survey Scheduler; NRCS Conservation Information System; FFIS; 2003 award justification for Map Finishing; Explanatory Notes 2000-2004; NRCS PRMS

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight: 11%

Explanation: The program has a number of processes to identify potential performance and management issues. Soil Survey Program Plans 1987, 1993, 1997, 2000 address a concerted effort to restructure the Soil Survey Program to meet changing customer needs and transition modern soil surveys into the electronic world of the 21st century. These program plans identified a number of issues, but there is not evidence on how the issues were addressed by the program following the reviews. In 2003 a task force is planned to create a 5 year action plan to streamline the soil survey publication process and include electronic publishing in its plans.

Evidence: CD/Publication Summit Report, NCGC, 2002; Soil Survey Program Plans 1987, 1993, 1997, 2000; National Drought Commission Report, May 2000; NRCS Management Reviews NY & WY 2001

2.RD1 If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals? Answer: NA Question Weight: 0%

Explanation: Research within NRCS is limited to assisting soil survey mapping and analysis and is based on NRCS infrastructure, direct assistance to NRCS states and National Cooperative Soil Survey (NCSS) cooperators, as well as through collaborative agreements and grants. There are individuals that conduct research in the Land Grant University System, but for the most part, they conduct their research as part of the NCSS which is lead by the NRCS Soil Survey Program.

Evidence:

2.RD2 Does the program use a prioritization process to guide budget requests and funding decisions? Answer: YES Question Weight: 11%

Explanation: Program research priorities are identified yearly through leadership meetings and the summation of reports from the National Cooperative Soil Survey conferences. Program plans (most recently from the 2000 plan) indentify long-term research goals.

Evidence:

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 12%

Explanation: The NRCS Soil Survey Program collects annual performance measure information, such as mapping accomplishments by project and state quarterly through the Soil Survey Scheduler. Goals and accomplishments have been tracked over many years and general standards (baselines) are set regionally for both initial and update mapping performance goals. Areas where there is a special need for soil mapping information will be given a higher priority and funded accordingly to support project soil surveys. Mapping efficiency is evaluated regionally and areas that show consistently lower production are targeted for functional reviews or site visits at the regional level. The Soil Survey Program also tracks monthly soil survey digitizing (SSURGO) and digital map finishing. The performance by state and regional digitizing centers and digital map finishing sites are analyzed for efficiency by the National Digitizing and Map Finishing Coordinator and is followed up by yearly site visits to address deficiencies. The number of soil surveys published each year is tracked and a listing of published soil surveys is maintained.

Evidence: Soil Survey Scheduler show performance tracking system that has been in place for 10 years. Internal reports and tracking information by National leaders; Recent Management and Functional reviews in West Virginia, Michigan, Wyoming, New York, Florida, Maryland and Arkansas all have a performance component that was addressed by management actions.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 12%

Explanation: In the case of cooperative agreements with program partners, financial reimbursements are tracked through the FFIS system and audited periodically. In the case of performance for soil survey mapping, publications and digitizing, the Soil Survey Program Manager reports yearly National program accomplishments to Congress through budgetary explanatory notes. Project soil surveys are managed at the state level through Memorandums of Understanding and work plans for scheduling. The State Soil Scientist (state level program manager) is responsible to the State Conservationist and Memorandum of Understanding partners to keep a soil survey projects staffed(cost), on schedule and adhering to NCSS standards. The soil survey scheduling system is used to schedule needed technical assistance and quality assurance reviews. It also tracks progress in individual soil surveys (for partners, contractors and agency staff) as well as tracks the development of the publications. It schedules key dates for delivery of important items needed in the survey process such as obtaining digital orthophotography.

Evidence: PRMS accountability system; General Manual 430 Memorandum of Understanding and Responsibilities; Soil Survey Scheduler; National Soil Survey Handbook; Explanatory notes Budget 2002 &2003

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 12%

Explanation: Funds for the Soil Survey Program are distributed through a State allocation. State allocations are determined by formula to assure that funds proportionately go to states with the largest workload or are in a priority area. Funds are tracked through CIS accountability system and the FFIS system. It is the policy of the agency to obligate all of the funds within a fiscal year. Carryover has averaged less than 1% in the last 5 years.

Evidence: FFIS, CIS, Soil Survey Program State Allocation Formula; Spending reports from FFIS

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 12%

Explanation: The program does not have adequate efficiency performance measures and targets. The program receives a "yes" in this question because the Soil Survey mapping function is presently being studied in 2003 for the A-76 Competitive Sourcing process as part of the President's 2005 Budget initiative. Full cartographic functions of the National Cartographic and Geospatial Center (soil digitizing) are also being studied this year. Results are expected in June, 2003 for cost comparisons. In addition, the Soil Survey Program was part of a GPRA Pilot Program 1994-1999.

Evidence: Preliminary information for the 2003 A-76 Competitive sourcing review of Soil Survey mapping function.; GPRA Pilot Program 1994-1999

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 12%

Explanation: The Soil Survey Program coordinates activities through NCSS work planning conferences at the state, regional and National level. Standards are maintained by internet within Soil Taxonomy, Field Book For Describing and Sampling Soils, National Soil Survey Handbook, Soil Survey Manual, etc. The Soil Survey Program also distributes these documents to the public, the NCSS partnership and other USDA programs. Through MOUs and cooperative agreements, collaborative research is conducted within the NCSS umbrella. NCSS conference committees assure annual planning and collaboration for priority topics of Research Agenda, New Technology and Standards. NRCS also cooperatively develops the standards for producing and hosting the digital soil information for all federal and state agencies. In addition Soil surveys support the administration of several Farm Bill Programs and Conservation Operation programs to establish eligibility, conduct resource assessment, and perform conservation planning using soil information. Examples would be CRP, LESA, FFP, CTA, WRP.

Evidence: National Cooperative Soil Survey Conference Proceedings 1963-1997; National Cooperative Soil Survey Conference Proceedings 1998-2001; General Manual 430; Executive order 12906; OMB Circular A-16

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 12%

Explanation: The Soil Survey Program allocates funds to the States (production level mapping) based on full annual costs and expenditures that are tracked through the National FFIS by state. Allocations to entities above the state level (research support, management, IT) are tracked separately based on full cost for administration and support of program. Based on this formula, the Soil Survey Program is able to see direct correlation between some of the performance elements and changes in funding levels. Internal control mechanisms are established by the Financial Management Services Division of NRCS. The Program Manager does not receive these audit reports unless there is an error or a discrepancy. Example: In the past year the Program Manager did assist the Financial Management Services Division in resolving a payment discrepancy for a cooperative agreement with Ohio State University. Through comparing duplicate files for payment statements and the old computer financial payment records we found an incorrect record payment in favor of the government.

Evidence: FFIS system; General Manual 'Financial Management

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 12%

Explanation: The Soil Survey Program has had periodic Program Evaluations and Management Reviews at the State and National level that have identified specific program deficiencies. These evaluations and management reviews are listed in evidence and data. Action Plans to correct deficiencies were tracked by the Oversight and Management Division of the Agency and in all cases addressed by the Soil Survey Division.Since 1999 the Soil Survey Division has conducted program functional reviews in 5 states: West Virginia 1999, Michigan 1999, Maryland 2000, Florida 2001, and Arkansas 2001. Wyoming is scheduled for 2003. Management Reviews with a Soil Survey component have been conducted in New York and Wyoming in 2001. The Soil Survey Digitizing Coordinator conducts week long site visits to each of the Digitizing Centers and Map finishing centers every other year to evaluate efficiency and quality assurance controls on the digitizing product. There are 18 regional MLRA Offices that conduct quality assurance on digitized products and soil survey map correlation. In addition to scheduled soil survey production reviews (managed through the Soil Survey Scheduler with guidance in National Soil Survey Handbook), the data quality specialist of the MLRA Offices conduct site visits to each soil survey project yearly to monitor efficiency and adherence to NCSS standards.

Evidence: National Soil Program Evaluation (NRCS Oversight and Evaluation, 1997); National Cooperative Soil Survey Advisory Committee, 1997-2000; Soil Survey Productivity Improvement NRCS task force,1987; 1996 publication 'SSURGO Foundation for a Geospatial Agency'; program functional reviews in 5 states: West Virginia 1999, Michigan 1999, Maryland 2000, Florida 2001, and Arkansas 2001; Management Reviews with a Soil Survey component New York and Wyoming in 2001

3.RD1 For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality? Answer: NO Question Weight 12%

Explanation: The evidence did not provide sufficient rationale for why the program does not use unlimited competition for its research and development activities, as well as how it allocates its research dollars. There is also no clear process for setting research priorities.

Evidence: Research scientists are reviewed through peer panels under OPM RGEG guidelines TS-52 (June 1964), TS-23,(revised January 1976) and an NRCS supplemental RGE Guide at regularly scheduled intervals. Annual letter to State Conservationists asking for projects to be submitted. Reports from NCSS Research Committees

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: The Soil Survey Program currently uses several long-term measures where the program has targets and actual data available to track progress. These measures show that the program is making progress in improving service and delivery. However, because several measures are still under development, this question warrants a "small extent" answer until the other measures come on line in future years.

Evidence: Explanatory Notes Congress Budget for 2001, 2002, 2003, 2004; Soil Survey Program Plans 1992, 1997, 2000; USDA Strategic Plan 2000-2005; NRCS Performance and Results Measurement System www.nrcs.usda.gov/ PRMS ; Soil Survey Scheduler; NRCS Strategic Plan 2000-2005; GPRA Pilot Study 1994-1999

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight20%

Explanation: The program uses a number of annual measures that are output oriented. For these measures, the program has shown progress in achieving them.

Evidence: Explanatory Notes Congress Budget for 2001, 2002, 2003, 2004; Soil Survey Program Plans 1992, 1997, 2000; USDA Strategic Plan 2000-2005; NRCS Performance and Results Measurement System www.nrcs.usda.gov/ PRMS ; Soil Survey Scheduler; NRCS Strategic Plan 2000-2005; GPRA Pilot Study 1994-1999

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: SMALL EXTENT Question Weight20%

Explanation: The program does not have adequate efficiency performance measures in place, as well as no systematic way to assess its efficiency improvements--the evidence is anecdotal and inferential. Soil Survey Program is, however, presently undergoing A-76 competition for soil mapping function, as well as entire cartographic support function (National Cartography and Geospatial Center) for the agency. In addition to these studies, the Soil Survey Program participated in a GPRA Pilot Study in 1994-1999 from which recommendations from that study were applied to the Soil Survey Program Plan of 2000.

Evidence: NRCS A-76 Strategic Plan 2003; GPRA Pilot Study 1994-1999; Program Plan 2000; Data from Dane Co, WI SoiLIM GIS Update Mapping project 2002; Map finishing Group award justification

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: LARGE EXTENT Question Weight20%

Explanation: The program did not receive an outright "yes" for this question because there are no known surveys or analyses that directly compare the performance of the Soil Survey Program with other soil mapping programs operated by other governmental or educational entities. Because the program is a recognized leader in soil mapping and research, however, it warrants a score of "large extent." The program is unique within the agency and there is no inventory program in other agencies equivalent in scope to this program. Soil inventory in the private sector (site specific) and in other agencies (public lands) looks to the Soil Survey Program for direction and standards through cooperation in the National Cooperative Soil Survey. One comparison that could be made is that the NRCS Soil Survey Program has mapped 98% of 1.63 billion acres of private land. Other federal agencies mapping public lands have completed 82% of 642 million acres in the same period of time. These are other programs that are similar in that they are mapping soils, but have not been as effective or as efficient.

Evidence: National Soil Program Evaluation (NRCS Oversight and Evaluation, 1997); National Cooperative Soil Survey Advisory Committee, 1997-2000; Soil Survey Productivity Improvement NRCS task force,1987; NRCS Organizational Town Hall Meeting Proceedings and Summary, March 1998; Soil Survey Program Evaluations , 1987

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: NRCS uses intra-agency and program evaluations to review the Soil Survey Program. These reviews have concluded that NRCS is generally implementing the program effectively. Recommendations for improvement in these documents were noted and addressed in the Program Plans that followed the evaluations.

Evidence: National Soil Program Evaluation (NRCS Oversight and Evaluation, 1997); National Cooperative Soil Survey Advisory Committee, 1997-2000; Soil Survey Productivity Improvement NRCS task force,1987; NRCS Organizational Town Hall

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

Measure: Cumulative reduction in the gap of acres with no soil resource surveys (FY 2000 baseline of an 87 million-acre gap). (In millions of acres.)

Additional Information: This measure tracks SSP's progress in completing an initial soil survey resource inventory for the US. In FY 2000, there were 87 million acres of private land left to map.

Year	Target	Actual	**Measure Term:** Long-term
2002	8.6	10.9	
2003	12.9		
2004	17.2		
2005	21.5		

Measure: Annual number of acres updated to current soil survey standards.

Additional Information: This measure tracks acreages mapped and updated by NRCS and partners in a number of land categories (private, Tribal lands, federal lands).

Year	Target	Actual	**Measure Term:** Annual

Measure: Cumulative number of digital soil surveys produced to attain a total of 2,800 surveys by end of FY 2004.

Additional Information: This measure tracks the yearly total of digital surveys to make a national coverage of cumulative total of 2,800.

Year	Target	Actual	**Measure Term:** Long-term
1999	250	366 (13% of total)	
2000	500	603 (22% of total)	
2001	750	742 (27% of total)	
2002	1,000	1030 (37% of total)	
2003	1,250		

PART Performance Measurements

Program: Soil Survey Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

Measure: Cumulative reduction in backlog of unpublished soil surveys by FY 2009 (FY 2000 baseline of 500 unpublished surveys).

Additional Information: This measure tracks progress toward goal to eliminate backlog of soil survey mapped but not published (500 surveys have been mapped but not published as of FY 2000)

Year	Target	Actual
2002	160	111
2003	240	
2004	320	
2005	400	
2006	480	

Measure Term: Long-term

Measure: NRCS cost per [digitized survey, updated soil survey, initial soil resource survey].

Additional Information: This measure will track the improvements in efficiency for the SSP's production of [digitized surveys, updated soil surveys, initial soil resource surveys].

Year	Target	Actual

Measure Term: Annual (Efficiency Measure)

Measure: Percent of the NRCS electronic Field Office Technical Guides that includes soil map information.

Additional Information:

Year	Target	Actual
2003	80%	80%
2004	85%	
2005	90%	

Measure Term: Long-term

OMB Program Assessment Rating Tool (PART)

Direct Federal Programs

Name of Program: USDA Wildland Fire Management

Section I: Program Purpose & Design (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Is the program purpose clear?*	Yes	The 10-Year Comprehensive Fire Strategy has 4 goals. While clear, these goals are set out as co-equal and could benefit from being prioritized. Generally speaking, the agencies (DOI & USDA) put threats to human life and property as the highest priority. Although the mission and purpose have been increasingly focused, fire fighting and fuel reduction resources can be directed at two different purposes: (1) protecting homes and buildings or (2) protecting natural resources. In some areas both purposes can be met with the same resources, but in other circumstances these two purposes may compete for limited resources. Determining the appropriate balance between these purposes can be subjective and complex. As a result, funds may not be targeted in the most cost-effective manner.	The 1995 Federal Fire Policy and the 2001 Update of that policy promote the re-establishment of fire adapted ecosystems to reduce large fires and protect communities. The 2002 10-Year Strategy, endorsed by two Secretaries and 17 Western Governors established 4 goals: 1)Improve Fire Prevention and Suppression, 2)Reduce Hazardous Fuels, 3)Restore Fire-Adapted Ecosystems, and 4)Promote Community Assistance.	25%	0.3
2	*Does the program address a specific interest, problem or need?*	Yes	Wildfires are normal events in the life of a forest and other wildlands, however, they can inflict damage to lives, property, and, in some cases, natural resources when they burn out of control. The USDA/DOI wildland firefighting program provides skilled firefighters, specialized equipment, and rapid response capability to respond to wildland fires in a way that many states and localities would be incapable of themselves. This capability is not matched by any other firefighting organization. Fire management on federal lands also falls within the land-management missions of the federal firefighting agencies. Without the FS wildland fire management program, many communities would be unequipped to protect their own lands and property.	16 U.S.C. 551 (directs the Secretary of Agriculture to make provisions for the protection against destruction by fire and depredations upon the public forest and national forests). P.L. 101-121, The Department of Interior and Related Agencies Appropriations Act of 1990 (established a new appropriation for necessary expenses of firefighting, presuppression, and fuels management).	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Is the program designed to have a significant impact in addressing the interest, problem or need?*	Yes	The intent of the program is to protect homes and communities from fire while, as nearly as possible, allowing fire to function in its natural ecological role. The FS fire program consists of six major activities, each addressing a different aspect of the fire problem. The FS funds wildland fire programs on the 192 million acres of National Forest System (NFS) lands and an additional 20 million acres of adjacent State and private lands, protected through fee or reciprocal protections agreements. The federal contribution and impact of the program are significant, but little evidence exists regarding the long-term impact of the current program on fire management goals. The impact of changes in funding in addressing the fire problem may depend on which aspects of the program are affected. Due to the competing goals of the program, wholesale increases or decreases are unlikely to significantly impact goal achievement, but targeted changes may help achieve desired results.	FY 2003 FS Budget Justification (Wildland Fire Management); National Fire Plan ("A Report to the President in Response to the Wildfires of 2000, September 8, 2000);Interior and Related Agencies Appropriation Act 2002; Federal Wildland Fire Leadership Council Charter. The FS Wildland Fire Management program consists of six major activities: (1) Preparedness--representing the readiness to respond to wildland fires, (2) Suppression--representing the response to wildland fire ignitions, (3) Burned Area Rehabilitation--efforts to minimize site degradation as a result of fires, (4) Hazardous Fuels Management--treatment of wildland fuels to reduce the fire hazard should an ignition occur, (5) Wildland Urban Interface Fuels--the treatment of fuels adjacent to the wildland urban interface to reduce risk to communities, and (6) State Fire Assistance (funded in State and Private Forestry)-- technical and financial assistance to increase fire preparedness of state and local fire agencies and to mitigate hazardous situations on non-federal lands.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?*	Yes	As part of its land management responsibilities, each bureau is responsible for firefighting on the lands it manages. There are no other programs designed to accomplish this mission on FS lands. The Forest Service works cooperatively with DOI and States to leverage funds and extend the impact of the program. These programs are complimentary and not redundant. Under these arrangements, fire protection responsibilities are exchanged and scarce resources are shared. Some aspects of fire management (e.g., fuels treatments) may not be coordinated among bureaus as well as possible, but they are not duplicative of one another, and the agency is actively working to improve coordination to better utilize its resources.	2001 Federal Wildland Fire Policy; National Fire Plan ("A Report to the President in Response to the Wildfires of 2000, September 8, 2000"); Interior and Related Agencies Appropriation Act 2002; Federal Wildland Fire Leadership Council Charter	25%	0.3
5	*Is the program optimally designed to address the interest, problem or need?*	Yes	The current mechanism of direct federal management is consistent with the FS's statutory responsibilities to manage the land under its control. The FS utilizes seasonal employees, contracts for aircraft, hires emergency firefighters, and utilizes partnerships with state and local governments, the military, and foreign nations to provide wildland firefighting on the federal lands. Highly mobile national resources such as hotshot crews, smokejumpers, helicopters, and airtankers are used where necessary to respond to or extend local or regional firefighting capabilities.	National Interagency Mobilization Guide (March 2002); Interagency management agreements between BLM, BIA, NPS, FWS, USFS, state, local, and foreign governments.	10%	0.1
Total Section Score					**100%**	**100%**

Section II: Strategic Planning (Yes,No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?*	Yes	The 10-Year Implementation Plan defines program outcomes and performance measures to achieve the following four goals: (1) Improve fire prevention and suppression; (2) Reduce hazardous fuels; (3) Restore fire-adapted ecosystems; and (4) Promote community assistance.	10-Year Comprehensive Strategy Implementation Plan The 10-Year Implementation Plan includes the following four major goals: (1) Improve fire prevention and suppression so that losses of life are eliminated, and firefighter injuries and damage to communities and the environment from severe, unplanned and unwanted wildland fire are reduced. (7 measures) (2) Reduce hazardous fuels...to reduce the risk of unplanned and unwanted wildland fire to communities and to the environment. (3 measures) (3) Restore fire-adapted ecosystems so that ecosystems are restored, rehabilitated and maintained...in a manner that will provide sustainable environmental, social, and economic benefits. (3 measures) (4) Promote community assistance so that communities at risk have increased capacity to prevent losses from wildland fire and the potential to seek economic opportunities resulting from treatments and services. (5 measures)	14%	0.1
2	*Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?*	No	New performance measures are being developed that will be agreed upon by both USDA and DOI. They include performance measures for States as well. While the measures are specific to Condition Class and Fire regime and include a mix of outcome and output based measures, discrete targets, and baseline data have not been developed for either annual or long-term goals. In addition, some performance measures are vague and in need of greater definition.	10-Year Implementation Plan. Performance measures are linked to each of the four goals and include monitoring provisions. There are some terms that are difficult to define at the macro-level (e.g. defining the wildland urban interface, communities-at-risk, the appropriate size of buffers to protect a community, or priority watershed), which will need additional clarification.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?*	No	As FS received a *No* on Question 2 of this section, it is difficult to make the case that all partners are able to support program planning efforts by committing to the goals of the program. While contractors are required to report on performance (e.g., fuels reduction projects), there appears to be little, if any, reporting required on State fire assistance grants. USDA is trying to address these deficiencies by working with partners responsible for fuels reduction work on adjacent private or state lands to improve reporting of performance and is revising its planning and reporting database to better measure performance. Continued efforts are needed to align such information collection with clearly defined and limited program goals and use it to inform program management.	Forest Service reports on fuels reduction projects the same regardless of whether they are performed in-house or by contract. A new database reporting system, "NFPORS" will identify critical data for agency accountability in meeting performance targets. The database will also link fire assistance grants and information requirements. This is an area that will require close collaboration and monitoring.	14%	0.0
4	*Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?*	No	The Forest Service has a longstanding practice of coordinating with the Interior agencies and State and local agencies in fire suppression efforts. Increasingly, this coordination is spilling over into other areas of the fire program, but much work remains in this regard, particularly in working with state and local collaborators. A recent GAO report indicated that DOI and the Forest Service have developed, or are developing, numerous strategies for reducing hazardous fuels that are not linked and that have different goals and objectives primarily because they have planned and managed their lands on an agency-by-agency basis for decades. NAPA also reports that better coordination is needed in program areas such as the production and implementation of cross-boundary, landscape-scale natural resource and fire management plans and community fire-hazard reduction programs. It is also unclear if or how Forest Service fuels and fire rehabilitation work is coordinated with other DOI work with the broad goal of land restoration.	Numerous GAO and NAPA reports and testimony, including: GAO Report 01-1022T, "The National Fire Plan: Federal Agencies Are Not Organized to Effectively and Efficiently Implement the Plan", July 31, 2001 GAO Report 02-158, “Wildland Fire Management: Improved Planning Will Help Agencies Better Identify Fire-Fighting Preparedness Needs”, March 2002. GAO Report 02-259, “Severe Wildland Fires: Leadership and Accountability Needed to Reduce Risks to Communities and Resources”, January 2002. NAPA "Wildfire Suppression: Strategies for Containing Costs", September 2002.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	*Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?*	Yes	The program conducts regular internal reviews of overall program performance as well as fire suppression cost reviews based on established criteria such as fire size, total cost estimates, unit costs, and national interest. Numerous GAO and other independent evaluations have been fairly critical of various parts of the fire program for both DOI and USDA. However, most reviews thus far have not been truly "comprehensive." A number of independent reviews are currently ongoing, but no regular process for independent reviews has been established. The agency also conducts accident, both ground and aviation, investigations. Based on the last four years of fire and accident activity, these reviews have become a regular fixture.	Numerous GAO and NAPA reports and testimony, including: GAO Report 01-1022T, "The National Fire Plan: Federal Agencies Are Not Organized to Effectively and Efficiently Implement the Plan", July 31, 2001. GAO Report 02-158, “Wildland Fire Management: Improved Planning Will Help Agencies Better Identify Fire-Fighting Preparedness Needs”, March 2002. GAO Report 02-259, “Severe Wildland Fires: Leadership and Accountability Needed to Reduce Risks to Communities and Resources”, January 2002. NAPA, “Study of the Implementation of the Federal Wildland Fire Policy”, December 2000. NAPA, “Managing Wildland Fire, Enhancing Capacity to Implement the Federal Interagency Policy, December 2001. NAPA, "Wildfire Suppression: Strategies for Containing Costs", September 2002.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	*Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?*	Yes	The Wildland Fire Management budget structure is aligned to correspond with the goals and work activities of the program. The program budget is divided into the following categories: (1) Preparedness, (2) Fire Operations--Suppression (which also includes Burned Area Rehabilitation activities), and (3) Fire Operations--Other (other programs such as Hazardous Fuels Management, State Fire Assistance and Rehabilitation and Restoration projects). Program goals are roughly aligned in the same manner.	In most cases, one or two measures are in place for each of the 3 budget line items: (1) Preparedness: Firefighter production capability (measured by chains per hour, which is the number of chains of fire line the firefighting workforce can accomplish at full capacity). (2) Fire Operations--Suppression (no measures are included in budget justification for this category) (3) Fire Operations--Other (number of acres Wildland-Urban mitigated; number of acres non-Wildland-Urban mitigated; number of rehabilitation and restoration projects, number of volunteer fire departments assisted).	14%	0.1
7	*Has the program taken meaningful steps to address its strategic planning deficiencies?*	Yes	Within the last two years, a 10-Year Comprehensive Strategy has been developed in collaboration with many stakeholders and an Implementation Plan has been developed to address the goals of the strategy. USDA is also in the process of revising its strategic plan. However, there remains some cause for concern. With so many measures (18) and no apparent priority among measures, it is unclear what measures managers and/or policy officials will choose to focus on or how effectively the agency will operate utilizing so many measures. The ultimate result of these efforts is as yet unknown.	10-Year Strategy Implementation Plan	14%	0.1
Total Section Score					**100%**	**57%**

Section III: Program Management (Yes,No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?*	No	USDA and DOI have been preparing financial and action plans each year under the National Fire plan and have submitted an end-of-year accomplishment report for 2001. However, the plans appear to be primarily intended to meet Congressional reporting requirements; it is unclear whether the information in the plans is of sufficient detail to really be used to evaluate performance and manage the program. The Forest Service is establishing a standard automated data collection system (NFPORS) for reporting accomplishments. When complete, this information will serve as an interagency database for reporting program accomplishments. The system should reduce the potential for duplication and erroneous information reporting. The data will be used to correlate expenditures with losses. As more data becomes available, trends will be analyzed to validate that accomplishments at local, state and national levels are moving in the desired direction.	FY 2001 and FY 2002 DOI/USDA Action and Financial Plans	14%	0.0
2	*Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?*	No	Performance measurements do not appear to affect accountability at the program level, nor do they appear to inform budget decisions. However, FS has indicated that there are ongoing reviews of strategies and processes for improving performance. Currently, managers are evaluated based on defacto performance measures of controlling fires without the loss of life or property. Suppression cost-control is not a significant factor, especially when homes are involved.	Little or no discussion of performance in budget requests, promotions, or post-fire reviews. Also, no incentives now exist for States and localities to provide cost-share funds or to narrowly define the areas eligible for federal funding.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?*	Yes	Funds have generally been obligated in a timely manner. The FS regularly reviews obligation reports and provides analysis to the Department, and during the fire season, OMB receives obligation reports weekly. FS experienced some temporary delays after receiving large increases in FY 2001, and it is unclear whether delays will persist for fuels reduction projects. In FY 2001, FS had an unobligated balance of $92 million for emergency rehabilitation projects. All other parts of the program appear to be obligating funds in a timely manner. There is some concern that, due to the lack of a clear definition of the "wildland-urban interface", funds for fuels reduction projects intended to reduce risks to communities may be used for projects with questionable impacts on at-risk communities. However, there is little clear evidence of this and because the WUI definition is so broad, it difficult to pin the agency down on this.	Recent quarterly SF 133 reports on obligations; reviews as part of the yearly budget process; weekly fire obligation reports during fire season. NAPA and GAO report that USDA needs to improve its accounting and estimations of fire costs for billing or reimbursements of states.	14%	0.1
4	*Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?*	No	The 10-Year Strategy and Implementation Plan refer to "cost-effective fire protection," but it remains unclear that the agencies really know what this means, and the term is not adequately defined in the 10-Year Strategy. However, the agency has established targets on cost comparisons for positions within this program. Annual competitive sourcing of commercial activities is to be increased annually by 10% through 2005 and contract fire readiness resources increased to 20% in 2002 and by 5% annually through 2005.	10-Year Implementation Plan. USDA included the specific goals for outsourcing as part of the FY 2003 Budget (page 181 of the Appendix).	14%	0.0
5	*Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?*	Yes	The agency charges all fire related activities and indirect costs to the fire appropriation, including salaries and expenses such as contract costs. Indirect costs of CSRS employee pensions and FEHBP program costs are not captured.	2003 Forest Service Budget Justifications	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	*Does the program use strong financial management practices?*	No	While the nature and uncertainty of emergency fire suppression make it difficult to provide real time, meaningful, obligation estimates, the FS has difficulty in reporting obligations to the financial system in a timely manner. Estimates based on historical trends and fire activity do provide a coarse scale estimate of total suppression costs which can and is used for apportionment purposes. Efforts to improve estimates are in place to avoid repeat of the FY2000 Antideficiency Act violation ($274 million).	Various financial reports. OIG audit information (disclaimers). USDA sent an Anti-deficiency Act violation letter to the Congress in March, 2001. The NAPA report, "Wildfire Suppression: Strategies for Containing Costs" [Agency Review Draft, September 3, 2002] also provides some insights into this problem.	14%	0.0
7	*Has the program taken meaningful steps to address its management deficiencies?*	Yes	The Wildland Fire Leadership Council was established in April 2002 to support the implementation and coordination of the National Fire Plan and the Federal Wildland Fire Management Policy. DOI and USDA are also working on a new fire preparedness planning model to replace the current "Most Efficient Level" (MEL) model which suffers from a lack of transparency and, in a sense, treats funding needs (i.e., budget) as an output of the planning process rather than an input.	Wildland Fire Leadership Council Charter; FS Budget Justifications.	14%	0.1
Total Section Score					**100%**	**43%**

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?*	Small Extent	Prior to completion of the 10-Year Implementation Plan, long-term goals were effectively largely non-existent, with goals existing for GPRA purposes only and measuring only widgets. The new measures adopted in the Plan represent a significant improvement, but no data presently exists to evaluate performance as the measures still lack the targets and baselines needed to be considered established long-term goals. USDA and DOI are currently in the process of gathering data and establishing these baselines and targets. While, the Forest Service has made some progress in refocusing its program in recognition that past actions have made the problem worse and that many areas of the west are overgrown with understory vegetation that increases the risk of catastrophic fire, the culture of the fire program has not significantly changed to move away from a full-suppression mentality. However, as the agency has made significant progress developing new long-term goals that will demonstrate progress toward effective and efficient management of wildfire, the agency receives a "small extent."	10-Year Strategy Implementation Plan; FS FY 2003 Annual Performance Plan and FY 2001 Annual Performance Report.	20%	0.1

Long-Term Goal I:	Improve Fire Prevention and Suppression: losses of life are eliminated, and firefighter injuries and damage to communities and the environment from severe, unplanned and unwanted wildland fire are reduced.
Target:	No targets have been set. The Forest Service has included 7 measures to this effect in the 10-Year Implementation Strategy. For example, the FS plans to measure average gross costs per acre for suppression and emergency stabilization and rehabilitation by size class and fire regime for fires (i) contained within initial attack, (ii) escaping initial attack, (iii) within wildland-urban interface areas, (iv) outside wildland-urban interface areas, (v) in areas with compliant fire management plans and (vi) in areas without compliant fire management plans.
Actual Progress achieved toward goal:	Not yet. In January 2003, the Departments of the Interior and Agriculture, States, Tribes, and local officials, will establish baseline data within their respective jurisdictions. It is not clear how meaningful the information collected will be, as there is still not a clear definition of such things as the "wildland-urban interface." Moreover, as there are no incentives for cost-control nor a clear articulation of "cost-effective fire protection," integrating performance measurement into program management is likely to remain tenuous.
Long-Term Goal II:	Reduce Hazardous Fuels: hazardous fuels are treated, using appropriate tools, to reduce the risk of unplanned and unwanted wildland fire to communities and to the environment.
Target:	No targets have been set. The Forest Service has included 3 measures to this effect in the 10-Year Implementation Strategy. For example, the FS plans to measure the number of acres treated that are 1) in the Wildland-Urban Interface or 2) in condition classes 2 or 3 in fire regimes 1,2, or 3 outside the wildland urban interface, and are identified as high priority through collaboration consistent with the Implementation Plan, in total, and as a percent of all acres treated.

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
	Actual Progress achieved toward goal:	Not yet. Measures not yet tracked. Again, better definition and delineation is needed. For example, clarifying that the performance goal of hazardous fuels reduction by identifying a targeted set of communities and actions that can be achieved with current funding levels sufficient to provide the greatest protection to those most in need. A corresponding efficiency measure will track the acres treated per million dollars gross investment.				
	Long-Term Goal III:	Restore Fire-adapted ecosystems: fire-adapted ecosystems are restored, rehabilitated and maintained, using appropriate tools, in a manner that will provide sustainable environmental, social, and economic benefits.				
	Target:	No targets have been set. The Forest Service has included 3 measures to this effect in the 10-Year Implementation Strategy. For example, the FS plans to measure the number of acres in fire regimes 1,2, or 3 moved to a better condition class, that were identified as high priority through collaboration consistent with the Implementation Plan, in total, and as a percent of total acres treated.				
	Actual Progress achieved toward goal:	Unknown. Measures not yet tracked. The Forest Service must work to ensure that they have a handle on what can reasonably be accomplished given limited resources (i.e., forest restoration must be defined to be reasonable and achievable).				
2	*Does the program (including program partners) achieve its annual performance goals?*	Small Extent	As previous goals were inadequate, new annual performance goals are being developed. Since baselines and targets have not yet been developed for these new annual performance goals, it is not possible to assess performance for these measures. However, past performance indicates that FS meets or comes close to meeting its annual performance goals in this program. FY 2001 data (shown below) indicates that FS met 3 out of its 4 annual performance goals last year. However, FS's performance in meeting its previous performance goals was tempered by the fact that previous performance targets were output-oriented and were not determined through research or to challenge managers to improve. Recognizing the limitations of these measures, USDA and DOI have developed and agreed to common performance measures for the fire program (see previous question).	Budget Justification, Cohesive Fire Strategy and the 10-year Implementation Plan; USDA Forest Service FY 2000 and FY 2001 Annual Performance Plan.	20%	0.1

Key Goal I:	Ensure Sustainable Ecosystems: Ecological integrity of forested and rangeland ecosystems restored or protected to maintain biological and physical components, functions and interrelationships, and the capability for self-renewal (Goal 1, Objective 1.2)
Performance Target:	Hazardous fuels reduction (acres); FY 2001 target: 1,345,000
Actual Performance:	FY 2001: 1,361,697 (611,551 acres in Wildland-Urban areas)
Key Goal II:	Ensure Sustainable Ecosystems: Ecological integrity of forested and rangeland ecosystems restored or protected to maintain biological and physical components, functions and interrelationships, and the capability for self-renewal (Goal 1, Objective 1.2)
Performance Target:	Firefighter production capability (Chains per hour, which is the number of chains--66 ft.--of fire line the firefighting workforce can accomplish at
Actual Performance:	FY 2001: 15,722
Key Goal III:	Provide Multiple Benefits for People within the Capabilities of Ecosystems: Increase assistance to rural communities (Goal 2, Objective 2.3)
Performance Target:	Number of communities and volunteer fire departments assisted; FY 2001 target: 2,502
Actual Performance:	FY 2001: 2,071

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?*	No	There is no evidence to indicate that FS has improved efficiency or cost effectiveness in the fire program on the whole. Although prior years' goals were loosely defined, the agency is working to target resources and overcome barriers to long term success. However, FS does not have a good handle on what "cost-effective fire protection" means nor do they have sufficient incentives for managers and other stakeholders to take cost into account. Incentives are needed for states and counties to encourage prioritizing protections for communities-at-risk, completing restoration work, and cost sharing with states, local governments, and private partners. There is presently no incentive for communities to contribute their funds to the process, reduce local risk, or use local community personnel.	No evidence was provided to demonstrate improved efficiencies and cost effectiveness in achieving program goals.	20%	
4	*Does the performance of this program compare favorably to other programs with similar purpose and goals?*	Large Extent	On the whole, USDA, which had a serous anti-deficiency problem in 2000, seems to have somewhat less control over fire suppression costs than DOI. However, USDA's program is also significantly larger. In other areas of the fire program, performance of both agencies appears to be similar. USDA and DOI are working on completing a common performance measure evaluation based upon their 10-year Strategy Implementation Plan.	GAO Report 02-259, “Severe Wildland Fires: Leadership and Accountability Needed to Reduce Risks to Communities and Resources” GAO Report 02-158, “Wildland Fire Management: Improved Planning Will Help Agencies Better Identify Fire-Fighting Preparedness Needs”	20%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	*Do independent and quality evaluations of this program indicate that the program is effective and achieving results?*	No	Numerous GAO and other independent evaluations have been fairly critical of various parts of the fire program for both DOI and USDA. However, most reviews thus far have not been truly "comprehensive". NAPA is currently completing a review of fire suppression that should focus on costs. GAO also has 3 ongoing reviews covering (1) suppression, (2) fuels reduction, and (3) rehab and restoration.	Numerous GAO and NAPA reports and testimony, including: GAO Report 01-1022T, "The National Fire Plan: Federal Agencies Are Not Organized to Effectively and Efficiently Implement the Plan." July 31, 2001 GAO Report 02-158, “Wildland Fire Management: Improved Planning Will Help Agencies Better Identify Fire-Fighting Preparedness Needs” GAO Report 02-259, “Severe Wildland Fires: Leadership and Accountability Needed to Reduce Risks to Communities and Resources” NAPA “Study of the Implementation of the Federal Wildland Fire Policy”, December 2000 [discuss findings] NAPA, “Managing Wildland Fire, Enhancing Capacity to Implement the Federal Interagency Policy," December 2001 [discuss findings] NAPA, "Wildfire Suppression: Strategies for Containing Costs," September 2002.	20%	0.0
Total Section Score					**100%**	**27%**

PART Performance Measurements

Program: USDA Wildland Fire Management
Agency: Department of Agriculture
Bureau: Forest Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
100%	57%	43%	27%	Demonstrated

Measure: Number of high priority acres moved to a better condition class. Measures the extent to which excessive fuel loads (small trees and brush that exacerbate the rish of catastrophic fire) are reduced and forest health is improved. (New measures, targets under development).

Additional Information:

Year	Target	Actual	**Measure Term:** Long-term

Measure: Number of high priority acres treated in (1) the wildland urban interface (WUI) or (2) in condition classes 2 or 3 outside the WUI. Measures acres treated to reduce fire risk in areas adjacent to communities and in other-high priority areas. (New measures, targets underdevelopment).

Additional Information:

Year	Target	Actual	**Measure Term:** Annual

Measure: Number of high priority acres treated in (1) the wildland urban interface (WUI) or (2) in condition classes 2 or 3 outside the WUI per million dollars of gross investment. (New measure, target under development).

Additional Information:

Year	Target	Actual	**Measure Term:** Annual

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

1.1 Is the program purpose clear? Answer: YES Question Weight20%

Explanation: NRCS's watershed protection and flood prevention activities are primarily delivered under three programs -- Watershed Surveys and Planning, Watershed Protection and Flood Prevention Operations, and the Watershed Rehabilitation Program. Together, the three programs provide assistance to local project sponsors to address natural resource problems (including flood risk reduction, water quality protection and enhancement, and water supply improvement) and protect public safety from water control structure failures. The programs help local sponsors with: identifying local issues (such as water quality and quantity or flood prevention), developing watershed area plans to address the issues, designing and constructing measures (such as dams, diversions, and water quality improvement facilities), and rehabiliting water control measures once they exceed their planned life-cycles and present a threat to public safety.

Evidence: Public Law 83-566 (as amended), Watershed Protection and Flood Prevention Act, which also incorporated the implementation of watershed projects authorized under Public Law 78-534 Flood Prevention Act.7 CFR Part 622.1 Watershed Projects.National Watershed Manual, Subpart 502, Project Purposes and Measures; Subpart 508E, Rehabilitation.

1.2 Does the program address a specific and existing problem, interest or need? Answer: YES Question Weight20%

Explanation: The national program was established to prevent damages due to erosion, flooding, and sedimentation; to further the conservation, development, utilization and disposal of water; and conservation and utilization of land in order to preserve, protect , and improve the nation's land and water resources and the quality of the environment. All watershed projects, including watershed rehabilitation project plans, are authorized for Federal funding based on a watershed project plan. The project plan includes information that is required by NRCS national policy. The project plan must include information that clearly demonstrates the need for project action and a basis for USDA involvement. Plan must identify the existing problems and the extent of the problems. Watershed Rehabilitation addresses very specific public health and safety threats to people who live and work downstream from aging dams and communities that depend on reservoirs for drinking water. The rehabilitation of aging dams results in continuation of flood control and recreation benefits.

Evidence: National Watershed Manual Part 504D, 504.36. Public Law 83-566 Section 14 (as amended). National Watershed Manual Subpart 508E - Rehabilitation. Association of State Dam Safety Officials report on aging infrastructure. American Society of Civil Engineers Infrastructure Report Card. 2003 update to the American Society of Civil Engineers Infrastructure Report Card.

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: YES Question Weight20%

Explanation: The program is designed to operate in federally authorized watershed project areas that are up to 250,000 acres in size. In addition, each project must contain benefits directly related to agriculture that account for at least 20% of the total benefits. There are no other programs that are implemented strictly on a small watershed basis to solve natural resource problems within an identified community. Watershed rehabilitation is the only authorized federal program for rehabilitation of non-federal dams. The program is designed to complement, not compete with state and local government entities. Some state dam safety agencies have limited assistance for modifying dams that do not meet state dam safety requirements. These state programs complement watershed rehabilitation efforts since the State and local funding is required for the 35% nonfederal cost-share. All rehabilitation efforts are coordinated with State Dam Safety agencies.

Evidence: Public Law 83-566 Watershed Protection and Flood Prevention Act, Section 1002.Example portion of a recently authorized watershed plan which identifies a variety of programs to install planned resource protection measures.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: YES Question Weight20%

Explanation: No major flaws have been identified.The program authorities and program policy provide for maximum flexibility to solve a variety of problems. All watershed water resource projects are designed to implement most cost effective alternatives (National Economic Development [NED] Plan).No major flaws have been identified in Watershed Rehabilitation implementation since it was first authorized 3 years ago. By April 2004, 131 projects have been funded, including 24 that have been completed, 36 that have been authorized and have implementation in progress, and 58 that are in the planning phase. Much of these accomplishments have been made with the assistance of private sector professional services contracts. The planning of each project involves evaluation of site specific alternatives including upgrading of the dam to meet current safety standards, decommissioning (removal) of the dam, no action, and, if appropriate, relocation of at-risk homes downstream. The plan identifies the most cost effective plan (NED).

Evidence: Public Law 83-566, Section 1004 Conditions for Providing Federal assistance.National Watershed Manual, Subpart 500B Assistance available under the Act.National Watershed Manual, Subpart 500C Requirements of the Act.Proposed National Watershed Manual (Subpart E) revisionsEconomic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies, pages 14-15.Watershed Rehabilitation progress report dated March 2004.

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: NO Question Weight 20%

Explanation: While NRCS's watershed programs have requirements that limit the scope of their activities (size of watersheds may not exceed 250,000 acres and projects must provide at least 20% of their benefits to agriculture), overall the Surveys and Planning and Watershed Flood Prevention Operations programs are not targeted. Both programs are heavily earmarked ' in FY 2003, Congress earmarked more than 100 percent the Flood Prevention Operations program's appropriation. In effect, the heavy congressional earmarking removes NRCS's ability to identify and fund priority projects. Watershed Rehabilitation, however, is more effectively targeted and congressional earmarking is relatively limited. NRCS policy assures that resources are directed to the intended beneficiaries by identifying dams that have potential for loss of life and are in the greatest need of rehabilitation. Each project sponsor application is assessed by a standardized ranking process that evaluates the condition of the dam and consequences of dam failure. This results in a "failure index" and "risk index" for each dam. NRCS funds only the highest ranked projects.

Evidence: Public Law 83-566, Section 1002 (3)..See Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies, page 19 (filed in section 1.4 of this notebook).Priority Ranking System for Watershed RehabilitationNational Watershed Manual Subpart 508.43 and exhibit 508.1Summary of FY 2002 - 2004 requests for funding received and rehabilitation projects funded.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight 14%

Explanation: During FY 2004, NRCS continues to build upon work done in the prior years to establish both long-term and short-term performance measures. The following are new long-term performance measures that the agency will begin to track in FY 2005:1. Reduce agricultural and non-agricultural flood damages.2. Improve, protect or enhance miles of streams and corridors, and acres of lakes and reservoirs.3. Conserve water and benefit domestic water supplies.For Watershed Rehabilitation, NRCS developed three new long-term performance measures focus on primary outcomes: 1. Number of people with reduced risk downstream from rehabilitated dams that were previously unsafe.2. Continuation of flood monetary benefits. 3. Continuation of non-flood monetary benefits.

Evidence: "Initial Performance Plan for FY 2003 and Revised Plan for FY 2002", which includes long term goals, performance goals and performance indicators.Long term performance measures (developed late in FY 2003): See 2005 Expalnatory Notes, Pages 18g-38 & 39, 18g-43 & 44.Planned Long Term Performance Measures: Watershed Survey and Planning, Watershed Protection and Flood Prevention Performance Measures (Draft), 4/19/04.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight 14%

Explanation: NRCS has developed appropriate targets and timeframes for its new long-term performance measures.

Evidence: Draft Watershed Survey and Planning, Watershed Protection and Flood Prevention Performance Measures, 4/19/04.

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight 14%

Explanation: NRCS has developed new annual performance measures for the Survey & Planning and Watershed Protection & Flood Prevention, and the agency will begin tracking them in FY 2005. For Watershed Rehabilitation, the agency developed three annual performance measures that focus on the program's primary outputs. These measures are logically linked to long-term goals sited in question 2.1 and will demonstrate progress toward achieving those goals.

Evidence: Watershed Program FY 2004 Performance Goals.Draft Watershed Survey and Planning, Watershed Protection and Flood Prevention Performance Measures, 4/19/04.Explanatory Notes Page 18g 38-39, 43-44, and 55-56.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight 14%

Explanation: Ambitious targets for annual performance measures were established for 2004 and performance results will be evaluated. A refined process is in place for 2005 as a result of IT enhancements to collect project information on a national web-based Program Operations Information Tracking System (POINTS).

Evidence: Watershed Program FY 2004 Performance Goals.Draft Watershed Survey and Planning, Watershed Protection and Flood Prevention Performance Measures, 4/19/04.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight 14%

Explanation: All watershed projects are initiated by local sponsors who request program assistance, and the local sponsors are actively engaged in delivering the projects. All watershed project authorizations require that partners sign a Project Agreement which includes their responsibility to acquire all land rights needed for project measures, provide local share of costs for project measures, and to operate and maintain installed project measures. Project sponsors that have made these preparations and are ready for implementation funds submit their funding requests on an annual basis. For the Watershed Rehabilitation Program, watershed project sponsors, state dam safety agencies, and local communities are integrally involved. NRCS contractually requires project sponsors to acquire land rights, provide cost share, conduct permitting, acquire natural resource rights, and provide project administration. A Memorandum of Understanding is prepared for each funded project that identifies specific actions and responsibilities of the partners of the project. The statute requires the state dam safety agency to have input in the evaluation of the application.

Evidence: National Watershed Manual, Part 501, Subpart 501C, Sponsor Responsibilities.Public Law 83-566 Section 14National Watershed Manual Subpart 508E - Rehabilitation

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight14%

Explanation: NRCS has not conducted evaluations of the Surveys & Planning and Watershed Protection & Flood Prevention Operations programs of sufficient independence, scope, and quality to assess the programs' effectiveness and need. However, NRCS does continually review individual projects through its National Watershed Management Center (WMC). These are quality reviews of engineering, economics, earth sciences, and adequacy to meet Federal regulations. Watershed Project Plans are authorized for federal funding based quality control reviews. In addition, 100 percent of all watershed rehabilitation plans are reviewed by WMC experts. Also, National Design and Soil Mechanics Center reviews all rehabilitation designs of high hazard dams. An NRCS Oversight and Evaluation team reviewed the Watershed Rehabilitation Program in FY 2003 to assess the delivery of the program. Data were collected from all states, selected national headquarter divisions, and regional offices. Projected workload was evaluated with the agency's capacity to deliver the program.

Evidence: Memorandum for Heads of Executive Departments and Agencies, Dated April 24, 2002."Table 6 Comparison of NED Benefits and Costs", and "Instructions for Table 6, Comparison of NED Benefits and Costs"."Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies"National Watershed Manual Subpart 508E 508.44(j) 2003 O&E Report of Review of Watershed Rehabilitation

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight14%

Explanation: Watershed Surveys & Planning/ Watershed Operations/ Watershed Rehabilitation annual budget requests have been based on goaled performance deliverables (measures). The deliverables associated with budget requests from State Conservationists have included number engineering designs, number of measures to construct, number of land treatment contracts, and number of watershed inventories and plans. All funding priorities and allocations have been based on deliverables. The difference between prior years and the process implemented in during FY-2004 is the improved web based accountability tracking system.NRCS does plan in the future to show how the revised performance measures and goals relate with programs' budget requests. For example, with the Watershed Rehabilitation Program, when requests for funds are made by the State Conservationists, commitments are made for specific performance "deliverables" for each specific project.

Evidence: Budget and Performance Summary Sheets.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: NO Question Weight: 0%

Explanation: An NRCS Oversight and Evaluation review of Watershed Operations determined that engineering measures that exceed specified design classification criteria would be reviewed and finalized by the national engineering design staff prior to construction contracting. An NRCS Oversight and Evaluation in FY-2003 did not identify any strategic planning deficiencies within the Watershed Rehabilitation Program in FY 2003. However, because NRCS has not evaluated the performance of the Watershed Surveys and Planning component of its watershed programs, NRCS cannot take proactive steps to identify and address strategic planning deficiencies. Therefore, this question must receive a 'no.'

Evidence:

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight 14%

Explanation: The watershed program has long been an NRCS leader in accountability. The agency collects outcome-based benefits for each watershed project to identify impacts of the projects since they were initially established. The watershed program database is updated annually to collect status of watershed projects; project funding requests and goaled performance measures; project performance; and environmental, social and economic benefits. The program database has been remodeled during the past year in order to collect better performance information. The database is also being converted to a web based data management system; portions of the data management system will go on line in May 2004.

Evidence: Correspondence dated April 15, 2004, "SUBJECT: MGT- Watershed Program POINTS".Watershed program "Benefits" summary.Summary of FY 2003 watershed rehabilitation benefits.Correspondence dated April 15, 2004 concerning update on the status of the revision of water resources databases.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight 14%

Explanation: NRCS State Conservationists, as the responsible federal allowance holder, are responsible and accountable for overall program implementation and results, including identifying, monitoring and analyzing performance indicators and financial integrity. State Conservationists are responsible for ensuring program partners fulfill the terms of applicable agreements. The Deputy Chief for Strategic Planning and Accountability provides national oversight. Implementation of project measures are completed within schedules established by the NRCS and its project sponsors. The implementation schedules and costs are established in accordance with federal contracting procedures.

Evidence: NRCS contracting regulations and procedures.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight 14%

Explanation: The agency has adequate internal controls in place to assure funds have been spent on intended purposes. The Federal Financial Management Improvement Act established a statutory requirement for agency heads to assess, on an annual basis, whether their financial management systems comply with Federal financial management system requirements and applicable Federal accounting standards. The agency Financial Management Director certified that the NRCS financial management system is in compliance.Appropriations legislation provides that the Watershed and Flood Prevention Operations funding will remain available until expended. However, the agency manages the watershed programs to obligate a very high percentage of its funds in the year appropriated. For example, to date approximately $70 million has been appropriated for Watershed Rehabilitation. NRCS commenced development and implementation of rehabilitation plans in FY 2002. At the end of FY 2002, 100% of the total program funds had been obligated. In FY 2003, less than 2.3% of the funds remained unobligated at the end of the fiscal year.

Evidence: Summary Financial ReportEnd of year obligation summaries for FY 2002 and 2003

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight 14%

Explanation: NRCS implemented the Program Operations Information Tracking System (POINTS) in Watershed Surveys & Planning/Watershed Operations/Watershed Rehabilitation during FY-2004. POINTS improved staffing efficiencies by reducing the staffing costs to enter, collect, and process program operations and accountability information. POINTS is web-based, which has enabled state and national staff to evaluate budget and performance data on a real-time basis, and take appropriate program management actions. POINTS is also designed to provide national and state program managers with up-to-date information about project purposes, project funding needs, project short and long term goals, and progress completed to date. NRCS is currently completing several studies on out-sourcing of technical/engineering services/positions to determine the most cost-effective methods for specific components of program delivery. NRCS established the National Design, Construction, and Soil Mechanics Center which provides an interdisciplinary technical support for design, construction, operation, and rehabilitation of projects.

Evidence: Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies (See Tab 1.4 in Part Notebook).National Watershed Manual, Part 504, 504.38(g)- Rational for plan selection.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight 14%

Explanation: NRCS watershed project planning requires coordination with other agencies that provide related services. Most watershed plans include multiple agency support to develop project plan alternative solutions, to review and comment on plans in development, or to implement measures. NRCS has long standing MOU's with other agencies regarding collaboration and program implementation. In addition, NRCS is leading a collaborative effort with Bureau of Reclamation, U.S. Fish & Wildlife Service, and state dam safety officials to develop improved guidance for project sponsors to prepare Emergency Action Plans for all high hazard dams for use by first responders in the event of a dam failure.As mentioned in response to question 1.3, Watershed Rehabilitation is the only Federal authorization for rehabilitation for federal assistance of non federal dams. As required by statute, coordination with state dam safety agencies and project sponsors is involved with each potential project. State dam safety agency recommendations are strongly considered in all requests for funding.

Evidence: National Watershed manual, Part 501, Subpart 501B, Agency Responsibilities.National level MOU's for watershed program implementation.Public Law 83-566 Section 14National Watershed Manual subpart ENational Dam Safety and Security Act of 2002 (PL 104-303)

3.6 Does the program use strong financial management practices? Answer: YES Question Weight 14%

Explanation: The agency has internal controls in place to assure funds have been spent on intended purposes. The Federal Financial Management Improvement Act established a statutory requirement for agency heads to assess, on an annual basis, whether their financial management systems comply with Federal financial management system requirements and applicable Federal accounting standards. The agency Financial Management Director certified that the NRCS financial management system is in compliance.

Evidence: End of year obligation summaries for FY 2002 and 2003.

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight 14%

Explanation: The agency has devoted significant time during the past year to upgrade the watershed program databases in order to track performance, and to identify meaningful long-term and short-term performance measures. The Watershed Program is the first NRCS program to convert all program database information to a web based data collection and reporting system.In 2003, the agency upgraded its policy regarding operation and maintenance of watershed project measures and structural measures installed in all NRCS programs. This effort resulted in a complete revision and publication of the agency National Operation and Maintenance Manual.

Evidence: Correspondence dated April 15, 2004, "SUBJECT: PDM- Update on the Status of the Revision of Water Resources Databases" (See Evidence / Data 3.1).National Operation and Maintenance Manual.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: LARGE EXTENT Question Weight 20%

Explanation: NRCS has developed good long-term, outcome-based performance measures for the three watershed programs. The measures included in the FY 2006 PART analysis are new for the programs. The programs will not be able to receive full credit for this question until performance data show the programs are on their way towards achieving their long-term goals.

Evidence: "Initial Performance Plan for FY 2003 and Revised Plan for FT 2002""PRMS Reports"Watershed Survey and Planning, Watershed Protection and Flood Prevention, Performance measures (Draft), 4-19-04.FY 2000 thru FY 2003 reports of watershed program cummulative program benefits.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: NRCS has developed good short-term performance measures for the three watershed programs. The measures included in the FY 2006 PART analysis are new for the programs and baselines for the new measures begin in 2004. NRCS plans to evaluate the new performance goals beginning in FY 2005. The programs do have performance data from previous years that demonstrate how the programs have made progress in achieving their purposes; accordingly, the programs may receive partial credit for this question.

Evidence: Performance Goals- Draft, prior to FY 2004 appropriation.Watershed Survey and Planning, Watershed Protection and Flood Prevention, Performance measures (Draft), 4-19-04.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: NO Question Weight 20%

Explanation: NRCS has developed efficiency performance measures for the three watershed programs. The measures included in the FY 2006 PART analysis are new for the programs, however, and baselines for the new measures begin in 2004. NRCS plans to evaluate the new efficiency performance goals beginning in FY 2005.

Evidence: Watershed Survey and Planning, Watershed Protection and Flood Prevention, Performance measures (Draft), 4-19-04.

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: SMALL EXTENT

Question Weight 20%

Explanation: No overall analysis has been conducted of how the watershed programs (planning, project delivery, and dam rehabilitation) compare with other similar programs. Therefore, it is currently unknown how effective the programs are when compared to other federal, state, and local assistance programs. OMB did perform a narrow analysis on the relative cost effectiveness of NRCS flood damage reduction projects compared to projects delivered by the Corps of Engineers and the Federal Emergency Management Agency (FEMA). The OMB review found that NRCS's typical flood damage reduction project provided about 50 percent less and about 70 percent less net benefits than a typical FEMA project or Corps project, respectively. This review only examined relative flood damage reduction, however, and many of NRCS's projects address a broader array of resource issues (such as water quality and supply, and rehabilitation). NRCS notes that its rehabilitation program is the only federal assistance for non-federal dams. It is designed to complement, not compete with, state and local government entities.

Evidence: National Watershed Manual Part 500, Subpart 500B, 500.10- Eligible Purposes.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: LARGE EXTENT

Question Weight 20%

Explanation: NRCS rigorously reviews all projects individually for effectiveness and quality of work to assure all planning and design work. For example, all watershed rehabilitation plans are reviewed by technical experts on the NRCS National Water Management Staff. All rehabilitation designs of high hazard dams are have independent reviews completed by professional registered engineers or engineering experts on the NRCS National Design and Soil Mechanics Center. This intensive review of projects and the program helps to assure that NRCS is delivering projects that provide public benefits and achieve results for local communities.

Evidence: Memorandum for Heads of Executive Departments and Agencies, Dated April 24, 2002.

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

Measure:

Additional Information:

Year	Target	Actual	**Measure Term:**

Measure: Estimated dollar value of flood damage reduction benefits generated by projects.

Additional Information: Dollars

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	$ 533 M	
2010	$640 M		

Measure: Number of PL-566 long-term contracts completed during the fiscal year (all measures installed) for the purpose of water quality improvement.

Additional Information: Number of Long Term Contracts (LTC's)

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline		
2005	300		
2006	300		

Measure: Ratio of total federal staff positions (measured in Full Time Equivalent positions) in Watershed Operations to the number of flood mitigation measures completed.

Additional Information: Full Time Equivalent positions per flood mitigation measure.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline	3.5	
2005	3.4		

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

2006	3.3

Measure: Complete __ assessments of the condition of watershed dams to determine if threats to public health and safety exist.

Additional Information: Number of Assessments

Year	Target	Actual	**Measure Term:** Annual
2003	Baseline	0	
2004	200		
2005	50		
2006	50		

Measure: Rehabilitate or remove __ unsafe dams.

Additional Information: Number of dams

Year	Target	Actual	**Measure Term:** Annual
2003	Baseline	0	
2004	21		
2005	10		
2006	10		

Measure: By 2010, rehabilitate or remove unsafe dams in order to reduce risks to 6,000 people downstream.

Additional Information: Number of people at reduced risk

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	0	

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

2010	6,000	

Measure: By 2010, maintain $3 million in average annual agricultural and non-agricultural floodwater reduction benefits downstream from rehabilitated dams that were previously unsafe.

Additional Information: Monetary floodwater reduction benefits

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	0	
2010	$3 M		

Measure: By 2010, maintain $2 million in average annual agricultural and non-agricultural non-flood benefits from rehabilitated dams that were previously unsafe.

Additional Information: Monetary non-floodwater reduction benefits

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	0	
2010	$2 M		

Measure: Improve, protect or enhance the water quallity of cumulative miles of streams/corridors.

Additional Information: Cumulative miles

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	23,426	
2010	29,000		

PART Performance Measurements

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

Measure: Improve, protect or enhance the water qulaity of cumulative acres of lakes/reservoirs.

Additional Information: Cumulative acres

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	8.8 M.	
2010	14.8 M		

Measure: Increase the amount of water conservation and water supply to achieve cumulative acre feet of water conserved.

Additional Information: Cumulative acre feet

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	1.2 M	
2010	1.3 M		

Measure: Increase the amount of water conservation and water supply to benefit cumulative number of domestic water supplies.

Additional Information: Cumulative number

Year	Target	Actual	**Measure Term:** Long-term
2003	Baseline	42,832	
2010	44,000		

Measure: Number of area-wide resource plans, studies or inventories completed in the current FY for flood prevention or mitigation..

Additional Information: Number of plans, studies, inventories

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline	32	
2005	15		

Program: Watershed Protection and Flood Prevention
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
80%	86%	100%	40%	

2006	15

Measure: Number of area-wide resource plans, studies or inventories completed in the current FY for water quality.

Additional Information: Number of plans, studies, inventories

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline	46	
2005	23		
2006	23		

Measure: Ratio of total FTE's in Watershed Surveys and Planning to the total number of watershed plans, studies, and inventories completed.

Additional Information: FTE's per number of watershed plans, studies, and inventories completed.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline	2.8	
2005	2.7		
2006	2.6		

Measure: Number of flood prevention or mitigation measures installed during the fiscal year.

Additional Information: Number of measures.

Year	Target	Actual	**Measure Term:** Annual
2004	Baseline	86	
2005	48		
2006	48		

OMB Program Assessment Rating Tool (PART)

Direct Federal Programs

Name of Program: Wildlife Habitat Incentives Program

Section I: Program Purpose & Design (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Is the program purpose clear?*	Yes	WHIP makes cost-share payments to landowners to develop upland wildlife, wetland wildlife, threatened and endangered species, fish and other types of wildlife habitat. NRCS policy (stipulated in its national WHIP Conservation Program Manual) identifies the program priorities as: (1) wildlife and fisheries of national and State significance; (2) habitats of fish and wildlife species experiencing declining or significantly reduced populations, including rare, threatened, and endangered species; and (3) conservation practices beneficial to fish and wildlife habitat that may not otherwise be funded. There is some concen among conservation groups that WHIP is too broad in its scope and could be more effective if its program purpose was more specific and narrowly focused. Other groups stated concern that there is overlap between WHIP and other conservation programs administered by NRCS, such as the Environmental Quality Incentives Program and the Wetlands Reserve Program.	**Legislation:** Farm Security and Rural Investment Act of 2002 (P.L. 107-171). **NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program. **NRCS Documents:** WHIP Program Enrollment Summary (based on '98, '99, and '01 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01). **Federal Register:** 7 CFR Part 636, Widlife Habitat Incentives Program, Final Rule.	20%	0.2
2	*Does the program address a specific interest, problem or need?*	Yes	U.S. agriculture policy influences the use of more land than any other federal policy. For six decades, the U.S. has invested heavily in programs the support agriculture. Many of these programs have caused substantial adverse impacts on wildlife and its habitats. Habitat loss to agriculture is the primary factor impacting wildlife populations over the past 200 years in North America. For example, of all North American birds, those occupying the grasslands throughout the Great Plains are experiencing the steepest, most consistent, and most widespread declines--aproximately 83 percent of these species exhibited decreasing population trends from 1966 through 1993. Other habitats such as wetlands, riparian forests, and rivers and streams ahve suffered a serious decline in quantity and/or quality.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Is the program designed to have a significant impact in addressing the interest, problem or need?*	Yes	As over 75 percent of land in the U.S. is privately owned, successful actions will need to engage private landowners in order to address wildlife population declines. WHIP contributes a significant part in restoring habitat on private lands by prioritizing funds for habitat that benefits species of concern and species that otherwise do not receive funding on a consistent basis. WHIP provides direct federal assistance to landowners based on state-level identified habitat priority needs. Since the programs inception after the 1996 Farm Bill, WHIP has provided cost-share assistance to improve habitat on over 1.6 million acres. WHIP leverages resources to achieve the greatest level of wildlife habitat benefits. Partners have contributed over $20 million in financial and technical assistance between FY 1998 and FY 2001 to meet common wildlife objectives. In addition, WHIP often acts as a catalyst or seed source for additional wildlife habitat projects completed by WHIP's governmental and non-governmental partners.	**NRCS Documents:** WHIP Program Enrollment Summary (based on '98, '99, and '01 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01). NRCS WHIP Cost-Benefit Analysis (July 2, 1997). **Federal Register:** 7 CFR Part 636, Widlife Habitat Incentives Program, Final Rule. **NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	20%	0.2
4	*Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?*	No	There are several federal programs that assist private landowners with restoring and conserving wildlife habitat on their lands. These programs include the Fish and Wildlife Service's Coastal Program, the Partners for Fish and Wildlife Program, and the Environmental Quality Incentives Program, and the Wetlands Reserve Program.	**NRCS Documents:** WHIP Program Enrollment Summary (based on '98, '99, and '01 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01). **Federal Register:** 7 CFR Part 636, Widlife Habitat Incentives Program, Final Rule. **NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	20%	0.0
5	*Is the program optimally designed to address the interest, problem or need?*	Yes	NRCS maintains that WHIP is cost-effective, averaging approximately $38 in cost-share assistance per acre enrolled into the program. NRCS and its partners in the states use existing monitoring data and these broad-based habitat conservation partnerships to set habitat priorities for use in WHIP implementation. By focusing on these Federal and State fish and wildlife habitat priorities within each State, the program is in a unique position to achieve high priority habitat objectives that other entities in the states are unable to address.	**NRCS Documents:** National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. WHIP Program Enrollment Summary (based on '98, '99, and '01 data). **NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	20%	0.2
Total Section Score					**100%**	**80%**

Section II: Strategic Planning (Yes,No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?*	No	Though WHIP contributes to NRCS meeting its wildlife habitat goal, specific WHIP performance baselines, goals, and targets are not in the agency's latest strategic plan. In the NRCS's 2000-05 Strategic Plan, Objective 2.5 establishes the goal to maintain, restore, or enhance wetland ecosystems and fish and wildlife habitat. In lieu of performance outcome goals, NRCS annually tracks the number of acres where WHIP made wildlife habitat improvements. For example, in FY 2001, WHIP improved habitat on over 570,000 acres nationwide. The program has three main goals, as explained above (see Question I.1), but performance measures and targets for these goals have not been established.	**NRCS Documents:** National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. WHIP Program Enrollment Summary (based on '98 and '99 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01).	14%	0.0
2	*Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?*	Yes	Based on mandatory funding provided by the 2002 Farm Bill, NRCS sets annual acreage targets for states. These targets are modified on an annual basis depending on the state's performance from the previous year. Beginning for FY 2002, NRCS also identifies wildlife habitat management goals specific to WHIP and tracks progress at meeting such goals through its Performance and Results Measurement System (PRMS). The PRMS tracks such data as the number of acres of upland and wetland habitat improved by WHIP. In addition to improving habitat on an acreage basis, WHIP uses conservation tools that provide significant wildlife habitat improvements that are not readily captured under the “acres applied” to wildlife habitat. Examples include: building structures such as fish ladders or dikes, replacing culverts for wildlife passage or to reestablish tidal flows in salt marshes, creating barriers to exclude livestock from environmentally sensitive areas, and stream bank restoration. NRCS has not yet developed performance targets or measures for these conservation tools, but their annual output is captured in PRMS.	**NRCS Documents:** National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. WHIP Program Enrollment Summary (based on '98, '99, and '01 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01). **NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1
3	*Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?*	Yes	WHIP allows NRCS to cost-share up to 75 percent of the cost of establishing or restoring habitat--the landowner is expected to cover the remaining 25 percent of the costs of habitat improvement. WHIP partners can also contribute assistance to projects. Since FY 1998, WHIP partners have contributed over $20 million in addition to NRCS's and the landowners' cost-share requirements. Allocation of WHIP dollars to the states is based on the contribution of resources provided by partners, landowner interest, partnership contributions, general program progress, and performance in previous years.	**NRCS Documents:** WHIP Program Enrollment Summary (based on '98, '99, and '01 data). **NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	*Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?*	Yes	Since WHIP priorities are developed in consultation with the State Technical Committee, NRCS is able to collaborate with: Federal, State and local wildlife agencies; non-profit organizations; private individuals; and, other wildlife interests to achieve common objectives. Enter into cooperative arrangements with other wildlife groups that share WHIP's habitat priorities and contribute resources towards meeting those priorities. NRCS has both formal and informal arrangements with entities such as The Nature Conservancy, Missouri Department of Conservation, Bat Conservation International, and Pheasants Forever.	**NRCS Documents:** WHIP Program Enrollment Summary (based on '98, '99, and '01 data).	14%	0.1
5	*Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?*	No	No outside agencies (such as GAO or OIG) have reviewed or are scheduled to review WHIP. WHIP is scheduled, however, for review in FY 2003 by an NRCS Oversight and Evaluation (O&E) team. This O&E review will examine how effectively NRCS is implementing WHIP and will make recommendations on how to improve the program's delivery. In addition to this review, the National Program Manager evaluates projects in a representative number of states to determine whether adjustments need to be made to national policies and to identify program weaknesses. These national level reviews are in addition to quality assurance activities conducted continuously within states. Most field-level reviews also solicit input from program participants, partners and stakeholders.		14%	0.0
6	*Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?*	Yes	This is a qualified "yes." Since WHIP is a mandatory program, the funding allocation processes at the national and state levels determine the program's cost-effectiveness. Based on the National WHIP Funding Allocation Worksheet, the national NRCS office makes WHIP funding allocations to states based on a number of "performance" criteria. Most of these criteria assess the quality of WHIP plans developed by NRCS state offices. Allocation decisions are made partially based on a state's performance from the previous year, and some of the measures are good--for example, the percentage of acres of habitat improved by WHIP that benefited threatened and endangered species. Other measures track the amount of partner technical and financial assistance dollars that were leveraged by WHIP in the state. There are no efficiency measures, however, that reward states for improving more acres at less cost. For example, the percentage of NRCS techncial assistance that was required to improve X acres of habitat should ideally decrease through time.	**NRCS Documents:** National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. **NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7	*Has the program taken meaningful steps to address its strategic planning deficiencies?*	Yes	As part of the annual WHIP funding allocation process, NRCS offices in the states develop plans to strategically utilize WHIP funds. These state plans identify wildlife habitat needs, select high-priority habitat types, and establish project ranking criteria to evaluate potentional WHIP projects. At the national level, NRCS analyzes the state WHIP plans to assess their quality and identifies potential planning and project selection deficiencies. These deficiencies are addressed on an annual basis. In addition, an Oversight and Evaluation team will be evaluating WHIP in FY 2003 and will recommend steps to fix any identified deficiencies in the strategic planning process.	**NRCS Documents:** National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet.	14%	0.1
Total Section Score					**100%**	**71%**

Section III: Program Management (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?*	Yes	The agency collects and monitors performance data continuously. NRCS modified the Performance Results Management System (PRMS) to include more specific data collection elements for WHIP. The data are entered at the state or field offices, and quality control is performed by the State Program Coordinator and the National Program Manager. The agency required that baseline information going back to 1998 be input into the system. The information is used to assess program interest from partners and landowners, state progress in delivering WHIP, contributions made by partners, and the type of habitat improved by the program. Other areas of PRMS are used to determine predominant practices and activity location. The Foundation Financial Information System (FFIS) is used to monitor financial resources. The National Program Manager receives FFIS reports on a regular basis to determine agency progress in obligating and disbursing funds.	**NRCS Documents:** WHIP Program Enrollment Summary (based on '98, '99, and '01 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01).	14%	0.1
2	*Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?*	Yes	NRCS State Conservationists are responsible and accountable for overall program implementation and results, including identifying, monitoring and analyzing performance indicators and financial integrity. The Deputy Chief for Strategic Planning and Accountability provides national oversight. State offices conduct quality assurance reviews in accordance with guidance provided in the National Conservation Program Manual. The national office bases its allocations of technical and financial assistance funding to particular NRCS State offices based, in part, from timely performance and cost-effectiveness criteria. Field managers submit project cost and conservation practice information into PRMS.	**NRCS Documents:** National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. WHIP Program Enrollment Summary (based on '98, '99, and '01 data). **NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	*Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?*	Yes	WHIP obligtes and disburses funds in a timely manner. For example, the 1996 Farm Bill authorized $50 million to be made available during the life of the Farm Bill. NRCS commenced WHIP program planning and contract development activities during the spring 1998. At the end of FY 1999 only three percent of the total program funds remained unobligated. In FY2001, less than one percent of the funds remained unobligated at the end of the fiscal year. WHIP operates under a continuous signup process where the agency accepts applications throughout the year. This open signup concept allows the agency to accept good projects as they are offered rather than making applicants wait until we hold a "signup."	**NRCS Documents:** National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet.	14%	0.1
4	*Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?*	Yes	NRCS's WHIP project ranking criteria incorporate ecological and cost-efficiency elements. States obtain a larger share of WHIP funds depending upon their demonstrated ability to implement a cost-efficient program. Field managers also enter project information into the Performance Results Measurement System (PRMS), which tracks project-specific information. The PRMS database tracks 23 WHIP performance targets and progress on these targets. Tracking these annual targets and accomplishments provides WHIP managers a powerful tool for managing the program. While the 23 measures are output oriented, taken together, they present a picture of how NRCS uses WHIP funds and point to areas where more effort can be concentrated.	**NRCS Documents:** National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. **NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1
5	*Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?*	Yes	NRCS has created a cost of programs model that estimates the full cost of delivering WHIP on an annual basis. This model incorporates the direct and indirect costs needed to deliver WHIP, including: salaries, benefits, rent, utilities, and travel.	**NRCS Documents:** Example sheet from NRCS's "Full Cost of Programs Model: WHIP."	14%	0.1
6	*Does the program use strong financial management practices?*	Yes	The agency Financial Management Director certified that the NRCS financial management system is in compliance with the Federal Financial Management Improvement Act. While USDA OIG has not conducted an audit of WHIP, an NRCS Oversight and Evaluation team will be performing an in-depth review of the program in FY 2003.	**NRCS Policy:** Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7	*Has the program taken meaningful steps to address its management deficiencies?*	Yes	As explained above, NRCS has initiated the IT-based Performance Results Management System (PRMS) that collects data from field managers in real time. State and national program managers review these data on a regular basis to ensure that the agency delivers the program most effectively. An NRCS Oversight and Evaluation team will be conducting an in-depth review of WHIP in FY 2003. This review will assess the structure and performance of WHIP, and will make recommendations on measures to improve the program's overall performance. O&E teams will then conduct periodic follow-up reviews to ensure that their findings and recommendations are successfully implemented.	**NRCS Documents:** NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01).	14%	0.1
Total Section Score					**100%**	**100%**

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	*Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?*	No	Long-term outcome measures for wildlife improvement programs such as WHIP are difficult to develop and measure. Direct measures of success will likely take decades as animals often respond to habitat improvements in time periods measured in terms of species' generations. Recognizing the complexity of developing *outcome* goals, NRCS has not established long-term *output* measures and targets for WHIP. Instead, NRCS develops performance targets on an annual basis and adjusts these targets based on performance from the preceding year. The program identifies three primary goals for WHIP, but no measures of these goals were provided.	**NRCS Documents:** NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01).	25%	0.0

Long-Term Goal I:	Protect wildlife and fishery habitats identified by local and state partners in each state.
Target:	
Actual Progress achieved toward goal:	
Long-Term Goal II:	Protect habitats and wildlife species experiencing declining or significantly reduced populations including rare, threatened, and endangered speices.
Target:	
Actual Progress achieved toward goal:	
Long-Term Goal III:	Promote conservation practices beneficial to fish and wildlife that may otherwise not be funded.
Target:	
Actual Progress achieved toward goal:	

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2	*Does the program (including program partners) achieve its annual performance goals?*	Large Extent	The PRMS database tracks 23 WHIP performance targets and progress on these targets. Tracking these annual targets and accomplishments provides WHIP managers a powerful tool for managing the program. While the 23 measures are output oriented, taken together, they present a picture of how NRCS uses WHIP funds and point to areas where more effort can be concentrated. Below are three examples taken from the PRMS database. From the evidence provided, however, it was difficult to determine which of the 23 measures were WHIP specific and could be influenced by improved WHIP management. Furthermore, many of these measures have been only recently established for WHIP in PRMS, and no baseline exists for previous years.	**NRCS Documents:** NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01). PRMS FY '02 Performance Summary for WHIP.	25%	0.2

Key Goal I:	Acres of wildlife habitat management applied.
Performance Target:	FY 2002 target = 384,432 acres
Actual Performance:	Total progress = 325,685 acres (84 percent of target)
Key Goal II:	Acres of wetland habitat created, restored, or enhanced.
Performance Target:	FY 2002 target = 6,880
Actual Performance:	Total progress = 6,767 (98 percent of target)
Key Goal III:	Acres of trees and shrubs establishment
Performance Target:	FY 2002 = 5,035
Actual Performance:	Total progress = 14,914 (296 percent of target)

3	*Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?*	Small Extent	To a limited extent, WHIP has demonstrated improved efficiencies and cost-effectiveness. The program leverages funds and expertise from WHIP partners to deliver projects most effectively. Field managers have the flexibility to work with the landowner to design suitable wildlife habitat projects that makes for the best use of resources and wildlife management techniques. WHIP effectiveness and efficiency could be improved if the program worked to increase the amount of non-federal cost sharing, increase the efficiency of NRCS technical assistance, or focused WHIP funds are more specific habitat and species goals.	**NRCS Documents:** National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. WHIP Enrollment Summary that includes information on partners' contributions.	25%	0.1
4	*Does the performance of this program compare favorably to other programs with similar purpose and goals?*	N/A	Although there are other state and federal programs that address wildlife habitat needs, we did not identify specific analyses that compared WHIP with other programs.		0%	

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	*Do independent and quality evaluations of this program indicate that the program is effective and achieving results?*	Small Extent	There are a limited number of independent evaluations that have examined WHIP and its efficacy. In 2001, the General Accounting Office surveyed State Technical Committee members nationwide on how USDA could better address environmental concerns. Overall, members viewed WHIP as effective in achieving environmental objectives important to the program. Specifically, in regards to WHIP, 69 percent of those interviewed found WHIP to be very or extremely effective in protecting or improving wildlife habitat. Specific studies that evaluated the outcome performance of WHIP (such as the increase in sensitive wildlife populations) have not been performed, however. Other evaluations have found WHIP to be effective at partnering with other governmental and non-governmental entities to identify and fund habitat improvement projects. These studies note the program's popularity and effectiveness have been constrained by its relative low-funding levels in previous years.	**External Evaluation:** "Assessing the Establishment and Potential Impacts of WHIP," Vincent J. Burke, School of Natural Resources, University of Missouri (Feb. 26, 1999). **GAO Report:**	25%	0.1
Total Section Score					**100%**	**33%**

PART Performance Measurements

Program: Wildlife Habitat Incentives Program
Agency: Department of Agriculture
Bureau: Natural Resources Conservation Service
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
80%	71%	100%	33%	Demonstrated

Measure: Measures under development

Additional Information:

Year	Target	Actual

Measure Term: Long-term

Measure: Number of acres where wildlife habitat management measures were applied

Additional Information:

Year	Target	Actual
2002	384,432	325,685

Measure Term: Annual

Measure: Number of acres of wetland habitat created, restored, or enhanced

Additional Information:

Year	Target	Actual
2002	6,880	6,767

Measure Term: Annual