



United States General Accounting Office
Washington, DC 20548

Resources, Community, and
Economic Development Division

B-285561

June 30, 2000

The Honorable Fred Thompson
Chairman
The Honorable Joseph I. Lieberman
Ranking Minority Member
Committee on Governmental Affairs
United States Senate

Subject: Observations on the U. S. Department of Agriculture's Fiscal Year 1999
Performance Report and Fiscal Year 2001 Performance Plan

As you requested, we have reviewed the 24 Chief Financial Officers (CFO) Act agencies' fiscal year 1999 performance reports and fiscal year 2001 performance plans required by the Government Performance and Results Act of 1993 (GPRA). In essence, under GPRA, annual performance plans are to establish performance goals and measures covering a given fiscal year and provide a direct linkage between an agency's longer-term goals and day-to-day activities. Annual performance reports are to subsequently report on the degree to which those performance goals were met.

This letter contains two enclosures responding to the two parts of your request concerning key program outcomes and major management challenges at the U. S. Department of Agriculture (USDA). Enclosure I provides our observations on USDA's fiscal year 1999 actual and fiscal year 2001 planned performance for the key outcomes that you identified as important mission areas for the agency. These key outcomes are (1) ensuring an adequate and reasonably priced food supply; (2) ensuring a safe and wholesome food supply; (3) opening, expanding, and maintaining global market opportunities for agricultural producers; (4) reducing hunger and ensuring food for the hungry; and (5) reducing food stamp fraud and error. Enclosure II lists the major management challenges facing the agency that we and USDA's Inspector General identified; progress USDA made in resolving these challenges as discussed in its fiscal year 1999 performance report; and the applicable goals and measures in the fiscal year 2001 performance plan.

Results in Brief

Outcome 1: Ensuring an adequate and reasonably priced food supply

According to its performance report, USDA met most of its 113 performance goals for and apparently made progress toward, this outcome during fiscal year 1999. However, the large number of departmental goals focused on individual program activities, such as eradicating the boll weevil and reducing loan delinquency rates, make it difficult to synthesize the performance information to obtain a clear picture of this progress. USDA identified a diverse set of programs—including those for farm income support; commodity loans; risk management (for example, crop insurance); farm credit; food safety and inspection; marketing; improved stewardship over the land; efficient marketing of agricultural products; the control of insects, diseases, and other pests that can damage crops and food supplies; and research—as contributing to the outcome. The Department's performance goals for these areas are spread across 11 of its agencies.

Although USDA made some adjustments to its performance goals and/or measures for fiscal years 2000 and 2001, they are essentially the same as they were for fiscal year 1999. However, according to USDA officials, the Department is planning a new approach to developing its annual performance plans and performance reports. The officials told us that, under the new approach, USDA will develop a departmentwide plan and report to more succinctly summarize its performance for the Congress and the public. USDA's individual agencies and offices would continue to develop plans and reports that will be used to support the departmentwide documents. Developing such overall plans and reports would enable the Department to identify and report on a smaller set of performance goals vital to its mission.

Outcome 2: Ensuring a safe and wholesome food supply

According to its performance report, USDA generally met its performance goals for and made progress toward, this outcome in fiscal year 1999. For example, the Department reported reaching its targets for (1) implementing certain USDA regulations designed to control food contaminants at federally inspected meat and poultry slaughter and/or processing plants, (2) reviewing state inspection programs and laboratories, and (3) importing products produced under food safety requirements equivalent to USDA's food contamination regulations. However, USDA did not meet some of its targets. For example, it set a target of bringing 1,277 federally inspected plants into compliance with the Salmonella national baseline standard, but it reported achieving compliance for 680 plants. According to USDA's fiscal year 1999 performance report, the target was set too high because USDA incorrectly anticipated that more plants would be subject to the new requirements during fiscal year 1999. Even though USDA did not achieve the target, the report noted a dramatic reduction in the incidence of Salmonella in raw products, including broilers, swine, ground beef, and ground turkey.

USDA's performance goals and measures for fiscal year 2000 and 2001 remained essentially unchanged, although some adjustments were made in the number or organization of the measures. Some performance targets were also revised for fiscal year 2001 to reflect the Department's actual fiscal year 1999 performance, new initiatives, or the natural progression of a program or its requirements. For example, the goal for the percentage of federally inspected meat and poultry slaughter and/or processing plants that have implemented USDA's food contamination regulations was increased from 43.6 percent to 99.9 to reflect the phasing in of the regulation's implementation. Similarly, the target for the number of federally inspected plants in compliance with the Salmonella national baseline standards was increased from 680, the actual figure for fiscal year 1999, to 2,288.

Outcome 3: Opening, expanding, and maintaining global market opportunities for agricultural producers

According to information in USDA's performance report, its progress toward this outcome was mixed. Working with USDA officials, we identified a total of 77 performance goals directly related to the outcome. These goals cover activities that include negotiating and monitoring trade agreements; administering market development and export promotion programs; providing expert services, commodity inspection and other technical services to exporters; and research activities to facilitate trade. The goals also cover activities related to farm income support, commodity loans, research to facilitate trade, preventing the introduction of foreign agricultural pests and diseases, and marketing. The goals most directly related to opening, expanding, and maintaining global market opportunities appear to be those of the Department's Foreign Agricultural Service. According to USDA's performance report, the Service met some of its goals but did not meet others. For example, it reported meeting its \$5 billion goal for estimated trade opportunities preserved annually through the development of trade-appropriate guidelines, recommendations, and standards in international organizations. However, it reported falling far short of its goal for estimated trade opportunities preserved annually by ensuring the implementation of existing trade agreements. Its target was \$8 billion, and the actual figure for the fiscal year was about \$2 billion. According to the performance report, the Service did not meet the goal because it needed to shift staff from this activity to the next round of the World Trade Organization negotiations, which were determined to be a higher priority.

USDA's goals and measures remained about the same for fiscal years 2000 and 2001. The target for the Foreign Agricultural Service's goal of estimated trade opportunities preserved annually by ensuring the implementation of existing trade agreements was reduced to \$2 billion to reflect the actual figure for fiscal year 1999. On the other hand, other targets, such as those for the gross trade value of markets created, expanded, or retained annually through market access activities, were increased.

Outcome 4: Reducing hunger and ensuring food for the hungry

It is difficult to assess USDA's progress during fiscal year 1999 toward reducing hunger and ensuring food for the hungry. According to the data in its performance

report, the Department met all or some of its performance measures for nearly all of its quantifiable goals for which performance data were available. However, over half of its goals were not in a quantifiable form or did not yet have a baseline or target established, or performance data were not yet available. The one quantifiable goal for which USDA did not meet any of the measures was the goal for increasing participation in its Summer Food Service Program. According to the performance report, the Food and Nutrition Service engaged in extensive efforts to bring additional sponsors and sites into the program, but the resulting increase was not sufficient to meet the performance targets.

USDA made various adjustments to its performance goals in its fiscal year 2001 performance plan. For example, the Food and Nutrition Service organized its performance goals in the fiscal year 2001 performance plan around two cross-cutting strategic goals and five related objectives, down from six program-focused strategic goals and 20 objectives in prior plans. USDA also added some performance goals and/or measures and deleted others. For example, the fiscal year 2001 performance plan contains a performance goal to strengthen state/local management of sponsors for the Child and Adult Care Food and the Summer Food Service programs. On the other hand, the plan no longer includes a goal for supporting departmental gleaning/food recovery efforts.

Outcome 5: Reducing food stamp fraud and error

According to its performance report, USDA met nearly all of its fiscal year 1999 performance goals and made progress toward reducing food stamp fraud and error. The Department, for example, reported meeting its target for increasing claims collections to recover program losses and deter recipients from accepting overpayments of benefits. However, USDA fell short of meeting its target for investigating fraud within departmental programs by the Office of the Inspector General. The 515 reports of fraud investigations issued amounted to a little more than half of the target figure of 1,000. According to the Office of the Inspector General, it had fewer investigative resources available than anticipated when the target was established.

Performance data were not yet available for two key goals—one having to do with payment accuracy in the delivery of Food Stamp Program benefits and one having to do with reducing the percentage of stores authorized to accept food stamps that do not meet regulatory eligibility requirements for the types and amounts of foods sold. According to the performance report, the payment accuracy data for fiscal year 1999 will be reported in the Department's fiscal year 2000 performance report. For the other goal, the report stated that, during fiscal year 1999, the Department achieved its performance target to establish a baseline for measuring reductions in the percentage of authorized stores not meeting the regulatory eligibility requirements. This baseline can be used in future years to measure USDA's performance in monitoring and ensuring retailers' compliance with these requirements. Information on the achievement of these two goals is important to assessing USDA's progress during fiscal year 1999 in reducing food stamp fraud and error.

USDA's performance goals remain essentially the same for fiscal years 2000 and 2001. The performance targets also remain about the same or were increased slightly, except in one case. The target for reports of fraud investigations issued was reduced to 500 for both years to reflect the actual figure for fiscal year 1999. In the fiscal year 2001 performance plan, the language or organization of several of the goals and measures was revised. For example, the goal to increase claims collections to recover program losses and deter recipients from accepting overpayments was changed to strengthen controls over participant error, fraud, and abuse. The measures for this goal were not changed.

USDA's Major Management Challenges

USDA's fiscal year 1999 performance report shows varied progress in resolving the major management challenges identified by GAO and USDA's Inspector General in fiscal year 1999. The following examples illustrate some of the management challenges that USDA has made progress in addressing or resolving.

- Progress has been made in improving the agency's farm loan portfolio—the delinquency rates for direct loans and the loss rates for direct and guaranteed loans were all within the target levels for fiscal year 1999.
- USDA has met its target of having 43.6 percent of the federally inspected meat and poultry plants implement the basic Hazard Analysis and Critical Control Point (HACCP) requirements.

Conversely, USDA's performance report does not demonstrate progress in addressing or resolving other previously identified management challenges. For example, the report shows little, if any, progress in reducing inefficiency and waste throughout the Forest Service's operations. Similarly, the report does not demonstrate progress in resolving the management challenges involving telecommunications investments, service center information technology, or the Rural Rental Housing program.

USDA's fiscal year 2001 performance plan contains applicable goals and measures for some but not all the management challenges identified by GAO and the USDA's Inspector General. For example, the plan discusses three performance goals and related strategies to decrease overpayments in the Food Stamp Program; establishes various goals and measures to promote financial accountability; and includes performance goals to reduce farm loan delinquencies on direct loans, reduce losses on these loans, and maintain the guaranteed loan loss rate at or below 2 percent. However, the plan does not contain specific goals or measures to address the information technology challenge facing USDA's multibillion-dollar modernization of its service center technology or specific challenges identified in the crop insurance and Rural Rental Housing programs.

Objectives, Scope, and Methodology

Our objectives concerning selected key agency outcomes were to (1) identify and assess the quality of the performance goals and measures directly related to each key outcome, (2) assess the agency's actual performance in fiscal year 1999 for each outcome, and (3) assess the agency's planned performance for fiscal year 2001 for each outcome. Our objectives concerning major management challenges were to (1) assess how well the agency's fiscal year 1999 performance report discussed the progress made by the agency in resolving the major management challenges that we and the agency's Inspector General previously identified and (2) identify whether the agency's fiscal year 2001 performance plan had goals and measures applicable to the major management challenges. As agreed, in order to meet the Committee's tight time frames, our observations were generally based on the requirements of GPRA, guidance to agencies from the Office of Management and Budget for developing performance plans and reports (OMB Circular A-11, Part 2), previous reports and evaluations by us and others, our knowledge of USDA's operations and programs, and our observations on USDA's other GPRA-related efforts. We did not independently verify the information contained in the performance report or plan. Because USDA established so many performance goals for four of its key outcomes, we limited our detailed review to 10 randomly selected goals for each outcome. We examined in detail all seven of the goals related to the outcome of less food stamp fraud and error. We conducted our review from May through June 2000 in accordance with generally accepted government auditing standards.

Agency Comments and Our Evaluation

We provided USDA with a draft of this report for its review and comment. USDA generally agreed with the information presented in the draft report. However, USDA wanted us to emphasize several issues. With regard to our finding that the Department's fiscal year 1999 performance report does not demonstrate progress in resolving the management challenges involving telecommunications investments and service center information technology, USDA stated that the Department has made substantial progress in these areas since the end of fiscal year 1999. USDA cited various actions, such as the Secretary of Agriculture's recently giving the Chief Information Officer direct responsibility for the information technology portion of the Service Center Modernization Initiative and the information office's establishing various teams to address aspects of these issues. In response to our finding that the performance report shows little, if any, progress in reducing inefficiency and waste in Forest Service's operations, USDA noted that the performance report includes information on the Forest Service's plans to revise its strategic plan during fiscal year 2000 to focus on results and that the Service is continuing in fiscal years 2000 and 2001 with its goal to develop a sound financial system. We anticipate that the status and results of these more recent actions to address these management challenges will be discussed in USDA's performance report for fiscal year 2000, which is due to the President and the Congress by March 31, 2001.

On our finding that USDA's fiscal year 1999 performance report and fiscal year 2001 performance plan do not specifically address the management challenge of fraud and abuse in the Rural Rental Housing program, the Department commented that it takes this management challenge very seriously. USDA said that although its performance plans do not include goals and measures to specifically address fraud and abuse in the program, it has implemented a number of reforms, including a partnership with the Office of the Inspector General. USDA said it did not believe that it was appropriate to include such goals or measures in the plans. According to the Department, it is very difficult to measure fraud and abuse in a meaningful way, and the Rural Housing Service, which administers the program, is neither a compliance nor an enforcement agency. The Department further stated that the language in the performance plan for improving the quality of life for residents of rural communities by providing access to decent, safe, sanitary, and affordable rental housing most appropriately describes the goals and measures for the program. We believe that addressing major management challenges is an important part of an agency's performance. Specific performance goals and measures can provide the needed focus for an agency's efforts and the means to effectively report on its progress. If an agency cannot develop meaningful performance goals and measures for these purposes, a discussion in its performance plan of its planned actions and in its performance report of its progress in addressing the management challenge can be helpful. USDA also provided technical clarifications, which we incorporated into the report as appropriate.

As arranged with your offices, unless you publicly announce its contents earlier, we will make no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies of this report to the Honorable Dan Glickman, Secretary of Agriculture, and make copies available to others on request .

Please call me on (202) 512-5138, if you or your staff have any questions. Key contributors to this report are Andrea W. Brown; Thomas M. Cook; Ruth Ann Decker; James L. Dishmon, Jr.; Gregory A. Kosarin; and Raymond H. Smith, Jr.



Lawrence J. Dyckman
Director, Food and Agriculture Issues

Enclosures - 2

Observations on the U.S. Department of Agriculture's Fiscal Year 1999 Actual Performance and Fiscal Year 2001 Planned Performance Related to Key Outcomes

This enclosure contains our observations on the U.S. Department of Agriculture's (USDA) fiscal year 1999 actual and fiscal year 2001 planned performance for key outcomes identified by the Senate Committee on Governmental Affairs as important mission areas for the Department. The key outcomes for USDA are as follows: (1) the nation has an adequate and reasonably priced food supply; (2) food supplies are safe and wholesome; (3) global market opportunities for agricultural producers are opened expanded, and maintained; (4) hunger is reduced and food for the hungry is ensured; and (5) food stamp fraud and error are lessened. As requested, we identified the goals and measures directly related to a selected key outcome. Our observations are organized according to each selected key outcome and follow the goals and measures.

Key Agency Outcome: The Nation Has an Adequate and Reasonably Priced Food Supply

Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Ensuring an Adequate and Reasonably Priced Food Supply

Working with USDA, we identified a total of 113 performance goals that the Department considered to be directly related to the outcome of the nation's having an adequate and reasonably priced food supply. Achieving these performance goals is the responsibility of a total of 11 USDA agencies or units, including the Farm Service Agency (FSA), the Agricultural Marketing Service (AMS), the Animal and Plant Health Inspection Service (APHIS), the Natural Resources Conservation Service (NRCS), and the Agricultural Research Service (ARS). The following are randomly selected examples of these performance goals.

Increase agricultural producers' awareness of risk management alternatives (Risk Management Agency). **(Goal not met)**

- Number of producers attending risk management courses
 - Target: 30,000
 - Actual: 21,036

Improve market efficiency by reporting timely and accurate information (AMS). **(Goal not met)**

- Percentage of Market News reports released on time.
 - Target: 94 percent
 - Actual: 90 percent

Eradicate Tropical Bont Tick in the Caribbean (APHIS). **(Goal not met)**

- Islands of Caribbean declared free of Tropical Bont Tick.

Enclosure I

- Target: 2
- Actual: 0

- Heartwater detected in U.S. territories.
 - Target: 0
 - Actual: 0

Increase acres surveyed to prevent spread of Golden Nematode (APHIS). **(Goal met)**

- Number of acres surveyed for Golden Nematode
 - Target: 3,000
 - Actual: 3,761

Increase the percentage of facilities in compliance (APHIS). **(Goal not met)**

- Percentage of facilities in compliance
 - Target: 62 percent
 - Actual: 59 percent

Facilitate the development of nonthreatening biotechnology-derived products (APHIS). **(Goal not met)**

- New crop varieties genetically engineered.
 - Target: 52
 - Actual: 50

Demonstrate a more efficient and cost-effective use of resource inputs while increasing productivity above current levels (ARS). **(Could not determine if goal was met)**

- Target: Not quantifiable, expressed in an alternative form
- Actual: ARS asserts that it met this goal. We have no basis to agree or disagree.

Develop new and value-added products (Cooperative State Research, Education, and Extension Service) (CSREES). **(Could not determine if goal was met)**

- Target: Not quantifiable, expressed in an alternative form
- Actual: CSREES asserts that it met this goal. We have no basis to agree or disagree.

Develop and improve detection and prevention methods to reduce pathogens (CSREES). **(Could not determine if goal was met)**

- Target: Goal expressed in an alternative form.
- Actual: CSREES asserts that it met this goal. We have no basis to agree or disagree.

Manage the Business and Industry portfolio effectively to minimize the delinquency rate (Rural Development). **(Goal not met)**

Enclosure I

- Target: 3 percent or less
- Actual: 4.8 percent

GAO's Observations on USDA's Fiscal Year 1999 Actual Performance for the Key Agency Outcome of Ensuring an Adequate and Reasonably Priced Food Supply

USDA generally uses indicators of progress, or measures, when its performance goals are not self-measuring. A performance goal such as “reduce direct loan delinquencies by 22 percent” is considered self-measuring because the goal statement includes concrete information on what is to be measured and what data are needed to learn whether progress was made toward achieving the goal. A goal such as “facilitate the marketing of consumer-grade eggs by assuring that quality levels are maintained” needs a measure or measures to translate it into more concrete, observable conditions. In this case, USDA used the percentage of noncomplying shell egg lots that are reprocessed or diverted as the measure.

While USDA's measures are generally adequate to indicate progress toward the performance goals, we found that several measures less directly indicate progress. For example, one performance goal is to increase the number of agricultural producers that utilize risk management alternatives. The measure for the goal--the number of risk management education sessions being coordinated or facilitated--can be used only in an indirect way to assess progress toward the goal. The number of risk management education sessions does not directly measure the number of producers actually using risk management alternatives. According to USDA officials, the Department is continuing to revise its measures to improve them.

In general, the goals and measures are objective, measurable, and quantifiable. Those performance goals that are not expressed in this manner are for research activities of the Agricultural Research Service (ARS) and the Cooperative State Research, Education, and Extension Service (CSREES). Under the Government Performance and Results Act (GPRA), if an agency determines that it is not feasible to express the performance goals for a particular program activity in an objective, measurable, and quantifiable form, the Director of the Office of Management and Budget (OMB) may authorize an alternative form. According to USDA officials, OMB has authorized the use of an alternative form for these agencies.

For its 21 performance goals related to this outcome, ARS uses narrative descriptions as indicators of progress. These indicators represent intermediate outcomes, significant products, or anticipated impacts of the agency's work. For example, one indicator is that the agency “will begin studies designed to determine the mechanisms involved in natural insect pest resistance present in certain corn varieties.” Another indicator is that the agency will “develop effective and practical technology to recapture methyl bromide used in quarantine treatments to avoid venting the stratospheric ozone-depleting gas to the atmosphere.”

For its 16 performance goals, CSREES uses similar indicators of progress. Although these indicators were presented in the Department's fiscal year 1999 performance plan,

Enclosure I

they were not included in the fiscal year 1999 performance report. The performance report discusses accomplishments related to the performance goal, but it is difficult to judge the agency's level of performance and the extent to which it achieved the goal. Including the indicators in future performance reports may provide a better picture of the agency's performance. For example, USDA's revised fiscal year 1999 and fiscal year 2000 performance plans contain 10 indicators for CSREES' goal to develop new and value-added products. These indicators—one of which is to develop new growth promoters and regulators that are approved by regulatory agencies and transferred or adopted by producers to improve plant and animal performance—provide more details on the agency's intended performance, against which its progress can be assessed.

Slightly less than one-half of the performance goals are outcome-oriented. A large portion of the output-oriented goals are related to the activities of ARS, CSREES, and the Economic Research Service, where the focus is on the products of the agencies' research or analysis. The outcome-oriented goals are generally expressed in terms of intermediate outcomes, such as acres on which vegetative cover is established for conservation purposes or compliance rates at U.S. borders for regulations to minimize the risk of exotic pests and diseases being introduced into the United States. Performance goals reflecting end outcomes, such as reduced crop damage from exotic pests and diseases, would be more useful for assessing performance, but the needed data may not be available or may be too costly to collect.

USDA established quantifiable targets for 75 of its 113 performance goals under this outcome. Of the 38 goals that were not quantifiable, all but 1 were those that ARS and CSREES were authorized to express in alternative form. Although USDA provided information on its accomplishments related to these goals, we could not judge whether the goals were met. The other goal was expressed in a quantifiable manner, but no target or numerical goal was established.

Of the 75 quantifiable fiscal year 1999 goals, the data in USDA's performance report indicate that the Department met or exceeded about 59 percent of them. USDA met the target for at least one measure related to an additional 11 percent of the goals.

According to USDA officials' assessment, the Department met over 80 percent of its goals, including those of ARS and CSREES. (In three other cases, a target had not been established for fiscal year 1999, the goal was considered too vague and needed to be revised, or only preliminary data were available.) For 13 goals, the performance data indicate that the goals were not fully met. However, USDA's assessment was that the goals were met for various reasons, such as what was achieved was within acceptable tolerances or most of, or the most important of, a goal's indicators were met. USDA generally did not explain why its shortfall in meeting certain performance targets was within acceptable tolerances.

Except for the goals expressed in alternative form, USDA generally identifies for quick comparison the fiscal year 1999 performance target for each goal and what was achieved. In addition, the report generally provides a section briefly analyzing the fiscal year 1999 results related to the goal or a group of goals. For some goals, this section

Enclosure I

essentially states that the goal was met or exceeded. For others, the section provides a more detailed discussion of the performance and the significance of the accomplishments to achieving the program's purpose.

USDA generally provides, by goal or by group of related goals, a brief discussion of the source of the data used to report on its fiscal year 1999 performance. However, USDA is inconsistent in its discussion of how the data are verified and validated to ensure their reliability. The performance report varies from providing little or no information to including a rather detailed discussion of the data verification and validation procedures or processes. For example, the discussion of the data for the goal to reduce pathogens on raw products is limited to a statement that these are considered to be final programmatic data as of November 23, 1999, and no variance in the data is expected. For the goal related to cattle tick, the report states that infestations and locations are determined by on-site investigations and weekly reports of all investigations are logged by the area's program office. The report further states that the data are highly accurate but does not describe the steps that are taken to ensure their accuracy. On the other hand, for the goal to expand risk management tools available to producers, the report describes the data sources, uses, and verification efforts.

USDA also generally identifies, by goal or group of related goals, whether any program evaluations were conducted during fiscal year 1999. The Department's discussion is generally limited to evaluations and a brief summary of their results. USDA generally does not describe the relationship of the evaluations to its fiscal year 1999 performance or explain how they are being taken into account during the current fiscal year. However, in the case of the goal to identify, maintain, and enhance the health status of U.S. livestock and poultry, USDA noted that the National Animal Health Monitoring System program review was conducted during fiscal year 1999. The Department stated that the review panel made several suggestions for program improvements, these were currently under review, and program adjustments would be made during fiscal year 2000. The performance report offered no details on what adjustments would be made but indicated how a copy of the results of the review could be obtained.

USDA's performance goals and measures and information on the extent to which they have been achieved are generally meaningful in terms of the individual program activities at which they are aimed. However, the large number of detailed goals makes it difficult to synthesize the Department's performance information to obtain a clear picture of its intended performance and progress during the fiscal year.

Unmet Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Ensuring an Adequate and Reasonably Priced Food Supply

USDA did not fully meet 31 of its quantifiable performance goals related to this outcome. The following are examples of these unmet performance goals and measures:

Increase the number of agricultural producers that utilize risk management alternatives (Risk Management Agency).

Enclosure I

- Number of risk management education sessions being coordinated or facilitated
 - Target: 750
 - Actual: 582

Eradicate Brucellosis (Animal and Plant Health Inspection Service).

- States in Class Free status (Brucellosis) – includes the District of Columbia, the U.S. Virgin Islands, and Puerto Rico.
 - Target: 50
 - Actual: 47

Complete grazing allotments and implement National Environmental Policy Act (NEPA) decisions on schedule (Forest Service).

- Grazing allotments analyzed and NEPA decisions signed (number)
 - Target: 718
 - Actual: 464
- Customer satisfaction survey with grazing permit process
 - Target: Data not available
 - Actual: Data not available

GAO's Observations on USDA's Unmet Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Ensuring an Adequate and Reasonably Priced Food Supply

USDA was inconsistent in the information that it provided on its performance for those goals that it did not meet. In some cases, it briefly explained why the goal was not met. In others, it explained where the Department stood with regard to achieving the goal, but did not explain why the goal was not met. For example, USDA explained that it did not meet its target for the number of producers attending risk management education classes because limited funding for the fiscal year significantly reduced the number of producers that could be reached. However, for the goal of minimizing fruit fly outbreaks in Mexico and Guatemala, USDA stated that the goal was not met and pointed out that in 1998, 254 sites were detected and appeared to be spreading, but by the end of fiscal year 1999, the situation appeared to be much better. According to the report, only about 40 of the 180 detection sites remained active.

USDA generally provided a discussion of future actions and schedules for achieving the goals it considered not to have been met in fiscal year 1999. An example is the goal to eradicate brucellosis. According to USDA, weaknesses identified by state program reviews have been addressed and national slaughter surveillance is being enhanced. USDA said that a national surveillance coordinator was appointed in 1999, which should help strengthen surveillance activities in fiscal year 2000. USDA projected that no affected herds would remain under quarantine, with the possible exception of one

Enclosure I

captive bison herd, and all states would be classified as brucellosis Class Free by the end of fiscal year 2001.

Fiscal Year 2000 Performance Goals and Measures for the Key Agency Outcome of Ensuring an Adequate and Reasonably Priced Food Supply

For fiscal year 2000, USDA discontinued a fiscal year 1999 performance goal, or at least one of a goal's measures, in 28 cases. Examples of USDA's discontinued goals and/or measures follow:

Maintain the 1997 levels of sugar loan program activity to sugar processors. (Farm Service Agency [FSA])

Provide producers additional security to secure production loans, formulate farm management decisions, and assess risk (FSA).

- Number of days between producer filing acreage and production reports and issuance of Noninsured Crop Disaster Assistance Program (NAP) Summary of Protection

Golden Nematode - Slow progress of pest or disease (Animal and Plant Health Inspection Service).

- New states infested with Golden Nematode
- New counties in New York infested with Golden Nematode
- Percentage of fields in regulated area with Golden Nematode populations below spread level (where the only Golden Nematode cysts found were nonviable)

GAO's Observations on USDA's Fiscal Year 2000 Planned Performance for the Key Agency Outcome of Ensuring an Adequate and Reasonably Priced Food Supply

USDA generally explained why certain fiscal year 1999 performance goals were discontinued or revised. These explanations often were adequate to convey the basis for no longer using the measures. However in some cases, additional information could have been helpful. For example, USDA stated that data that would be used to report on one measure was already being used to report on another measure, but did not identify the other measure.

The extent to which USDA provided a reasonable assessment of the effect of its agencies' fiscal year 1999 performance on the estimated performance levels for fiscal year 2000 varied. The Department generally discussed its fiscal year 2000 performance, but often not in the context of its fiscal year 1999 performance. When fiscal year 1999 performance was considered, the discussion was generally limited to whether fiscal year 2000 performance targets were increased or decreased as a result of how much USDA had been able to achieve during fiscal year 1999. The Department usually did not discuss whether it had revised its means and strategies for fiscal year 2000 as a result of its fiscal year 1999 performance.

Enclosure I

OMB Circular A-11, Part II, suggests that agencies report on their progress in meeting performance goals for at least one fiscal year before the goals are discontinued. However, for the most part, USDA did not report on its discontinued fiscal year 1999 goals and measures. A Department representative told us that USDA provided an option, through an appendix, that permitted its agencies to discontinue measures that had no supporting data, no longer appropriately reflected the goal, or had been replaced with improved measures. According to the representative, for each discontinued measure, an explanation was provided highlighting the rationale for discontinuance. The representative said that the Department has also encouraged agencies to limit the measures in their plans and reports to the vital few needed to clearly present planned and actual performance.

Fiscal Year 2001 Performance Goals and Measures for the Key Agency Outcome of Ensuring an Adequate and Reasonably Priced Food Supply

Examples of USDA's performance goals and measures that were revised for fiscal year 2001 follow:

Increase agricultural producers' awareness of risk management alternatives (Risk Management Agency).

Added measures

- Number of risk management education sessions being coordinated or facilitated
- Number of producers participating in risk management clubs or marketing clubs
- Number of Dairy Options Pilot Program sessions being coordinated or facilitated

Eradicate Tropical Bont Tick in the Caribbean (Animal and Plant Health Inspection Service).

Deleted measure

- Heartwater detected in U.S. territories

Demonstrate a more efficient and cost-effective use of resource inputs while increasing productivity above current levels (Agricultural Research Service [ARS]).

Revised measures

- During fiscal year 2000, ARS will develop microorganisms and determine optimum conditions to preserve protein in silage to conserve forage for livestock.
- During fiscal year 2001, ARS will produce recommendations for the best way to provide supplements to calves grazing on bermuda grass in the south central United States.

Enclosure I

- Determine the impact of cattle breed on performance in the Southeast and make recommendations for the small producers of that region.
- Produce recommendations for the best way to provide supplements to calves grazing in subtropical areas of the United States.

GAO's Observations on USDA's Fiscal Year 2001 Planned Performance for the Key Agency Outcome of Ensuring an Adequate and Reasonably Priced Food Supply

USDA continues to revise its performance goals in an effort to improve them. Of the 10 performance goals that are randomly selected, USDA revised 5 of them for fiscal year 2001. In one case, USDA added performance measures; in another case, it discontinued a measure. The three other performance goals, which were in an alternative form, were revised to update the indicators to reflect the work planned for fiscal year 2001. The revisions to the goals appeared to provide a clearer picture of the intended performance. Although the Department is attempting to reduce the number of performance goals, it continues to have a large number of them for fiscal year 2001.

For the 10 randomly selected goals, we generally found that the fiscal year 2001 performance plan provides a succinct and concrete statement of expected performance for subsequent comparison with actual performance. For seven of the goals, a specific statement of the goal, with the use of one or more measures, and quantifiable performance targets provide for subsequent comparison of intended and actual performance. The other three goals were in an alternative form and do not provide a quantifiable level of intended achievement. The plan also usually identifies and discusses the need to coordinate with other agencies on the goals.

In our previous review of USDA's fiscal year 2000 performance plan, we observed that the plan did not (1) consistently include strategies for mitigating external factors, (2) adequately describe efforts to verify and validate data, and (3) consistently discuss the impact of data limitations. In our review of USDA's fiscal year 2001 performance plan for the 10 performance goals, we found that the Department had made some improvements over the fiscal year 2000 plan. For example, the fiscal year 2001 discussion of the verification and validation of performance data for the goal of increasing the percentage of facilities in compliance with the Animal Welfare Act is more specific and provides greater confidence that the performance information will be credible.

In other cases, the discussions of strategies for mitigating external factors, verifying and validating performance data, and identifying the impact of data limitations continue to be too limited or vague. For example, USDA identifies reductions in funding as an external factor for its goal to manage its Business and Industry loan portfolio effectively to reduce the delinquency rate. In its plan, the Department states that funding reductions can be partially offset by efforts to increase the leveraging of agency funds with other sources of funds. The plan does not say how this leveraging will be accomplished or how it will

Enclosure I

address the loss of the funds that cannot be offset. Greater consistency in quality across the performance goals and the plan in these areas could strengthen the plan's usefulness.

Key Agency Outcome: Food Supplies Are Safe and Wholesome

Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Ensuring Safe and Wholesome Food Supplies

Working with USDA officials, we identified 18 performance goals directly related to USDA's efforts to achieve the outcome of having food supplies that are safe and wholesome. Achieving these performance goals is the responsibility of a total of seven USDA agencies or units, including the Farm Service Agency (FSA), the Food Safety and Inspection Service (FSIS), and the Cooperative State Research, Education, and Extension Service (CSREES). The following are randomly selected examples of the performance goals related to this outcome.

Reduce the Commodity Credit Corporation's (CCC) costs associated with U.S. Warehouse Act examination operations to 40 percent of the total costs (FSA). **(Goal met)**

- Target: 45 percent, \$1.98 million
- Actual: 45 percent, \$1.83 million

Increase the percentage of on-time deliveries and shipments for domestic processed commodities purchased to 95 percent (FSA). **(Goal met)**

- Target: 95 percent
- Actual: 96 percent

Collaborate with other public health agencies and stakeholders to enhance the use of collective resources to improve food safety and support the President's Council on Food Safety (FSIS). **(Goal met)**

- Number of foodborne-illness-causing pathogens monitored in collaboration with the Centers for Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), and state public health departments through the Foodborne Disease Active Surveillance Network (FoodNet).
 - Target: 7
 - Actual: 7
- Number of FoodNet Case Studies
 - Target: 3
 - Actual: 3
- Number of new formal risk assessments initiated annually to identify and quantify food safety risks
 - Target: 1
 - Actual: 2
- Number of reviews conducted of state inspection programs and laboratories
 - Target: 7

Enclosure I

- Actual: 7
- Standard operating procedures established for coordination of foodborne illness outbreaks and other food safety emergencies
 - Target: Yes
 - Actual: Yes
- Strategy with HHS and USDA, and private-sector groups developed and implemented to expand communications on food safety information to the general public
 - Target: Yes
 - Actual: Yes
- Number of people reached with food safety information through media stories, circulation reports, Home Page visits, Hotline calls (in millions)
 - Target: 158
 - Actual: 83¹

Promote food safety from farm to table (FSIS). **(Goal not met)**

- Number of collaborative initiatives undertaken to address food safety risks in animal production
 - Target: 8
 - Actual: 14
- Number of state agencies adopting the meat, poultry, and egg portions of the FDA Food Code for retail and restaurant establishments
 - Target: 10
 - Actual: 10
- Number of successful enforcement cases carried out resulting from a unified regulatory effort of FSIS inspectors, compliance officers, and/or laboratory personnel that should serve to improve the agency's efforts to enhance industry compliance with food safety requirements
 - Target: 200
 - Actual: 118

Promote international cooperation on food safety (FSIS). **(Goal met)**

- Percentage of imported products produced under Hazard Analysis and Critical Control Point (HACCP)-equivalent food safety requirements
 - Target: 70

¹The actual value reflects a mid-year change in computing the distribution of food safety information to people, and USDA will continue to use this methodology for future year estimations. The fiscal year 2000 target was revised to 85.

Enclosure I

- Actual: 99

Streamline and improve the effectiveness, efficiency, and diversity of administrative and human resources support functions (FSIS). **(Goal not met)**

- Modernize the accounting system by implementing FFIS.
 - Target: Yes
 - Actual: Yes
- Number of management reviews conducted to ensure appropriate internal controls
 - Target: 15
 - Actual: 10
- Year 2000 contingency plan developed, tested, and validated
 - Target: Yes
 - Actual: Yes
- Percentage of workforce at the GS-13 level and above who are women, minorities, or persons with disabilities
 - Target: 48
 - Actual: 46
- Percentage of workforce at the GS-12 level and below who are women, minorities, or persons with disabilities
 - Target: 48
 - Actual: 47

Pesticide recordkeeping – Monitor private applicators of federally restricted-use pesticides (Agricultural Marketing Service). **(Goal met)**

- Percentage of pesticide recordkeeping sampling goal attained.
 - Target: 98 percent
 - Actual: 100 percent

Transfer knowledge developed by the Agricultural Research Service (ARS) to industry and regulatory agencies. **(Unable to determine if goal was met)**

- During fiscal year 1999, ARS will report a new strategy to develop wheat that is resistant to wheat head scab, a disease that causes yield losses and results in the presence of toxins in wheat products.
 - Target: Not quantifiable, expressed in an alternative form.
 - Actual: ARS asserts that it met this goal. We have no basis to agree or disagree.

Expand efforts to recover, preserve, and establish networks to distribute food (CSREES). **(Unable to determine if agency met goal)**

Enclosure I

- Target: Not quantifiable, expressed in an alternative form.
- Actual: CSREES asserts that it met this goal. We have no basis to agree or disagree.

Enhance risk assessment and management strategies (CSREES). **(Unable to determine if agency met goal)**

- Target: Not quantifiable, expressed in an alternative form.
- Actual: CSREES asserts that it met this goal. We have no basis to agree or disagree.

GAO's Observations on USDA's Fiscal Year 1999 Actual Performance for the Key Agency Outcome of Ensuring Safe and Wholesome Food Supplies

In general, USDA's goals and measures are objective, measurable, and quantifiable. Those performance goals that are not expressed in this manner are for research activities of the Agricultural Research Service and the Cooperative State Research, Education, and Extension Service. According to USDA officials, OMB has authorized the use of an alternative form for these goals.

About 39 percent of the performance goals are outcome-oriented. These outcome-oriented goals are generally expressed in terms of intermediate outcomes. For example, one performance measure under the goal of promoting food safety from farm to table is the number of state agencies adopting the meat, poultry, and egg portions of FDA's Food Code for retail and restaurant establishments. These achievements would be an intermediate step to the end outcome of having safe food.

Of the 12 quantifiable goals for fiscal year 1999, the data in USDA's performance report indicate that the Department met or exceeded 6 of them. USDA met the target for at least one of the performance measures for the remaining six goals, and in these cases, the agencies indicated that they believe they met these goals. For example, FSIS stated that it met one performance goal, even though it did not meet one of the three measures for the goal. This measure was for the number of successful enforcement cases carried out resulting from a unified regulatory effort of FSIS inspectors, compliance officers, and/or laboratory personnel that should serve to improve the agency's efforts to enhance industry's compliance with food safety requirements. The agency noted that the estimated target of 200 successful enforcement cases was based on the assumption that the HACCP transition would be problematical and would produce greater noncompliance, resulting in increased investigations. The agency explained that, fortunately, this was not the case, and outyear estimates have been revised downward.

USDA, in its performance report, generally identifies for quick comparison the fiscal year 1999 performance target for each goal and what was achieved. In addition, the report generally provides a section briefly relating the fiscal year 1999 results to the goal or a group of goals. For some goals, this section is limited to a statement that the goal was met. For others, the section provides a more detailed discussion of the performance and the importance of the accomplishments to achieving the program's purpose. For example, the Farm Service Agency pointed out that its customers have stated that 100

Enclosure I

percent on-time delivery of commodities is a critical issue to them. The agency stated that on-time delivery increased from 80 percent in fiscal year 1996 to 96 percent in fiscal year 1999 and briefly explained how it accomplished this improvement.

USDA generally provides, by goal or by group of related goals, a brief discussion of the source of the data used to report on its fiscal year 1999 performance. In some cases, USDA also states whether it considers the data reliable. In others, it states how the data are verified to ensure their reliability. In cases where information on data verification is provided, the level of detail varies and often does not describe the data's limitations. For other goals, there is no discussion of the data's reliability or accuracy. For example, one agency simply stated that the information presented was final programmatic data and no variance in the data was expected.

According to USDA, no program evaluations related to these performance goals were conducted during fiscal year 1999.

USDA's performance goals and measures are generally meaningful in terms of assessing performance with regard to the individual program activities. However, the range and diversity of activities covered and the level at which the goals are aimed make it difficult to synthesize the performance data to obtain a clear picture of the Department's intended performance and progress toward having safe and wholesome food supplies.

Unmet Fiscal Year 1999 Performance Goals for the Key Agency Outcome of Ensuring Safe and Wholesome Food Supplies

USDA did not fully meet 6 of its 12 quantifiable performance goals related to this outcome. The following are examples of these unmet performance goals and measures.

Promote food safety from farm to table (FSIS).

- Number of successful enforcement cases carried out resulting from a unified regulatory effort of FSIS inspectors, compliance officers, and/or laboratory personnel that should serve to improve the agency's efforts to enhance industry compliance with food safety requirements
 - Target: 200
 - Actual: 118

Provide timely and high-quality analyses of economic issues affecting the safety of the U.S. food supply, including the efficacy, efficiency, and equity of alternative policies and programs designed to protect consumers from unsafe food (Economic Research Service).

- Requested analyses delivered by deadline
 - Target: 95 percent
 - Actual: 87 percent

GAO's Observations on USDA's Unmet Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Ensuring Safe and Wholesome Food Supplies

According to its performance report, USDA met the 18 performance goals directly related to this outcome. However, USDA either did not meet or we were unable to determine if USDA met all of the measures associated with 6 of the 18 performance goals. In these cases, USDA briefly explained its rationale for considering a measure to be met. For example, USDA stated that resource or time constraints and other factors prevented it from meeting some of the measures related to the goal of continuing the necessary cultural change to support HACCP and food safety.

Fiscal Year 2000 Performance Goals and Measures for the Key Agency Outcome of Ensuring Safe and Wholesome Food Supplies

For fiscal year 2000, USDA discontinued a goal or at least one of a goal's measures in six cases. Examples follow:

Reduce pathogens on raw products by continuing the implementation of the Pathogen Reduction/HACCP rule (FSIS).

Deleted one measure:

- Sampling of egg products from the plant environment conducted for various microorganisms to establish baseline data

Collaborate with other public health agencies and stakeholders to enhance the use of collective resources to improve food safety (FSIS).

Deleted two measures:

- Number of cooperative agreements with states for risk assessment
- Number of federal-state joint undertakings in:
 - Technical conferences
 - Advisory committees
 - Other committees

GAO's Observations on USDA's Fiscal Year 2000 Planned Performance for the Key Agency Outcome of Ensuring Safe and Wholesome Food Supplies

USDA generally explained why certain fiscal year 1999 performance goals or measures were discontinued or revised. These explanations often were adequate to convey the basis for no longer using the measures. For example, USDA stated that projects were never funded and implemented for some discontinued performance measures. However, in some cases, additional information could have been helpful. For example, USDA concluded that a performance measure did not prove useful in measuring the program's

Enclosure I

effectiveness, without explaining why not or discussing what types of measures would be effective.

USDA's assessment of its fiscal year 2000 performance in light of its fiscal year 1999 performance varied by goal. In some cases, there was little or no discussion. In others, there was a brief discussion. Because it considered all of its goals to have been met in fiscal year 1999, the Department generally did not discuss needed revisions to its means and strategies.

OMB Circular A-11, Part II, suggests that agencies report on their progress in meeting performance goals for at least one fiscal year before the goals are discontinued. The Economic Research Service reported on its progress for its discontinued fiscal year 1999 goal. However, for the most part, USDA did not report on its progress for discontinued fiscal year 1999 goals and measures. A Department representative told us that USDA provided an option, through an appendix, that permitted its agencies to discontinue measures that had no supporting data, no longer appropriately reflected the goal, or had been replaced with improved measures. According to the representative, for each discontinued measure, an explanation was provided highlighting the rationale for discontinuance. The representative said that the Department has also encouraged agencies to limit the measures in their plans and reports to the vital few needed to clearly present planned and actual performance.

Fiscal Year 2001 Performance Goals and Measures for the Key Agency Outcome of Ensuring Safe and Wholesome Food Supplies

Examples of revised performance goals follow:

New goal and measures:

Increase customer satisfaction by 5 percent (FSA).

- Customer satisfaction with services provided (in percent) (Baseline to be determined in fiscal year 2000)
- Customer satisfaction with commodities purchased (in percent) (Baseline to be determined in fiscal year 2000)

Reduce pathogens on raw products (FSIS).

New measures added:

- Prepare for egg HACCP (both shell egg and egg product)
- Number of reviews conducted of state inspection programs and laboratories
- Number of countries meeting the HACCP-equivalency standards and exporting to the United States
- Number of foreign program reviews conducted to assure international equivalency and maintain export eligibility to the United States

GAO's Observations on USDA's Fiscal Year 2001 Planned Performance for the Key Agency Outcome of Ensuring Safe and Wholesome Food Supplies

We tracked 10 randomly selected performance goals from USDA's performance report to its 2001 performance plan. USDA revised five of the goals from its fiscal year 1999 performance report for its fiscal year 2001 performance plan. In one case, USDA added performance measures and deleted a measure, and in another case it revised the goal and one measure and added a new measure. The revisions to the five goals appeared to provide a clearer picture of intended performance. For example, in one case, USDA added seven new performance measures to better define what it planned to accomplish.

For these 10 goals, we generally found that the fiscal year 2001 performance plan provides a succinct and concrete statement of expected performance for subsequent comparison with actual performance. For seven of these goals, a specific statement of the goal, usually with the use of one or more measures, and quantifiable performance targets provide for a subsequent comparison of intended and actual performance. The other three goals were in the alternative form and do not provide a specific level of intended achievement. The plan also usually identifies and discusses the need to coordinate with other agencies on the goals. For example, FSIS, in reporting on its goal to reduce pathogens on raw products, stated that it will, among other things, work cooperatively with FDA and CDC to improve egg safety from production to consumption.

In our previous review of USDA's fiscal year 2000 performance plan, we observed that the plan did not (1) consistently include strategies for mitigating external factors, (2) adequately describe efforts to verify and validate data, and (3) consistently discuss the impact of data limitations. In our review of USDA's fiscal year 2001 performance plan for the 10 performance goals, we found that the Department had made some improvements over its fiscal year 2000 plan. For example, USDA's fiscal year 2001 plan discusses strategies for mitigating external factors for FSA's goal of reducing the CCC's current contribution level associated with U.S. Warehouse Act examination operations. However, the Department could still improve in these areas. For example, in some cases, USDA identifies the sources for its performance data but does not discuss how the data are verified and validated. Data limitations are generally not discussed in the plan.

Key Agency Outcome: Global Market Opportunities for Agricultural Producers Are Opened, Expanded, and Maintained

Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Opening, Expanding, and Maintaining Global Market Opportunities for Agricultural Producers

Working with USDA officials, we identified a total of 77 performance goals related directly to their efforts to achieve the outcome of opening, expanding, and maintaining global market opportunities for agricultural producers. Achieving these goals is the responsibility of a total of eight USDA agencies or units, including the Farm Service Agency (FSA); Foreign Agricultural Service (FAS); Animal and Plant Health Inspection Service (APHIS); Grain Inspection, Packers and Stockyards Administration (GIPSA); Agricultural Research Service (ARS); Cooperative State Research, Education, and Extension Service (CSREES); and National Agricultural Statistics Service (NASS). The following are randomly selected examples of these performance goals and measures.

Maintain the economic viability of tobacco and peanut programs, and producers, by establishing producer/purchaser assessments and stabilizing tobacco and peanut prices (FSA). **(Goal met)**

- Average tobacco and peanut assessment
 - Target: Tobacco \$.08/lb.
Quota peanuts \$.00366/lb.
Nonquota peanuts \$.0011/lb.
 - Actual: Tobacco \$.038/lb.
Quota peanuts \$.00366/lb.
Nonquota peanuts \$.0011/lb.
- Average price per pound of tobacco and ton of peanuts
 - Target: Tobacco \$1.70/lb.
Quota peanuts \$610.00/ton
Nonquota peanuts \$175.00/ton
 - Actual: Tobacco \$1.81/lb.
Quota peanuts \$610.00/ton
Nonquota Peanuts \$175.00/ton

Reduce losses on direct loans by 19 percent (FSA). **(Goal met)**

- Target: 7.2 percent
- Actual: 3.5 percent

Direct sales reported by U.S. participants at attache-sponsored events (AMP activities) (FAS). **(Goal met)**

- Target: \$11 million

Enclosure I

- Actual: \$18 million

Use the best information to make risk based decisions on presence/absence/prevalence of diseases of phytosanitary concern (APHIS). **(Goal met)**

- Detections of new infestations of plant pests.
 - Target: 260
 - Actual: 334

Eradicate Brucellosis (APHIS). **(Goal not met)**

- States in Class Free status (Brucellosis) – includes the District of Columbia, the U.S. Virgin Islands, and Puerto Rico.
 - Target: 50
 - Actual: 47

Eradicate Scrapie (APHIS). **(Goal met)**

- Flocks advancing in the Voluntary Scrapie Flock Certification Program.
 - Target: 275
 - Actual: 377

Eradicate tuberculosis (APHIS). **(Goal not met)**

- States (includes Puerto Rico and U.S. Virgin Islands) in Accredited-Free status.
 - Target: 47
 - Actual: 46

Ensure that veterinary biologics are pure, safe, potent, and effective (APHIS). **(Goal met)**

- Licenses and permits issued annually after review, testing, and inspection.
 - Target: 137
 - Actual: 139

Demonstrate techniques to control or eliminate postharvest insects and diseases, and increase market quality and product longevity (ARS). **(Could not determine if goal was met)**

- Target: Not quantifiable, goal expressed in an alternative form.
- Actual: ARS asserts that it met this goal. We have no basis to agree or disagree.

Enclosure I

Provide timely and impartial agricultural statistics for use by all market participants which promote an economically viable and competitive agricultural production system (NASS). **(Goal not met)**

- Percentage of NASS reports that are complete, meet scheduled release dates, and contain no data errors.
 - Target 99 percent
 - Actual: 96 percent

- Percentage of total national agricultural production included in the NASS annual statistics program.
 - Target: 94 percent
 - Actual: Data not available

- Percentage of data users who rate NASS data as important or essential to the orderly marketing of agricultural products.
 - Target: 90 percent
 - Actual: Data not available

- The NASS annual report release calendar is published and distributed prior to the start of each year.
 - Target: Yes
 - Actual: Yes

GAO's Observations on USDA's Fiscal Year 1999 Actual Performance for the Key Agency Outcome of Opening, Expanding, and Maintaining Global Market Opportunities for Agricultural Producers

In general, USDA's performance goals and measures under this outcome are objective, measurable, and quantifiable, and the measures are generally adequate to indicate progress towards the goals. Sixteen performance goals are not quantifiable, and it is difficult to judge the Department's performance in achieving them. These goals relate to research activities of the Agricultural Research Service and the Cooperative State Research, Education, and Extension Service. According to USDA officials, OMB has authorized the use of an alternative form for expressing the goals.

For its 12 performance goals expressed in an alternative form, the Agricultural Research Service used measures or indicators in the form of more specific statements of what the agency intends to accomplish. These statements indicate progress toward the goals by describing intermediate outcomes, significant products, or the anticipated impact of the agency's work. For example, one performance goal is to demonstrate technologies to control quarantine pests. USDA uses five indicators for the goal. One of these indicators is that during fiscal year 1999, the Agricultural Research Service will "develop a new quarantine treatment for codling moths in cherries to replace the methyl bromide treatment currently required by Japan to allow the importation of U.S. cherries."

Enclosure I

For its four performance goals, the Cooperative State Research, Education, and Extension Service used indicators of progress in its fiscal year 1999 performance plan, but not in the performance report. The performance report discusses accomplishments related to the performance goal, but including the indicators in the report could have aided in judging the agency's level of performance and the extent to which it achieved the goal.

About 60 percent of the performance goals are outcome-oriented. A large portion of the output-oriented goals are related to the activities of the Agricultural Research Service, whose goals generally focus on the products of the agency's research that can be completed during the fiscal year.

The outcome-oriented goals are generally expressed in terms of intermediate outcomes, rather than end outcomes. For example, the measure for USDA's performance goal of minimizing the risk of exotic pests and diseases introduced to the United States is compliance rates at U.S. borders for border vehicles, cargo, and international air travelers. Although this measure is useful to the agency in assessing its performance related to these activities, additional measures and data are needed to assess the end outcomes of these activities. End outcomes, for example, may be expressed in terms of the extent to which exotic pests and diseases are introduced into the United States, the damage that they do to agriculture, or their effect on trade. Trade can be affected by concerns about the potential introduction of exotic pests.

USDA has made improvements in its goals. For example, the Department added a Foreign Agricultural Service performance goal for fiscal year 1999 that was not in its fiscal year 1999 performance plan. This goal, which relates to the annual trade value of markets created, expanded, or retained annually due to the development of international-trade-appropriate guidelines and standards, is important to assessing the Foreign Agricultural Service's progress in carrying out its mission. The Service leads the Department's work in negotiating and monitoring trade agreements, administering market development and export promotion programs, and providing exporters with services and assistance.

USDA established quantifiable goals for 61 of its 77 performance goals under this outcome. The 16 goals that were not quantifiable were those of the Agricultural Research Service and Cooperative State Research, Education and Extension Service expressed in alternative form. Although USDA provided information on its accomplishments related to these goals, we generally could not judge the extent to which these goals were met.

For the 61 quantifiable goals, the data in USDA's performance report indicate that the Department met or exceeded about 60 percent of them. USDA met the target for at least one measure in the case of an additional 20 percent of the goals. USDA officials found that the Department met about 80 percent its performance goals in fiscal year 1999, including those expressed in an alternative form. Although USDA's performance data indicated that USDA did not fully meet nine goals, the Department believed that it met

most or the more important measures or its accomplishments were close enough to the goals.

USDA's performance report generally identifies, for quick comparison, the fiscal year 1999 performance target for each goal and the accomplishments for that goal. In addition, the report generally provides a section briefly analyzing the fiscal year 1999 results as they are related to the goal or a group of goals. For some goals, this section was limited to a statement that the goal was met or exceeded. For others, the section provided a more detailed discussion of the performance and the importance of the accomplishments to achieving the program's purpose.

USDA's performance report generally provides, by goal or by group of related goals, a brief discussion of the source of the data used to report on the Department's fiscal year 1999 performance. It also often states whether USDA considers the data reliable and explains how the data are verified and validated to ensure their reliability. The level of detail on data verification and validation varies, and the report often does not describe the data's limitations.

USDA also usually identifies, by goal or group of related goals, whether any program evaluations were conducted during fiscal year 1999. The Department identifies the evaluations done and generally summarizes their results. USDA does not describe the relationship of the evaluations to its fiscal year 1999 performance or discuss how they are being taken into account during the current fiscal year.

It is difficult to summarize USDA's performance relative to this large number of goals to obtain a succinct picture of the Department's progress in achieving the outcome of opening, expanding, and maintaining global marketing opportunities for agricultural producers. USDA's performance report does this in a limited way. In its overview section, the report discusses the status of U.S. agricultural trade, including the dollar value of agricultural exports. It also highlights some of USDA's programs and activities related to this outcome and cites specific examples of USDA's accomplishments and performance for a few selected performance goals.

Unmet Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Opening, Expanding, and Maintaining Global Market Opportunities for Agricultural Producers

We identified 25 performance goals that USDA did not fully meet in fiscal year 1999. Examples of these unmet goals and measures follow:

Estimated trade opportunities preserved annually by assuring implementation of existing trade agreements by signatory countries through the World Trade Organization (WTO) notification process (FAS).

- Target: \$8,000.0 million
- Actual: \$1,995.1 million

Enclosure I

Direct sales reported by U.S. participants based on marketing services of AgExport Connections (trade leads, Buyer Alerts, importer lists) (FAS).

- Target: \$129.0 million
- Actual: \$110.3 million

U.S. agricultural exports supported by GSM export programs (GSM-102/103, Supplier Credit, and Facilities Financing Guarantee programs) (FAS).

- Target: \$4,721.0 million
- Actual: \$3,045.0 million

GAO's Observations on USDA's Unmet Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Opening, Expanding, and Maintaining Global Market Opportunities for Agricultural Producers

When USDA did not meet a performance goal, it generally explained why it did not. These explanations, however, varied in the amount of detail provided and the extent to which they were convincing.

USDA also generally described its future actions and schedules for achieving the goals it did not meet in fiscal year 1999. In some cases, it provided specific actions and a time frame. In others, it did not indicate that it was taking action to address the reasons that the goals were not met in fiscal year 1999. An example is USDA's goal to increase the number of loans to socially disadvantaged farmers/ranchers by 73 percent. According to the performance report, the Farm Service Agency considered a sharp increase in loan demand by nonsocially disadvantaged farmers and ranchers as the reason for not meeting its fiscal year 1999 target for the goal. Some additional details on the increase would have made the explanation more convincing. Concerning its future actions and schedules to achieve the goal, USDA stated that in fiscal year 2000, it plans to continue its outreach to minority farmers and ranchers to ensure that all qualifying applicants receive program benefits. USDA did not indicate whether the increase in loan demand by nonsocially disadvantaged farmers and ranchers was expected to continue or how it planned to deal with the increase to achieve the goal.

Fiscal Year 2000 Performance Goals and Measures for the Key Agency Outcome of Opening, Expanding, and Maintaining Global Market Opportunities for Agricultural Producers

In 34 cases, USDA discontinued the goal or at least one measure for the goal. Examples of goals and measures that USDA discontinued follow:

Increase the U.S. market share of world agricultural trade with new efforts to promote value-added products; enlist the active commitment of the U.S. private sector to the export trade; improve the export competitiveness of U.S. firms with special emphasis on small, new-to-export, and disadvantaged U.S. firms and cooperatives; enhance the impact of U.S. promotion efforts through improved coordination and collaboration between the

Enclosure I

government and private sector and among private-sector entities with common export interests (Foreign Agricultural Service).

- Number of strategic partners working in partnership with FAS in carrying out outreach activities
- Ratio of the number of U.S. companies assisted annually through FAS AgExport Services in establishing export activities and overseas marketing distribution channels for their products to the number of companies contacted through outreach activities
- Ratio of the number of companies successfully exporting (as verified by PIERS database) to the number of companies assisted annually through FAS AgExport Services in establishing export activities and overseas marketing channels for their products
- Ratio of the number of foreign buyers reporting a purchase of U.S. products to the number of all foreign buyers assisted annually through FAS AgExport Service activities (trade shows, trade leads, buyer alerts)
- Reverse trade missions: (1) Number of reverse trade missions conducted, (2) Number of companies assisted in establishing marketing and distribution channel contacts, (3) U.S. export sales due to missions (in millions of dollars)

GAO's Observations on USDA's Fiscal Year 2000 Planned Performance for the Key Agency Outcome of Opening, Expanding, and Maintaining Global Market Opportunities for Agricultural Producers

USDA generally explained why certain fiscal year 1999 performance goals were discontinued or revised. These explanations were usually adequate to convey the basis for the change, such as the data were not available, the measure was too vague, or an outcome-oriented goal or measure was replacing an original one. In a few cases, additional information could have been helpful. For example, USDA stated that its analysis concluded that certain indicators did not prove to be useful in measuring the program's overall effectiveness. USDA could have briefly discussed why they were not useful and what measures would be replacing them.

USDA's assessment of its fiscal year 2000 performance in light of its fiscal year 1999 performance provided varying levels of detail, from little or no discussion to limited discussion as to whether the Department is on target to achieve its fiscal year 2000 goal. In a few cases, USDA related its fiscal year 1999 performance to its fiscal year 2000 performance in terms of whether it increased or decreased its performance targets as a result of how much it was able to achieve during fiscal year 1999. However, in one case USDA's actual performance in fiscal year 1999 was almost double its goal. Yet, the Department did not explain why its fiscal year 2000 goal, which was lower than the goal for fiscal year 1999, was still appropriate. USDA was also inconsistent in explaining

Enclosure I

whether and how it revised its means and strategies as a result of its fiscal year 1999 performance.

USDA dropped various goals and/or measures without reporting on its progress in meeting them. OMB Circular A-11, Part II, suggests that agencies report on goals for at least one fiscal year before discontinuing them. A Department representative told us that USDA provided an option, through an appendix, that permitted its agencies to discontinue measures that had no supporting data, no longer appropriately reflected the goal, or had been replaced with improved measures. According to the representative, for each discontinued measure, an explanation was provided highlighting the rationale for discontinuance. The representative said that the Department has also encouraged agencies to limit the measures in their plans and reports to the vital few needed to clearly present planned and actual performance.

Fiscal Year 2001 Performance Goals and Measures for the Key Agency Outcome of Opening, Expanding, and Maintaining Global Market Opportunities for Agricultural Producers

Some performance goals/measures were revised. Examples of revised performance goals follow:

Minimize the risk of exotic pests and diseases introduced to the United States (APHIS)

- Added a new measure--Approach rates at U.S. borders for:
 - International air travelers
 - Border vehicles
 - Cargo: Sea (refrigerated)
Sea (nonrefrigerated)
Air

Protect the integrity of U.S. grain marketing for the U.S. grain trade. (Grain Inspection, Packers and Stockyards Administration)

- Deleted one measure--Official agency compliance with designation criteria (percent)

GAO's Observations on USDA's Fiscal Year 2001 Planned Performance for the Key Agency Outcome of Opening, Expanding, and Maintaining Global Market Opportunities for Agricultural Producers

We tracked 10 randomly selected performance goals to USDA's fiscal year 2001 performance plan. These goals generally were not revised for fiscal year 2001.

For these 10 goals, we generally found that USDA provided a succinct and concrete statement of expected performance for subsequent comparison with actual performance. One goal was expressed in the alternative form and does not provide a specific level of

Enclosure I

intended achievement. The performance plan also usually identifies and discusses the need to coordinate with other agencies on the goals.

In our previous review of USDA's fiscal year 2000 performance plan, we observed that the plan did not (1) consistently include strategies for mitigating external factors, (2) adequately describe efforts to verify and validate data, and (3) consistently discuss the impact of data limitations. In our review of USDA's fiscal year 2001 performance plan for the 10 performance goals, we found that the Department could still improve in these areas. For example, the plan sometimes identifies external factors that may impede performance but does not propose strategies to mitigate them. In other cases, we found that USDA identified the sources of its performance data but did not discuss how these data are verified and validated. Data limitations are generally not discussed in the plan.

Key Agency Outcome: Hunger Is Reduced and Food for the Hungry Is Ensured

Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Reducing Hunger and Ensuring Food for the Hungry

Working with USDA officials, we identified a total of 24 performance goals related directly to their efforts to achieve the outcome of reducing hunger and ensuring food for the hungry. Achieving these goals is the responsibility of a total of seven USDA agencies or units: the Farm Service Agency (FSA), the Foreign Agricultural Service (FAS), the Food and Nutrition Service (FNS), the Center for Nutrition Policy and Promotion (CNPP), the Agricultural Research Service (ARS), the Cooperative State Research, Education, and Extension Service (CSREES), and the Economic Research Service (ERS). The following are randomly selected examples of these performance goals.

Reduce the Commodity Credit Corporation's (CCC) costs associated with U.S. Warehouse Act examination operations to 40 percent of the total costs (FSA). **(Goal met)**

- Target: 45 percent, \$1.98 million
- Actual: 45 percent, \$1.83 million

Restore participation in the Food Stamp Program (FSP) of authorized categories of legal immigrants excluded from participation under the 1996 welfare reform law. (FNS) **(Unable to determine if goal was met – data not available)**

- Number of legal immigrants participating in FSP
 - Target: 225,000
 - Actual: Data not yet available (expected in July 2000)

Increased consistency among states in the use of scientifically sound nutrition risk criteria (FNS). **(Goal met)**

- Number of Women, Infants, and Children (WIC) program state agencies using consistent risk criteria promulgated by FNS and the National Association of WIC Directors
 - Target: 70
 - Actual: 88

Support departmental gleaning/food recovery efforts (FNS). **(Goal not met)**

- Number of schools involved in gleaning/food recovery
 - Target: Establish baseline
 - Actual: Baseline not established

Maintain USDA food plans and calculate monthly costs of food plans (CNPP). **(Goal met)**

Enclosure I

- Thrifty, low cost, moderate, and liberal food plans updated
 - Target: Thrifty food plan (TFP) recipes tested
 - Actual: Recipes tested

Transfer new measurement techniques and data to users, release results of surveys, and disseminate effective nutrition intervention strategies (ARS).

- During fiscal year 1999, ARS will provide information to the Environmental Protection Agency (EPA) and the public related to food consumption patterns of children for use in developing estimates of usual daily intake. This information is needed by EPA to develop regulations on the allowable intake of pesticides in foods as required by the Food Quality Protection Act
 - ARS has permission from OMB to use narrative measures—targets and actual results not stated.

Enhance risk assessment and management strategies (CSREES).

- Since there are no targets (such as how much), the goal can be met with a minimal level of effort

To improve the health of citizens through changes in diet, quality of food, and food choices (CSREES).

- Since there are no targets (such as how many will be helped), the goal can be met with a minimal level of effort

Provide timely and high-quality analyses of the economic issues affecting U.S. food and agriculture sector's competitiveness, including factors related to performance, structure, risk and uncertainty, marketing, and market and nonmarket trade barriers (ERS). **(Goal not met)**

- Published research meets peer review standards
 - Target: 100 percent
 - Actual: 100 percent
- Requested analyses delivered by deadline
 - Target: 95 percent
 - Actual: 82 percent

Provide timely and high-quality analyses of economic issues affecting the nutrition and health of the U.S. population, including factors related to food choices, consumption patterns at and away from home, food prices, food assistance programs, nutrition education, and food industry structure (ERS). **(Goal met)**

- Published research meets peer review standards
 - Target: 100 percent
 - Actual: 100 percent

Enclosure I

- Requested analyses delivered by deadline
 - Target: 95 percent
 - Actual: 100 percent

GAO's Observations on USDA's Fiscal Year 1999 Actual Performance for the Key Agency Outcome of Reducing Hunger and Ensuring Food for the Hungry

Almost half (11) of USDA's performance goals and measures are objective, measurable, and quantifiable. Ten of the performance goals that are not expressed in this manner are for research activities of the Agricultural Research Service and the Cooperative State Research, Education, and Extension Service. According to USDA officials, OMB has authorized these agencies to use an alternative form for their performance goals. In addition, the Department does not believe that two goals of the Center for Nutrition Policy and Promotion lend themselves to measurement by quantitative data for fiscal year 1999. A fiscal year 1999 target for another of the Center's goals has not been established.

Almost half of the performance goals are outcome-oriented. These outcome-oriented goals and measures are generally expressed in terms of intermediate outcomes. For example, the performance measure for the goal to support departmental gleaning/food recovery efforts is the number of schools involved in gleaning/food recovery. This is an intermediate step to the desired end outcome of reducing hunger.

According to the data in USDA's performance report, the Department met or exceeded 5 of 11 quantifiable goals for fiscal year 1999. USDA also met the target for at least one of the performance measures for two other goals, and in these cases, USDA's agencies indicated that they had met these goals. For example, the Economic Research Service stated that it had met one performance goal, even though it did not meet the timeliness measure for the goal. The agency noted that the impact on customers and on overall success in achieving the goal appears to have been minor, for two reasons: (1) most of the deadlines were self-imposed and (2) items, for the most part, were delivered within 1 day of the deadline. According to USDA officials, the Department met 18 of the 24 goals, and it was unable to determine whether 2 goals were met.

USDA's performance report generally identifies, for quick comparison, the fiscal year 1999 performance target for each goal and the accomplishments for that goal. In addition, the report generally provides a section briefly relating the fiscal year 1999 results to the goal or a group of goals. For some goals, this section was limited to a statement that the goal was met or exceeded. For others, the section provided a more detailed discussion of the performance and the importance of the accomplishments to achieving the program's purpose.

USDA's performance report generally provides, by goal or by group of related goals, a brief discussion of the source of the data used to report on the Department's fiscal year 1999 performance. In some cases, USDA also states whether it considers the data reliable. In others, it states how the data are verified to ensure their reliability. When

Enclosure I

information on data verification is provided, the level of detail varies considerably, and the report often does not describe the data's limitations. For other goals, there is no discussion of the data's reliability or accuracy.

USDA also generally identifies, by goal or group of related goals, whether any program evaluations were conducted during fiscal year 1999. The Department's performance report indicated that program evaluations were conducted for four of the Food and Nutrition Service's performance goals. The Department identifies the evaluations done and generally discusses the results. USDA does not discuss how the evaluations were or will be used to identify ways to improve program performance.

USDA's performance goals and measures are generally meaningful in terms of assessing performance for individual program activities. However, the wide range and diversity of activities covered and the level at which the goals are aimed make it difficult to synthesize the performance data to obtain a clear picture of the Department's intended performance and progress toward reducing hunger and ensuring food for the hungry.

Unmet Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Reducing Hunger and Ensuring Food for the Hungry

U.S. agricultural exports supporting world food security (Foreign Agricultural Service)

- P.L. 480, Title I
 - Target: \$966.1 million
 - Actual: \$656.2 million
- CCC-funded Food for Progress
 - Target: \$98.2 million
 - Actual: \$71.9 million
- Percentage of P.L. 480 Title I and Food for Progress program allocated to support expanded private-sector activities in recipient countries
 - Target: 10 percent
 - Actual: 15 percent
- Number of Food for Progress and Section 416(b) agreements monitored and evaluated
 - Target: 212
 - Actual: 159

Barriers to schools and other sponsor participation removed (Food and Nutrition Service [FNS]).

- Number of participating sponsors
 - Target: 3,900
 - Actual: 3,635

Enclosure I

- Number of participating sites
 - Target: 32,000
 - Actual: 30,911

- Number of participating children
 - Target: 2.42 million
 - Actual: 2.22 million

Support departmental gleaning/food recovery efforts (FNS).

- Number of schools involved in gleaning/food recovery
 - Target: Establish baseline
 - Actual: Baseline not established

Restore participation in the Food Stamp Program (FSP) of authorized categories of legal immigrants excluded from participation under the 1996 welfare reform law (FNS).

(Unable to determine if goal was met – data not available)

- Number of legal immigrants participating in the FSP
 - Target: 225,000
 - Actual: Data not yet available (data are expected to be available in July 2000 and will be reported in the fiscal year 2000 performance report)

Working with FNS, develop and extend consumer and nutrition education materials based on the updated Thrifty Food Plan (TFP) to all FSP staff and customers by 2000. (Center for Nutrition Policy and Promotion)

- Availability of TFP-based materials in FSP office in consumer-friendly format.
 - Target: Develop materials
 - Actual: Materials in development

GAO's Observations on USDA's Unmet Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Reducing Hunger and Ensuring Food for the Hungry

USDA was inconsistent in the information it provided on its unmet performance goals. For example, the Department did not provide a clear explanation for not meeting FNS' goal to support departmental gleaning/food recovery efforts. However, it did provide clear reasons for not meeting the Economic Research Service's goal related to providing timely and high-quality economic analysis.

USDA generally described its future actions and schedules for achieving the goals it did not meet in fiscal year 1999. In some cases, it provided specific actions and a time frame. In others, it did not indicate whether it was taking action to address the reasons that the goals were not met in fiscal year 1999. For example, for its goal to support departmental

Enclosure I

gleaning/food recovery efforts, it plans to establish baseline data on the number of schools involved in fiscal year 2000 and encourage additional schools to get involved, but it did not provide clear and reasonable plans for accomplishing this goal.

Fiscal Year 2000 Performance Goals and Measures for the Key Agency Outcome of Reducing Hunger and Ensuring Food for the Hungry

For fiscal year 2000, USDA made various revisions to its goals and measures, including discontinuing goals and/or their measures. Examples of discontinued goals or measures follow:

Continue implementation of the Total Quality Systems Audit (TQSA) program for vendors contracted with USDA to manufacture processed commodities for use in domestic and international food assistance programs (Farm Service Agency).

- Customers satisfied with quality of processed commodities
- Companies participating in TQSA that improved their standards for manufacturing processed commodities

Develop and implement research, training, and technical assistance; influence domestic and international policy dialog to enhance sustainable agricultural development, agribusiness and foreign market development, and the resolution of technical issues related to agriculture; and support liaisons with multilateral and financial organizations dealing with international agriculture (Foreign Agricultural Service).

USDA added three new performance measures after evaluating and consolidating a number of redundant measures.

- Develop and implement research, training, and technical assistance.
- Influence domestic and international policy dialog to enhance sustainable agricultural development, agribusiness and foreign market development, and the resolution of technical issues related to agriculture.
- Support liaisons with multilateral and financial organizations dealing with international agriculture.

USDA deleted nine performance measures, including these two:

- Number of research, training, and technical assistance activities; foreign currency projects; and initiatives supporting policy development to promote sustainable agricultural development
- Number of foreign participants trained annually in FAS-sponsored or -organized seminars on U.S. food safety

Enclosure I

The Food and Nutrition Service's (FNS) technical assistance and support materials reflect current nutrition science (FNS).

- Percentage of FNS WIC materials reviewed to ensure consistency with current nutrition science

GAO's Observations on USDA's Fiscal Year 2000 Planned Performance for the Key Agency Outcome of Reducing Hunger and Ensuring Food for the Hungry

USDA generally explained why certain fiscal year 1999 performance goals were discontinued or revised. These explanations often were adequate to convey the basis for the change. However in some cases, additional information could have been helpful. For example, USDA stated that the data for a certain performance measure were already captured in another measure, but did not identify the measure. In another case, USDA stated that the performance measure was not appropriate for planning purposes, without stating why not and without discussing what measure would be effective.

USDA's assessment of its fiscal year 2000 performance in light of its fiscal year 1999 performance varied by goal. In some cases, there was little or no discussion. In others, the Department discussed its fiscal year 2000 performance in terms of whether it was on target to achieve the goal. It generally did not relate its fiscal year 1999 performance to its fiscal year 2000 performance except in terms of whether it increased or decreased its performance targets as a result of how much it was able to achieve during fiscal year 1999. USDA usually did not discuss whether it had revised its means and strategies as a result of its fiscal year 1999 performance.

OMB Circular A-11, Part II, suggests that agencies report on their progress in meeting performance goals for at least 1 fiscal year before the goals are discontinued. However, for the most part, USDA did not report on its discontinued fiscal year 1999 goals and/or measures. A Department representative told us that USDA provided an option, through an appendix, that permitted its agencies to discontinue measures that had no supporting data, no longer appropriately reflected the goal, or had been replaced with improved measures. According to the representative, for each discontinued measure, an explanation was provided highlighting the rationale for discontinuance. The representative said that the Department has also encouraged agencies to limit the measures in their plans and reports to the vital few needed to clearly present planned and actual performance.

Fiscal Year 2001 Performance Goals and Measures for the Key Agency Outcome of Reducing Hunger and Ensuring Food for the Hungry

Examples of revised performance goals follow:

Transfer new measurement techniques and data to users, release results of surveys, and disseminate effective nutrition intervention strategies (Agricultural Research Service).

USDA added three new measures, one of which is

Enclosure I

- To develop accurate procedures for the measurement of flavonoids in foods. (The importance of flavonoids as antioxidants in the diet is of increasing interest, as is the ability to identify them from various plant sources.)

To improve the health of citizens through changes in diet, quality of food, and food choices. (Cooperative State Research, Education, and Extension Service)

USDA added five new measures, one of which is

- To determine the relationship among such variables as socioeconomic status, age, and food and health knowledge that influence consumers' food purchasing and consumption behavior.

GAO's Observations on USDA's Fiscal Year 2001 Planned Performance for the Key Agency Outcome of Reducing Hunger and Ensuring Food for the Hungry

We tracked 10 randomly selected performance goals to USDA's fiscal year 2001 performance plan. USDA revised six of the goals from its fiscal year 1999 performance report to its fiscal year 2001 plan. In some cases, USDA added performance measures. For example, the Cooperative State Research, Education, and Extension Service added four new measures to one goal and five new measures to another goal. The Food and Nutrition Service's fiscal year 2001 performance plan is designed to be simpler and more comprehensive, consolidating the old plan's 6 program-focused goals and 20 objectives into 2 cross-cutting goals with 5 related objectives. The revisions to the goals appeared to provide a clearer picture of intended performance. For example, in one case, USDA replaced a general and vague measure with three more specific ones.

For these 10 goals, we generally found that USDA provided a succinct and concrete statement of expected fiscal year 2001 performance for subsequent comparison with actual performance. For six of the goals, specific statements of the goal, usually with the use of one or more measures, and quantifiable performance targets, provide for subsequent comparison of intended and actual performance. Two of the goals were deleted from the fiscal year 2001 performance plan, while the remaining two goals were in the alternative form and did not provide a specific level of intended achievement. The plan also usually identifies and discusses the need to coordinate with other agencies on the goals. For example, the Foreign Agricultural Service, in reporting on its goal of U.S. agricultural exports supporting world food security, noted that it works closely with private voluntary organizations, international development banks, and other federal agencies to provide commodities that reduce the food gap.

In our previous review of USDA's fiscal year 2000 performance plan, we observed that the plan did not (1) consistently include strategies for mitigating external factors, (2) adequately describe efforts to verify and validate data, and (3) consistently discuss the impact of data limitations. In our review of USDA's fiscal year 2001 performance plan for the 10 performance goals, we found that that the Department could still improve in these areas. For example, in some cases, we found that USDA did not discuss strategies

Enclosure I

for mitigating external factors. In addition, it identified the sources of its performance data but, in some cases, did not discuss how the data are to be verified. Data limitations were generally not discussed in the plan for these goals.

Key Agency Outcome: Food Stamp Fraud and Error Are Lessened

Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Reducing Food Stamp Fraud and Error

Maintain payment accuracy in the delivery of Food Stamp Program (FSP) benefits (Food and Nutrition Service [FNS]). **(Unable to determine if goal was met because data were not available)**

- FSP payment accuracy rate
 - Target: 90.1 percent
 - Actual: Data not available

- States qualifying for enhanced funding
 - Target: 8 states
 - Actual: Data not available

Increase claims collections to recover program losses and deter recipients from accepting overpayments (FNS). **(Goal met)**

- Percentage of established claims collected
 - Target: 58 percent
 - Actual: 69 percent

- State-reported claims collected
 - Target: \$190 million
 - Actual: \$213 million

Maintain baseline number of sanctions against violating stores (FNS). **(Goal met)**

- Number of sanctioned stores
 - Target: 1,201 stores
 - Actual: 1,365 stores

Reduce percentage of authorized stores that do not meet regulatory eligibility requirements for type and amount of foods sold (FNS). **(The target was to establish the baseline for assessment of performance in future years.)**

- Target: Establish baseline
- Actual: Established baseline of 1.54 percent for fiscal year 1999

Increase states/territories issuing benefits by electronic benefits transfer (EBT) (FNS) **(Goal met)**

- Target: 38 states
- Actual: 40 states

Enclosure I

Continue progress toward full implementation of the Debt Collection Improvement Act (FNS). **(Goal met)**

- Percentage of eligible delinquent food stamp recipient claims referred to Treasury
 - Target: 40 percent
 - Actual: 100 percent
- Percentage of eligible delinquent food stamp retailer debts referred to Treasury
 - Target: 75 percent
 - Actual: 87 percent

Investigation of fraud within USDA programs (Office of the Inspector General). **(Goal not met)**

- Number of fraud reports of investigation issued
 - Target: 1,000
 - Actual: 515
- Percentage of total reported fraud investigations resulting in criminal prosecutions
 - Target: 44 percent
 - Actual: 42 percent
- Percentage of total reported fraud investigations resulting in fines, penalties, recoveries, restitutions, cost avoidances, and other payments
 - Target: 55 percent
 - Actual: 56 percent
- Number of employee misconduct reports of investigation issued
 - Target: 85
 - Actual: 40
- Percentage of total reported employee misconduct investigations resulting in corrective or disciplinary actions
 - Target: 55 percent
 - Actual: 100 percent

GAO's Observations on USDA's Fiscal Year 1999 Actual Performance for the Key Agency Outcome of Reducing Food Stamp Fraud and Error

The goals were generally objective, measurable, and quantifiable. For example, the Food and Nutrition Service (FNS) established a goal of 90.1 percent accuracy for payments of Food Stamp Program benefits.

The goals and/or their measures were also generally outcome-oriented. We noted that one of these outcome-oriented goals could be improved. The goal is to maintain the

Enclosure I

baseline number of sanctions against violating stores. The measure for the goal is the number of sanctioned stores. Although the number of sanctions against stores may be an appropriate and useful measure of the agency's performance in maintaining a level of retailer oversight activity, a more meaningful outcome-oriented goal would be to reduce the level of illegal trafficking in food stamps. FNS officials told us that the agency initially developed an estimate of trafficking in the Food Stamp Program in 1995 and will shortly release an update of the estimate, which is current to 1998. The officials also said that, in October 1998, FNS launched an effort to use electronic benefits transfer (EBT) transaction data to estimate the level of trafficking. FNS expects that this effort will yield a measure of trafficking based on EBT transaction data. According to FNS, the agency considers its trafficking estimates to be reliable and as current as many of the measures used in its strategic and performance plans, but does not include them in these plans because of uncertainty about the agency's ability to produce the data in the future because of a lack of resources for such research and analysis.

For its seven performance goals for fiscal year 1999, needed data were not available to determine if USDA had met one of them. In another case, the Department's performance target for fiscal year 1999 was to establish the baseline against which its performance could be measured in future years. USDA met four of the other five goals. It met some of the measures for the remaining goal.

USDA generally clearly articulated the degree to which the annual performance goals were met. The Department also generally provided reasonable assurance that its performance information was credible. For example, in stating that 40 states issued food stamp benefits by electronic benefits transfer (exceeding USDA's goal of 38 states), FNS stated that it has high confidence in the data because they are reported through a number of corroborating sources. Some additional details on efforts to verify and validate the data and on the implications of data limitations would have been helpful.

USDA identified program evaluations related to each of the seven goals. In its performance report, it summarizes the results and states its position on the findings and recommendations. The Department generally does not explicitly relate the findings to its performance for fiscal year 1999 or the current fiscal year.

Unmet Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Reducing Food Stamp Fraud and Error

Investigation of fraud within USDA programs (Office of the Inspector General).

- Number of fraud reports of investigation issued
 - Target: 1,000
 - Actual: 515

- Percentage of total fraud investigations resulting in criminal prosecutions
 - Target: 44 percent
 - Actual: 42 percent

Enclosure I

- Number of employee misconduct reports of investigation issued
 - Target: 85
 - Actual: 40

GAO's Observations on USDA's Unmet Fiscal Year 1999 Performance Goals and Measures for the Key Agency Outcome of Reducing Food Stamp Fraud and Error

USDA did not meet some of the measures for one performance goal. For example, the target for the number of fraud reports issued was 1,000, and the Office of the Inspector General (OIG) issued only 515 fraud reports. According to the OIG, it did not achieve the target primarily because of a lack of resources. The OIG said that the target assumed a substantial increase in its criminal investigator staffing that did not materialize and the performance measure was not appropriately adjusted. In describing its actions and schedules for achieving the unmet measures in the future, the OIG stated that it would significantly reduce the performance target for fraud reports of investigations to be issued.

Although the OIG's explanation for not achieving the measure is reasonable, its discussion of actions and schedules to achieve the measure in the future could have been improved. For example, the OIG could have discussed whether the original target was still desirable, what trade-offs and options would be involved in lowering the target, and whether it would be practicable to continue to seek additional resources.

Fiscal Year 2000 Performance Goals and Measures for the Key Agency Outcome of Reducing Food Stamp Fraud and Error

USDA did not discontinue or substantially revise any of its performance goals related to this outcome.

GAO's Observations on USDA's Fiscal Year 2000 Performance Goals and Measures for the Key Agency Outcome of Reducing Food Stamp Fraud and Error

USDA's revisions to the goals in its 2000 plan were generally minor. For example, the OIG put two measures relating to the investigation of employee misconduct that were under its goal of investigation of fraud within USDA programs under a new goal—investigation of allegations involving the integrity of USDA employees.

Although few details were provided, USDA generally related its fiscal year 1999 performance to its fiscal year 2000 performance and identified the changes it planned to make to its means and strategies.

Fiscal Year 2001 Performance Goals and Measures for the Key Agency Outcome of Reducing Food Stamp Fraud and Error

FNS' portion of USDA's fiscal year 2001 performance plan is based on the Department's update of its strategic plan for fiscal years 2000-2005. As a result, the performance goals related to this outcome have changed. FNS' new goals and measures are listed below.

Enclosure I

Maintain benefit accuracy in Food Stamp Program (FSP), improve in school meals programs.

- FSP benefit accuracy rate
- Percent of school food authorities (SFA) in compliance with Performance Standard 1

Improve retailer/vendor compliance with program regulations.

- Percentage of authorized FSP retailers that do not meet regulatory eligibility requirements for type and amount of staple foods sold
- Number of sanctions against stores violating FSP regulations

Strengthen controls of participant error, fraud, and abuse.

- Percentage of established FSP claims collected
- State-reported FSP claims collected

Recover lost program dollars through continued Debt Collection Improvement Act implementation.

- Percentage of eligible delinquent FSP recipient claims transferred to Treasury
- Percentage of eligible delinquent FSP retailer debts referred to Treasury

Improve program design and delivery.

- Percentage of FSP benefits issued by electronic benefit transfer
- Fairness in program delivery
 - Complaints reviewed
 - Days needed to issue decision

GAO's Observations on USDA's Fiscal Year 2001 Planned Performance for the Key Agency Outcome of Reducing Food Stamp Fraud and Error

For the most part, the revisions to the performance goals for fiscal year 2001 were not significant. For example, the fiscal year 2000 goals of "increasing the percentage of authorized stores that meet all requirements to accept food stamps" and for "maintaining the baseline number of sanctions against violating stores" became measures under a new goal to "improve retailer/vendor compliance with program regulations." Some changes were an improvement over the prior goals. For example, a fiscal year 2000 measure for "the number of states operating electronic benefits transfer systems" was changed to

Enclosure I

“the percentage of food stamp program benefits issued by electronic benefits transfer.” This represents an improvement over the prior goal because the states can vary widely in the dollar amount of the benefits they distribute.

USDA has made progress in correcting the weaknesses that we identified in its performance plans for fiscal years 1999 and 2000. These weaknesses were that USDA did not (1) consistently include strategies for mitigating external factors, (2) adequately describe efforts to verify and validate data; and (3) consistently discuss the limitations of its data.

For these performance goals, the Department discusses the sources of its performance data and its efforts to verify and validate the data. The discussion could be strengthened with more information on the implications of limitations in the data.

USDA’s fiscal year 2001 plan is inconsistent in discussing strategies for mitigating external factors. For example, in discussing its fiscal year 2000 goal of recovering lost dollars through continued implementation of the Debt Collection Improvement Act, the Food and Nutrition Service addressed the role of states in providing the agency with information on recipient claims. Specifically, it stated that to help states better manage claims, it intends to issue regulations defining standards for states’ use in establishing and collecting claims. On the other hand, under its goal to strengthen controls over participant error, fraud, and abuse, it recognizes that its claims collection could be affected by a number of factors at the state level, but it does not clearly define strategies for mitigating these factors.

Observations on Efforts by USDA to Address Its Major Management Challenges

The following table identifies the major management challenges confronting USDA. The first column lists the management challenges identified by our office and USDA’s Office of the Inspector General (OIG). The second column discusses what progress, as discussed in its fiscal year 1999 performance report, USDA made in resolving its major management challenges. The third column discusses the extent to which USDA’s fiscal year 2001 performance plan includes performance goals and measures to address the management challenges that we and USDA’s OIG identified.

Major management challenge	Progress in resolving major management challenges as discussed in USDA’s fiscal year 1999 performance report	Applicable goals and measures in USDA’s fiscal year 2001 performance plan
<p>Field Structure: The field structure for managing USDA’s farm programs is obsolete and inefficient. (GAO)</p>	<p>According to USDA’s Service Center Modernization Initiative report, the Department fell 112 short of its target of 2,567 field office consolidations. Although consolidations were scheduled to be completed in fiscal year 1999, USDA cited budget constraints and other special considerations that delayed its consolidation plans. The report discussed USDA’s progress in meeting targets for various customer satisfaction issues and for the deployment of a shared information technology system, which has increased efficiency, but it did not discuss alternative methods of delivering services. In addition, the report did not evaluate the extent to which USDA’s consolidation efforts have achieved the objectives of the 1994 act. USDA officials told us that its pilot sites are still testing alternative methods to deliver services and the results will be included in the Department’s performance report for fiscal year 2000. The officials also said that they believe that the objective of the 1994 act was achieved in that the Service Center Modernization Initiative was able to streamline, reorganize, and reallocate programs among agencies, which the Department considers to be the core of its efforts to provide high-quality service.</p>	<p>USDA’s Service Center Modernization Initiative plan does not contain any goals or measures for consolidating field offices, identifying alternative service delivery methods, or evaluating the extent to which USDA’s consolidation efforts have achieved the objectives of the 1994 act. However, the plan does contain performance goals for various customer satisfaction measures and shared technology installations to increase efficiency. For example, USDA expects to reduce paperwork for customers by 60 percent in fiscal year 2001. USDA officials told us that the fiscal year 2001 plan did not contain any performance goals or measures relating to consolidating field offices because USDA had expected the consolidation to be completed by the end of fiscal year 1999.</p>
<p>Food Safety: Fundamental changes are needed to improve food safety. The increasing incidence of foodborne illness has heightened concerns about the federal government’s effectiveness in ensuring food safety. The current federal food safety system is highly fragmented—as many as 12 different federal agencies oversee food safety. (GAO)</p>	<p>Although the Food Safety and Inspection Service’s (FSIS) report did not talk about consolidating the federal system for food safety into a single agency, it did discuss efforts to coordinate budgeting and other activities with the activities of other food safety entities. In addition, the report discussed the implementation of HACCP and related goals. Specifically, the report indicated that FSIS met all six of its 1999 performance goals and measures,</p>	<p>While FSIS’ plan does not include any goals or performance measures for consolidating the federal system for food safety into a single agency, it does talk about coordinating its budgeting and other activities with the activities of other food safety entities. In addition, the plan retains many goals and introduces some new goals and measures for implementing HACCP, supporting the President’s Council on Food Safety, and promoting</p>

Enclosure II

Major management challenge	Progress in resolving major management challenges as discussed in USDA's fiscal year 1999 performance report	Applicable goals and measures in USDA's fiscal year 2001 performance plan
<p>The OIG plans to monitor Hazard Analysis and Critical Control Point (HACCP) implementation. (OIG)</p>	<p>including those for implementing HACCP, supporting the President's Council on Food Safety, and promoting international cooperation on food safety. For example, FSIS met its target of having 43.6 percent of federally inspected meat and poultry plants implement the basic HACCP requirements. FSIS reported that its overall goal is to reduce the number of foodborne illnesses associated with meat, poultry, and egg products by 25 percent by calendar year 2000.</p>	<p>international cooperation on food safety. For example, FSIS expects 99.9 percent of all federally inspected meat and poultry plants to have implemented the basic HACCP requirements before the start of fiscal year 2001. While FSIS' plan retains the overall goal to reduce the number of foodborne illnesses associated with meat, poultry, and egg products by 25 percent by calendar year 2000, it recognizes a need to collect data over several years to be confident of the stability of trends.</p>
<p>Forest Service Operations: Inefficiency and waste throughout the Forest Service's operations have cost taxpayers hundreds of millions of dollars. (GAO)</p>	<p>The Forest Service reported that it is revising its strategic plan to focus on outcomes or results to be achieved over a period of time. According to the agency, this focus on outcomes or long-term results represents "an important change in the focus of USDA's Forest Service."</p>	<p>The Forest Service's goal to develop a sound financial system supporting resource decisions has seven measures to improve financial accounting, inventory, real property management, and reporting systems. According to the Forest Service, the revised strategic plan, once adopted, will likely result in extensive changes to its annual performance plans.</p>
<p>Farm Loan Program: USDA continues to carry a high level of delinquent farm loan debt and to write off large amounts of unpaid loans held by problem borrowers. (GAO)</p> <p>Managing the \$21 billion farm loan portfolio continues to be a major responsibility for the Department; it includes providing assistance to beginning and socially disadvantaged farmers/ranchers. In addition to civil rights, other emphases include loan servicing (ownership and operating loans) and shared appreciation agreements. (OIG)</p>	<p>The Farm Service Agency (FSA) reported overall improvement in the agency's farm loan portfolio. The delinquency rate for direct loans and the loss rates for direct and guaranteed loans were all within 1999 target levels. FSA increased the number of loans to socially disadvantaged (SDA) farmers and ranchers in fiscal year 1999 by 25 percent over fiscal year 1998 levels. However, FSA did not meet its 1999 target of providing 14.4 percent of its loans to SDA farmers and ranchers because of a sharp increase in the demand for loans by non-SDA farmers and ranchers. In addition, FSA's report did not specifically address providing loans to beginning farmers and ranchers or establishing controls over certain loan-servicing practices.</p>	<p>FSA's plan includes performance goals to reduce delinquencies and losses on direct loans and maintain the loss rate for guaranteed loans at or below 2 percent. The plan also includes goals to increase the number of loans to beginning and SDA farmers and ranchers and to process 80 percent of all requests for loan servicing within 60 days.</p>
<p>Food Stamp Program: Millions of dollars in overpayments in the Food Stamp program occur because eligible persons are paid too much or ineligible individuals improperly participate in the program. (GAO and OIG)</p>	<p>The Food and Nutrition Service's (FNS) report discussed three performance goals related to decreasing overpayments. While FNS stated in the performance report that it did not yet have the necessary data to report 1999 results for its payment accuracy rate goal, agency officials told us these data are now available and show that the agency met the goal. According to the performance report, FNS exceeded its target percentage for overpayment claims collected. Finally, FNS exceeded both of its targets for implementing the Debt Collection Improvement Act.</p>	<p>FNS' plan includes several performance goals related to decreasing overpayments. These goals include (1) increasing the Food Stamp Program's benefit accuracy rate, (2) increasing the percentage of claims collected, and (3) continuing to implement the Debt Collection Improvement Act. FNS' strategies for accomplishing these goals include (1) improving the accuracy and consistency of the Food Stamp Quality Control System, (2) assisting states with information sharing, and (3) improving claims management and accountability through oversight, technical assistance, and regulatory</p>

Enclosure II

Major management challenge	Progress in resolving major management challenges as discussed in USDA's fiscal year 1999 performance report	Applicable goals and measures in USDA's fiscal year 2001 performance plan
<p>Financial Management: USDA lacks financial accountability over billions of dollars in assets. In January 1999, because of the long-standing financial management deficiencies at the Forest Service, GAO designated the Forest Service's financial management a high-risk area vulnerable to waste, fraud, abuse, and mismanagement. (GAO)</p> <p>Financial management in USDA has not been sufficient to provide assurance that its consolidated financial statements are reliable and presented in accordance with federal accounting standards. (GAO and OIG)</p>	<p>USDA reported progress in the number of stand-alone financial statements receiving unqualified audit opinions and the percentage of audits in which corrective action is proceeding as scheduled. USDA also reported reducing collectable delinquencies in relation to total receivables and implementing a new accounting system, the Foundation Financial Information System (FFIS), at the Risk Management Agency. In addition, the Forest Service reported some progress in completing its real property inventory, timber sales accounting system, and financial reports.</p>	<p>improvements.</p> <p>The Office of the Chief Financial Officer's (OCFO) fiscal year 2001 performance plan includes various goals and measures to promote financial accountability throughout the Department. In addition, the performance plans for key component agencies—the Forest Service, Commodity Credit Corporation, and Rural Development—include financial goals and measures that are consistent with those established by OCFO. Overall, OCFO's and key component agencies' plans address the following management challenges: (1) obtaining an unqualified audit opinion on financial statements, (2) implementing FFIS at major component agencies, (3) complying with credit reform requirements, and (4) promoting timely correction of internal control deficiencies.</p>
<p>Telecommunications: USDA could save millions of dollars by better managing its telecommunications investments. Among other things, it has not consolidated and optimized telecommunications or established sound management practices to ensure that telecommunication resources are effectively managed and payments for unused, unnecessary, or uneconomical services are terminated. (GAO)</p>	<p>The report of USDA's Office of the Chief Information Officer (OCIO) did not address the need to improve telecommunications management, even though it was identified as a critical issue in OCIO's fiscal year 1999 and fiscal year 2000 performance plans.</p>	<p>OCIO's plan discusses USDA's plans to develop a telecommunications security architecture and departmentwide enterprise network in connection with OCIO's performance goals for meeting the requirements of the President's Commission on Critical Infrastructure Protection. However, actions to strengthen and improve USDA's telecommunications management are not addressed in the plan.</p>
<p>Information Technology: Significant weaknesses in the technology for USDA's multibillion-dollar Service Center Modernization Initiative (SCMI) raise concerns about the extent to which this effort will achieve an adequate return on investment or significantly improve customer service. These weaknesses include (1) acquiring new information technology (IT) without first determining how it will operate to provide required service, (2) not managing IT projects as investments, and (3) not developing a comprehensive plan and management structure. USDA also needs to develop a concept of operations and new mission-critical business processes for providing one-stop service to better ensure the success of its IT modernization efforts. (GAO)</p>	<p>The performance reports for USDA's SCMI and OCIO did not demonstrate significant progress toward addressing this major management challenge. While USDA reported that it had reengineered 58 percent of its service centers' business processes, exceeding the 40-percent target, it has continued to acquire new technology before determining how it will operate to provide one-stop service at all of its service centers. Also, these reports did not define USDA's progress in addressing other weaknesses, such as developing a comprehensive plan and management structure.</p>	<p>USDA's SCMI and OCIO plans do not include applicable goals and measures for addressing this major management challenge. While these plans show a target of reengineering 90 percent of the service centers' business processes, USDA continues to acquire new technology as it reengineers the business processes. Moreover, these plans do not indicate when USDA will complete the concept of defining how one-stop service will be provided at all of its service centers nationwide. Also, actions to address other weaknesses, such as developing a comprehensive plan and management structure, are not included.</p>
<p>Y2K: USDA faces serious Year 2000 computing challenges, correcting, testing, and implementing its mission-critical automated information systems to work</p>	<p>According to USDA's OCIO report, USDA met its goal of ensuring that all its mission-critical systems are compliant and operational.</p>	<p>Not applicable because it is no longer deemed a major management challenge.</p>

Enclosure II

Major management challenge	Progress in resolving major management challenges as discussed in USDA's fiscal year 1999 performance report	Applicable goals and measures in USDA's fiscal year 2001 performance plan
<p>beyond 1999. (GAO and OIG)</p> <p>Crop Insurance: Crop insurance has become a major USDA "farmer safety net." USDA/OIG audits have identified areas where crop insurance programs need to be strengthened:</p> <ul style="list-style-type: none"> • Oversight by reinsured companies and the Risk Management Agency • Conflicts of interest • Verification by loss adjusters • Yield and total liability • Insurance availability to all producers. (OIG) 	<p>The Risk Management Agency's (RMA) report did not specifically address the OIG audit's findings. However, the report did identify goals to improve program integrity and indicated that RMA had reached or exceeded all of these goals in 1999. For example, the report stated that 3.95 percent of RMA's claims payments were made in error compared with a goal of no more than 4.83 percent. In addition, the agency implemented all of the OIG's 19 audit recommendations.</p>	<p>RMA's plan does not specifically address the OIG audit's findings. However, the plan includes an objective to improve program integrity and contains goals and measures to reduce program vulnerabilities. Although these goals and measures are unchanged from the previous year, the agency is developing a baseline error rate that will be used to evaluate future performance.</p>
<p>Conservation Reserve Program: Under the Conservation Reserve Program (CRP), producers receive annual payments from the Farm Service Agency (FSA) to take erodible land out of production and establish a vegetative cover on it. OIG audits have disclosed inconsistencies in the methodologies used by states to identify land for participation in the program. (OIG)</p>	<p>The FSA and Natural Resources Conservation Service reports did not specifically address the OIG's concerns about CRP.</p>	<p>Not applicable because the OIG no longer considers CRP a major management challenge. According to the OIG, errors previously reported by the OIG, primarily technical in nature, had no real impact on producers' eligibility for participation in CRP. In addition, since only minimal acreage will be added to the program in the future, the OIG's review of CRP enrollments is not critical.</p>
<p>Child and Adult Care Food Program: The Child and Adult Care Food Program (CACFP) is intended to ensure that children and adults in day care receive nutritious meals. Widespread breakdowns in controls have been found in the program and have resulted in many abuses. A presidential initiative was begun to eliminate these abuses. (OIG)</p>	<p>FNS reported that its original plans to track performance through the number of CACFP reviews conducted was suspended in favor of a comprehensive and aggressive effort to improve the program's management through training, technical assistance, and increased oversight. FNS stated that revised indicators will be incorporated into the fiscal year 2001 plan. FNS' 1999 report did discuss several strategies that had already been implemented to improve CACFP's management. For example, FNS convened a Management Improvement Task Force made up of federal, state, and local program administrators that developed a national training program for federal and state agency staff. FNS officials told us that FNS held a series of training conferences during fiscal year 2000 using these materials. The officials also said that FNS had developed guidance and training materials for states to use in training their sponsors, as called for in the performance report.</p>	<p>FNS' plan contains two specific performance goals related to improving CACFP's management as well as other action items that do not have specific performance goals. FNS' goals are to conduct a CACFP-focused management evaluation of one state agency in each of the seven FNS regions as part of FNS' overall management evaluation strategy and to have all states conduct training of sponsors using newly developed guidance and training materials specifically addressing critical integrity problems. In addition to these specific goals, FNS plans to issue regulations to revise CACFP's criteria for (1) approving, renewing, and terminating local sponsors' participation; (2) monitoring requirements at the state and institutional levels; and (3) establishing training and other operating requirements for child care institutions and facilities. Specifically, FNS stated that it plans to target new funding to additional program monitoring, training, and technical assistance activities. Also, FNS plans to propose legislative changes to improve CACFP's management, including permanently authorizing additional annual funding for federal CACFP oversight and placing a cap on the funding that sponsors</p>

Enclosure II

Major management challenge	Progress in resolving major management challenges as discussed in USDA's fiscal year 1999 performance report	Applicable goals and measures in USDA's fiscal year 2001 performance plan
		may withhold from their centers' meal reimbursement for administrative costs.
<p>Environmental Compliance Activities and Liabilities: USDA needs to improve its controls over its agencies' use of funds intended for pollution cleanup and abatement and needs to implement management practices to avert future liability. (OIG)</p>	<p>USDA's 1999 performance report did not specifically address the OIG's concerns about controls over departmental agencies' use of funds intended for environmental cleanup. However, the report did provide goals and targets and discussed improvements made in USDA's compliance with federal and state guidelines for preventing environmental hazards.</p>	<p>Not applicable because the OIG no longer considers this a management challenge. During the past 2 years, according to the OIG, USDA has undertaken major efforts to reorganize the program and to implement better accountability procedures. The OIG continues to monitor this effort. In addition, USDA implemented several of the OIG's audit recommendations.</p>
<p>Research Funding Accountability: There have been concerns about how research funds are distributed and whether funding decisions conform to the needs of the agriculture and forestry communities. The Congress has determined that the Department needs a process to ensure that high-risk agriculture issues are covered and that research funds are used for their intended purposes. (OIG)</p>	<p>Each of the Research, Education, and Economics mission area agencies—including the Agricultural Research Service (ARS), the Cooperative State Research, Education, and Extension Service (CSREES), the Economic Research Service (ERS), and the National Agricultural Statistics Service (NASS)--reported a multitude of accomplishments in various research projects. However, of the four mission area agencies, only ARS included an applicable accomplishment in its report. Specifically, during fiscal year 1999, ARS held 25 National Program Workshops, instead of one national conference, with its customers, stakeholders, and scientists to determine a relevant research agenda. Except for ARS' accomplishment, there was no mention in the agencies' reports of criteria, performance measures, or goals toward (1) ensuring that the mission area agencies' agendas support the needs of the agricultural and forestry communities or (2) setting priorities for research projects and ensuring that funds are spent as intended.</p>	<p>Of the plans for the four Research, Education, and Economics mission area agencies, only CSREES' plan contains a goal to increase stakeholders' input in the prioritization of its research. However, CSREES' plan does not include any specific criteria or performance measures for this goal. In addition, CSREES' plan mentions the need to avoid research program duplication but does not link any criteria, measures, or goals with this need. Except in these areas, there is no mention in the mission area agencies' plans of any criteria, performance measures, or goals toward (1) ensuring that the mission area agencies' agendas support the needs of the agricultural and forestry communities or (2) setting priorities for research projects and ensuring that funds are spent as intended.</p>
<p>Civil Rights Complaints: There has been a significant backlog of complaints about the civil rights process and the treatment of minority farmers when they applied for farm loans or loan servicing. The OIG reported on why this backlog was not being resolved faster. (OIG)</p>	<p>USDA reported that it began fiscal year 1999 with a backlog of 1,088 program complaints. However, by the end of the year, it had resolved all but 29 and had established procedures to resolve complaints more quickly. In addition, the report stated that all agency heads were evaluated on their agencies' civil rights performance, and all but two agencies had improved their performance. However, several other related concerns identified by the OIG were not fully addressed in the report.</p>	<p>USDA's performance plan states that all employees will receive mandatory civil rights training in fiscal years 2000 and 2001 and that all agencies will develop plans to address the needs of targeted populations. In addition, FSA's plan identifies goals to improve the timely processing of program and employee complaints, including a goal of reducing the average number of days spent processing program complaints from 58 in fiscal year 1999 to 24 in fiscal year 2001. FSA's plan also includes a goal to complete 10 Equal Employment Opportunity/Civil Rights Management Reviews of state/county offices.</p>

Enclosure II

Major management challenge	Progress in resolving major management challenges as discussed in USDA's fiscal year 1999 performance report	Applicable goals and measures in USDA's fiscal year 2001 performance plan
<p>Rural Rental Housing: There has been a history of fraud and abuse in the Rural Housing Service's (RHS) Rural Rental Housing (RRH) Program. Owners and management companies have also shown indifference toward the health and safety of low-income and elderly tenants. (OIG)</p>	<p>The Rural Development mission area report did not specifically address progress in reducing fraud and abuse in the RRH Program or in reducing the indifference shown by management companies toward the health and safety of low-income and elderly tenants. RHS measured progress by the number of new units built and the number of units rehabilitated.</p>	<p>The Rural Development mission area's plan does not include goals and measures that specifically address this management challenge. Rather, the plan has a broad goal to improve the quality of life for the residents of rural communities by providing access to decent, safe, sanitary, and affordable rental housing. The plan acknowledges that the OIG has identified a continuing history of fraud and abuse by owners and management companies, along with instances of indifference toward the health and safety of low-income and elderly tenants. Although the plan states that the agency has made substantial progress and continues to work on this area of concern, no details are provided. A performance indicator to minimize loan delinquencies and future losses has been added to the fiscal year 2001 plan. It establishes a fiscal year 2000 target of 130 projects, and a fiscal year 2001 target of 100 projects, with accounts less than 180 days past due. According to the plan, there were 164 projects with accounts less than 180 days past due in fiscal year 1999.</p>

(150184)