



*Farm Service Agency*  
**2005-2011**

# Strategic Plan



United States Department of Agriculture

# *Farm Service Agency Fiscal Year 2005-2011 Strategic Plan*

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## LETTER FROM THE ADMINISTRATOR

In the fall of 2003, the Farm Service Agency (FSA) embarked on an ambitious journey to transform into a more performance-based, transparent, and results-oriented organization by linking our budgetary requests to our performance goals. The President and the American public need to know what we offer for the taxpayer dollars appropriated. FSA is focusing on results, our customers, and moving forward to modernize and transform the way Federal farm programs are delivered across America.

This transformation effort began with the development of FSA's Strategic Plan (Fiscal Years 2005 – 2011). Our Strategic Plan is a tool designed to keep this Agency on track, fully focused, and well-positioned to help American farmers and ranchers remain globally competitive, and to help ensure that agricultural producers meet consumer demands, while conserving natural resources and protecting the environment. With this Strategic Plan as our guide, we will improve customer service and program delivery, improve employee satisfaction, and enhance operational efficiency and effectiveness.

Aligned to the USDA's FY 2005-2010 Strategic Plan, FSA's Strategic Plan is a stakeholder-driven roadmap with mission and vision statements, goals and objectives which are tied to our budgetary requests. I fully support FSA's three Strategic Goals:

- Supporting productive farms and ranches;
- Supporting secure and affordable food and fiber; and
- Conserving natural resources and enhancing the environment.

Our FY 2005-2011 Strategic Plan has taken into consideration all of the employee and public comments that we received and is now available for download from the FSA Website. The Plan, already being implemented, helps our Agency meet future challenges and accomplish our mission. It is supported by several new communication pieces and the previously approved Strategic Plan Framework.

A great number of people have expended tremendous effort in developing the Agency's Strategic Plan, and I encourage you to read it. Thank you to all who took the time to send us your comments. Should you have any questions or would like to provide feedback regarding the Agency's Strategic Plan, please visit [www.fsa.usda.gov/performance](http://www.fsa.usda.gov/performance). Employees may visit our online knowledge base at: <https://askfsainternal.custhelp.com>.

We look forward to receiving your input and full support as we implement this ambitious Strategic Plan.

Sincerely,



Teresa C. Lasseter  
Administrator, Farm Service Agency



## INTRODUCTION AND BACKGROUND

Agriculture is a vital sector of the U.S. economy, with all Americans benefiting from a strong, viable, and productive agricultural industry. The Farm Service Agency (FSA), a major agency of the U.S. Department of Agriculture (USDA), plays a critical role in maintaining that strength. The Farm Service Agency also helps support farmers through the Commodity Credit Corporation (CCC). The CCC is a Government-owned and operated entity which was created in order to support, stabilize, and protect farm income and commodity prices. Additionally, the CCC ensures balanced and adequate supplies of agricultural commodities and aids in their orderly distribution. FSA is the primary agency tasked with carrying out the CCC price support, storage, and reserve programs, as well as the corporation's domestic acquisition and disposal activities. FSA's FY 2005 – 2011 Strategic Plan (the Plan) defines FSA's responsibility in meeting the demands of an ever-changing agricultural sector. It also guides FSA's staff to effectively allocate limited resources to ensure fair, equitable, and efficient delivery of Federal farm programs. FSA is fully committed to keeping pace with the diverse and dynamic changes in American agriculture, meeting the present and future needs of producers and consumers, and demonstrating its commitment to fiduciary responsibility.

The Plan outlines the role of the Agency in three major areas:

- Making certain that American farmers and ranchers are competitive in global markets;
- Meeting the demands of consumers; and
- Protecting and enhancing the environment.

### MISSION STATEMENT

Equitably serving all farmers, ranchers, and agricultural partners by delivering effective, efficient agricultural programs for all Americans.

The Farm Security and Rural Investment Act of 2002 authorizes FSA to implement a diverse range of programs to accomplish its mission. For detailed information on FSA's authorizing statutes, please click on the following link:

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=lare&topic=aus>

FSA provides an equitable financial safety net for the Nation's farmers and ranchers. FSA also helps ensure that American agriculture remains competitive and productive in global markets while increasing the viability and stability of domestic agricultural operations. FSA's organizational chart can be found at:

[http://www.fsa.usda.gov/Internet/FSA\\_File/fsa\\_org\\_chart.pdf](http://www.fsa.usda.gov/Internet/FSA_File/fsa_org_chart.pdf)

### VISION STATEMENT

A market oriented, economically viable, and environmentally sound American Agriculture delivering an abundant, safe, and affordable food and fiber supply while sustaining quality agricultural communities.

FSA is moving aggressively to realize its vision of strengthening U.S. agriculture. The U.S. agricultural industry represents more than 15 percent of the Nation's gross domestic product, generating \$1 trillion in economic activity each year. FSA programs help fuel this economic engine while encouraging conservation, protecting the environment, and enhancing natural resources.

The Strategic Plan marks the culmination of an extensive planning process and describes FSA's intended progress into the future.



**Figure 1. FSA Mission and Strategic Goal linkage to the Budget & Performance Management System (BPMS) Crosscutting Management Objectives**

FSA's Strategic Plan supports the broader mission of the USDA as embodied in its six strategic goals:

- Enhance international competitiveness of American agriculture
- Enhance the competitiveness and sustainability of rural and farm economies
- Support increased economic opportunities and improved quality of life in rural America
- Enhance protection and safety of the Nation's agriculture and food supply
- Improve the Nation's nutrition and health
- Protect and enhance the Nation's natural resource base and environment

## BACKGROUND

During the past few years, the Agency focused on creating a more performance-based environment. As part of the Agency's commitment to well-informed management decisions, FSA established the Budget and Performance Management System (BPMS). While the Plan focuses on what FSA does, BPMS focuses on how the Agency will accomplish it. In October 2003, FSA formed a BPMS Core Team representing all core business and program areas. With substantial input from more than 450 internal and external stakeholders, the Core Team carefully crafted a Strategic Plan Framework (see Appendix A). With this structure, the Plan is a living document that outlines long-term goals as well as day-to-day performance guidance.

Since the 1930s, the USDA has had strong relationships with farmers and ranchers across America. FSA's primary responsibilities of equitably helping farmers and ranchers begin, maintain, or rebuild their farms and ranches after a natural disaster or market loss remain at the heart of FSA. Agency staff works diligently to help America's agricultural producers prepare for the inevitable economic cycles, natural disasters, and other destabilizing forces through the efficient administration of programs that provide a safety net for the agricultural sector. American farmers and ranchers face the aging of their population, rising costs of inputs, and low profit margins on raw commodities. Agricultural producers are keenly aware of the challenges presented by global competition, various trade policies, the consolidation of agricultural holdings, and an ever-changing demand for agricultural products. Thus, it is FSA's mission to continually support the agricultural sector while balancing the needs of producers with those of consumers.

The Nation's farming industry generates year-round abundant, low-cost, secure, and nutritious food and other agricultural products for all Americans, overseas consumers, and food aid recipients worldwide. FSA will continue to promote and support this industry; however, FSA's responsibilities extend far beyond food and fiber production to include effective and efficient operation in the 21<sup>st</sup> century to meet future challenges.

FSA's food assistance programs redirect surplus domestic food supply to segments of domestic and world societies in need of food aid. Therefore, FSA programs have a global impact benefiting all people and segments of society, including farmers, ranchers, agricultural partners, school-age children, rural and urban communities, and food aid recipients around the world. The Agency also plays a critical stewardship role regarding America's natural resources and environment, and thus, encourages responsible use and conservation by agricultural producers.

FSA works in partnership with private landowners, State and local governments, conservation districts, Tribal governments, and other interested non-governmental organizations to ensure that the Nation's natural resources are preserved and can meet the long-term needs of a dynamic society with an increasing population. FSA fully supports USDA's efforts to emphasize cooperative conservation to ensure that decisions about natural resource use and management are made by the people who are most affected by the decisions and most knowledgeable about local lands and environmental conditions.

The Agency captured feedback from its employees, customers, and other interested stakeholders, and the Plan evolved to address comments received. Many stakeholders stressed the importance of improving program delivery processes, reducing the burden on the workforce, improving program training, design, and administration, and delivering automated access to program applications. Stakeholders who provided input to the Agency during the development stage of this Plan emphasized the need to:

- Improve program design and the consistency of program delivery through customer education and improved employee training,
- Simplify program procedures and forms,
- Improve program access, outreach, and timeliness of benefits, and
- Educate the public to increase awareness of the importance of domestic agriculture.

With an emphasis on providing exceptional customer service and reducing employee workload, FSA continues to implement business process improvements and modernize its IT infrastructure and program delivery systems. In response to external stakeholders, the Plan promotes the benefits of domestic agriculture and the value added for the American public through FSA programs and the Agency's support for the agricultural sector. The Plan outlines goals for improving Agency outreach, achieving more effective partnerships, and enhancing operational efficiencies.

The Plan is flexible and each year the Agency will evaluate its progress in meeting the Plan's goals when preparing its Performance Budget. FSA will update the Plan when major program or policy changes occur and revise it every three years in accordance with the Government Performance and Results Act (GPRA) of 1993. As FSA approaches nearly three-quarters of a century of providing programs and services to America's farmers and ranchers and others around the world, the Agency remains committed to continuously improving the way it manages and delivers its programs.

## PARTNERSHIPS

Collaboration and partnerships are key to achieving FSA goals and objectives. The Agency partners with a broad spectrum of organizations. Several of its key partnerships are listed below.

STRATEGIC GOAL 1 Supporting Productive Farms and Ranches	STRATEGIC GOAL 2 Supporting Secure and Affordable Food and Fiber	STRATEGIC GOAL 3 Conserving Natural Resources and Enhancing the Environment
<ul style="list-style-type: none"> <li>• Animal and Plant Health Inspection Service (APHIS)</li> <li>• Bio-Based Products and Bio-Energy Coordination Council</li> <li>• Cooperative State Research and Education Service (CSREES)</li> <li>• Land Grant Universities</li> <li>• Private and Cooperative Lending Institutions</li> <li>• Risk Management Agency (RMA)</li> <li>• State Agriculture Finance Programs</li> <li>• World Agricultural Outlook Board</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural Marketing Service</li> <li>• American Peanut Shellers' Association</li> <li>• APHIS</li> <li>• CREES</li> <li>• Electronic Warehouse Receipt Providers</li> <li>• Federal Bureau of Investigation (FBI)</li> <li>• Food and Nutrition Service</li> <li>• Foreign Agriculture Service (FAS)</li> <li>• National Association of State Departments of Agriculture</li> <li>• National Cotton Council</li> <li>• National Grain and Feed Association</li> <li>• North American Millers' Association</li> <li>• U.S. Agency for International Development</li> <li>• World Agricultural Outlook Board</li> </ul>	<ul style="list-style-type: none"> <li>• Bureau of Land Management</li> <li>• Conservation Groups (e.g., Ducks Unlimited, Pheasants Forever)</li> <li>• Environmental Protection Agency</li> <li>• Natural Resources Conservation Service (NRCS)</li> <li>• NRCS' Resource Conservation and Development Councils</li> <li>• Research Partnerships: Universities, U.S. Geologic Survey, Non-governmental Organizations</li> <li>• State Soil and Water Conservation Districts</li> <li>• U.S. Department of the Interior – Fish and Wildlife Service</li> </ul>
INFORMATION PROVIDERS	HOMELAND SECURITY	
<ul style="list-style-type: none"> <li>• Economic Research Service</li> <li>• National Agriculture Statistics Service</li> <li>• U.S. Office of the Chief Economist</li> </ul>	<ul style="list-style-type: none"> <li>• Agriculture Multi-Agency Coordination Group</li> <li>• APHIS</li> </ul>	
CROSSCUTTING PARTNERSHIPS		
<ul style="list-style-type: none"> <li>• Department of Treasury's Federal Consulting Group</li> <li>• Minorities in Agriculture and Natural Resources and Related Sciences</li> <li>• Partnership Council (FSA/RMA)</li> <li>• Rural Coalition - (26 Community Based Organizations in the U.S. and in Mexico)</li> <li>• Service Center Partners (NRCS, Rural Development, FSA Soil and Water Conservation Districts, CSREES)</li> <li>• State Departments of Agriculture</li> <li>• Technical Service Providers</li> <li>• Tribal Outreach – Bureau of Indian Affairs, National Tribal Development Association, and Tribal Organizations</li> <li>• U.S. Department of Education</li> <li>• U.S. Department of the Interior</li> </ul>		



## EXTERNAL FACTORS AND OUTLOOK FOR THE FUTURE

Agriculture has played a pivotal role in American history. Food and fiber are necessary to sustain a stable and prosperous culture, but agriculture is an ever-developing enterprise. We can only estimate how food and fiber will be produced in the future to meet consumer demand. Also many factors contribute to the economic uncertainties inherent in agricultural production. Some challenges facing domestic agricultural producers include:

- **Increased globalization and customer-driven markets** – Globalization and increased export competition, coupled with changing consumer preferences and buying behavior
- **Demographic shifts and production agriculture** – Increased numbers of minority and women farm operators and owners, fewer small farms, and more large and complex farms utilizing new technologies and modern production methods. There are also more transient workers, fewer traditional agricultural jobs, and seasonal employment is commonplace
- **Natural and man-made disasters** – Severe short- and long-term adverse weather conditions and an increase in the number and severity of man-made disasters (e.g., homeland security issues) will continue to cause economic uncertainty and pose risks for agricultural producers

### Increased Globalization and Customer-Driven Markets

America's farm and food system infrastructure is rapidly changing. The change is driven by technology, globalization, agricultural diversity, and a consumer-oriented market. Just four percent of the world's population lives in the United States, and although U.S. agricultural producers can easily meet domestic demands for food and fiber, trade expansion will continue to be a critical issue for the United States as the 21<sup>st</sup> century unfolds.

FSA works diligently with the Foreign Agricultural Service (FAS) to foster trade opportunities as food and agricultural systems operate in a highly competitive global context. Currently, the U.S. share of the global market for agricultural products and services averages just under 20 percent,<sup>1</sup> but USDA is continuing to work with its agricultural partners to bring down trade barriers and expand international market opportunities. USDA participates in World Trade Organization (WTO) trade negotiations and notification processes that shape tariff rates on agricultural products worldwide. USDA and the WTO cooperate to establish new export protocols to facilitate access to foreign markets.

Consumer demands are also changing and globalization has increased the demand for specialty crops, organic foods, and a more diverse array of fresh fruits, vegetables, and other agricultural products. A demanding market, coupled with increased global competition for that market, has also spurred the need to develop innovative alternative uses for food and fiber, such as bio-fuels. As the world moves into the 21<sup>st</sup> century and beyond, the domestic agricultural industry must

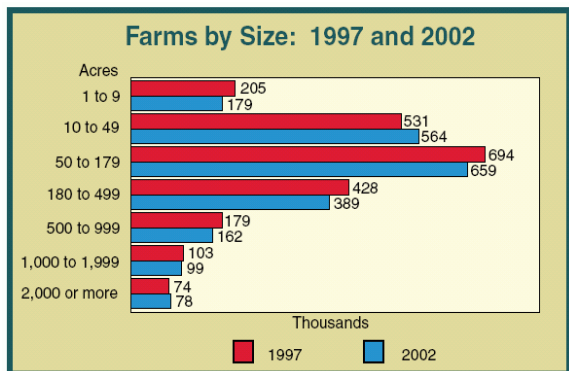
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<sup>1</sup> Economic Research Service, "A Competitive Agricultural System Overview":  
<http://www.ers.usda.gov/Emphases/Competitive/>

learn to service a more consumer-driven market. Investments in technology will improve service delivery and reduce costs.

## Demographic Shifts and Production Agriculture

Long-term trends in farming indicate that the increased complexity of modern farming and intense global competition will continue to drive the consolidation of smaller farms, resulting in



Source: [www.nass.usda.gov/census](http://www.nass.usda.gov/census)

fewer and larger farms.<sup>2</sup> While fewer farming operations will originate within the next eight years, there are trends toward an increase in women and Hispanic farmers. These trends may result in increased demand for FSA programs that improve access to capital for beginning farmers and ranchers, women, and minority agricultural producers. FSA will work diligently to reach out to these new agricultural producers and will provide all customers equal access to its programs.

## Natural and Man-Made Disasters

Farmers and ranchers face natural resource challenges from soil erosion to the preservation of wildlife habitats and maintenance of wetlands. They must also meet a new challenge of protecting their lands from deliberate acts of terrorism. These and other 21<sup>st</sup> century complexities will require greater emphasis on protecting the environment. For example, the global economy, free trade initiatives, and transportation technologies have increased the likelihood that exotic invasive species will reach American fields. Therefore, it is important to regulate and inspect agricultural imports most likely to be carrying such species.

Human-generated sedimentation or contamination from heavy metals, pesticides or other pollutants, and development and revitalization can all adversely affect the environment. These pollutants can threaten ecosystems and watersheds that provide water for drinking, irrigation, recreation, employment opportunities and havens for bio-diversity. Contamination that degrades or interrupts those benefits and services harms the economy at every level.

Natural disasters such as drought, fires, floods, and other acts of nature place agricultural producers and landowners at significant risk. Such future occurrences could bring an increased demand for disaster preparedness and recovery assistance, emergency loans, and humanitarian assistance programs. As FSA cannot predict the incidence of natural and man-made disasters, the Agency is focused on improving processes and creating organizational flexibility to quickly reallocate funds and resources for rapid response to agricultural and humanitarian disasters.

<sup>2</sup> Bureau of Labor Statistics (<http://stats.bls.gov/oco/ocos176.htm>)

## AN INTRODUCTION TO FSA'S 2005–2011 STRATEGIC GOALS

To achieve FSA's mission of *equitably serving all farmers, ranchers, and agricultural partners by delivering effective, efficient agricultural programs for all Americans*, FSA has developed three strategic goals that will help guide our actions through 2011. These goals are:

- **Goal 1: Supporting Productive Farms and Ranches;**
- **Goal 2: Supporting Secure and Affordable Food and Fiber; and**
- **Goal 3: Conserving Natural Resources and Enhancing the Environment.**

The FSA FY 2005-2011 Strategic Plan (the Plan) maintains continuity with FSA's previous Strategic Plan, developed before the 2002 Farm Bill, and complements USDA's FY 2005-2010 Strategic Plan (Figure 1). The Plan illustrates how FSA programs complement one another, creating an integrated approach to advancing FSA's mission, goals and objectives, and key societal outcomes. FSA Goals 1 and 2 are primarily addressed by farm programs, farm loan programs, and commodity operations. FSA Goal 3 focuses on enhanced conservation and environmental quality issues.

**FIGURE 2: USDA – FSA GOALS AND OBJECTIVES ALIGNMENT**

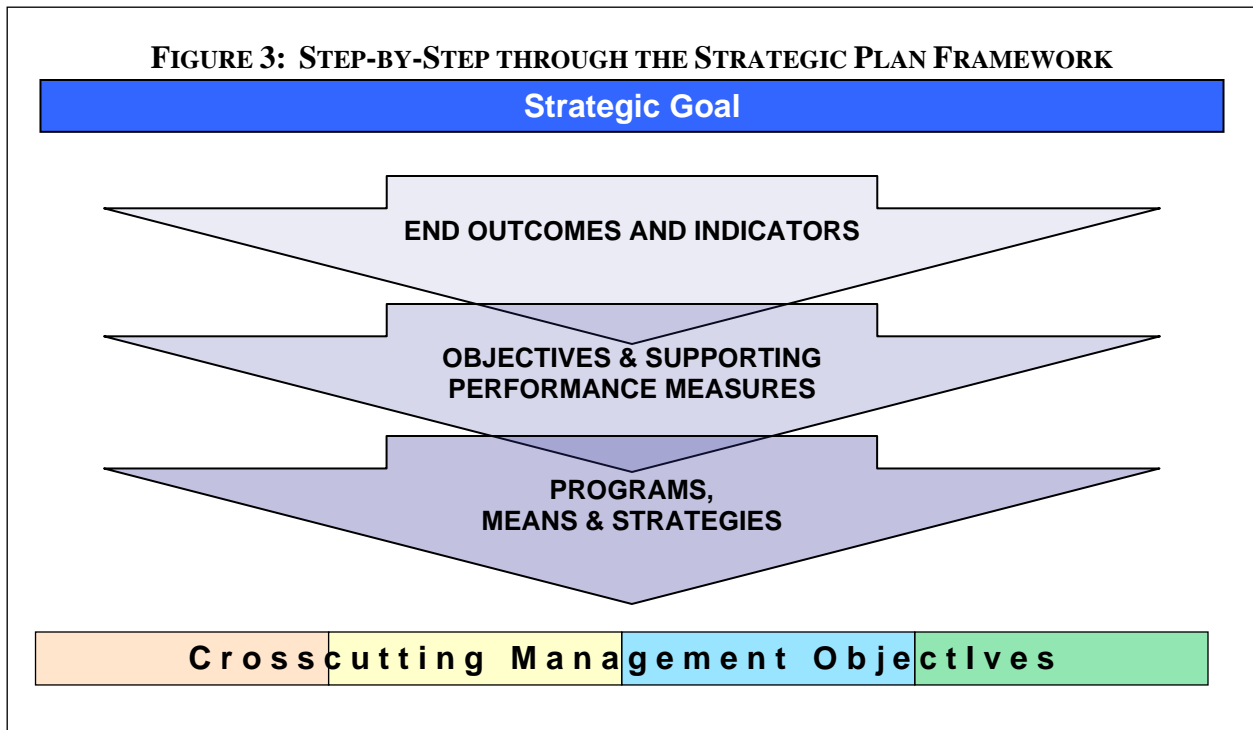
USDA Strategic Goal / Objective	FSA Strategic Goal	FSA Objectives
<p><b>USDA Strategic Goal 2:</b> Enhance the Competitiveness and Sustainability of Rural and Farm Economics</p> <p><u>USDA Strategic Objective 2.3:</u> Provide Risk Management and Financial Tools to Farmers and Ranchers</p>	<p><b>FSA Strategic Goal 1:</b> Supporting Productive Farms and Ranches</p>	<p><u>Objective 1.1:</u> Improving Access to Capital</p> <p><u>Objective 1.2:</u> Mitigating Market Losses</p> <p><u>Objective 1.3:</u> Mitigating Losses from Natural Disasters</p>
<p><b>USDA Strategic Goal 2:</b> Enhance the Competitiveness and Sustainability of Rural and Farm Economics</p> <p><u>USDA Strategic Objective 2.3:</u> Provide Risk Management and Financial Tools to Farmers and Ranchers</p>	<p><b>FSA Strategic Goal 2:</b> Supporting Secure and Affordable Food and Fiber</p>	<p><u>Objective 2.1:</u> Providing Adequate, Secure Storage Capacity that Maintains Quality</p>
<p><b>USDA Strategic Goal 6:</b> Protect and Enhance the Nation's Natural Resource Base and Environment</p> <p><u>USDA Strategic Objective 6.1:</u> Protect Watershed Health to Ensure Clean and Abundant Water</p> <p><u>USDA Strategic Objective 6.2:</u> Enhance Soil Quality to Maintain Productive Working Cropland</p>	<p><b>FSA Strategic Goal 3:</b> Conserving Natural Resources and Enhancing the Environment</p>	<p><u>Objective 3.1:</u> Improving Conservation Practices</p> <p><u>Objective 3.2:</u> Targeting Lands to Maximize Conservation Benefits</p> <p><u>Objective 3.3:</u> Mitigating Adverse Impacts from Agricultural Production</p>

The Plan connects FSA's strategic goals to supporting resources. USDA Service Centers provide program support for all three goals, as do many Agency partnerships. To ensure that the

Agency is making acceptable progress toward reaching these goals, the Plan establishes performance measures, targets, and timelines against which FSA can evaluate its success. These performance measures are outcome focused and include efficiency measures for each major program area.

Each FSA goal section includes a framework of the following elements:

- Rationale for the goal and general information about the FSA programs and services used to achieve the goal;
- *End Outcomes*, high-level results influenced by FSA programs and significant external variables;
- *Indicators*, directional measures associated with end outcomes;
- *Objectives*, which are more directly affected by FSA programs and services;
- *Performance Measures* related to the outcomes under each goal;
- *Means and Strategies*, which provide program-specific actions that FSA will take to achieve the goal; and
- *External Factors* that could impede progress toward the goal, and resulting actions that FSA may take to mitigate negative effects



## STRATEGIC GOAL 1

### SUPPORTING PRODUCTIVE FARMS AND RANCHES



**Grain Harvest and Storage Facility**

The strength of the Nation’s agricultural industry is based on the economic stability of farms and ranches. This fundamental premise is reflected in Strategic Goal 1: “Supporting Productive Farms and Ranches.” FSA supports productive farms and ranches by working to increase the long-term viability of American agriculture, strengthen our rural communities, and help farmers and ranchers succeed in today’s ever-changing marketplace.

To achieve this goal, FSA delivers farm operating and ownership loans, income support programs, disaster assistance, and commodity programs. These programs support the Nation’s agricultural communities by providing a financial safety net for farms and ranches, helping them remain productive during economically stressful times.

Farming in the 21<sup>st</sup> century requires substantial resources and extensive management skills. FSA programs assist with this by enhancing the ability of agricultural producers to:

- obtain needed credit,
- manage risks associated with farming,
- recover economically and structurally after natural disasters and
- serve as effective stewards of the land.

To help maintain economic stability in the agricultural sector, FSA provides prompt and equitable assistance through direct income payments, disaster assistance, and marketing assistance loans to farmers, ranchers, and eligible landowners. When natural disasters strike, FSA reacts quickly to help affected producers recover from losses and restore their lands to pre-disaster productivity levels. Additionally, FSA partners with commercial lenders to guarantee farm ownership and operating loans and makes direct loans to producers to purchase properties or finance



**Flooded Cropland in southwest Iowa**

farm operating expenses. FSA also provides credit to farmers in response to disasters, helping them to sustain production or rebuild infrastructure at a time when qualifying for commercial credit is often the most difficult.

FSA Commodity Operations programs help create additional market opportunities for farmers and ranchers, thereby enhancing agricultural communities and supporting a more market-based agricultural sector. FSA administers the United States Warehouse Act, creating enforceable title documents between warehouse operators and farmers with terms and conditions meeting the requirements of lending institutions. The FSA move to electronic formats for warehouse receipts greatly increases efficiency. Electronic Warehouse Receipts (EWR) and related electronic documents reduce the time involved in marketing commodities and the associated business costs throughout the marketing chain. Warehouse receipts also improve marketing opportunities so producers can earn the best prices for stored commodities.

## **GOAL 1 END OUTCOMES AND INDICATORS**

### **SUCCESSFUL FARMS AND RANCHES**

#### **PERFORMANCE INDICATORS**

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- Sustained or increased profit of farms and ranches
- Maintained gross farm cash income

### **MARKET-BASED AGRICULTURE**

#### **PERFORMANCE INDICATORS**

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- Sustained global leadership in percentage of disposable income used for food
- Reduced percentage of acreage permanently converted to non-agricultural use
- Maintained or increased sales of agricultural exports

### **THRIVING AGRICULTURAL COMMUNITIES**

#### **PERFORMANCE INDICATORS**

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- Sustained or improved growth rate of per capita income in agricultural communities

The Nation's economy improves as farmers and ranchers build and sustain a stronger agricultural economy. Increases in farm ownership and profit contribute to a successful agricultural sector and stability in rural America and sustained economic growth of rural communities.

The Farm Security and Rural Investment Act of 2002 continued the planting flexibility components of the prior Farm Bill and maintained the linkage between market price expectations and planting decisions for farmers. These actions minimize commodity market distortions that have historically resulted from commodity price and income support programs. When establishing county loan rates, for example, FSA reviews changes in commodity production and relative prices in order to reflect the dynamic nature of the market place. The goals of FSA's commodity programs are to help farmers manage risk and stabilize prices and to help domestic producers compete in global markets and increase exports.

The U.S. Congress recognizes the need to provide an economic safety net for the agricultural sector, especially in times of natural disasters or decreased world market prices for agricultural commodities. Congress directs FSA to administer programs that stabilize markets and increase gross farm income through programs such as the Direct and Counter-Cyclical Payment Program, the Marketing Assistance Loan and Loan Deficiency Payment Programs, and various disaster and emergency assistance programs. To gauge FSA's effectiveness in providing producers with a safety net, FSA measures, among other indicators, the annual gross farm cash income from all sources. This information is derived from a long-standing data series maintained by the USDA Economic Research Service and compared to USDA Agricultural Census data sets.

Although FSA programs contribute to the accomplishment of this goal and end outcomes, the Agency has somewhat limited influence over various external forces that impact their achievement. FSA will review and, as needed, revise end outcomes and indicators at least every three years, as required by the Government Performance and Results Act.

To support Goal 1 and its three end outcomes, the Agency identified three strategic objectives over which FSA has significant influence: 1) improving access to capital, 2) mitigating market losses, and 3) mitigating losses from natural disasters.

## GOAL 1 OBJECTIVES

### 1.1 IMPROVING ACCESS TO CAPITAL

#### PERFORMANCE MEASURES

- Increase the percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA
- Maintain or reduce loss rates for direct loans
- Maintain or reduce loss rates for guaranteed loans
- Reduce average processing time for direct loans
- Reduce average processing time for guaranteed loans

FSA's farm loan programs assist small family farmers and ranchers who have limited resources or who are temporarily unable to obtain commercial credit at reasonable rates and terms to establish and maintain profitable farms. FSA borrowers typically have less wealth, higher indebtedness, less capacity for further debt, and lower income than most family farmers.

FSA makes and services direct farm loans, and guarantees loans made by conventional agricultural lenders. The FSA guarantee permits lenders to make credit available to farmers who do not meet the lender's normal underwriting criteria.

FSA provides both farm ownership and farm operating loans. Farm ownership loans may be used to purchase farmland, construct or repair buildings and other fixtures, develop farmland to promote soil and water conservation, or to refinance existing debt. Farm operating loans are used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and for other operating expenses. They can also be used to pay for minor improvements to buildings, land and water development costs, family living expenses, and to refinance debts under certain conditions.

The financial characteristics mentioned above that are typical of FSA borrowers are especially true for women farmers, minority farmers, and beginning farmers and ranchers—groups that have been historically underserved by agricultural lenders. Therefore, meeting the credit needs of these farmers and ranchers remains an FSA priority. FSA has significantly expanded its lending to these groups over the past several years and intends to build on this success. In FY 2006, FSA provided \$1.4 billion in loans to the targeted groups, a 40 percent increase from the \$995 million provided in FY 2000.

Providing service in a high quality, timely manner is another objective for the loan programs. Since FY 2001, FSA has improved the timeliness of loan application processing for both the direct and guaranteed loan programs. The average time to process a direct loan application dropped from 44 days to 31 days, and guaranteed loan processing decreased from 18 days to 13



days. In order to improve on these results, FSA is continuing its efforts to streamline program operations and implement new and/or improved information technology solutions. The resulting improvements in operational efficiency will allow FSA to devote more resources toward portfolio management and analysis.

The overall quality of the loan portfolio is quite strong, as evidenced by delinquencies and foreclosures being at historic lows. The strength of the portfolio can be attributed to several factors, including information technology modernization efforts, improved program management and oversight, and the overall strength of the U.S. agricultural economy. Another indicator of portfolio strength is the loss rate. In FY 2006, the loss rate for the direct loan program was 2.9 percent and .4 percent for the guaranteed program, the lowest levels in 20 years. Maintaining loss rates at the current levels will be a significant challenge.

## 1.2 MITIGATING MARKET LOSSES

### PERFORMANCE MEASURES

- Maintain participation rate for direct and counter-cyclical payment programs
- Maintain or increase percentage of program benefits delivered through a Web environment

In an era of heightened global competitiveness, FSA must help American farmers and ranchers remain the leaders in the sale of agricultural products domestically and abroad. To sustain and increase market share, it is critical for the Agency to continue to help the agricultural industry minimize market volatility by mitigating market losses. The Agency's various income support programs provide financial assistance to farmers when market prices fall below certain levels, thereby enabling and stabilizing food production.

For example, the Milk (Dairy) Price Support Program purchases nonfat dry milk, cheese, and butter from vendors and processors to support the price of fluid milk. This program also supplies surplus price support commodities to food distribution programs and provides surplus commodities for market development. This helps maintain market prices at the legislated support level, mitigating potential market losses.

FSA's Marketing Assistance Loans (MALs) provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. MALs allow producers to store production at harvest, facilitating more orderly marketing of commodities throughout the year.

The MAL and LDP provisions encourage U.S. produced-commodities to be marketed competitively both domestically and internationally. The provisions are also intended to minimize forfeitures of commodities held as loan collateral by CCC, thereby minimizing the accumulation of CCC-owned stocks and reducing storage costs to taxpayers.

The Direct and Counter-Cyclical Program (DCP) is key in the Agency's effort to mitigate market losses. Authorized by the Farm Security and Rural Investment Act of 2002 (the Farm Bill), DCP provides payments to eligible producers on farms enrolled for the 2002 through 2007 crop years. There are two types of DCP payments – direct payments and counter-cyclical payments. Both are computed using the base acres and payment yields established for the farm. The program provides more than \$5 billion annually in direct payments. Counter-cyclical payments vary as market prices change, providing as much as \$4.7 billion in a single year to mitigate market losses.

FSA's electronic Direct and Counter-Cyclical Payment Program (eDCP) service allows agricultural producers to enroll in DCP online. In FY 2006, 1,451,026 producers were enrolled in the program. Producers can choose DCP payment options, assign crop shares, and sign, view, print, and submit their DCP contracts from any computer with Internet access at any time. This service is available to all eligible producers for the FY 2005-2007 DCP program years and helps the Agency maintain participation rates for this program. While producers still have the option to sign up for the program in person at their local USDA Service Center, offering sign-up options through the Internet helps the Agency meet its performance objectives, in line with the President's Management Agenda and the USDA's mandate to expand E-Gov options for program participants.

In addition to the eDCP, the electronic Loan Deficiency Payment (eLDP) service is an Internet-based service that allows producers to request LDPs online and receive approval and payment by direct deposit within 24-48 hours. eLDPs are available to eligible producers in all 50 States and are offered as an additional option to producers requesting an LDP. LDP benefits are still available at the local FSA county office. However, eLDP services provide greater flexibility to producers who conduct business online 24 hours a day. eLDPs have been available to eligible producers since 2004.

Administering FSA's programs in a Web environment reduces the number of hours needed to verify and disburse program benefits. FSA will also continue working to reduce the average processing time for program benefits to strengthen the vital financial safety net that keeps farmers solvent during difficult times.

### **1.3 MITIGATING LOSSES FROM NATURAL DISASTERS**

<b>PERFORMANCE MEASURES</b>
<ul style="list-style-type: none"><li>• Increase the percentage of eligible crops with Non-Insured Crop Disaster Assistance Program (NAP) coverage</li><li>• Reduce or maintain average processing time for emergency and disaster benefits</li></ul>

In times of natural disaster, FSA's emergency loan program and disaster relief programs help return farms and ranches to their pre-disaster state as quickly as possible. These programs, along with Federal crop insurance programs, are essential to the economic safety net that helps American farmers and ranchers maintain their operations during challenging times. Reducing

FSA's processing time for emergency loans and disaster assistance will help farmers and ranchers recover more quickly from disasters. For example, the Agency aims to reduce the average number of days for a producer to receive NAP benefits after filing a claim from 13.44 days in FY 2005 to 12.5 days in FY 2011. As a result, the percentage of market losses should decrease for those farmers and ranchers affected by production disruptions. Additionally, increases in the percentage of liabilities covered by crop insurance help farmers and ranchers recoup a higher percentage of their losses.

In the upcoming years through 2011, FSA's disaster assistance programs will continue to make progress toward its objective of mitigating losses caused by natural disasters. The Non-Insured Crop Disaster Assistance Program (NAP) is a risk management tool for producers of non-insurable crops—those that are unable to obtain crop insurance through an insurance product. A component of this objective is to increase the percentage of eligible crops with NAP coverage. From a baseline of 12.82 percent in 2005, a target of 14.2 percent for 2011 is being pursued.

FSA partners with the Risk Management Agency (RMA) to educate producers about the benefits of insuring their crops against disaster or market-related income losses. These programs (commodity operations, disaster, loan, and insurance programs) help ensure that America maintains a viable and productive agricultural sector.

## GOAL 1 MEANS AND STRATEGIES

### **To improve access to capital (Objective. 1.1), FSA will expand efforts to:**

- Restructure procedural handbooks for farm loan programs and improve the quality of training for FSA loan officers and lenders, resulting in more efficient, effective program operations.
- Streamline information collection and regulations for the direct loan program, which allows the Agency to focus resources on providing technical assistance, loan servicing, monitoring, and oversight, especially for high-risk loans. A similar effort was completed for the guaranteed loan program and resulted in streamlined business processes that reduced the reporting burden for applicants and the Agency.
- Focus outreach efforts on increasing lending and technical assistance to beginning farmers, racial and ethnic minority farmers, and women farmers and ranchers, thereby helping them establish and maintain profitable farming operations.
- Enhance the effectiveness of the Farm Business Plan management information system by developing additional reporting and analytics capabilities, which will lead to earlier identification of borrower financial weaknesses, enhanced performance measurement, and improvements in overall program management.
- Complete the implementation of the Farm Loan Program Information Delivery System, a Web-based system that will house all farm loan programs and provide multiple improvements to operational efficiency.
- Provide receipts through the U.S. Warehouse Act (USWA), which act as low-cost negotiable documents that can be used as security to obtain interim financing.

### **FSA will also:**

- Facilitate and encourage electronic commerce to reduce costs and delays associated with marketing and delivering commodities.
- Develop streamlined methods of disbursing program payments.

### **To help mitigate producers' market losses (Objective. 1.2), FSA will continue to:**

- Publicize available program benefits to all eligible producers.
- Improve access to information for producers through:
  - Web pages,
  - Mass mailings and the use of local media,
  - FSA Service Center newsletters, and
  - Informational meetings.
- Modernize information technology delivery systems.
- Increase the availability of E-Government initiatives to provide producers 24-hour, 7-day-a-week access to farm programs. Current FSA programs that can be accessed through the Internet include: electronic Loan Deficiency Payments (eLDPs), electronic Direct and Counter-Cyclical Program (eDCP), and electronic Milk Income Loss Contracts (eMILC).

- Collaborate with Cooperative State Research, Education and Extension Service (CSREES) to provide producers opportunities to learn commodity marketing skills and strategies to improve crop prices.

**To mitigate the losses from natural disasters and provide relief to producers (Objective 1.3), FSA will continue to:**

- Encourage producers to purchase crop insurance for all insurable crops.
- Partner with Risk Management Agency and the Federal Crop Insurance Corporation, The Cooperative State Research Education and Extension Service, and the State Departments of Agriculture to provide producers with information about Federal crop insurance, FSA's Non-Insured Crop Disaster Assistance Program (NAP), and other disaster assistance programs as they become available.
- Maintain the linkage between FSA's Disaster Program payments and requirements to purchase Federal crop insurance or NAP coverage.
- Expand coverage of risk management tools.
- Modernize information technology delivery systems.
- Increase the use of the Geographic Information System (GIS) to assess areas damaged by natural disasters and expedite the delivery of disaster payments.
- Continue to expand the number of adequately trained loss adjusters.

## GOAL 1 EXTERNAL FACTORS

Achieving the key outcomes for Goal 1 can be impacted by the natural and economic forces that make farming a high-risk venture. Widespread or prolonged natural disasters can significantly reduce farm production and net income. Substantial inflation in farm expenses or depressed commodity prices have similar effects. When economic conditions deteriorate in the agricultural sector, lending institutions contract their delivery of capital, which increases the demand for FSA farm loan programs. Such unstable economic conditions reduce borrower repayment ability, increase delinquencies and losses, and reduce the ability of direct borrowers to obtain guaranteed credit. Natural disasters and unstable market conditions also increase Service Center employee workload, hindering FSA's ability to provide timely assistance to affected producers.

To mitigate these circumstances, FSA encourages farmers to follow risk management practices such as purchasing crop insurance for all insurable crops, purchasing NAP coverage for those crops not insured by the Federal Crop Insurance Corporation, and using marketing tools such as forward contracting to increase profits. In addition, depending on the severity of natural disasters, FSA temporarily moves personnel to affected areas to ensure emergency and disaster assistance is provided as quickly and effectively as possible.

Other external factors that challenge FSA's ability to achieve its desired outcomes include:

- Acceptance of E-Gov initiatives;
- International trade agreements that influence U.S. price support programs; and
- Conversion of currently supported commodity acreage and production capacity to alternative crops or to non-agricultural uses.

As with all Federal programs, FSA's ability to successfully achieve its goals and performance targets is substantially influenced by the Agency's budget and statutory authorities. The 2002 Farm Bill essentially expires upon the completion of the 2007 crop year. The Administration and the Agency are working with Congress to improve current farm programs. Goals include making our farm support programs more market-oriented, more predictable, more equitable, and more secure from trade challenges. While preserving a strong safety net for farmers and ranchers that the 2002 Farm Bill put in place, proposals are aimed at moving away from policies that direct our support payments to just a few crops and finding ways to help the many U.S. farmers who currently receive no support payments. Proposals further seek to find ways of supporting our producers that are less tied to prices and production and more likely to avoid challenges in the international trade arena.

## STRATEGIC GOAL 2

### SUPPORTING SECURE AND AFFORDABLE FOOD AND FIBER

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**FSA programs promote an abundant and safe food supply.**

The FSA financial safety net discussed in Strategic Goal 1 results in the year-round availability of a variety of low-cost, secure, and nutritious foods for all Americans and food aid recipients worldwide.

FSA partners with U.S. Agency for International Development (USAID), Food Nutrition Service (FNS), and community-based, non-profit humanitarian relief organizations to help alleviate hunger and poverty in the U.S. and throughout the world. FSA purchases and delivers food aid to recipients of U.S. food distribution

programs including:

- The National School Lunch Program
- The Commodity Supplemental Food Program
- The Emergency Food Assistance Program
- The Food Distribution Program on Tribal Lands

More than 800 million people worldwide, most of them children, suffer from hunger and malnutrition. The U.S. provides more than 50 percent of the total worldwide food assistance to combat hunger. Through partnerships with USAID, American universities, faith-based organizations, and other non-profit organizations, FSA will continue to meet immediate food-aid needs, domestically and internationally, while seeking long-term solutions to alleviate global food insecurity. FSA is committed to helping mitigate food deficiencies, worldwide and is streamlining internal processes so that food continues to reach needy populations on time and according to contract specifications.

In addition, FSA supports a secure supply of food and fiber through the administration of the U.S. Warehouse Act (USWA) and by enforcing licensing requirements for commodity storage facilities. Congress established USDA's warehouse examination program nearly a century ago to alleviate and stabilize the widespread deterioration of America's stored raw agricultural commodities that threatened to contaminate the U.S. food supply at that time. Past and present regulatory enforcement actions and case law provide the warehouse examination program with extensive information and guidance regarding the storage procedures for commodities.

Reducing, controlling, or eliminating agricultural pest and disease outbreaks require strong partnerships and knowledge of new technologies and processes to detect, analyze, and verify the emergence of pests and disease before they become economic or public health threats. The protection and safety of the Nation's food production is a constant concern for producers and the industries that transport, store, process, and deliver food products to the public. It is FSA's responsibility, along with the Food Safety and Inspection Service, the U.S. Customs Service, and

the Animal and Plant Health Inspection Service to ensure that Americans continue to enjoy the world's safest and most abundant food and fiber supply.

FSA's partnerships also benefit the American public. Many FSA Service Centers are sites for local farmers' markets, which provide outlets for producers and a supply of fresh fruits, vegetables, herbs, and other agricultural products for local residents. FSA also delivers humanitarian aid to needy consumers through partnerships. During FY 2004, FSA started the *National Non-profit Humanitarian Initiative* to donate surplus nonfat dry milk to non-profit, faith- and community-based organizations (CBOs). Partnering with faith-based and CBOs to provide a healthy food staple builds on the Government's current *Faith-Based and Community Initiative*.

Since the beginning of the program, FSA has provided nonfat dry milk (NDM) to more than 70 qualified non-profit charitable organizations, including many that had not previously participated in the distribution of USDA commodities. These organizations have distributed the products to hundreds of local organizations in almost every State, ultimately reaching individuals and families in need. This donation program is expected to continue and will benefit thousands of hungry people throughout the U.S. Since FY 2004, FSA has donated more than 200 million pounds of NDM to these organizations.



## GOAL 2 END OUTCOMES AND INDICATORS

### AFFORDABLE FOOD AND FIBER

#### PERFORMANCE INDICATORS

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- Sustained global leadership in percentage of disposable income used for food
- Reduced percentage of acreage permanently converted to non-agricultural use

### SECURE SUPPLY OF QUALITY FOOD AND FIBER

#### PERFORMANCE INDICATORS

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- Reduced percentage of contamination instances resulting from improper storage practices

### EFFECTIVE FOOD AID

#### PERFORMANCE INDICATORS

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- Decreased percentage of low-income U.S. households experiencing hunger

Americans spend less on food as a percentage of disposable income than any other country, and FSA works to ensure that the Nation's farmers and ranchers are able to make a decent living, while supplying the public with safe and affordable food and fiber. In doing so, FSA strives to balance consumer needs for economically-priced agricultural products with the demands on producers to supply these products.

To support Goal 2 and its three end outcomes, the Agency identified two strategic objectives over which FSA has significant influence: 1) providing adequate and secure storage capacity that maintains quality, and 2) improving purchase and delivery of food aid.

## GOAL 2 OBJECTIVES

### 2.1 PROVIDING ADEQUATE, SECURE STORAGE CAPACITY THAT MAINTAINS QUALITY

#### PERFORMANCE MEASURES

- Maintain or increase the percentage of capacity of approved and licensed storage facilities
- Reduce average time between warehouse examinations



Silage Storage Facility

Following the events of September 11, 2001, FSA began the process of revising the Commodity Credit Corporation's (CCC) storage agreements that procure warehouse services for CCC-owned and loan commodities. All CCC storage agreements have been amended requiring Agreement holders to conduct a facility vulnerability assessment and implement a security plan that includes measures to protect commodities handled and stored. FSA works with agricultural producers and other Federal agencies to ensure the safety of our Nation's food supply. To ensure the safety

of our food stored in licensed facilities, FSA inspects licensed storage facilities as required by the U.S. Warehouse Act (USWA).

FSA has also published and made available the "Pre-Harvest Security Guidelines and Checklist 2006" (Security Guidelines) through USDA's Service Centers. The protection of U.S. agricultural production and food supply is essential to the health and welfare of everyone. There are some basic and practical security measures relayed in the Security Guidelines that can be instituted to help reduce risks at the farm level.

FSA participated in "Carver Plus Shock Primer" training for individuals participating in future risk assessments. Carver Plus Shock is a risk tool designed to identify vulnerabilities and rate the risk associated with those vulnerabilities. The Department of Homeland Security (DHS) and Department of Defense require the use of this tool in conducting risk assessments. Primer training introduces participants to the use of the Carver Plus Shock tool.

In collaboration with the DHS, the Food and Drug Administration (FDA), and the Federal Bureau of Investigation (FBI), FSA is participating in the Strategic Partnership Program Agro-terrorism (SPPA) Initiative and participating in an on-site risk assessment of an export warehouse operation. The purpose of the Initiative is to conduct a series of assessments of the food and agricultural sector in collaboration with private industry and States. The intent of the

assessments is to identify sector-wide vulnerabilities, identify research gaps and needs, develop mitigation strategies, and increase awareness and coordination between the food and agriculture sectors and the U.S. Government. The results of these assessments may impact the tentative baseline and targets presently established for this performance measure.

In FY 2004, FSA examined 1,553 licensed active warehouse entities, approximately half the U.S. total, with an average of 399 days between examinations. The Agency's target for FY 2008 is 390 days between examinations. To monitor the progress warehouse operators are making toward achieving DHS and FSA's homeland security objectives, FSA will continue to conduct warehouse examinations. Increased communication with commercial warehouse operators and more frequent examinations of licensed storage facilities will allow for earlier detection and mitigation of any potential warehouse violations.

## **2.2 IMPROVING THE PURCHASE AND DELIVERY OF FOOD AID**

### **PERFORMANCE MEASURES**

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- Increase the percentage of food aid delivered within contract specifications

The dynamic, global, agricultural market of the future presents enormous opportunities for the U.S. agricultural industry. To help farmers and ranchers optimize these opportunities, FSA is positioning itself to work more effectively by administering domestic agricultural programs that will increase the percentage of recipients in food-insecure countries. FSA also aims to increase the percentage of "at-risk" domestic recipients benefiting from U.S. food distribution programs from agencies like the Bureau of Indian Affairs and other Federal, State, and private agencies' food assistance programs.

FSA has an excellent record for delivering agricultural products on time and within contract specifications. FSA will continue to build partnerships and coordinate with other agencies to deliver low-cost, secure, and nutritious foods for needy Americans and food aid recipients worldwide through the following programs and program authorities:

- National School Lunch Program,
- Commodity Supplemental Food Program,
- Emergency Food Assistance Program,
- Food Distribution Program on Indian Reservations,
- Public Law 480 Title II and III Programs,
- Food for Progress,
- Global Food for Education, and
- Section 416(b) of the Agricultural Act of 1949, as well as others.

Additionally, FSA is indirectly increasing the number of domestic recipients receiving U.S. food distributions and goodwill programs by effectively managing contracts that support the delivery of food products.

## GOAL 2 MEANS AND STRATEGIES

**To provide adequate and secure storage capacity that maintains quality (Objective 2.1) and improve the purchase and delivery of food aid (Objective 2.2), FSA will continue to:**

- Employ a temporary detail of program specialists in areas of need using a train-the-trainer model.
- Administer the USWA to provide a safe, secure supply of food and fiber.
- Coordinate with other USDA agencies, USAID, non-profit organizations, and American universities to meet immediate food aid needs while seeking long-term solutions to improve global food security.
- Provide commodity, price, and income support to stabilize American farming and ranching operations.
- Increase the amount of agricultural outreach performed through partnerships and take steps to increase employee understanding of FSA programs and responsibilities through training and certification.
- Build partnerships and synchronize with other agencies to deliver low-cost, secure, and nutritious foods for needy Americans and food aid recipients worldwide.
- Conduct on-site examinations of warehouse operator's physical facilities to visually inspect the warehouse facilities and verify that their operational control is effectively preventing any commodity deterioration and foreign material contamination.
- Review and analyze warehouse operators' financial statements for meeting USDA's minimum required allowable net worth and working capital. Historically, USDA has found that those warehouse operators unable to meet these minimum requirements cannot adequately protect the commodities in their care from deterioration and contamination.
- Follow up with warehouse operators to assure that examination exception reports and requests for corrective actions involving deterioration and contamination issues are adequately corrected in a timely manner. When a warehouse operator fails to make the necessary corrective action(s), the compliance officer may recommend suspension or revocation of the warehouse license to the program administrators.
- Make policy decisions and develop warehouse examination procedures related to preventing commodity deterioration and foreign material contamination.
- Develop and establish electronic documentation systems to certify commodity quality and freedom from deterioration and contamination (Business documents such as grade and weight certificates, phytosanitary certificates, bills of lading, export evidence certificates, or letters of credit).

**For Homeland Security, FSA will continue to:**

- Require that warehouse operators conduct risk/vulnerability assessments of their facilities and establish procedures that include measures to protect commodities stored under storage and license agreements; and
- Require suppliers of commodities, products, and/or services to be responsible for placing seal(s), meeting criteria established by FSA, on all doors for each transportation conveyance upon completion of loading or servicing.

## GOAL 2 EXTERNAL FACTORS

External factors that will challenge FSA's ability to achieve its desired outcomes and program results under Goal 2 include:

- Domestic and international macroeconomic factors, including consumer purchasing power, the strength of the U.S. dollar and competing currencies, and political changes in other countries that can significantly influence domestic and global markets.
- Variable low commodity prices worldwide.
- Global competition in the export sector.
- Lack of collaboration between the public and private sectors that play a large role in food safety, security, and emergency preparedness.
- Adverse weather conditions.
- Lack of funding for developing and implementing proposed electronic program delivery initiatives.
- Lack of CCC commodity inventory available for export and domestic donation programs, as a result of lack of commodity price support activity.

## STRATEGIC GOAL 3

### CONSERVING NATURAL RESOURCES AND ENHANCING THE ENVIRONMENT

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Conservation of the Nation's cropland, forests, and grazing land benefits wildlife populations, protects soil productivity and helps provide clean water and air. The 2002 Farm Bill was



**This constructed wetland near Jackson Hole, Wyoming, will provide good habitat for migrating waterfowl.**

landmark legislation that sharpened FSA's focus on the environment by providing significant increase in funding for conservation on private lands. The conservation provisions in the Farm Bill allow FSA to help farmers and ranchers meet the many environmental challenges that may affect their land.

Farmers, ranchers, and private forest landowners manage two-thirds of the Nation's land, making them the primary stewards of American soil, air, and water resources. To ensure that our Nation's landowners have the necessary tools for effective stewardship, FSA has traditionally demonstrated strong leadership in helping agriculture with

conservation programs designed to provide environmental benefits. Because agriculture affects natural resources and the environment, FSA administers conservation programs with producers and other partners, particularly the Natural Resources Conservation Service (NRCS).

FSA's goal is to protect natural resources and environmental interests while supporting the Nation's farmers and ranchers in retaining soil productivity, improving water and air quality, and enhancing wildlife habitat. This, in turn, helps meet societal demand for improved environmental quality, which ultimately benefits all of society at large. To achieve these goals, FSA will continue to partner with NRCS, the Environmental Protection Agency (EPA), the U.S. Fish and Wildlife Service, and other Federal, State and private conservation and environmental organizations to maintain a high level of stewardship of the Nation's land, air, and water.

Farmers and ranchers have done a great deal to improve the environment in the past 20 years. Soil erosion decreased by more than one billion tons per year, and for the first time in the Nation's history, net acres of wetlands increased. This has resulted in increased populations for targeted species such as pheasant and duck populations. These significant improvements in environmental quality result partly from programs implemented by FSA.

Several studies documenting this progress are found on the FSA website. To track continued effectiveness, FSA has identified four end outcomes and several related indicators of progress.

## GOAL 3 END OUTCOMES AND INDICATORS

### QUALITY SOIL

#### PERFORMANCE INDICATOR

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- Reduced erosion rates

### QUALITY WATER

#### PERFORMANCE INDICATOR

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- Reduced ground and surface water contamination

### QUALITY WILDLIFE HABITAT

#### PERFORMANCE INDICATOR

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- Enhanced populations of targeted species

### QUALITY AIR

#### PERFORMANCE INDICATOR

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- Increased tons of carbon dioxide sequestered

The Conservation Reserve Program (CRP) helps farmers manage their land in a manner that conserves natural resources and enhances the environment. CRP is a voluntary program where eligible agricultural producers can receive annual rental payments and cost-share assistance to establish long-term, resource conserving covers on eligible farmland. In 2006, CRP enrollment was approximately 36.8 million acres. This represents roughly 10% of all planted cropland plus CRP land in the United States. FSA issues annual rental payments based on the agricultural market rental value of the land, and provides cost-share assistance for up to 50 percent of the participant's costs in establishing approved conservation practices. Participants enroll in CRP contracts for 10 to 15 years. CRP protects groundwater and helps improve the condition of lakes, rivers, ponds, and streams. Acreage enrolled in the CRP is planted in resource-conserving vegetative covers that enhance wildlife populations.

## GOAL 3 OBJECTIVES

### 3.1 IMPROVING CONSERVATION PRACTICES

#### PERFORMANCE MEASURES

- Maintain or increase the percentage of acres in compliance with highly erodible land and wetland provisions

FSA programs support compliance with provisions for highly-erodible lands and wetlands by improving conservation practices and increasing the number of acres with conservation cover. FSA provides incentives to target conservation benefits through the following programs:

- Conservation Reserve Program (CRP)
- Conservation Reserve Enhancement Program (CREP)
- Continuous Conservation Reserve Program (CCRP)
- Farmable Wetlands Program (FWP)
- Grassland Reserve Program (GRP)

FSA plays a role in combating invasive species and will cooperate in innovative conservation and environmental protection partnerships to support such efforts. To increase control over invasive species FSA will continue to:

- Ensure proper planting and management standards are used to establish a vegetative cover on all long-term CRP contracts (36 million acres in 2006). This includes oversight, review, and spot checks to certify that invasive species are controlled. Participants are encouraged to use native legumes, forbs, shrubs and plant mixes and to ensure the approved seeding mix does not include weed species, including noxious weed species. Producers are also required to control weeds (including noxious weeds), insects, and other pests during the contract period.
- Use GRP rental agreements to assure that GRP land is managed to maintain the vitality of the plant community. Conservation plans require management practices necessary to control invasive species.

FSA also assists producers to comply with sodbuster and swampbuster provisions<sup>3</sup> as a condition for receiving USDA benefits. With conservation compliance through approved conservation plans, more erodible land is protected and there is less agricultural production on wetlands.

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<sup>3</sup> *Sodbuster* is converting highly erodible land to crop production without applying an approved soil conservation system. *Swampbuster* is producing an agricultural commodity on a wetland converted after December 23, 1985, or converting a wetland after November 28, 1990, in a way that makes the production of an agricultural commodity possible.



### 3.2 TARGETING LANDS TO MAXIMIZE CONSERVATION BENEFITS

#### PERFORMANCE MEASURES

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- Increase acres managed under continuous CRP sign-up
- Increase general sign-up acres in priority areas
- Reduce FSA's average processing time of conservation offers through partnerships and technology

The CRP is the largest governmental conservation program for private lands. Current enrollment exceeds 36 million acres with CRP lands in all 50 States and Puerto Rico.

The CRP continues to be highly regarded for the environmental benefits generated by its long-term conservation contracts (10 to 15 years) protecting soil, water, air, and wildlife resources. By establishing conservation covers on cropland, CRP protects soils, improves water quality, sequesters carbon, and enhances wildlife populations, assuring that Americans receive an environmental annuity for their conservation tax dollars.

In 2006, the CRP:

- Reduced soil erosion by 464 million tons.
- Sequestered more than 50.5 million metric tons of carbon dioxide.

FSA has updated measurement methods to document that nitrogen loss from fields enrolled in CRP is reduced by 259 million lbs. and phosphorus loss is similarly reduced by 56 million lbs.

Land is targeted and enrolled in the CRP where conservation benefits are likely to have the greatest effect. FSA also seeks to improve service and program delivery by decreasing the average conservation contract processing time. Partnerships with State governments via CREP target critical resource areas affected by agricultural production and allow for locally tailored conservation solutions and measures.

### 3.3 MITIGATING ADVERSE IMPACTS FROM AGRICULTURAL PRODUCTION

#### PERFORMANCE MEASURES

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- Increase CRP acres of riparian and grass buffers
- Increase CRP restored wetlands acres

Making conservation buffers and other highly beneficial practices eligible for continuous enrollment helps increase program participation rates and environmental benefits. Since the inception of these programs through FY 2006, CRP, CREP, Continuous CRP, and FWP have enrolled 36 million acres, including:

- 1.89 million acres of riparian buffers and grass filters allowing cleaner water by intercepting sediment and nutrients before they reach surface waters,
- 2.0 million acres of wetlands and wetland buffers that increase prime wildlife habitat and water storage capacity, leading to a net increase in wetland acres on agriculture land, and
- Over 149,000 acres of Upland Bird Habitat Buffers.

To ensure the continued success of this conservation effort, FSA developed objectives and performance measures to monitor progress and demonstrate effective stewardship of the Nation's land, air, and water.

### GOAL 3 MEANS AND STRATEGIES

To achieve the objectives for the Conservation Reserve Program, FSA will:

- Pursue the President's commitment to full enrollment of CRP up to 39.2 million acres authorized in the 2002 Farm Security and Rural Investment Act.
- Ensure that the benefits of CRP continue by offering early reenrollments and extensions of existing contracts to current CRP participants.
- Target CRP enrollment to ensure that CRP continues its strong protection of the environment and natural resources, including enhancing wildlife habitat, improving air quality, reducing soil erosion, and protecting surface and groundwater quality.
- Seek public comment to improve conservation provided by the CRP.
- Partner with State and local governments to target specific environmental problems and enhance designated resource areas through the Conservation Reserve Enhancement Program (CREP), including Oklahoma CREP.
- Make use of CRP initiatives, including Upland Bird Habitat Buffers, Bottomland Hardwood Trees, Non-Flood Plain and Playa Wetlands, Flood Plain Wetlands, Longleaf Pine, Prairie Pothole Duck Nesting Habitat, and the new 500,000 acre State Areas for Wildlife Enhancement (SAFE) CRP practices to improve habitat for high-priority wildlife species.
- Partner with other agencies and organizations to promote conservation and ensure that all producers are made aware of program deadlines and requirements.
- Continue to actively monitor and evaluate the environmental benefits from CRP to improve delivery.

## GOAL 3 EXTERNAL FACTORS

External factors to challenge FSA's ability to achieve its desired outcomes and program results under Goal 3 include:

- The characteristics of the enrolled lands, which depend on which lands are voluntarily offered for contract.
- Favorable market prices, including a significant upturn in many commodity prices due to increase in ethanol demand, may entice producers to continue crop production on targeted lands.
- Expiration of CRP contracts on over 28 million acres may result in reduced enrollment.
- Natural disasters or severe drought may diminish program participation.
- Non-compliance with program provisions may reduce the effectiveness of the program.
- Appropriations may be insufficient to deliver technical assistance, provide cost-sharing assistance to rehabilitate farmlands damaged by natural disasters, and continue remediation efforts at former CCC grain storage facilities.

## CROSSCUTTING MANAGEMENT OBJECTIVES

### OVERVIEW OF FSA CROSSCUTTING MANAGEMENT OBJECTIVES

To ensure the infrastructure is in place to achieve its strategic goals and objectives, FSA is implementing a set of crosscutting management objectives to better align its internal capabilities with Agency responsibilities, mission, vision, strategic goals, and objectives. Internal and external stakeholders identified these areas as most critical during FSA's discussion sessions:

- Ensuring Civil Rights
- Strategically Managing Human Capital
- Improving Strategic Accountability
- Improving Business Process Effectiveness
- Improving Stakeholder Satisfaction

In 2004, FSA developed Crosscutting Management Objectives with performance measures designed to ensure the success of these initiatives. The Objectives hold senior managers and employees accountable for achieving key results tied to the FY 2005-2011 Strategic Plan, as well as day-to-day program management and administration. The performance measures under each management objective will link all FSA employees, including those in administrative or support functions, directly to this Plan. The Objectives will then be combined with other assessments to determine the success of FSA programs.

### ENSURING CIVIL RIGHTS (OBJECTIVE 1)



**An FSA Loan Officer works with a new immigrant producer.**

Civil rights is incorporated into all aspects of FSA's programs to ensure equitable delivery of programs and services and equitable treatment of FSA customers – the Nation's farmers, ranchers, and other agricultural producers. Civil rights is also a key initiative in FSA employment practices to provide a workplace free of discrimination and to enhance the diversity of the workforce through affirmative steps to recruit, hire, train, and promote employees from diverse backgrounds. This two-pronged strategy aims to ensure civil rights in both the delivery of FSA programs and the diverse make-up of employees who deliver these programs.

In the Strategic Plan, FSA has identified four key measures linked to this objective:

#### PERFORMANCE MEASURES

- Reduce percentage of civil rights program complaints filed
- Reduce percentage of civil rights employment (EEO) complaints filed
- Reduce the average processing time for civil rights complaints related to programs
- Reduce the average processing time for civil rights complaints related to employment

FSA will perform civil rights program and equal employment opportunity (EEO) management reviews of selected State Offices and Service Centers each fiscal year to ensure that these links to FSA customers and employees in the field are in compliance with applicable laws and regulations in program delivery and employment practices. The State Offices and Service Centers reviewed will be made aware of accomplishments and problem areas via meetings at the State Offices and by a final report that outlines corrective actions to eliminate any problems identified. State Executive Directors of each reviewed State then submit a corrective action plan to FSA's Office of Civil Rights (FSA OCR) where the plans are monitored until completed.

FSA will continue to sponsor federally mandated Special Emphasis Program observances or participate in those sponsored by USDA and other agencies to increase employees' awareness and appreciation of the history and cultural backgrounds of minority groups and women. These programs increase the understanding of diversity and help ensure equal treatment of employees and FSA customers.

Program Complaints: FSA will continue to identify, assess, and address the informational, technical, and financial assistance needs of minority, low-income, and underserved customers and program applicants related to individual program delivery. Outreach efforts will include establishing partnerships with minority-serving institutions, community-based organizations, and other agencies to provide information on FSA programs and County Committee elections, and to improve service delivery to traditionally underserved populations.

The Agency strives to educate customers and applicants about FSA programs and various avenues of redress outside the discrimination process through newsletters, public service announcements, training, and meetings with customers, advocacy groups, employees, agricultural businesses, and community and civic leaders. If these efforts do not result in the resolution of complaints at their early stages, FSA will focus on timely processing of formally filed program discrimination complaints.

FSA, through its Office of Civil Rights (FSA OCR), shares the processing of program complaints with the Department's Office of Civil Rights (USDA CR). FSA conducts a fact-finding inquiry and submits a position statement on each accepted complaint to the Department. FSA will ensure that it completes its part in processing program complaints within the required 24 days.



**Migrant Worker on Virginia Tobacco Farm**



**One Stop Service at the USDA Service Center in Virginia**

Program complaints filed against FSA represent a small fraction of FSA's total customers or applicants to its farm and farm loan programs. Still, FSA is committed to reducing the rate of program complaints filed by at least nine percent by FY 2011.

FSA also administers the USDA Certified State Agricultural Mediation Program, an alternative dispute resolution technique, for the Department, as well as within the Agency. FSA will increase its use of this program to resolve program issues at the earliest possible time and at the lowest possible level. Mediation explores all available options to help agricultural producers, their customers, and other persons directly affected by USDA's actions. Mediation remains a useful and cost-effective alternative to traditional litigation and appeals.

**Employment Complaints:** FSA is committed to fair and equitable treatment of all employees. Despite relatively few Equal Employment Opportunity (EEO) complaints, less than half the Federal average, FSA has established the goal of reducing informal EEO complaints by at least 11 percent by 2011. The Equal Employment Opportunity Commission (EEOC) requires that agencies process employment complaints at an informal stage of counseling, mediation, or alternative dispute resolution method. A formal complaint is filed only when efforts at the informal processing stage are not resolved. Successful handling of EEO complaints at an early and informal stage is a critical step in reducing the number of complaints filed formally with the Department.

FSA has separate policies on equal employment opportunity and diversity, sexual harassment, general harassment, and reprisal, all aimed to prevent misunderstandings that may lead to the filing of informal employment complaints.

FSA also has a roster of civil rights-related training, available in face-to-face sessions and an expanded Web-based online curriculum. Some of these training courses are: EEO and diversity training for supervisors and managers, EEO counseling and mediation, the informal EEO complaint program, special emphasis programs, multicultural communication, and reasonable accommodation for persons with disabilities. FSA's Web-based online training courses currently mandated for completion by all employees are: *Handling Diversity in the Workplace*, *Stopping Sexual Harassment Before It Starts*, and the *No FEAR Act Training*. The online training modules are available through USDA's AgLearn system. The current curriculum may be supplemented with more civil rights-related courses and training in the next five years.

The EEOC requires agencies to process informal EEO complaints between 30 to 90 days from the date of filing. FSA's baseline for processing informal complaints is 60 to 90 days. FSA's targets reduce that further to between 55 to 80 days by FY 2009. By 2011, complaint processing time should reduce even further to 55 to 70 days.

## STRATEGICALLY MANAGING HUMAN CAPITAL (OBJECTIVE 2)

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More than 20,000 Federal, State, and county employees provide services to farmers and ranchers across the United States and overseas. FSA's strategic management of human capital ensures that the Agency has skilled employees in positions to effectively support the all program goals. Four performance measures will track the metrics of strategically managing human capital.

### PERFORMANCE MEASURE

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- Reduce percentage of skills gaps in mission critical occupations

With a projected 40 percent retirement rate over the next five years, human resources faces a challenge in maintaining a skilled workforce to provide effective and efficient program delivery and services to America's farmers and ranchers. FSA's senior management and the Human Resources Division have focused their efforts to maintain a high performing, high quality and diverse workforce in the future. Through effective recruitment, training and retention programs, FSA will attract, develop and retain this workforce.



Employees at a USDA Service Center in Virginia

To accomplish its human capital objectives, FSA will implement the following strategies:

- Strategic workforce planning will be conducted and updated annually to identify mission-critical occupations with skills gaps and leadership positions with continuity or succession challenges. FSA will update the rolling 5-year workforce analysis and succession plan in the second quarter of each fiscal year. Annual recruitment and training plans will be generated from this data.
- FSA will continue efforts to link strategic measures to individual employee performance plans. This will ensure that every FSA employee realizes their role in the success of the Agency and understands their responsibility in meeting FSA's mission, goals and objectives. The multi-tier performance management system will be used to distinguish levels of employee performance and will provide valuable feedback to employees about their contributions in meeting specific goals.

**PERFORMANCE MEASURE**

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- Reduce average processing time to fill vacancies

FSA will continue to reduce the time to fill vacancies due to retirements and other separations. HRD will continue to enhance its Web-based recruitment tools and increase its outreach efforts to attract high quality candidates in the shortest period of time. Data on these activities will be tracked to circumvent mission critical employment gaps.

**PERFORMANCE MEASURE**

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- Through training and certification, increase percentage of targeted employees who have an understanding of FSA programs
- Through training and certification, increase percentage of targeted employees who have an understanding of FSA responsibilities

FSA will continue to administer training programs directed to employees in critical occupations. For instance, employees who complete the 40-hour Farm Loan Program (FLP) Credit and Financial Analysis Training (CFAT) Program develop the required knowledge, skills and proficiency required to approve FLP loans, assess loan applicants' credit and financial stability. This training supports the Farm Loan Program; completions and certifications are then tracked in the AgLearn System.

In addition, FSA supports a high performing and knowledgeable workforce. In so doing, FSA encourages all employees, including leaders, to fine tune and develop their competencies to perform their functions better. For example, the “Leading from the Center: Advanced District Director Leadership Skills Training,” program is a one-week course that addresses the needed skills and responsibilities of the District Director. These Directors provide leadership, and oversight to the county offices in their district, and act as liaisons between the State and county offices. As with other training, course completions and certifications are tracked on the AgLearn System.

**IMPROVING STRATEGIC ACCOUNTABILITY (OBJECTIVE 3)**

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**PERFORMANCE MEASURE**

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- Reduce average processing time to certify and disburse payments

FSA promotes sound financial management through leadership, policy, and oversight. Four performance measures will be used to track progress on this objective. FSA will examine its accountability systems and processes to improve the average processing time for Agency



programs that certify and disburse program benefits to eligible producers. Additionally, the Agency continues to improve internal business processes. FSA has shown its commitment to improving timeliness by issuing quarterly financial statements on an accelerated schedule. Payments, receivables, and reporting processes are being streamlined by improving business practices and replacing manual tasks with automated processes. FSA is successful in improving timelines of financial data and remains fully committed to improving its financial systems and processes.

FSA will improve financial performance by streamlining current processes, consolidating and integrating financial systems, and reducing internal control deficiencies. New technologies are being investigated to provide reliable and relevant financial services and information to anticipate and fulfill customer needs. These systems will support basic accounting functions to record and report financial transactions and will serve as the model for integrated budget, financial, and performance information. Financial and performance management practices, such as activity-based accounting are already underway, and FSA is overhauling other systems that are more supportive of work measure/workload systems methodologies. In implementing these new practices and systems, FSA ensures that it is expending resources to measure activities, products, and services that are contributing fully to its mission and long-term vision.

**PERFORMANCE MEASURE**

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- Maintain or increase percentage of proper payments

In accordance with USDA's effort to develop comprehensive internal controls, quality assurance processes and systems, and comply with the Improper Payments Improvement Act of 2002 (IPIA), FSA has established a new performance measure to help ensure program payments are accurate and complete. The IPIA requires agencies to review their programs and activities annually to identify those susceptible to improper payments through systematic Risk Assessments.

Since fiscal year 2004, program and financial staff have worked together to complete Risk Assessments for various FSA, Foreign Agricultural Service, and CCC programs each fiscal year. The Office of the Chief Financial Officer (OCFO) established a cycle for program and activity review to best utilize limited FSA resources. Annually, OCFO announces the list of programs and activities that need to have a Risk Assessment completed and those that just require clarification that prior year Risk Assessment determinations are still accurate. As of fiscal year 2006, FSA and CCC had identified seven programs at high risk. Each fiscal year, FSA must complete a statistical sampling of program payments for these programs to ascertain if any improper payments have been made. To improve the quality and reliability of the statistical sampling process for all seven CCC/FSA high-risk programs, FSA added the County Office Review Program (CORP) Staff and consulted with a professional statistician.

**PERFORMANCE MEASURE**

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- Increase percentage of program results and budget requirements that are linked to the FSA Strategic Plan and fully costed

The dollar amount and percentage of improper payments by FSA, CCC, and FAS programs or budget activities is a performance indicator to determine if improper payments are being reduced compared to the prior fiscal year. Recent assessments have found that the majority of FSA improper payments are a result of incomplete paperwork. However, regardless of the category of payment error, FSA remains committed to, and has established, procedures to meet targets for increasing the percentage of proper payments.

FSA has fully costed the major program areas identified in the Strategic Plan. Furthermore, FSA is in the process of implementing activity-based costing via a phased approach to facilitate a more refined, integrated, and automated methodology.

FSA's Budget and Performance Management System (BPMS) is a set of management initiatives developed to facilitate the transition into a more performance-based, results-focused organization. This process, which is being enhanced by cutting edge technology, links and integrates FSA's budget, cost, and performance management information to better allocate budget, personnel, and other resources.

Outcomes of this effort will include:

- One Version of the Truth: Creates an audit trail and traceable budget justifications that improve credibility with OMB and Congress;
- Management Satisfaction: Increases field and program involvement in budgeting, decentralizes budget formulation and execution responsibilities, and provides better reports and analysis for managers;
- Process Efficiency: Decreases time spent on manual processes for collecting, compiling, and reviewing management information;
- Competencies: Develops more strategic/analytical competencies within Financial Management and Budget, and
- Compliance: Complies with the SFFAS #4 (Managerial Cost Accounting), President's Management Agenda, and OMB A-11.

As part of BPMS, FSA has assembled a Performance and Cost Management Task Force composed of employees from our National, State, and county offices. The Task Force provides feedback on implementation of BPMS, which includes a cost management project. The Task Force has thus far accomplished the following: 1) defined a new data collection process and reviewed options for improving data collection systems, 2) facilitated change and communications in its functional areas, and 3) prioritized implementation and made recommendations to shape future data collection processes and systems.

A high priority goal of BPMS in 2006 is utilizing new integrated systems and technologies to formulate the FY 2009 Budget. The first step is developing initial Agency estimates, with the goal of increasing field and program involvement in the budgeting process. In addition, the same automated tool will be used to help the Agency compile the exhibits, including performance data.

<b>PERFORMANCE MEASURE</b>
<ul style="list-style-type: none"><li>• Increase the percentage of adverse program decisions resolved internally</li></ul>

Since 2003, FSA has implemented an initiative to resolve more adverse determinations and program disputes within FSA. The resolution of adverse determinations is expected to generate savings in monetary and non-monetary resources for program participants and the Federal government. FSA anticipated that resolving a higher percentage of adverse determinations internally would result in a correspondingly smaller percentage of program participants who file appeals with the USDA National Appeals Division (NAD). The NAD appeals process is more costly, time consuming, and formal than FSA's appeal process. It is also anticipated that minimizing the number of cases appealed to NAD would decrease the number of cases resulting in litigation.

To facilitate this approach, FSA revised regulations governing FSA appeal procedures. The new regulations, published as a final rule on May 30, 2006, clarify FSA's appeal process to avoid confusion that can lead to unnecessary appeals. The new regulations implement policies used by FSA that previously were only procedural in nature. The final rule also provides a new process to allow participants who receive determinations initially deemed not appealable to request a review by the appropriate FSA State Executive Director. Previously, the only option available to such participants was to request an appealability review by the NAD Director. If the NAD Director determined the decision was appealable, the request was summarily referred to a NAD hearing officer for scheduling a hearing, virtually disallowing any opportunity for resolution within FSA. The new regulations also allow program participants additional opportunities for dispute resolution within FSA.

At the beginning of this initiative, FSA determined that it resolved approximately 96 percent of FSA adverse determinations internally. By FY 2006, it had improved this rate to 97.2 percent. However, due to recent NAD policy interpretations regarding the application of equitable relief, FSA believes this rate may decrease in FY 2007. FSA will assess the impact of this issue when it compiles its FY 2007 performance data and establishes performance benchmarks for the future.

#### IMPROVING BUSINESS PROCESS EFFECTIVENESS (OBJECTIVE 4)

Modernizing FSA's information technology and commodity inventory systems will help the Agency respond promptly to customer demands and meet future challenges. Modernization will also help minimize homeland security vulnerabilities and enable field offices to mobilize resources around program demand regardless of their physical location. FSA is collaborating with its USDA Homeland Security Office to develop food safety and security strategies and conduct risk assessments for commodity operations and related programs. The Agency is working with USDA to implement measures to manage and protect USDA commodities and loan collateral. FSA is also evaluating the possibility of replacing or upgrading current inventory systems to promptly provide the critical data necessary to minimize security risks. In addition to training all employees on incident management, the Agency is coordinating with the Office of Procurement and Property Management to obtain appropriate security classifications for all FSA employees and contractors involved in determining commodity suitability and safety. Three performance measures will be used to track progress.

## PERFORMANCE MEASURE

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- Increase percentage of internal business processes that are streamlined systematically

FSA is intent on using technology to enhance internal business procedures. The Agency will improve its CCC and administrative procurement procedures and dissemination of directives to field offices. FSA has initiated a series of technology-based initiatives to achieve this goal. To support this, the Agency has expanded the role of FSA's Information Resource Management (IRM) Review Board and is expanding its authority for setting IT priorities, controls, and business process changes.

FSA will follow Federal and USDA-defined enterprise architecture solutions to enhance its delivery of business systems. FSA is implementing USDA's e-Authentication service and enterprise solutions for geospatial data. The Agency is also using the infrastructure and core software applications of the Common Computing Environment (CCE). FSA plans to formalize and implement industry best practices for software development which will ensure conformity with enterprise architecture principles and methods. Such reengineering applied to the Farm Programs IT portfolio will help modernize the customized legacy software currently used for the business processes. The intent is to deliver service center programs through FSA's Web-based IT portfolio. An approach has been selected for Farm Loan Programs which adopts a recognized industry standard deployed on a commercial-off-the-shelf (COTS) software solution. Farm Loan Program business processes and COTS software tools are in the process of mirroring those used by FSA's lending partners. Updating Commodity Operations is tied to multi-government agency procurement and the development of a Web-based supply chain management concept.

FSA is in the process of defining and implementing a consistent and formalized system of training on all internal information technology. A single sign-on concept through a common Web-based authentication and authorization system became USDA's eAuthentication (eAUTH) solution. Customers and Service Centers are being linked to USDA's Customer Statement for consolidated reporting of earned program benefits. Furthermore, FSA will centralize program administration data for improved internal monitoring and control. Centralized data will enable eAuthenticated customers the freedom to conduct business with the Agency from locations that are convenient for the customer.

USDA's eAuthentication is already providing Service Center Agency customers the ability to conduct business with any USDA agency with a single sign-on. In partnership with Service Center Agencies, FSA has implemented the Representative Link Manager System (eREP) to allow individuals with an eAUTH account to conduct electronic business on behalf of an entity, such as a corporation or joint venture. FSA has also implemented an Extensible Authorization Service (EAS) to further expand the portability of granting authorizations within FSA Web-based applications.

**PERFORMANCE MEASURE**

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- Increase percentage of transactions completed through a Web environment

FSA is committed to increasing the percentage of transactions completed by way of the Internet. The Agency has made strides to expand electronic access with the Farm Loan Programs, Financial Management, and Commodity Operations business lines. Expansion of electronic access for the Farm Program business line has been limited to new program deployments that have no legacy system computing components. FSA's Public Web presence has been re-hosted within USDA's Enterprise Shared Services Stellent environment.

FSA continues to partner with USDA's Office of the Chief Financial Officer, Office of the Chief Information Officer, and Office of Budget and Program Analysis to develop a business case acceptable to the Office of Management and Budget for CCC farm program and financial operations business process re-engineering. The business case submitted to OMB calls for a two year accelerated implementation of an Enterprise Resource Planning (ERS) solution to replace over 217 legacy applications. Subject to funding approval, a significant expansion of Web transactions will occur when the ERP solution is implemented in FY 2010.

**PERFORMANCE MEASURE**

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- Increase percentage of dollars spent on contracts that are performance based

In accordance with Departmental directives, FSA is working to increase the percentage of performance-based service contracts. Under such contracts, the contractor is given the scope of the work to be performed and the Agency's desired outcomes, and is left to use its own ingenuity and initiative to achieve these results. Failure to achieve based on pre-determined standards usually results in reduced payment to the contractor. This is distinct from the former method of government contracting, which required contractors to complete specific steps to accomplish tasks limiting flexibility in methods of accomplishing a goal. USDA has set a department-wide goal of 50 percent of dollars spent on performance-based contracts for this initiative.

**IMPROVING STAKEHOLDER SATISFACTION (OBJECTIVE 5)**

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FSA is committed to measuring and managing key relationships with three major stakeholder groups: employees, partners, and customers. Our objective is to examine satisfaction related to areas such as the employee engagement, quality of program output, and effectiveness of partnerships to deliver mission results. Three performance measures will be used to track progress.

**PERFORMANCE MEASURE**

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- Increase percentage of employees satisfied

The Federal Human Capital Survey (FHCS) administered by OPM on even numbered years and the Annual Employee Survey (AES) administered by USDA in odd numbered years will serve as the basis to measure employee satisfaction on a yearly basis. Forty four (44) questions from the FHCS make up the entire OPM regulated AES; and an average percentage of the positive response rates from these 44 questions will be used to measure an increase (or decrease) of employees satisfied. The major categories addressed in the survey to determine the overall satisfaction and/or engagement of employees are: Work Experiences, Talent, Performance Culture, Leadership and Job Satisfaction.

**PERFORMANCE MEASURE**

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- Increase percentage of customers satisfied

To assess and help improve producer satisfaction with FSA programs, FSA has partnered with the Department of Treasury's Federal Consulting Group and the University of Michigan to design American Customer Satisfaction Index (ACSI) surveys for stakeholders in major FSA programs. The ACSI model is a well-established approach to performance management that has been approved for government use by the Office of Management and Budget. This set of causal equations links customer expectations, perceived quality, and perceived value to customer satisfaction.



FSA stakeholder meeting in Omaha, Nebraska, December, 2003

Measuring stakeholder satisfaction is the first step to improve overall satisfaction with FSA's programs and services. By benchmarking customer satisfaction scores against other Federal agencies and the private sector, FSA will have a more accurate assessment of how customers rate our programs and services. FSA intends to use the survey information in performance reports, budget documents, OMB's Program Assessment Rating Tool (PART) reviews, policy-making decisions, and Congressional testimonies, as appropriate.

**PERFORMANCE MEASURE**

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- Increase percentage of program participation by racial and ethnic minority and women farmers

FSA's outreach mission is to reduce inequalities in program participation by increasing the participation of farmers and ranchers who are members of a racial or ethnic minority group, new or beginning farmers or ranchers, and women farmers. Each State, including Puerto Rico, has a State Outreach Coordinator and each County Office is now required to have a County Office Outreach Coordinator, who is responsible for the program outreach efforts for their State or County as appropriate. Each of these Coordinators is required to develop Annual Program Outreach Plans and at a minimum, must establish at least one new outreach external partner each year. Special outreach efforts are to be made to counties that have at least 10 percent or more minority agriculture population. Nationally, FSA has established 5 Regional Outreach Coordinators to guide, monitor, and oversee the work of the State Outreach Coordinators. The Regional Outreach Coordinators also review bi-annual State program outreach reports and conduct monthly regional outreach meetings with their assigned State Outreach Coordinators.

Continued special efforts to increase the participation of underserved minority farmers and ranchers in the FSA County Committee election process have resulted in significant gains in the past few years. In the 2006 County elections, minority voters cast nearly 2000 more ballots than in the 2003 elections. Minority farmers and ranchers also put up 218 more candidates for office.

Other outreach efforts within FSA include a Multilingual Initiative aimed at increasing program access to individuals with limited English proficiency, special emphasis programs in Civil Rights, and targeted lending to underserved groups, as detailed in Goal 1, Objective 1.1.

FSA also created and maintains the USDA Minority Farm Register (MFR) database. The MFR is a voluntary register of minority farm and ranch operators, landowners, tenants, and others with an interest in farming or agriculture jointly administered by FSA and the USDA Office of Outreach.

## Appendix A– Selected Definitions

### **Commodities (Goal 2)**

Commodities as used in this and related documents are limited to agricultural commodities.

### **Electronic Warehouse Receipts (EWRs) (Goal 1, Objective 1: Outputs)**

The electronic warehouse receipt, authorized under the USWA, creates an enforceable contract between warehouse operator and farmer and contains terms and conditions that are acceptable to bankers. It is a negotiable document of title facilitating marketing of commodity.

### **Highly Erodible Land (Goal 3, Objective 2)**

Statute defines highly erodible land as land having an erodibility index of 8 or greater. The erodibility index for a soil is determined by dividing the potential annual average rate of erosion by its predetermined soil loss tolerance (T) value. The (T) value represents the maximum annual rate of soil erosion that could occur without causing a decline in long-term soil productivity (7 CFR Part B, Section 12.21).

### **Material Weakness (Cross-cutting Management Objectives)**

An auditing term referring to a condition in which internal controls do not reduce to a relatively low level the risk that material errors or fraud may occur and not be detected in a timely period by employees in the normal course of their duties.

### **Racial and Ethnic Minorities/Targeted Groups (Goal 1, Objective 1 and Crosscutting Management Objectives)**

FSA is targeting the following underserved agricultural minority populations -- Hispanic or Latino, Black or African American, Asian, American Indian or Alaska Native, and Native Hawaiian or other Pacific Islanders engaged in agriculture or interested in becoming landowners or agricultural operators.

### **Subordination (Goal 1, Objective 1: Outputs)**

A temporary change in security position to allow another lender to make a loan. Common uses of subordinations include a temporary release of security in order for another lender to provide annual operating funds or a release in a small portion of real estate so that another lender can provide financing of capital improvements, i.e. house or buildings.

### **Warehouse Violations (Goal 2, Objective 2)**

A violation is the failure of a warehouse operator to have conducted a risk assessment and to have a written Homeland Security Plan as identified by a FSA examiner during the course of a warehouse examination.

### **Warehouse Receipts (Goal 1)**

The warehouse receipt, authorized under the USWA, creates an enforceable contract between warehouse operator and farmer and contains terms and conditions that are acceptable to bankers. It is a negotiable document of title facilitating marketing of commodity.



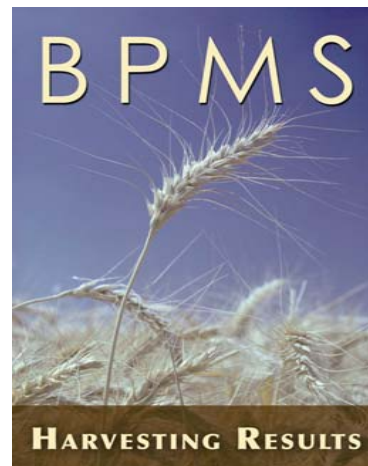
## Appendix B– Acronyms

Acronym	Description
ACSI	American Customer Satisfaction Index
APHIS	Animal and Plant Health Inspection Service
BPMS	Budget and Performance Management System
CCC	Commodity Credit Corporation
CREP	Conservation Reserve Enhancement Program
CRP	Conservation Reserve Program
CSREES	Cooperative State Research, Education and Extension Service
eDCP	Electronic Direct and Counter-Cyclical Program
EEO	Equal Employment Opportunity
EEOC	Equal Employment Opportunity Commission
E-Gov	Electronic Government
eLDP	Electronic Loan Deficiency Payments
eMILC	Electronic Milk Income Loss Contracts
EPA	Environmental Protection Agency
FAS	Foreign Agricultural Service
FY	Fiscal Year
FNS	Food and Nutrition Service

Acronym	Description
FSA	Farm Service Agency
GIS	Geographic Information System
GPS	Global Positioning System
GPRA	Government Performance and Results Act of 1993
IT	Information Technology
NAP	Non-Insured Crop Disaster Assistance Program
NASS	National Agricultural Statistics Service
NRCS	Natural Resources Conservation Office
OCR	Office of Civil Rights
OMB	Office of Management and Budget
PART	Program Assessment Rating Tool
RMA	Risk Management Agency
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USWA	United States Warehouse Act
WTO	World Trade Organization

*Farm Service Agency*

**Fiscal Years 2005 - 2011**  
**Strategic Plan Framework**  
**USDA APPROVED**  
June 2007



**Budget and Performance Management System (BPMS)**

# MISSION

Equitably serving all farmers, ranchers, and agricultural partners by delivering effective, efficient agricultural programs for all Americans.

# VISION

A market-oriented, economically viable, and environmentally sound American agriculture delivering an abundant, safe, and affordable food and fiber supply while sustaining quality agricultural communities.

# Strategic Goals



Visit the Budget and Performance Management System Internet Site at:  
[www.fsa.usda.gov/bpms](http://www.fsa.usda.gov/bpms)

# FSA Major Program Areas and Programs

Note: CCC-funded programs are in italics

## FARM LOANS

- Ad hoc Programs
- Beginning Farmer Down Payment Loan Program
- Boll Weevil Eradication Loan Program
- Debt for Nature Program
- Direct Operating Loan Program
- Direct Farm Ownership Loan Program
- Emergency Loan Program
- Guaranteed Operating Loan Program
- Guaranteed Farm Ownership Loan Program
- Interest Assistance Loan Program
- Indian Tribal Land Acquisition Loan Program
- Youth Loan Program

## CONSERVATION

- *Conservation Reserve Program*
- *Conservation Reserve Enhancement Program*
- *Continuous Conservation Reserve Program*
- *Farmable Wetlands Program*
- *Grassland Reserve Program*

## INCOME SUPPORT AND DISASTER ASSISTANCE

- *Ad hoc Disaster Assistance Programs*
- Dairy Indemnity Payment Program
- *Direct and Counter-Cyclical Payment Program*
- Emergency Conservation Program
- Ewe Lamb Replacement/Retention Program
- *Farm Storage Facility Loan Program*
- Karnal Bunt Program
- *Livestock Assistance Program*
- *Livestock Indemnity Program*
- *Milk Income Loss Contract Program*
- *Non-Insured Crop Disaster Assistance Program (NAP)*
- *Non-Recourse Marketing Assistance Loan Program: Loan Deficiency Payments Marketing Assistance Loans*
- *Sugar Loan Program and Sugar Marketing Allotments*
- *Sugar Storage Facility Loan Program*
- *Tobacco Transition Payment Programs: Successor-In-Interest Contracts Program*
- *Tree Assistance Program*

## COMMODITY OPERATIONS

- *Bill Emerson Humanitarian Trust*
- *Bioenergy Program (Program expired during FY 06)*
- *Canadian Wheat End Use Certificate Program*
- *Commodity Credit Corporation Inventory Management and Operations*
- *Milk (Dairy) Price Support Purchase Program*
- *Extra Long Staple Cotton Competitiveness Payment Program*
- *Food Assistance Purchase Programs – Domestic and Export*
- Total Quality Systems Audit
- *Upland Cotton Competitiveness - User Marketing Certificate Program (Program expired during FY 06)*
- U.S. Warehouse Act – Federal Warehouse Licensing

MAJOR PROGRAM  
AREAS KEY

PEACH – FARM LOANS

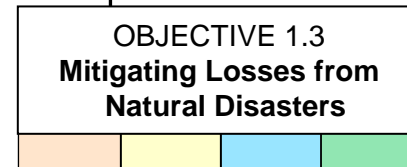
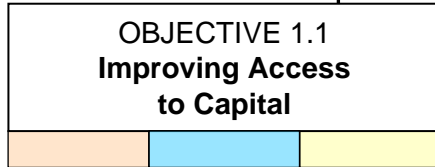
YELLOW – INCOME SUPPORT AND DISASTER ASSISTANCE

BLUE – COMMODITY OPERATIONS

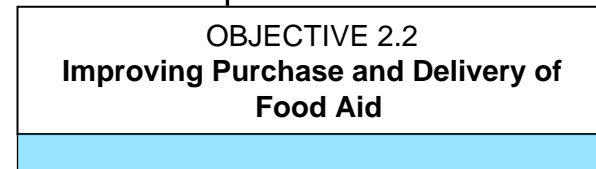
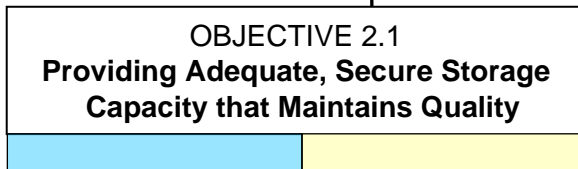
GREEN – CONSERVATION

# FSA Strategic Plan Framework Overview

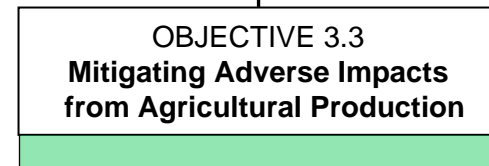
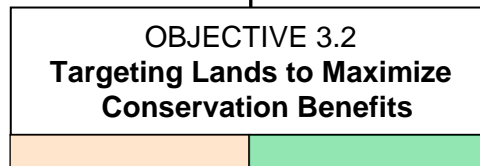
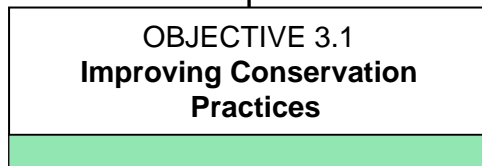
## Strategic Goal 1 Supporting Productive Farms and Ranches



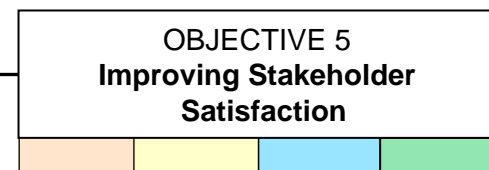
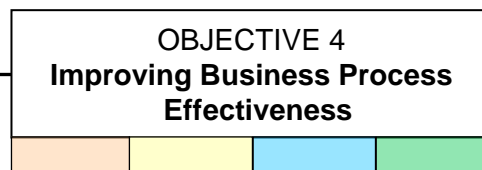
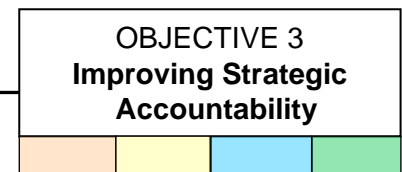
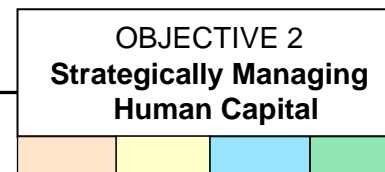
## Strategic Goal 2 Supporting Secure and Affordable Food and Fiber



## Strategic Goal 3 Conserving Natural Resources and Enhancing the Environment



## Crosscutting Management Objectives



# Strategic Goal 1

## Supporting Productive Farms and Ranches

### END OUTCOMES AND INDICATORS

#### Successful Farms and Ranches

- Sustained or increased profit of farms and ranches.
- Maintained gross farm cash income.

#### Market-Based Agriculture

- Sustained or increased percentage of gross farm income from non-governmental sources.
- Maintained or increased sales of domestic agricultural products.
- Maintained or increased sales of agricultural exports.

#### Thriving Agricultural Communities

- Sustained or improved growth rate of per capita income in agricultural communities.

### INTERMEDIATE OUTCOMES

#### OBJECTIVE 1.1 Improving Access to Capital

##### PERFORMANCE MEASURES

- Increase percentage of:
  - beginning farmers;
  - racial and ethnic minority farmers; and
  - women farmers financed by FSA.
- Maintain or reduce loss rates for direct loans.
- Maintain or reduce loss rates for guaranteed loans.
- Reduce average processing time for direct loans.
- Reduce average processing time for guaranteed loans.

#### OBJECTIVE 1.2

#### Mitigating Market Losses

##### PERFORMANCE MEASURES

- Maintain participation rate for direct and counter-cyclical payment programs.
- Maintain or increase percentage of program benefits delivered through a Web environment.

#### OBJECTIVE 1.3

#### Mitigating Losses from Natural Disasters

##### PERFORMANCE MEASURES

- Increase the percentage of eligible crops with NAP coverage.
- Reduce or maintain average processing time for emergency and disaster program benefits.

### PRODUCTS AND SERVICES

# Strategic Goal 1

## Supporting Productive Farms and Ranches



**OBJ. 1.1 Improving Access to Capital OUTPUTS**

**FARM LOANS**

- Ad hoc Loans
- Beginning Farmer - Direct Operating Loans
- Beginning Farmer- Direct Farm Ownership Loans
- Boll Weevil Eradication Loans
- Direct Operating Loans
- Direct Farm Ownership Loans
- Emergency Loans
- Guaranteed Operating Loans
- Guaranteed Farm Ownership Loans
- Indian and Tribal Land Acquisition Loans
- Interest Assistance Loan Guarantees
- Youth Loans

**INCOME SUPPORT**

- Direct and Counter-Cyclical Payments

**COMMODITY OPERATIONS**

- Electronic Warehouse Receipts Issued by Commodity

**OBJ.1.2 Mitigating Market Losses OUTPUTS**

**INCOME SUPPORT AND DISASTER ASSISTANCE**

- Direct and Counter-Cyclical Payments
- Dairy Indemnity Payments
- Ewe Lamb Replacement/ Retention Payments
- Loan Deficiency Payments
- Marketing Loan Assistance Forfeitures
- Milk Income Loss Contract Payments
- Non-Recourse Marketing Assistance Loans
- Sugar Loans
- Sugar Marketing Allotments
- Tobacco Transition Payments
- Ad Hoc Disaster Assistance Payments
- Non-Insured Crop Disaster Assistance (NAP) Payments
- Livestock Assistance Payments
- Livestock Indemnity Payments
- Tree Assistance Payments
- Karnal Bunt Payments

**OBJ.1.3 Mitigating Losses from Natural Disasters OUTPUTS**

**FARM LOANS**

- Emergency Loans

**COMMODITY OPERATIONS**

- CCC Surplus Removal of Commodities
- Milk (Dairy) Price Support Purchases

**CONSERVATION**

- Approvals for Emergency Haying and Grazing on Acreage Enrolled In CRP

**DISASTER ASSISTANCE**

- Direct and Counter-Cyclical Payments
- Dairy Indemnity Payments
- Ewe Lamb Replacement/ Retention Payments
- Loan Deficiency Payments
- Marketing Loan Assistance Forfeitures
- Milk Income Loss Contract Payments
- Non-Recourse Marketing Assistance Loans
- Sugar Loans
- Sugar Marketing Allotments
- Tobacco Transition Payments
- Ad Hoc Disaster Assistance Payments
- Emergency Conservation Payments
- Non-Insured Crop Disaster Assistance (NAP) Payments
- Livestock Assistance Payments
- Livestock Indemnity Payments
- Tree Assistance Payments
- Karnal Bunt Payments

**COMMODITY OPERATIONS**

- CCC Surplus Removal of Commodities
- Milk (Dairy) Price Support Purchases
- Canadian Wheat End Use Imports
- Extra Long Staple Cotton Competitiveness Payments



# Strategic Goal 2

## Supporting Secure and Affordable Food and Fiber

### END OUTCOMES AND INDICATORS

#### Affordable Food and Fiber

- Sustained global leadership in percentage of disposable income used for food.
- Reduced percentage of acreage permanently converted to non-agricultural use.

#### Secure Supply of Quality Food and Fiber

- Reduced percentage of contamination instances resulting from improper storage practices.

#### Effective Food Aid

- Decreased percentage of low-income U.S. households experiencing hunger.

### INTERMEDIATE OUTCOMES

#### OBJECTIVE 2.1

##### Providing Adequate, Secure Storage Capacity that Maintains Quality

###### PERFORMANCE MEASURES

- Maintain or increase percentage capacity of approved and licensed storage facilities.
- Reduce average time between warehouse examinations.

#### OBJECTIVE 2.2

##### Improving Purchase and Delivery of Food Aid

###### PERFORMANCE MEASURES

- Increase percentage of food aid delivered within contract specifications.

### PRODUCTS AND SERVICES

# Strategic Goal 2

## Supporting Secure and Affordable Food and Fiber



**PRODUCTS AND SERVICES**

**OBJ. 2.1 Providing Adequate, Secure Storage Capacity that Maintains Quality**  
**OUTPUTS**

**COMMODITY OPERATIONS**

- CCC Inventory Management Operations
- Food Assistance Purchases – Domestic and Export
- Total Quality System Audits
- U.S. Warehouse Act (USWA) - Federal Warehouse Licensing

**INCOME SUPPORT**

- Farm Storage Facility Loans
- Sugar Storage Facility Loans

**OBJ. 2.2 Improving Purchase and Delivery of Food Aid**  
**OUTPUTS**

**COMMODITY OPERATIONS**

- Bill Emerson Humanitarian Trust Donations
- CCC Inventory Management Operations
- Food Assistance Purchases – Domestic and Export
- Milk (Dairy) Price Support Purchases
- Total Quality System Audits
- U.S. Warehouse Act (USWA) - Federal Warehouse Licensing

# Strategic Goal 3

## Conserving Natural Resources and Enhancing the Environment

### END OUTCOMES AND INDICATORS

#### Quality Soil

- Reduced erosion rates.

#### Quality Water

- Reduced ground and surface water contamination.

#### Quality Wildlife Habitat

- Enhanced populations of targeted species.

#### Quality Air

- Increased tons of carbon dioxide sequestered.

### INTERMEDIATE OUTCOMES

#### OBJECTIVE 3.1

##### Improving Conservation Practices

###### PERFORMANCE MEASURES

- Maintain or increase percentage of acres in compliance with highly erodible land and wetland provisions.

#### OBJECTIVE 3.2

##### Targeting Lands to Maximize Conservation Benefits

###### PERFORMANCE MEASURES

- Increase acres managed under Continuous Conservation Reserve Program (CRP) sign-up.
- Increase general sign-up acres in priority areas.
- Reduce average processing time of conservation offers through partnerships and technology.

#### OBJECTIVE 3.3

##### Mitigating Adverse Impacts from Agricultural Production

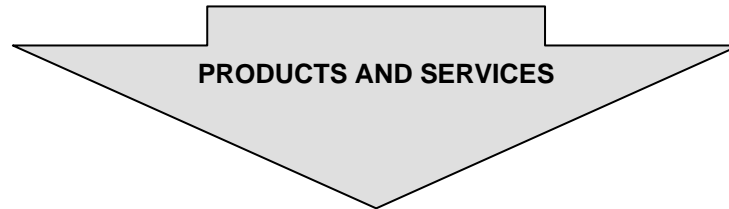
###### PERFORMANCE MEASURES

- Increase CRP acres of riparian and grass buffers.
- Increase CRP restored wetlands acres.

### PRODUCTS AND SERVICES

# Strategic Goal 3

## Conserving Natural Resources and Enhancing the Environment



<b>OBJ. 3.1 Improving Conservation Practices</b> <b>OUTPUTS</b>
<b>CONSERVATION <sup>1</sup></b>
<ul style="list-style-type: none"><li>• Acres Managed for Environmental Compliance</li><li>• Spot-checks for Conservation Compliance</li></ul>

<sup>1</sup> All Conservation Programs on p.4 may apply.

<b>OBJ. 3.2 Targeting Lands to Maximize Conservation Benefits</b> <b>OUTPUTS</b>
<b>CONSERVATION</b>
<ul style="list-style-type: none"><li>• Acres Covered by Active Continuous Conservation Reserve Enhancement Program Contracts/ General Conservation Reserve Program Contracts</li><li>• Acres Covered by Active Grassland Reserve Program Contracts and Easements</li></ul>
<b>FARM LOANS</b>
<ul style="list-style-type: none"><li>• Debt for Nature Contracts</li></ul>

<b>OBJ. 3.3 Mitigating Adverse Impacts from Agricultural Production</b> <b>OUTPUTS</b>
<b>CONSERVATION <sup>1</sup></b>
<ul style="list-style-type: none"><li>• Acres of Riparian or Grass Buffers</li><li>• Acres of Restored Wetlands</li><li>• Acres Planted to Trees</li><li>• Site Investigations</li></ul>

<sup>1</sup> All Conservation Programs on p.4 may apply.

# Crosscutting Management Objectives Supporting FSA Strategic Goals

## OUTCOMES

### OBJECTIVE 1

#### Ensuring Civil Rights

##### PERFORMANCE MEASURES

- Reduce percentage of civil rights program complaints filed.
- Reduce percentage of civil rights employment (EEO) complaints filed.
- Reduce average processing time for civil rights complaints related to programs.
- Reduce average processing time for civil rights complaints related to employment.

### OBJECTIVE 2

#### Strategically Managing Human Capital

##### PERFORMANCE MEASURES

- Reduce percentage of skills gaps in mission-critical occupations.
- Reduce average processing time to fill vacancies.
- Through training and certification, increase percentage of targeted employees who have an understanding of FSA programs.
- Through training and certification, increase percentage of targeted employees who have an understanding of FSA responsibilities.

### OBJECTIVE 3

#### Improving Strategic Accountability

##### PERFORMANCE MEASURES

- Reduce average processing time to certify and disburse payments.
- Maintain or increase percentage of proper payments.
- Increase percentage of program results and budget requirements that are linked to the FSA Strategic Plan and fully costed.
- Increase percentage of adverse program decisions resolved internally.

### OBJECTIVE 4

#### Improving Business Process Effectiveness

##### PERFORMANCE MEASURES

- Increase percentage of internal business processes that are streamlined systematically.
- Increase percentage of automated business processes converted to a Web environment.
- Increase percentage of dollars spent on contracts that are performance based.

### OBJECTIVE 5

#### Improving Stakeholder Satisfaction

##### PERFORMANCE MEASURES

- Increase percentage of employees satisfied.
- Increase percentage of customers satisfied.
- Increase percentage of program participation by racial and ethnic minority and women farmers.

## Appendix D – Performance Measures

Measure	Strategic Alignment	Baseline	Target FY 2011
<b>GOAL 1: Supporting Productive Farms and Ranches</b>			
Increase percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA <sup>1</sup>	Objective 1.1	14.6% (FY 2003–2005 average)	18%
Maintain or reduce loss rates for direct loans	Objective 1.1	4.0% (FY 2003-2005 average)	3.5%
Maintain or reduce loss rates for guaranteed loans <sup>2</sup>	Objective 1.1	.62% (FY 2003-2005 average)	1.0%
Reduce average processing time for direct loans	Objective 1.1	38.4 days (FY 2003-2005 average)	32.5 days
Reduce average processing time for guaranteed loans	Objective 1.1	14.6 days (FY 2003-2005 average)	13 days
Maintain participation rate for direct and counter-cyclical payment programs	Objective 1.2	98% (FY 2002-2003 average)	97.50%
Maintain or increase percentage of program benefits delivered through a Web environment <sup>3</sup>	Objective 1.2	22% (FY 2005 actual)	33%
Increase percentage of eligible crops with Non-Insured Crop Disaster Assistance Program coverage (NAP)	Objective 1.3	12.82% (FY 2005 actual)	14.20%
Reduce or maintain average processing time for emergency and disaster program benefits <sup>4</sup>	Objective 1.3	18 days (FY 2002-2004 average)	12.5 days

<sup>1</sup> New methodology implemented FY 2007 replaces earlier proxy measure.

<sup>2</sup> Loss rates are currently at historic lows and program managers anticipate that rates are likely to rise slightly. Maintaining the loss rate at or below 1% will be a significant accomplishment.

<sup>3</sup> Relatively flat targets are a result of anticipated level funding.

<sup>4</sup> This proxy measure uses the average processing time between the time a producer files a claim and receives NAP benefits/payment.

Measure	Strategic Alignment	Baseline	Target FY 2011
<b>GOAL 2: Supporting Secure and Affordable Food and Fiber</b>			
Maintain or increase percent capacity of approved and licensed storage facilities <sup>5</sup>	Objective 2.1	90.4% (FY 2002-2004 average)	89.5% - 94.1%
Reduce average time between warehouse examinations <sup>6</sup>	Objective 2.1	399 days (FY 2004 actual)	434 days
Increase percentage of food aid delivered within contract specifications	Objective 2.2	99.78% (FY 2001-2003 average)	99.90% - 99.94%
<b>GOAL 3: Conserving Natural Resources and Enhancing the Environment</b>			
Maintain or increase percent of acres in compliance with highly erodible land and wetland provisions <sup>7</sup>	Objective 3.1	195 violations (FY 2002-2004 average)	176 violations
Increase acres managed under Continuous Conservation Reserve Program (CRP) sign-up	Objective 3.2	2.49 million acres (FY 2002-2004 average)	5.75 million acres
Increase general sign up acres in priority areas	Objective 3.2	14.3 million acres (FY 2002-2004 average)	15.2 million acres
Reduce average processing time of conservation offers through partnerships and technology	Objective 3.2	166.6 minutes (FY 2004 actual)	89 minutes
Increase Conservation Reserve Program (CRP) acres of riparian and grass buffers <sup>8</sup>	Objective 3.3	.95 million acres (FY 2001 actual)	2.11 million acres
Increase Conservation Reserve Program (CRP) restored wetlands acres <sup>8</sup>	Objective 3.3	1.65 million acres (FY 2001 actual)	2.38 million acres

<sup>5</sup> Increased staff attrition and projected fee increases for warehouse licenses and inspections are expected to negatively impact this measure's targets.

<sup>6</sup> Increased staff attrition is expected to negatively affect this measure's targets.

<sup>7</sup> This proxy measure uses the number of violations for non-compliance with highly erodible land and wetland acres conservation requirements.

<sup>8</sup> The goal of increased CRP riparian buffers is affected by the fact that recent commodity prices have risen dramatically and will reduce landowner willingness to retire cropland to the CRP.

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