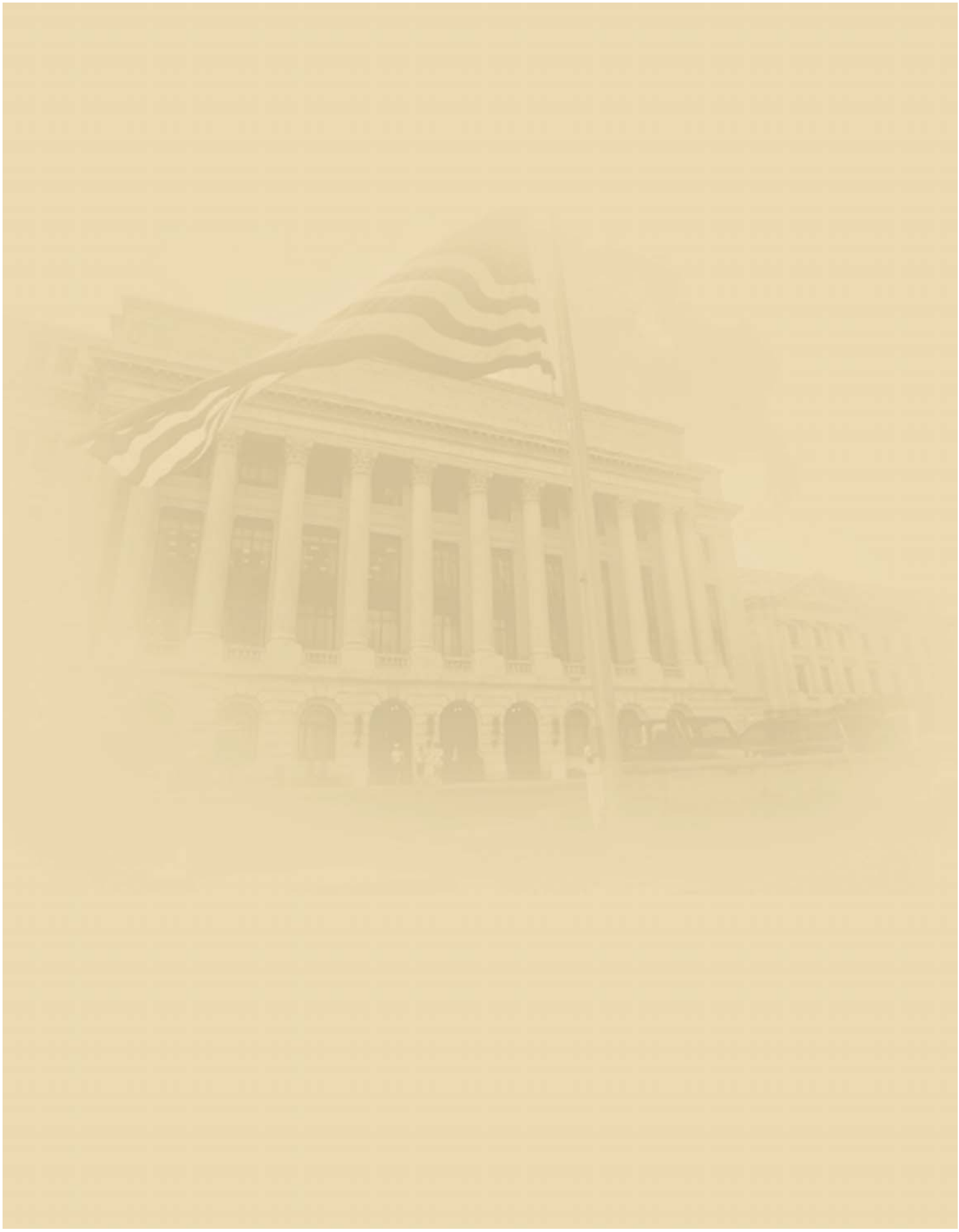
Section II

Annual Performance Report



II. Annual Performance Report

The United States Department of Agriculture's (USDA) mission is to provide leadership on food, agriculture, natural resources and related issues based on sound public policy, the best available science and efficient management. The Department executed this mission in 2005 through such activities as:

- Providing farmers and ranchers with risk management and financial tools;
- Meeting with experts from around the globe to discuss current and new economic opportunities;
- Ensuring the safety and protection of the Nation's food supply;
- Helping millions of low-income households and most of America's children improve their health and diets via Departmental implementation of nutrition assistance programs;
- Delivering targeted nutrition assistance to children and low-income people;
- Fostering better nutrition and health with dietary guidance and promotion;
- Completing new free trade agreements, opening new international markets and maintaining existing markets;
- Fighting potential pests and disease outbreaks;
- Working to ensure the health and protection of the environment; and
- Providing aid to those impacted by severe weather and other disasters.

USDA's public performance management reporting process includes:

- A strategic plan that contains the Department's long-term goals and strategies (www.usda.gov);
- An annual performance budget that outlines year-to-year strategies and targets for achieving USDA's long-term goals; and
- A performance and accountability report that illustrates to Congress and the American people how well the Department did in reaching the goals established in the previous fiscal year.

Most of USDA's programs and activities are represented in specific performance goals and targets. The Department also conducts and supports a broad range of research, educational and statistical activities that contribute to the achievement of each of its overall goals. The creation of knowledge at the frontiers of biological, physical and social sciences, and the provision of that knowledge to agriculture, forestry, consumers and rural America are core processes for USDA. Accordingly, selected accomplishments in research are presented throughout this report. Additionally, the report describes the data used to measure performance. These descriptions cover any material inadequacies in the completeness, reliability and quality of the performance data. Also included is a brief reason for why the data are inadequate and the actions USDA is taking to remedy such inadequacies. The thresholds, or ranges, for determining year-end performance results are also identified in the report. These thresholds are identified by program managers and document the process for determining if a performance goal was exceeded, met or unmet. The program managers also provided the rationale used to establish the met range.

The report includes a list of programs that have undergone the Office of Management and Budget Program Assessment Rating Tool (PART). The PART identifies how well and efficiently a program is working and what specific actions can be taken to improve its performance. Other program evaluations, which discuss the achievements or conclusions from the completion of internal and other external assessments conducted during Fiscal Year (FY) 2005 related to the measures, are also included. Only Federal employees participated in the preparation of the performance information contained in the Annual Performance Report section.

When he created the USDA, it was President Abraham Lincoln's hope "that by the best cultivation in the physical world, beneath and around us, and the intellectual and moral world within us, we shall secure an individual, social and political prosperity and happiness, whose course shall be onward and upward, and which, while the earth endures, will not pass away." The following chapters of the *USDA Performance and Accountability Report* show how the Department committed itself to keeping President Lincoln's dream alive during 2005.

STRATEGIC GOAL 1: ENHANCE ECONOMIC OPPORTUNITIES FOR AGRICULTURAL PRODUCERS

Expanding and maintaining global markets for agricultural products is critical for the long-term economic health and prosperity of our food and agricultural sector. U.S. farmers have a wealth of natural resources, cutting-edge technologies and a supporting infrastructure that result in a production capacity beyond domestic needs. Expanding and maintaining global markets will increase demand for agricultural products and contribute directly to economic stability and prosperity for America's farmers.

To expand overseas markets and facilitate trade, USDA assists in the negotiation of new U.S. trade agreements and the monitoring and enforcement of existing trade agreements. In cooperation with private sector producer and commodity trade associations, USDA conducts an array of market development and export promotion programs designed to build long-term markets overseas. The Department helps to expand market opportunities through programs of technical assistance and training that support economic development and growth in developing countries and assist them to participate and benefit from international trade. USDA works to facilitate trade through the adoption of science-based regulatory systems and standards.

An economically prosperous food and agricultural sector contributes to the Nation's economic vitality and standard of living. The sector's success depends on the ability to expand into new markets, gain adequate capital, protect itself adequately against financial risk and adjust to changing market needs. Increasing the efficiency of the agricultural sector and developing new uses for agricultural products is critical to the economic health of the Nation; USDA supports farms and farmers in many ways. When natural disasters strike, USDA reacts quickly to help affected producers recover from their losses and restore their lands to prior productivity levels. The Department partners with commercial lenders to guarantee ownership and operating loans. It also makes direct loans to producers to finance operating expenses and farm ownership loans, and provides needed capital in times of emergency. USDA also provides for income stability to keep producers economically viable through economic safety net programs in the form of direct payments, marketing assistance loans and commodity support programs. USDA supports much-needed basic research to identify new uses and more efficient technology for producing and marketing agricultural products.

OBJECTIVE 1.1: EXPAND INTERNATIONAL MARKET OPPORTUNITIES

Exhibit 6: Resources Dedicated to Expand Alternative Markets for Agricultural Products and Activities

USDA Resources Dedicated to Objective 1.1	FY 2005	
	Actual	Percent of Goal 1
Program Obligations ($ Mil)	1,830.0	11.19%
Staff Years	6,655	26.52%

Introduction

Expanding market opportunities through trade negotiations and maintaining market access by enforcing existing agreements to maintain market access are extremely beneficial to the U.S. economy. They create jobs for Americans throughout the agricultural production, processing and marketing process. USDA continues to make this a pillar of its economic enhancement plan.

U.S. agricultural exports were forecast at $62 billion in FY 2005, only slightly lower than the record $62.4 billion set in FY 2004. This year, exports of horticultural products, pork and dairy products reached new records, supported in part by the lower value of the dollar and strong demand. With an export value of $14.5 billion, horticultural products consist of many kinds of fresh and processed fruits, vegetables and tree nuts. This year, almond exports account for nearly half the increase as prices rise in response to strong demand and limited supply. Offsetting gains in high-value products, the value of U.S. bulk commodity exports is lower due to record global supplies. These extra supplies reduced grain, oilseed and cotton prices, and lowered wheat export volume due to increased competition. U.S grain and feed exports are forecast at $15.8 billion in FY 2005, oilseeds and products are set at $11.1 billion, and cotton at $3.9 billion.

FY 2006 U.S. agricultural exports are forecast at a record $63.5 billion. Exports of horticultural products are projected to rise $1.4 billion to a record $15.9 billion on higher unit values and volumes for many products. Predicted to rise $600 million exports of tree nuts (mostly almonds) again will account for nearly half the increase. Gains also are expected for exports of wine, essential oils, and highly processed fruit and vegetable products. Additionally, cotton exports are forecast to rise $600 million on higher unit values. While some increase in grain volumes exported is expected due to reduced competition, lower wheat prices limit any overall value increase for grains. The oilseeds outlook calls for little change in volume of soybean exports due to record demand from China. It also calls for weaker unit values with the expected rebound in Brazil's crop. A competitive dollar and moderate global economic growth support export expansion.

Overview

The Department's work with the World Trade Organization (WTO) is key in establishing international market opportunities for U.S. agricultural producers. WTO is a multilateral institution charged with administering rules for trade among its 145 member countries. While WTO did not meet its goal of achieving a "first approximation" of an agricultural text by the end of July 2005, trade ministers will meet again in Hong Kong this December. Work will continue through the fall in preparation for that meeting. The basic goals for which all participating countries will continue to work remain. These goals include eliminating export subsidies, reducing trade distortion and domestic support, and increasing market-access opportunities. A big step

toward increasing international marketing opportunities for U.S. agricultural producers took place August 2, 2005, with the passage of the Central American Free Trade Agreement (CAFTA-DR), a comprehensive trade agreement between the U.S., Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua. It is designed to give U.S. agricultural exporters the same or better access to CAFTA-DR consumers as their competitors, providing promising new opportunities in a regional market where domestic exports currently total nearly $1 billion.

USDA also continues to work to create new export opportunities through other free trade agreements. In particular, the Department is focused on the forthcoming expiration of Trade Promotion Authority (TPA) in 2007. The TPA is designed to put the U.S. in a strong position to lead the way in completing major new trade agreements that advance the global interests of domestic agriculture.

Negotiating reductions in trade barriers to create opportunities is just the beginning for U.S. exporters. To help U.S. exporters capitalize on trade agreements, USDA actively works to ensure that market opportunities are maintained. This increases U.S. exporter confidence enabling them to take the risks associated with export sales. These sales depend on consistent and reliable market access. As more international trade agreements are concluded, additional Department resources for monitoring and compliance efforts are necessary. For example, WTO members submit more than 800 notifications of intent annually to alter or create new import requirements related to food safety or plant and animal health. USDA has worked aggressively to increase the notification rate for such new or revised standards so that it can halt or change restrictive measures before they take effect. Each notification must be evaluated for U.S. impacts and immediately addressed if domestic exports or export opportunities are affected negatively. The Department continues to work toward long-term solutions. Challenges include trade restrictions related to Bovine Spongiform Encephalopathy (BSE) and bio-engineered crops. (BSE is a chronic degenerative disease affecting the central nervous system of cattle.)

USDA also continues to monitor the impact of the North American Free Trade Agreement (NAFTA). NAFTA is a comprehensive trade-liberalization agreement among the U.S., Canada and Mexico. U.S. agricultural exports to its NAFTA partners continue to set new records. Canada remains the largest market with annual U.S. sales forecast at $10.5 billion in FY 2005. Free trade agreements (FTAs), which removed trade barriers and promoted a strong economy, propelled Canada past the European Union (EU-25) and Japan to become the U.S.' top overseas market by the mid-1990s. Canada is a major market for U.S. fresh and processed fruits and vegetables, snack foods, juices, wine, and many other consumer-ready products. Forecast at $9 billion in FY 2005, Mexico overtook Japan as the second-largest market. Trade with Mexico, like Canada, benefited from NAFTA because of the removal of trade barriers. Closely tied to the U.S. economy, Mexico has enjoyed strong economic growth, which strengthened domestic demand for international goods. While Mexico continues to be a good customer of coarse grains, cotton and wheat, higher-value consumer foods are increasingly important. Strong Mexican demand supports rising sales of U.S. pork, beef, poultry, fresh and processed fruits, and snack foods.

U.S. agricultural exports to Japan are forecast at $7.6 billion, making it the third-largest market. An absence of new trade agreements to reduce Japan's high tariffs and the country's economic collapse in the 1990s, largely have halted U.S. export expansion to this country. About half of U.S. sales to Japan consist of bulk commodities, mainly coarse grains and soybeans. While most of the remaining sales are consumer-ready

foods, much of that is limited to beef and pork, although fruit and tree nut sales are noteworthy. Beef trade has recently been halted since the country imposed its BSE ban.

EU-25 is now the fourth-largest market for U.S. agricultural products, with little change in total sales and estimated at $7 billion. EU-25 is a major market for soybeans and tobacco as well as tree nuts, especially almonds. Wine sales are also noteworthy because wine is among the top five U.S. agricultural exports to the EU-25. Opportunities remain limited in most other categories. Production subsidies keep domestic supplies high, and trade barriers limit market access. Expansion opportunities for U.S. agricultural exports to Europe have remained limited for many years.

China has risen in recent years, now representing the fifth-largest market for agricultural products. After posting a record $6.1 billion in 2004, FY 2005 saw a drop to $5.4 billion. The decrease was attributed to lower soybean and cotton prices, as shipping volumes are expected to continue at higher levels. These numbers compare to $1.8 billion in FY 2002. China's domestic supply-demand situation creates new opportunities to ship greater volumes of cotton, soybeans and wheat. Considerable progress has recently been made to reduce China's trade barriers through its WTO membership. Those dividends will continue during the next several years.

In terms of agricultural trade, China's first year of WTO membership in 2002 involved implementing regulations relating to biotechnology safety, testing and labeling. These rules, issued by China's Ministry of Agriculture shortly before the country's WTO accession, did not provide adequate time for scientific assessment and the issuance of final safety certificates for U.S. biotechnology products. Following concerted high-level pressure from USDA and other U.S. agencies, China agreed to issue temporary safety certificates. Additionally, in July 2005, China issued a final safety certificate for NK603 – the last biotech corn variety needing approval.

Selected Results in Research, Extension and Statistics

Enhanced Statistics to Understand the Impact of Hurricanes on Citrus—Officials added Florida citrus forecasts to the November Crop Production Report because of several hurricanes moving through the State during August and September 2005. Citrus forecasts typically are excluded from the November Crop Production Report.

Enhanced Understanding of Producer Response to Soybean Rust—Due to the discovery of Asian soybean rust in the U.S., speculation rose on how growers would react to the fast-spreading, yield-reducing disease. Thus, USDA included related questions in its March Agricultural Survey for the 31 soybean-producing States. The survey provided information on farmers' awareness of Asian soybean rust and how its discovery has affected their planting decisions for the 2005 crop. *Prospective Plantings* published the results of the survey.

Global Markets for High Value Foods—Understanding the myriad factors that affect the choice of locations to produce and sell food products shows the competitiveness of U.S. agriculture in global markets. Two new reports—New Directions in Global Food Markets and Market Access for High-Value Foods—show how food trade patterns are influenced by the changing nature of competition in the global food industry. Key factors include shifting consumer preferences, the growth in multinational food retailers and changes in global supply chains. Consumer-driven changes increasingly are pushing food suppliers to meet consumer demand

and preferences locally. These moves occur even as the food industry becomes more global. For more information on high-value food markets, including data on trade and international investment, visit www.ers.usda.gov.

Market Analysis and Outlook—USDA continues to work closely with the World Agricultural Outlook Board (WAOB) to provide short- and long-term projections of U.S. and world agricultural production, consumption and trade. WAOB reviews and approves USDA's commodity and farm-sector forecasts. Several initiatives have increased the exposure and accessibility of the data and analysis. This exposure occurred through the documentation of business rules and models used in the forecasting process. The report *Forecasting the Counter-Cyclical Payment Rate for U.S. Corn: An Application of the Futures Price Forecasting Model* offered details on this process and an associated data product that covers the three major field crops of corn, soybeans and wheat. Another initiative documented key aspects of wheat market analysis.

Fruit Fly Control Techniques Show Promise—A USDA program called the Hawaii Area-Wide Fruit Fly Integrated Pest Management Program could open export markets for the State's diverse array of tropical fruits. Under the program, USDA teamed up with the Hawaii Department of Agriculture and the University of Hawaii to create techniques to control medfly, melon fly, Malaysian fruit fly and oriental fruit fly, and help Hawaiian farmers implement them. Hawaiian farmers who have adopted the integrated pest management plan have cut chemical pesticide use by 75 to 95 percent and are growing crops they had once given up on because of fruit fly damage. California, Florida and Texas are monitoring the program's ability to control fruit flies. While keeping medfly out of California has cost the State nearly $500 million during the past 25 years, it could lose more than $1.4 billion annually if the pests established themselves there. California would suffer losses from lost markets, export sanctions, treatment costs and reduced crop yields.

Enhanced Statistics on Non-Ambulatory Cattle—USDA, in cooperation with the National Animal Health Monitoring System (NAHMS), conducted the second phase of a two-year survey effort to study non-ambulatory cattle on U.S. farms. NAHMS collects, analyzes and disseminates data on animal health, management and productivity across the U.S. This survey, coordinated with USDA's January 2005 Cattle Inventory Survey, provided statistical services such as questionnaire development, data collection, keying and editing, and summarization. In May 2005, USDA published figures on non-ambulatory cattle and calves in the U.S. by region, based on data collected in January 2004 and 2005.

Strengthening Access to Agricultural Resource Management Survey—The Agricultural Resource Management Survey (ARMS), USDA's annual, national survey of farms, is the primary source of information about the financial condition, production practices, use of resources and economic well-being of America's farmers and farm households. ARMS provides a powerful data source to provide direct answers to key questions from USDA policy officials, Congress and other decision-makers within and outside the Federal Government. The Department continued expanding access through outreach activities to researchers at U.S. universities and agency staff. An increased sample starting in 2004 allows ARMS survey information about farm production, business and households to include detailed data for 15 top farming States. In FY 2005, public access to summarized ARMS data improved greatly. USDA presented ARMS data in a dynamic, technologically advanced and easy-to-use web-based delivery tool. Users can select among survey data sets to build custom reports, refine queries with specific samples/populations, and group summary statistics for

comparisons. Advanced statistical analysis is available to registered users for additional statistical analysis and economic modeling.

Challenges for the Future

The next few years present exciting challenges for the Department. USDA can increase export opportunities for the U.S. by reaching agreement in the WTO on new rules for agricultural trade while working toward additional FTAs. New WTO trade rules will eliminate export subsidies, decrease trade-distorting domestic support and reduce market access barriers around the world. Agriculture is a central theme for this round of WTO negotiations and a sensitive issue for most developing counties. In these countries, the food and agriculture sector is the dominant economic driver. They are also the singular focus in establishing a stable social environment and a sustainable market infrastructure. Additional FTAs will address country- or region-specific market-access issues, immediately enhancing trade. USDA will continue to monitor implementation of agreements.

U.S. export opportunities will increase in large and important export markets and emerging markets. This increase could push total U.S. agricultural exports to record levels in the next few years. U.S. meat, grains, soybeans, cotton and especially value-added, consumer-ready products will benefit from expanding export sales. On the U.S. import side, consumers are expected to continue their interest in high-value, internationally produced agricultural products. Additionally, developing countries will want more access to U.S. markets. This new access will allow them to improve their own food standards as they learn to compete in the international marketplace. USDA also recognizes that its international trading partners have concerns about how the Department addresses their market-access goals. Among those concerns is the lengthy rulemaking process—from risk assessment to final rule—that opens the domestic market to international commodities. USDA is looking to improve its processes to ensure it can continue to meet its international obligations as more and more countries seek to enter the global agricultural trading system.

Key Outcome: Improved International Market Opportunities

USDA works closely with the Office of the U.S. Trade Representative (USTR) and other Government agencies to pursue new trade agreements and enforce the provisions of existing agreements. These agreements include technical regulations and measures designed to enhance food safety and protect plant and animal health. The Department's industry partners promote trade and outreach activities to educate producers, processors and exporters on emerging market opportunities as a result of trade agreements. To capitalize on trade opportunities, USDA offers market intelligence, supply and demand forecasts, and sales-development assistance to enhance U.S. exporters' success in the highly competitive global marketplace.

USDA staff in more than 90 countries helps open, retain and expand international markets for U.S. food and agricultural products. This staff includes veterinarians and individuals with high-level training and education in economics, marketing and technical fields such as plant pathology and veterinary science. While this group represents USDA overseas as its key supplier of market intelligence, it also helps solve minor trade threats before they become substantial disruptions. Staff members do this by being able to speak knowledgeably with international decision makers. They also help support U.S.-based technical experts who develop science-based protocols and health certification procedures for exporting all U.S. food and agricultural products.

Exhibit 7: Increase U.S. Market Opportunities

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
1.1.1	Dollar value of trade preserved through USDA staff interventions and trade agreement monitoring ($ Mil)	$2,500	$2,800	Exceeded

Analysis of Results

USDA exceeded its performance goal by $300 million. This was accomplished by trade opportunities preserved through monitoring and compliance enforcement, overseas advocacy services, negotiations of technical protocols, and trade negotiations. Contributing to the performance was a delay in implementation of certain aspects of EU-25's new regulations on wood-packaging material. The regulations would have impacted tens of billions of dollars in U.S. commercial trade and caused an estimated $1 billion in short-term damage to U.S. food and agricultural trade. USDA estimates that roughly half, or $80 billion, of commercial goods annually are shipped on wood pallets or another wood-packaging material. None of this material meets the proposed EU-25 standards because we have no certification process in place to ensure that the pallets are made from wood that was debarked. Also contributing to the performance was the reopening of many markets that had been closed following the discovery of BSE in Washington State in December 2003. USDA projected a target of $2.5 billion in trade access and opportunities preserved in FY 2005.

The number of trade maintenance issues and their potential impact on U.S. exports depends primarily on foreign governmental action, sometimes in response to such events in the U.S. as a livestock disease outbreak. Both the problems and the solutions are highly unpredictable. Solutions can range from a quick agreement with officials at the port of entry to a long negotiation process followed by a lengthy regulatory or legislative process in the country in question. The impact of any given action can range from a few thousand dollars to billions of dollars. While USDA can use the list of outstanding concerns to help guide work priorities and set annual goals, a portion of the goal recognizes that additional events likely will occur that require immediate regrouping and realigning of staff and work priorities.

USDA's selection of this performance measure demonstrates the critical role that trade monitoring and compliance enforcement play in protecting U.S. exporter opportunities to capture sales as an outcome of successful negotiations. As the U.S. Government continues to negotiate new bilateral, regional and multilateral trade agreements, the challenge will be to monitor and enforce compliance effectively. This monitoring will ensure that U.S. agriculture receives full benefits from negotiated reductions in tariff and non-tariff barriers.

The exact value of new markets opened through trade agreements is difficult to determine using traditional economic models. In a new market, there is little quantifiable data to estimate how consumer demand will react to import opportunities. Market development takes time and centers on consumer and wholesaler education to create a desire to purchase U.S. products, rather than those of competitors. An estimate of export opportunities can only be made after a few years of observing international demand and growth rates. Assuring market access is critical to stable free trade. From year to year, the number of trade issues and their potential impact on U.S. exports depends on international reaction to such issues as biotechnology, plant and livestock diseases, pests, pesticides and sanitation.

Exhibit 8: Expand and Retain Market Access

Trends	Fiscal Year 2005				
	2001	2002	2003	2004	2005
Dollar value of trade preserved through USDA staff interventions and trade agreement monitoring ($ Mil) Baseline: 1999 = $2,567	$1,329	$1.327	$2,713	$3,950	$2,800[1]

[1]Result based on projected estimate. See the Data Assessment of Performance Measures section for more information.

The figures themselves reflect the uncertainty of trade disruptions. In FY 2005, the bans on U.S. beef and bovine products due to the potential threat of BSE have proven to be challenging barriers. Through diligent monitoring and resolution of trade disputes, USDA has made remarkable and consistent progress in expanding and retaining sales of U.S. agricultural products that likely would have been lost. The hard work of USDA's domestic and overseas field offices is a critical part of this process. The Department's work with other Federal and State agencies, and its private-sector partners made this achievement possible. Next steps include completion of the Doha Round agriculture negotiations, various bilateral and regional FTAs, reopening markets closed due to BSE and continuing to monitor and enforce compliance on many trade disruptions affecting U.S. agriculture. (The Doha Round refers to negotiations designed to improve market access for agricultural products.)

OBJECTIVE 1.2: SUPPORT INTERNATIONAL ECONOMIC DEVELOPMENT AND TRADE CAPACITY BUILDING

Exhibit 9: Resources Dedicated to Support International Economic Development and Trade Capacity Building

USDA Resources Dedicated to Objective 1.2	FY 2005	
	Actual	Percent of Goal 1
Program Obligations ($ Mil)	3,140.0	5.73%
Staff Years	1,364	5.44%

Introduction

The ultimate goal for supporting developing countries is to help them become economically stable and capable of supporting their populations with jobs, affordable food and other basic necessities. USDA participates in this effort with food aid and trade and development programs. USDA helps provide these services along with other Federal agencies, such as the U.S. Agency for International Development (USAID). USAID is an independent agency that provides economic, development and humanitarian assistance around the world in support of U.S. international policy goals. USDA technical assistance and training play a vital role in helping these countries meet their WTO obligations, strengthen policy and regulatory frameworks, and avoid or eliminate unjustified trade barriers. Assistance in trade capacity building also supports market infrastructure development. This development includes market information, agricultural grades and standards, and the refrigeration methods used in transporting perishable agricultural items. The assistance also helps increase capacity to purchase U.S. exports. In combination with food aid that covers gaps in supplies and keeps the population healthy, USDA deploys its unique resources and expertise in agricultural-

development activities. This process helps advance market-based policies and institutions, sustainable agricultural systems, and research and education in developing countries. Assistance focuses on improving agricultural productivity and markets as the engines for economic growth. The Department also helps developing countries increase trade and integrate the agricultural sector into the global economy through harmonization of regulatory frameworks. Other priorities include reducing hunger and malnutrition with sustainable, productivity-enhancing technologies and supporting agricultural reconstruction in post-conflict or post-disaster areas.

A primary focus for USDA food aid in developing countries is school children and their mothers. The McGovern-Dole International Food for Education and Child Nutrition Program (FFE) provides for the donation of U.S. agricultural commodities and associated financial and technical assistance for pre-school and school-feeding programs in developing countries. The program also authorizes maternal, infant and child-nutrition programs. Its purpose is to support a healthy future population necessary for a stable society and a capable workforce. A healthy and literate workforce attracts jobs, supports a sustainable economy and helps establish a secure food supply through domestic production and imports.

Overview

Like their international counterparts, Americans want a world where all countries are stabilized through economic development and trade capacity building. The 2002 National Security Strategy of the United States recognizes that the root of any threat to the U.S. is the lack of economic development. This deficiency often results in economic and political instability. For most developing countries, a productive and sustainable agricultural sector bolsters economic well-being. Thus, agricultural development is crucial to U.S. national security strategy. In developing and transitioning economies, USDA focuses on:

- Trade and investment liberalization to stimulate job and income growth;
- Research and education to raise agricultural productivity, with applications of science and technology, including biotechnology, to boost food availability;
- Institution building to support sustainable agriculture, market infrastructure, and the development of market-information systems to support production and marketing decisions; and
- Food assistance to support social stability and enhance the health of current and future workers.

A recent example of this is USDA technical assistance to U.S. Central American Free Trade Agreement (CAFTA-DR) partners in trade capacity building. In 2005, the six countries – Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic – agreed to accept exports of U.S. meat and poultry products by using science-based information to make decisions. Costa Rica and Nicaragua received training in U.S. food safety and meat inspection requirements and passed USDA audits for exporting meat to the U.S. As a condition of market access, the Department audits the meat inspection programs of U.S. trading partners annually. These audits are designed to verify that these countries maintain food safety standards and inspection programs equivalent to those of the U.S. The audit's passage allows each country to export meat products to the U.S. The Department also engaged CAFTA-DR countries to improve their regional institutional capacity for data collection and statistical surveys related to agricultural and production information, agricultural prices and rural incomes. Access to timely and accurate agricultural statistics will

help producers, exporters and importers better identify opportunities to expand trade in international markets opened by CAFTA-DR.

Selected Results in Research, Extension and Statistics

- **Marketing Plan to Export, Plant, Monitor and Evaluate Seed Potatoes in China**—China is the largest producer and user of potatoes in the world, growing approximately 50 million tons annually. While almost 3 million tons of seed potatoes are needed per year to achieve this level of production, the Chinese have banned the importation of new seed potatoes for more than 17 years. Recently, China has had a significant potato disease problem. In 2003, it authorized the importation of "certified" seed potato from the U.S. Alaska and Washington are two of the few States that meet the strict new phytosanitary conditions required for Chinese approval of seed potato importation from the U.S. Approval will require developing a marketing plan for introducing and evaluating new "certified" disease-free seed potatoes, or minitubers, in China. Following a preliminary evaluation of U.S. seed potatoes planted in northeast China in 2004 and 2005, several potatoes will be submitted for a "Provincial Variety Evaluation Program" in those provinces where the U.S. could be competitive. The sale of U.S. seed potatoes could occur in 2008 if officials approve the formal Provincial Variety Evaluations.
- **China in 21st Century Agricultural Markets**—China is one of the top 10 markets for U.S. agricultural exports and is the world's largest producer and consumer of a range of commodities. USDA continues to investigate how policy and economic developments in China affect global agricultural markets. The report, *China's New Farm Subsidies*, considers the implications of a shift in China's policy in 2004. At that time, China had begun to assist, instead of tax, agriculture. This move reflected a new view of agriculture as a sector needing assistance. China introduced direct subsidies to farmers, repealed its centuries-old agricultural tax, helped producers with seed and machinery purchases, and increased spending on rural infrastructure. While the subsidies are targeted at grain producers, they do not provide strong incentives to increase such production.

Challenges for the Future

Unfortunately, significant food needs continue to limit food security and economic development in many countries. USDA works closely with the World Food Program (WFP) and private voluntary relief organizations to ensure that the U.S. commitment to alleviating global hunger and malnutrition remains strong. WFP offers food aid to natural disaster victims, displaced victims and the world's hungry and poor. USDA's trade-capacity building efforts are aimed at helping developing countries participate in negotiations, implement agreements and connect trade liberalization to a program for reform and growth. Helping these countries achieve sustainable economic development and capacity to trade helps build future growth markets for the U.S.

Key Outcome: Economic Development Enhanced through the Provisions of Foreign Food Assistance

More than 800 million people worldwide suffer from hunger and malnutrition—most of them children. These children are the basis for a sustainable economic future. In many countries, children represent most of the population. A healthy and educated young population is necessary to advance economic development, food

security and a stable social structure. Activities aimed at market-capacity building for both domestic and international trade are enhanced by, and in turn support, these basic requirements for a sustainable economic infrastructure.

The U.S. is the world's leader in international food aid, providing more than 50 percent of total worldwide food assistance to combat this challenge. U.S. food-aid programs are a joint effort across several Federal Departments. USDA works with USAID, non-profit organizations and American universities to provide targeted food-aid support and related assistance where it is needed the most.

These activities, combined with USDA technical assistance and training, foster a stable society, economic growth, and market infrastructure development. These potential gains augment recipient countries' ability to boost domestic production. In turn, their dependence on food aid is reduced. The activities also allow recipient countries to build sound economic policies that support sustainable development and participation in global agricultural trade.

Exhibit 10: Support Foreign Food Assistance

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
1.2.1	Number of mothers, infants and schoolchildren receiving daily meals and take-home rations through McGovern-Dole International Food for Education and Child Nutrition Program (Mil)	2.2	2.98	Exceeded

Analysis of Results

The performance goal was exceeded. FFE promotes school enrollment and attendance, contributing to an educated workforce and economic growth and development. FFE is unique in that its primary goal of increasing school attendance can be measured with confidence. In FY 2004, 2 million meals were distributed to school children and mothers daily on a $50 million budget. In FY 2005, the funding level increased to $86.8 million. The increased funding, lower commodity prices and greater emphasis on the direct feeding of children allowed USDA and its partners to increase the meals-per-day distribution.

Exhibit 11: McGovern-Dole International Food for Education and Child Nutrition Program

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Improve food security and nutrition through McGovern-Dole International Food for Education and Child Nutrition Program by providing daily meals and take-home rations for mothers, infants and school children (Mil)	N/A	N/A	2.5	2.0	2.98

An extensive operational and results survey is conducted by every private voluntary organization participating in the delivery of food aid through FFE. A thorough review and evaluation of the survey by USDA will cover the progress, results and challenges faced by the participating food distributors. The survey will be used to develop a strategy to address challenges to effective food distribution and barriers to better results.

OBJECTIVE 1.3: EXPAND ALTERNATIVE MARKETS FOR AGRICULTURAL PRODUCTS

Exhibit 12: Resources Dedicated to Expand Alternative Markets for Agriculture Products and Activities

USDA Resources Dedicated to Objective 1.3	FY 2005	
	Actual	Percent of Goal 1
Program Obligations ($ Mil)	5075.1	9.26%
Staff Years	3,589	14.30%

Introduction

The Farm Security and Rural Investment Act of 2002 (FSRIA) provided new opportunities for USDA to foster the development and production of bioenergy (commercial fuel grade ethanol and biodiesel) through the Bioenergy Program. This program encourages the production of renewable energy and lessens U.S. dependence on foreign oil. At the same time, it supports market prices for commodities used in bioenergy production, which assists farmers, ranchers and rural communities. Commodity Credit Corporation (CCC) Charter Act authority is also used by the Bioenergy Program to make payments for biodiesel production. This support has been critical in sustaining the developing biodiesel industry. CCC is a Government-owned and operated entity created to stabilize, support, and protect farm income and prices.

FSRIA authorized the Federal Biobased Products Preferred Procurement Program (FB4P) program for the preferred procurement of biobased products by Federal agencies. A final rule establishing the operational guidelines for FB4P was published in the Federal Register in mid-FY 2005. The first of a continuing series of rules to designate generic groupings of biobased products for preferred procurement became available as a proposed rule for public comment in late FY 2005. Rulemaking to designate generic groupings of biobased products for preferred procurement will continue for a number of years as rapidly as the statutory data requirements to support designation can be developed. A proposed rule to establish a voluntary labeling program for biobased products is expected to be available for public comment in early FY 2006 with a final rule in place by late FY 2006.

FB4P is expected to significantly increase the use of biobased products within the Federal Government. This increased usage, in turn, will encourage production of biobased products for that market.

FSRIA is also designed to increase public awareness about the benefits of using biobased products. FSRIA authorizes loans, loan guarantees and grants to farmers, ranchers and rural small businesses to purchase renewable energy systems and make energy efficiency improvements. Farmers across the country are being introduced to a new energy source and given the opportunity to join this new venture.

Overview

The Bioenergy Program stimulates industrial consumption of agricultural commodities by promoting their use in bioenergy production. The increased use of these commodities supports demand and prices in the areas around the facilities. The bioenergy plants can also have a significant financial impact in the communities where they are located, including creating new, and supporting existing, jobs.

USDA's programs are designed to:

- Develop alternative markets for agricultural products;
- Stimulate new sources of demand that will benefit farmers by increasing economic activity and job opportunities in rural America;
- Create a portfolio of more environmentally friendly products; and
- Enhance the energy security of the U.S. by reducing dependence on imported energy.

FB4P increases the demand for processing facilities in rural areas. It also boosts the demand for biomass material from agricultural, marine and forest sources. Currently, USDA is working to fully implement the program. Once implemented, the aforementioned benefits will be realized.

Selected Results in Research, Extension and Statistics

Organic Produce Development—With partial funding from USDA, Cornell University developed a network of plant trial and breeding sites throughout the country. The move was designed to foster organic product development with public sector, individual and company cooperators. The exchange of genetic materials has been intensified. Thus, more diverse material is being assessed more widely for superior performance in organic systems.

Pork Quality and the Role of Market Organization—A number of developments have captured the attention of the pork industry. One issue centers on health concerns and the corresponding preferences for lean pork. Another is the growing incidence of undesirable quality attributes, such as pale and soft meat, resulting from breeding for leanness. A USDA study found that organizational arrangements that influenced pork quality negatively, such as contracts between packers and producers, can also facilitate industry efforts to address quality and other concerns. These arrangements include reducing measuring costs, controlling difficult-to-measure quality attributes, facilitating adaptations to changing quality standards and reducing transaction costs associated with relationship-specific investments in branding programs.

New Commercial Uses for Poultry Feathers—A patent application for a process to convert cleaned and chopped feather material into plastic products—on a laboratory scale—has been filed. This process would make possible new uses for some of the nearly 4 billion pounds of poultry feathers generated annually in the U.S. The feather-based plastic can be made on traditional processing equipment and molded just like any other plastic. Feather-derived plastic would be a unique material for packaging or any other application where high strength and biodegradability are desired. Feather-based plastics would help solve an environmental problem and increase the commercial and economic value of a natural renewable polymer resource—feathers.

Improved Understanding of Glucosinolates Potentially Benefiting Plants and People—The July 2005 edition of *The Plant Journal* featured a cover story on USDA-supported research funded through the National Research Initiative (NRI). NRI funds research on key problems of national and regional importance in biological, environmental, physical and social sciences relevant to agriculture, food and the environment on a peer-reviewed, competitive basis. The aforementioned University of California-Davis research related to the production of glucosinolates by such crops as broccoli, cauliflower, cabbage and Brussels sprouts. For humans, the glucosinolates in these crops appear to help prevent cancer. In plants, the glucosinolates help protect them from pathogen attack. The research showed that plants with larger amounts

of glucosinolates were more resistant to insect damage. This research may lead to a better understanding of how plants defend themselves against insects and other pathogens. It may also lead to the development of new crop varieties with increased glucosinolate content. The content could improve plant resistance to pathogens and provide better nutritional value for human diets.

Serving the Public

Through the Bioenergy Program, producers receive payments to offset part of their cost of buying commodities used to expand eligible bioenergy (commercial fuel grade ethanol and biodiesel) production. Increased bioenergy production helps strengthen the income of soybean, corn and other producers. It also lessens U.S. dependence on traditional energy sources. Additionally, bioenergy products support rural communities through the jobs created and maintained by the production facilities.

FB4P serves the agricultural sector, rural communities and their residents, and the broader U.S. economy. Farmers and ranchers benefit from increased demand for their products and new crops used as feedstocks in biobased-product production. Rural communities and their residents benefit from the new investment in handling and processing facilities used in the production of these commodities. New jobs in rural communities related to biobased handling and processing create new economic vigor and bring opportunities to the families living there.

Challenges for the Future

The challenges to future success are:

- The development of an infrastructure to support the efficient and economically viable development of biobased products;
- Informing rural America about the benefits of biodiesel fuel use and helping farmers transition to a new style of operating;
- The continued need for public policies supporting the development and use of biobased products;
- The need for public education about the environmental, performance and energy-security benefits of using biobased products, and more effectively managing the carbon cycle;
- The development and valuation of measures that identify and assess the benefits that come from increased use of biobased products, including benefits internal to the seller and user of the products and external benefits that affect society and the environment;
- The willingness of manufacturers and vendors of biobased products, working with USDA, to provide the material and data necessary for testing and evaluation of biobased content, environmental attributes and life-cycle costs that will be required for the Department to designate generic groupings of products for preferred procurement within the program; and
- The willingness of manufacturers and vendors of biobased products designated by rulemaking for preferred procurement within the program to cooperate with USDA in publicizing their availability. This can be done by their voluntarily posting their product and contact information on the program web site at www.biobased.oce.usda.gov. This will allow Federal agencies to find biobased products for procurement. Without that cooperation, it will be difficult for the agencies to learn of the availability of biobased products.

In response to these challenges, USDA is creating regulations and operating procedures for the Bioenergy Program and the FB4P. The Department is also developing a model procurement program for Federal agencies to help them meet their responsibilities within the program's parameters. This model will educate and train Federal agencies about procurement and how to use related informational resources. It will also allow manufacturers and vendors to identify and evaluate biobased products available in the marketplace for their use. The USDA's Office of Procurement and Property Management will announce the model procurement program once USDA agencies have implemented the model. If successful, this model procurement program will make an important contribution toward creating market-based opportunities to produce and consume increased amounts of biobased products.

Exhibit 13: Increase the Use of Biobased Products

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
1.3.1	Number of groups of biobased products designated for procurement	4	Deferred	Deferred

Analysis of Results

The performance goal was partially met. USDA published the final rule implementing the FB4P guidelines January 11, 2005.

The statute creating this preferred procurement program specifies that "items" will be designated for preferred procurement for this program through a process of regulatory rulemaking. "Items" are generic groupings of biobased products. For example, such a generic grouping could be "biobased hydraulic fluids for mobile use." This grouping would include all biobased products in the market intended for that use. Another example could be "janitorial cleaners," which would include all biobased products used in janitorial cleaning applications. "Items" can include several dozens of individual branded products.

USDA has identified more than 100 generic groupings of biobased products for potential designation. The items in the FY 2005 target that the Department designated for rulemaking were selected based on the availability of test data and other information. That availability was based upon the level of cooperation from manufacturers and vendors of products that fell within these items. The manufacturers and vendors provided test material and other product information to USDA to support its designation rulemaking.

Manufacturer and vendor cooperation is crucial in developing the information required to support designation. Once items are designated and Federal agencies begin to purchase biobased products that fall within the designated generic groupings, USDA anticipates that manufacturers and vendors will become increasingly interested in cooperating with the Department to develop the information necessary for designation of additional groupings. As more groupings are designated and the benefits of preferred procurement demonstrated, USDA expects Federal agencies to increase their purchases of biobased products substantially. The Department also anticipates even stronger cooperation from manufacturers and vendors as they see this program's value.

Since FY 2004 was the first year of the program's implementation, USDA will use performance information from both that year and FY 2005 in determining a baseline.

Exhibit 14: Biobased Products Performance

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Number of groups of biobased products designated for procurement	N/A	Authorized in FSRIA	Developmental stage	Developmental stage	0

USDA has made substantial progress in establishing the regulatory framework necessary for operating the preferred procurement program. It has also created the necessary electronic information system to provide a timely and efficient communication mechanism. Federal agencies can use the system to learn which biobased products are available. It will also provide them with information on qualifying for preferred procurement and contacting the manufacturers and vendors of those products. Manufacturers and vendors whose products are classified as "items" designated for preferred procurement by regulatory rulemaking will be invited to post product and contact information on the web-based information system, which will be the primary source of information on the identity and availability of biobased products for Federal agencies required to purchase such products. This system is also expected to be used by the general public to gather information on the availability and identity of biobased products. This will facilitate broader use of such products.

In FY 2006, manufacturers and vendors will begin to reap the benefits of the program as measured in increased sales of biobased products to Federal agencies. Voluntary cooperation by manufacturers and vendors with the Office of Energy Policy and New Uses (OEPNU) in gathering the information needed to designate generic groupings of biobased products by rulemaking remains a challenge. Another challenge is providing information on those products to USDA's electronic information system to determine how quickly the program grows. (OEPNU assists the Secretary of Agriculture in developing USDA's energy policy and coordinating its energy programs and strategies.)

USDA is undertaking a substantial outreach effort to manufacturers and vendors of biobased products to help them assess the benefits of the program and develop the needed cooperation. The Department has entered into a cooperative agreement with Iowa State University to identify biobased products, manufacturers and vendors. The agreement also seeks their cooperation in developing data and other product information needed for the designation of groupings by rulemaking. In turn, Iowa State University has developed cooperative relationships with the Biobased Manufacturers Association, the United Soybean Board, the National Corn Growers Association, the National Biodiesel Board, the Renewable Fuels Association and USDA's Forest Products Laboratory. These relationships are designed to identify biobased products and manufacturers and vendors of those products. USDA is increasing its efforts to test selected biobased products to support designation by rulemaking of these products.

Description of Actions and Schedules

USDA published *Guidelines for Designating Biobased Products for Federal Procurement* on January 11, 2005. The first regulation to designate items was published in the *Federal Register* as a proposed rule for public comment on July 5, 2005. It is expected that the first designation rule will be published as a final rule by the end of calendar 2006.

OBJECTIVE 1.4: PROVIDE RISK MANAGEMENT AND FINANCIAL TOOLS TO FARMERS AND RANCHERS

Exhibit 15: Resources Dedicated to Providing Risk Management and Financial Tools to Farmers and Ranchers

USDA Resources Dedicated to Objective 1.4	FY 2005	
	Actual	Percent of Goal 1
Program Obligations ($ Mil)	44,714.5	81.60%
Staff Years	13,487	53.74%

Introduction

Agricultural producers face severe economic losses annually due to such unavoidable causes as low prices and/or reduced yield due to drought, excessive moisture, natural disasters and insects. The agricultural production sector is characterized by small profit margins and ever-changing cycles of good and bad production years. USDA provides and supports cost-effective means of managing risk for agricultural producers. This assistance is designed to improve the economic stability of agriculture by developing a variety of risk management tools and continuing to assess producers' needs. These tools range from yield-based insurance products that protect individual crops against loss of yield and/or price reduction to whole farm products that protect the producer's entire farming operation against loss. Providing risk management tools to farmers and ranchers helps them protect their livelihood in times of disasters or other uncontrollable conditions. USDA uses the value of risk protection to measure the effectiveness of risk management. The value of risk protection denotes the amount of insurance in force protecting and stabilizing the agricultural economy. It also illustrates the acceptance of these products by producers and indicates a broadening of economic stability across the agricultural spectrum.

Preserving the economic stability of farms and ranches is critical for protecting the Nation's agricultural industry. USDA programs support the financial viability of the Nation's farmers and ranchers. They provide a financial "safety net" that helps ensure productive and viable farms and ranches. USDA's loan assistance and income support and disaster assistance programs work to ensure that food and fiber producers receive the financial assistance and support necessary to maintain and grow their businesses.

USDA strives to improve its program delivery structure by ensuring fair and equitable services to all of its customers. This includes all beginning, socially disadvantaged and limited-resource farmers. Departmental activities aimed at preventing civil rights program complaints will minimize associated risk, ensure equal access to financial tools and enhance economic opportunities.

Overview

The USDA Federal Crop Insurance Program provides an actuarially sound risk management program to reduce agricultural producers' economic losses due to unavoidable causes. Recently, USDA has seen dramatic growth in this program. In FY 2005, the Department insured 48.7 million acres more than it did in 1999, and approximately 16 percent or 39.2 million acres more than it did 5 years ago. Federal crop insurance is available to producers solely through private insurance companies that market and provide full service on policies upon which they share the risk with USDA. Principally, the Standard Reinsurance Agreement (SRA) defines the amount of risk they share. SRA calls for insurance providers to deliver risk-management insurance products to eligible entities under certain terms and conditions. Providers are responsible for all aspects of customer service and guarantee payment of producer premiums to the Federal Crop Insurance Corporation (FCIC). In return, FCIC reinsures the policies and provides premium subsidy to producers and reimbursement for administrative and operating expenses associated with the companies delivering the insurance products. FCIC is a wholly-owned Government corporation created in 1936 to provide for the Nationwide expansion of a comprehensive crop insurance program.

In 2005, USDA renegotiated SRA. These changes are estimated to generate average annual Government savings of $37 million. They also promote policy sales in less profitable areas and reduce program fraud, waste and abuse. During 2005, the number of participating companies increased, bringing the total to 16. Most of these companies have requested authorization to increase the amount of premium they underwrite and the number of States they intend to serve. USDA continues to receive inquiries from additional insurance companies interested in joining the program. The value of risk protection provided to agricultural producers through FCIC-sponsored insurance exceeded $44.2 billion in FY 2005.

Producers also have access to a number of USDA farm income support programs that bring much needed economic stability to the agricultural sector. Assistance is provided through direct payments, which are based on historical planting and yields. These payments are not tied to the production of specific crops and counter-cyclical income support payments based on market prices in relation to target prices. Marketing assistance loans provide producers interim financing at harvest time. These loans help producers meet their cash flow needs without having to sell their commodities at harvest time when prices are low. With adequate financing, producers store their production at harvest. These loans facilitate orderly marketing of commodities throughout the year. In FY 2004, USDA issued approximately 430,000 marketing assistance loans valued at more than $9 billion.

Additionally, to ensure the effectiveness of its credit programs, it is important for USDA to provide timely financial resources and other assistance to borrowers when a need arises. Therefore, USDA plans to continue to reduce processing times for loan requests each year. The Department will also continue to closely monitor the delinquency and loss rates of the direct loan portfolio. Borrower ability to pay installment debt on time is a strong indicator of financial strength and viability. Reduced losses in the program indicate that borrowers are experiencing greater success in meeting their financial obligations.

Selected Results in Research, Extension and Statistics

The Message is Being Heard—A priority for USDA is providing science-based information, knowledge and education to farmers to help facilitate their risk management. A recent evaluation study shows that the

farmers are using this information regularly. Results of the study *Evaluating an Integrated Educational Program for Producers in Wyoming, South Dakota, North Dakota and Montana* indicate that producers who participated in the workshops evaluated their actual operational risk and risk management and operational plans after attending a USDA-supported workshop. Producers further indicated that reducing costs, adopting new technology and crop insurance are their top priorities.

Agricultural Contracting and the Scale of Production—Agricultural contracting occurs when farmers receive income from contracts. Changes in U.S. farm structure can have potentially wide-ranging impacts on the distribution of Government benefits and the sector's responses to supply and demand shocks and policy initiatives. While several major, long-term and familiar trends have characterized structural change in farming since the 1930s, the last two decades have witnessed an important evolution in the nature of such change. Recent changes in farm structure are detailed in the USDA paper, *Agricultural Contracting and the Scale of Productions*. The growth of contracting has had important implications for the structure of the farm sector. The paper presents evidence that contracting is associated positively with the scale of production. In other words, contract production tends to be at a larger scale than its independent counterpart and that larger-scale producers are more likely to contract than smaller-scale ones.

Serving the Public

Agricultural producers are exposed to both production and price risks daily. They can benefit from crop insurance to protect themselves against these economic risks. USDA is a leader in helping producers ease the effects of these risks on farm income. The Department promotes the use of crop insurance and other risk management tools. Federal crop insurance offers producers various types of insurance coverage and other tools to protect against crop and revenue loss.

USDA also offers direct and guaranteed farm ownership and operating loans to family-sized farmers and ranchers who cannot obtain commercial credit from a bank, farm credit system institution or other lender. Department loans can be used to purchase land, livestock, equipment, feed, seed and supplies. The loans also can be used to construct buildings or make farm improvements. These loans particularly are important to beginning, minority and women farmers whose limited cash flow may preclude them from qualifying for a commercial loan.

USDA's commodity programs continue to be a testament to the country's commitment to maintaining a balanced food and fiber industry for its consumers. The assistance made available under these programs helps stabilize American farming and ranching operations. This assistance enables farmers and ranchers to reduce their risk of financial loss due to inclement weather or unfavorable global market conditions.

Direct and counter cyclical payments reduce financial risks and help producers meet their cash flow needs. Marketing-assistance loans provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are at harvest time lows. Enabling producers to store production at harvest facilitates more effective commodity marketing throughout the year.

USDA is working continuously to ensure the public knows about all of its programs and services. The efficient processing of civil rights program complaints will decrease lawsuits, reduce civil rights complaints, decrease delays and lower costs to the Department. These reductions will assist in achieving the goal of ensuring that USDA provides fair and equitable services and benefits to all of its customers.

Challenges for the Future

USDA's challenge is to continue expanding and improving coverage, particularly for underserved States, areas, communities and commodities. To do this, the Department needs to address the information technology cost increase associated with maintaining and upgrading existing product data needs. This technology also services new or revised products. USDA is researching how to deliver more products suited for a diverse agriculture and cover specialty crops with unique agronomic and economic characteristics. This research includes reviewing and approving private-sector insurance products reinsured by FCIC that are targeted to the unique needs of underserved areas and various specialty crops. The Department also continues to evaluate risk-management delivery of products to ensure their effective delivery to agricultural producers. To further contribute to the producers' ability to protect their financial stability, USDA will continue to provide education, outreach and non-insurance risk management assistance initiatives and tools through partnerships.

Today, approximately 79 percent of the acreage planted in major crops is covered by Federal crop insurance. Coverage is routinely expanded by providing existing crop insurance programs in new counties and States as crop production reaches these areas. It also occurs by developing new types of coverage, such as for livestock, pasture, forage, rangeland, and revenue protection. These programs, along with diversified production, marketing, and the use of futures and options, allow each producer to customize his or her risk management strategy. These products can help producers protect themselves from yield and/or market risks. To meet producer needs, USDA continues to seek out actuarially sound and innovative risk management solutions for providing coverage suited for a diverse agriculture. For example, USDA is currently evaluating contracts for the development of new and very innovative risk management solutions for insuring pasture, rangeland, forage and hay. They include developing a new plan for pasture, rangeland and dryland hay using a dual index consisting of such tools as a satellite-based vegetative index and a proxy crop, and a Temperature Constrained Normalized Difference Vegetation Index. This index uses data derived from satellite-based remote sensing imagery that will describe the seasonal growth dynamics of vegetation for target areas. One such toll is a Seasonal Growth Constrained Rainfall Index, which uses a weighted warm season/cool season indexing period and the National Oceanic and Atmospheric Administration rainfall data system. Another one is the Precipitation Index, which bases itself on a weighted average amount of precipitation during a particular time period. The FCIC Board will determine which of these approaches meet the criteria for effective risk management coverage. Then the board will approve, modify or reject each approach for pilot testing in specific areas.

USDA consistently reviews its farm loan program activities to assess the effectiveness and impact of its programs. The availability of funds for financial assistance and the local and national economies impacts the efficient delivery of services. Training, human-capital planning and organizational efficiencies are also contributing factors. Farm loan program challenges include ensuring a highly trained staff, assisting farmers during economic distress and natural disasters, and offering credit to eligible buyers unable to obtain it from other sources.

One Farm Loan Program challenge is a lack of customer focus at the service-delivery point. USDA will improve technical assistance and education, and provide workshops for farmers, farming-related associations and civil rights organizations with an interest in farming and agriculture. These targeted, multi-agency efforts

will provide greater awareness of USDA program availability and inform its customers of participation requirements.

Key Outcome: Improve Economic Viability of Beginning and Socially Disadvantaged Farmers and Ranchers

While the future of farming in America depends on the continued entry by new operators and owners, the agricultural census reveals that there are fewer young farmers today than in the past. The census also shows that the number of new entrants into farming has fallen over time. To help offset this trend and encourage new entrants to farming, USDA targets a portion of its lending each year to beginning farmers. Beginning farmers are defined as those who have not operated a farm or ranch for more than 10 years, and who participate substantially in the operation of a farm or ranch. USDA credit assistance is particularly vital to beginning farmers as they tend to have smaller operations and lower equity levels. This limits their ability to obtain commercial credit.

Similarly, USDA also targets its lending to socially disadvantaged farmers. Socially disadvantaged farmers are members of a group who have been subjected to racial, ethnic or gender prejudice. Socially disadvantaged farmers are more likely to have smaller farming operations, lower average incomes and a limited asset base. As a result, they are less likely than other farmers to qualify for credit from commercial sources.

Farm loan programs provide support to family farmers and ranchers who otherwise would be unable to contribute to the agricultural sector. Assistance is offered through the Direct Loan and Guaranteed Loan Programs. Through the Direct Loan Program, USDA makes and services farm operating and ownership loans, and provides customers credit counseling and loan supervision to improve their chances in realizing successful farming operations. The Guaranteed Loan Program provides agricultural lenders with up to a 95-percent guarantee of the principal loan amount for farm operating and ownership loans. The lender is responsible for servicing a borrower's account for the life of the loan. All loans must meet certain qualifying criteria to be eligible for guarantees. USDA has the right and responsibility to monitor the lender's servicing activities.

Exhibit 16: Providing Credit Assistance

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
1.4.1	Increase the percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by USDA.[1]	35.5%	46%	Exceeded
1.4.2	Reduce average processing time for direct loans (# of days)	40	35	Exceeded
1.4.3	Reduce average processing time for guaranteed loans (# of days)	14	14.5	Met

[1] Data reported are proxy, which reflects the percentage of loans to beginning and socially disadvantaged farmers/ranchers.

Analysis of Results

USDA exceeded its performance targets for lending to beginning and socially disadvantaged farmers, and for loan-processing timeliness. In FY 2005, 46 percent of direct and guaranteed farm loans were provided to beginning and socially disadvantage farmers, a 6 percent increase from FY 2004. In all, 12,751 farm loans totaling $1.27 billion were issued to these groups. Loan proceeds are used to acquire, enlarge or improve a

farm (farm ownership loans) or provide short- to intermediate-term production or chattel financing (farm operating loans). As the preceding table indicates, USDA has dramatically increased the amount of credit assistance provided to beginning and socially disadvantaged farmers and ranchers since FY 2000.

As indicated above, the data reported for lending to beginning and socially disadvantaged farmers is a proxy measure. Beginning in FY 2006, USDA will be measuring the "percentage of beginning farmers, racial and ethnic minority farmers, and women financed by USDA." This measure, developed as part of the Department's recent strategic planning initiative, is a better indicator of success in meeting the needs of these traditionally underserved groups. Currently, USDA is establishing the measurement parameters for this performance measure. Once that task is completed, baseline data and targets for future performance will be established.

Improvements in loan-processing timeliness can be attributed to many factors. One is the comprehensive streamlining of the Guaranteed Loan Program, completed in 2001. This effort essentially reinvented the program. The work done now is less dependent upon USDA processes and more dependent on the normal business practices of lenders participating in the program. Additionally, USDA created a Preferred Lender Program that continues to yield positive results. The program was established to reward experienced agricultural lenders by streamlining and adding flexibility to loan-application and servicing requirements. It also expedites loan approval and other USDA decisions and allows lenders to originate and service guaranteed loans the way they do other loans in their portfolio. Thus, guaranteed loan processing times continued to drop in FY 2005, averaging 14.5 days, a 27.5 percent reduction from the FY 2000 baseline.

The average time to process a direct loan also continued to decline, decreasing from 46 days in FY 2000 to 35 days in FY 2005. During FY 2005, USDA continued its comprehensive streamlining initiative for Direct Loan Program regulations, handbooks and information collections. This ongoing streamlining effort will result in a significantly reduced burden for both applicants and USDA. It will also contribute to the continued improvement in loan-processing efficiencies.

In FY 2005, USDA implemented Web Equity Manager, a commercially available financial analysis system widely used throughout the agricultural-lending sector. Known internally as the Farm Business Plan, the web-based farm planning software is used to develop business plans and manage loan portfolios. The Farm Business Plan changed the way USDA had operated for more than 50 years. The plan provides improved borrower information, allowing the Department to measure and monitor the financial status of borrowers, perform more in-depth portfolio analysis and focus resources on problem areas. Currently, the system is being used for the Direct Loan Program. Plans include making the system available to lenders participating in the Guaranteed Loan Program and eventually providing customers with direct system access.

Exhibit 17: Performance Trends: Lending to beginning, racial and ethnic minorities, and women farmers and timeliness of loan processing

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Increase the percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by USDA. Baseline: 2000 = 27%	30%	33%	34%	40%	46%
Reduce average processing time for direct loans (# of days) Baseline: 2000 = 46	44	41	43	37	35
Reduce average processing time for guaranteed loans (# of days) Baseline: 2000 = 20	18	15	15	14	14.5

Implementing these projects allows USDA to focus more resources on providing the technical assistance, services, monitoring and oversight essential to supporting high-risk beginning and socially disadvantaged farmers. USDA helps customers identify problems and develop solutions. This leads to lower loan delinquencies and reduced losses, and assists USDA in accomplishing its objective of improving the economic viability of farmers.

Key Outcome: Increased Value of Risk Protection Provided to Agricultural Producers through FCIC-Sponsored Insurance

FCIC improves economic stability within agriculture by ensuring that new and innovative risk management alternatives are available to agricultural producers and their lenders. The increased value of risk protection provided to agricultural producers through FCIC-sponsored insurance illustrates the acceptance of these products by producers. It also shows the broadening of tools to ensure greater economic stability across the agricultural spectrum.

FCIC consists of many public and private risk management alternatives designed to improve the economic stability of agriculture. The long-term agricultural producers' ability to supply U.S. and global food-related markets depends on their ability to manage financial and natural risks associated with production. FCIC promotes the availability of a sound system of crop insurance for American agricultural producers. FCIC-sponsored insurance provides assistance in managing this risk. Private sector insurance companies sell and service these policies. FCIC develops and/or approves the premium rates, administers premium and expense subsidies, approves and supports products, and reinsures a portion of the companies' risk. Contracts or partnerships are used for research and development of new and innovative insurance products. They also provide the means for the research and experience helpful in devising and establishing such a system. Private entities also may submit unsolicited proposals for insurance products to the FCIC for approval. During 2005:

- USDA completed its rulemaking process to allow approved insurance providers to offer premium discounts to farmers corresponding to demonstrated efficiencies in delivering crop insurance known as Premium Reduction Plans. In July, USDA issued an interim final rule based on comments received on the proposed rule issued earlier this year. Additionally, USDA issued a final rule establishing guidelines for submission of crop insurance policies, plans of insurance and premium rates to the FCIC Board under section 508(h) of the Act. The rule specifies procedures for submitting proposals and requesting reimbursement for research development and maintenance costs for products. It also outlines the approval process;

- USDA finalized the Nursery Crop Insurance Provisions to provide coverage for plants in containers equal to or greater than one inch in diameter, provide separate basic units by share for all coverage levels and basic units by plant type when additional coverage is purchased, permit the insured to select one coverage level for each plant type basic unit when additional coverage is purchased, allow increases to the Plant Inventory Value Report up to 30 days before the end of the crop year, allow acceptance of an application for insurance for any current crop year up to 30 days before the end of the crop year, change the starting and ending dates for the crop year, and make other policy changes to improve coverage of nursery plants. The Department also finalized the Nursery Peak Inventory Endorsement to augment changes made in the Nursery Crop Provisions and allow growers of high-priced plants and species to be fully covered;
- USDA awarded two contracts for the development of new and innovative approaches to mitigate declines in yield guarantees following successive years of low yields. Multiple years of low yields in some drought-affected areas have an impact on producers' actual production history (APH). The APH is often used to determine insurance coverage levels. New procedures developed under these contracts must mitigate this impact while maintaining the actuarial soundness and integrity of the crop insurance program;
- Asian soybean rust is a fungal disease that can defoliate plants quickly and reduce pod set, pod fill, seed quality and yield. To ensure that farmers know their rights and responsibilities, USDA augmented the information insurance providers are required to provide to farmers through their agents. The Department has met with commodity groups and crop insurance providers, their associations, and agent organizations to discuss the issue. These meetings allow USDA to clarify all necessary good farming practices;
- The FCIC Board of Directors voted to approve the conversion of the chile pepper dollar pilot program to a permanent APH regulatory program, discontinue processing cucumber and winter squash dollar pilot programs, and continue 12 other pilot programs. The board also approved expansion of the Group Risk Income Protection (GRIP) to cotton, wheat, and grain sorghum. GRIP is an area-based revenue insurance product that pays the insured in the event that the county pre-acre falls below the insured's "trigger revenue." (Trigger revenue is determined by multiplying the expected county yield by the greater of the expected price or the harvest price and by the coverage level percentage of the insured.) The board also expanded coverage to additional areas of corn and soybeans, incorporated the Harvest Revenue Option into current and future GRIP plans, extended the Adjusted Gross Revenue (AGR)-Lite to Virginia, and extended the Livestock Risk Protection Plan for cattle, swine, feeder and fed cattle to Montana;
- USDA updated its Written Agreement Handbook to strengthen underwriting requirements and meet legislative mandates. A written agreement is one between the insurance provider and the insured that allows coverage for areas where the program generally is not offered or alters designated terms of additional coverage authorized for the insured crop;
- USDA announced the awarding of $19.8 million in risk management partnership agreements. The Targeted States Program delivered crop insurance education to producers in 15 historically underserved States. Specialty crop, livestock, nursery, and horticulture producers benefited from the 41 education partnership agreements for commodity partnership programs. Fifty-nine competitively

awarded partnerships with community-based, educational, and non-profit organizations assisted in providing risk management information to women, limited resource, and other traditionally underserved farmers and ranchers. USDA also awarded 12 research partnerships for the research and development of new non-insurance risk management tools;

- USDA has established procedures to participate in the review of loss determinations for claims that are likely to exceed $500,000. This authority, established in the 2005 SRA and 2005 Livestock Price Reinsurance Agreement, is a significant new function that promotes program integrity and prevents fraud, waste, and abuse; and
- The obligation of a product to follow "Good Farming Practices" has long been part of the Federal crop insurance policy. The Federal Crop Insurance Act (7U.S.C. 1501 et seq.) prohibits crop insurance from covering losses due to the failure to follow good farming practices. USDA established procedures for the insurance providers to make objective and scientifically sound good farming practice decisions and for the producer to seek reconsideration of those decisions from USDA.

USDA continues to assess producers' needs and private risk-management tools to ensure that new and innovative alternatives are available.

Exhibit 18: Expand Use of Risk Management Tools

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
1.4.4	Increase the value of risk protection provided to agriculture producers through FCIC-sponsored insurance ($ Bil)	$40.0	$44.2	Exceeded

As of October 3, 2005

Analysis of Results

USDA exceeded its target by $4.2 billion. During FY 2005, the economic risk of American agricultural producers was reduced by approximately $44.2 billion through Federal crop insurance coverage. The performance measure illustrates the dollar value of FCIC insurance in force within the agricultural economy. It also shows the amount of potential collateral provided to qualify for commercial loans. Since FY 1999, the value has increased by approximately $13.3 billion. While there are a number of factors that influence these figures, including market-price increases and inflation, they still represent a major growth in the amount of the agricultural economy insured via the FCIC-sponsored insurance.

Exhibit 19: Providing Risk Management and Financial Tools to Farmers and Ranchers

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Increase the value of risk protection provided to agriculture producers through FCIC-sponsored insurance. ($ Bil) Baseline: 1999 = $30.9	$36.7	$37.3	$40.6	$46.7	$44.2

USDA has enhanced the value of risk protection significantly through FCIC-sponsored insurance since FY 2000. The Department continues to work closely with insurance providers that market and provide full service on crop insurance policies. It researches and develops new products that address the needs of producers. USDA has partnered with State departments of agriculture, universities and farm organizations to deliver regionalized risk management education programs for producers in the historically underserved States, and for specialty crop producers. Due to these efforts, the Federal Crop Insurance Program should continue to provide actuarially sound risk management solutions to strengthen and preserve the economic stability of American agricultural producers.

STRATEGIC GOAL 2: SUPPORT INCREASED ECONOMIC OPPORTUNITIES AND IMPROVED QUALITY OF LIFE IN RURAL AMERICA

Rural America, home to one-fifth of the Nation's population, is a collage of people and economic activities. Today, seven out of eight rural counties are dominated by varying mixes of manufacturing, services and other non-farming activities. Of the 60 million people who live in rural America, only 2 million are engaged directly in production agriculture. While farm income is an important source of revenue for some rural families, most rural residents are not dependent on agriculture. Many family farmers rely on local, off-farm employment to supplement their farm income.

A diversity of other enterprises, including renewable energy and "place"-based opportunities, such as support services for agriculture, forestry, mining, recreation, and manufacturing, provide many of the jobs and income in rural America. USDA enhances economic opportunities and quality of life for rural residents by helping to provide financial and technical assistance for business and industry, water and waste disposal, community facilities, advanced telecommunications and broadband infrastructure, electric utilities, and housing. The Department helps to ensure that rural residents have equal opportunity to share in the Nation's prosperity and technological advancement.

USDA facilitates the achievement of Presidential initiatives by encouraging, for example, minority homeownership and the production of renewable energy. The Department will continue to work with other Federal agencies, State and local governments, and private-sector interests to achieve a coordinated effort for the realization of Presidential initiatives as well as other activities important to rural America.

OBJECTIVE 2.1: EXPAND ECONOMIC OPPORTUNITIES THROUGH USDA FINANCING OF BUSINESSES

Exhibit 20: Resources Dedicated to Support Expanding Economic Opportunities Through Financing of Businesses

USDA Resources Dedicated to Objective 2.1	FY 2005	
	Actual	Percent of Goal 2
Program Obligations ($ Mil)	7,186.6	44.21%
Staff Years	2,836	35.32%

Introduction

Financing of businesses led to the creation or saving of 73,617 jobs in FY 2005. As a result, economic opportunities for rural communities have expanded.

Overview

USDA focuses on expanding economic opportunities in rural areas. With USDA assistance, traditional rural economies are transforming themselves and participating in new opportunities in mechanization, hybridization, biotechnology and world markets. Rural areas have an enormous competitive advantage in abundant land, clean environment and a highly motivated workforce. Thanks to modern technology and transportation systems, the traditional barriers of communication, time, distance and rural isolation are crumbling. The Department's investments in rural communities are multi-faceted and include:

- Guarantees of bank loans to rural businesses;
- Loan guarantees and grants to develop energy savings and alternative energy sources;
- Capitalizing revolving funds that assist rural businesses;
- Grants to develop business infrastructure, such as industrial parks and incubators, and feasibility studies;
- Grants for business planning, public transportation and re-training;
- Technical assistance to help communities develop their own strategies for economic development;
- Economic research and technical assistance that enable agricultural cooperatives to enhance their management skills and business operations;
- Grants to create new enterprises based on value-added products; and
- Grants to rural cooperative development centers to help rural residents explore new business opportunities.

USDA programs help create and save jobs in rural America. USDA administers several programs designed to support businesses in rural communities. The Business and Industry (B&I) Guaranteed Loan Program can help a rural business get needed credit by guaranteeing as much as 90 percent of a business loan made by a commercial lender. Loan proceeds may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing. B&I expands the lending capacity of private lenders in rural communities. Typically local lenders are small banks with limited lending authority under banking laws. The guarantee allows these lenders to make larger loans and avoid a "concentration of credit" problem. With the guarantee, lenders can make, sell and service quality loans that provide lasting community benefits. Businesses in rural communities tend to buy local goods and services and boost employment. This investment stimulates the economy. The B&I program represents a true private-public partnership in rural communities.

The Farm Security and Rural Investment Act of 2002 (FSRIA) calls for USDA to make loan guarantees and grants to agricultural producers and rural small businesses. These guarantees and grants are used to purchase and install renewable energy systems and energy efficiency improvements in rural areas. FSRIA is designed to help rural small businesses reduce energy costs and consumption, and help meet the Nation's critical energy needs. In Washington State, funds were used to install an Anaerobic Digester to convert manure from

1,500 cattle on 5 dairy farms into methane gas. The methane produced is used to fire a generator to provide electrical power for a portion of the dairy's needs. The excess energy is sold to the local utility, providing additional income to the participating farmers. Additional benefits include a reduction in greenhouse gases, a reduction in surface and subsurface water contamination and odors, and the production of marketable by-products including soil amendments and bedding materials.

USDA also provides loans to establish revolving loan programs for public bodies, Indian tribes and not-for-profit organizations. These revolving loan programs are capitalized by 1 percent loans from USDA. Revolving loan funds provide financing to help develop small or emerging private business enterprises in rural areas for land acquisition, working capital, building renovation, new construction, new equipment and equipment upgrading. This program helps the beginning entrepreneur and the small business by providing low-cost loans, usually coupled with mentoring. As these loans are repaid, additional local businesses can borrow. Grants permit local fire departments to pay for improved equipment, communications and training.

Through its value-added grant program, USDA assists agricultural commodity producers in adding value to their products by allowing them to capture a greater percentage of the consumer's food dollar. A cooperative of dairy producers in Iowa and Minnesota did just that. They developed a variety of natural rind blue cheese that tied for first place in the American Cheese Society's 2004 national contest. As a result of the quality of their products, the cooperative's production plant now uses more than 5,000 pounds of milk that it purchases from cooperative members daily. Not only has the plant provided employment for 20 members of the community, it has enabled the cooperative families to preserve a way of life they enjoy. Value-added grants may be used for planning purposes, such as feasibility studies or business plans, or to establish working capital accounts to pay salaries and the other eligible expenses of starting a new business.

USDA also invests in rural America's most important resources – its people. USDA has a long-term strategy of providing technical advice and assistance, developing educational material, collecting statistics, and conducting applied economic research that enhances rural entrepreneurs' abilities, strengthens economies and create job opportunities. By investing in America's rural human capital, USDA is helping to develop community leaders that will make our rural towns economically robust in today's global marketplace.

Selected Results in Research, Extension and Statistics

Linking Community Development and Sustainable Agriculture—With USDA seed money, the Southern Rural Development Center (SRDC) and the Southern-Region Sustainable Agriculture Research and Education Program (SARE) developed the Sustainable Communities Grants Competitive Program. SRDC seeks to support research activities at the Nation's historically black colleges and universities. SARE provides grants and information to improve profitability, stewardship and quality of life. The program blends agriculture, community and economic development. Through their joint grants program, SRDC and SARE fund projects that link community development with sustainable agriculture in the South. The groups also work to improve the understanding of the benefits of such linkages. During the past year, this program has enabled Northern Louisiana farmers, community leaders and agriculture and community development technical assistance providers to develop local markets for produce. These groups have also been able to promote value-added activities to grow the local economy and have helped coastal Alabama communities to address farmland preservation issues. In Appalachia, a community college is teaching farmers what students and faculty have learned about raising trout, crawfish and tilapia by using water from abandoned coal mines.

In Kentucky, farm women are improving their policymaking skills so that they may participate more in local resource management.

Improved Decision-making for Civic and Government Organizations—To help local, often volunteer, land-use decision makers with partial funding from USDA, Michigan State University developed the Citizen Planner Program. The seven-week, non-credit course leads to an optional certificate of competency. The curriculum was developed in partnership with the Michigan Society of Planning. Since 2001, more than 2,000 citizens and elected officials representing 76 Michigan counties have learned about the tools available to conserve land while allowing community growth and development. Nearly two-thirds (64 percent) of participants serve on local planning and zoning boards. They indicated that they paid closer attention to legal issues after attending the program.

Rural Entrepreneurship Initiatives—With partial funding from USDA, Cornell University and the University of Vermont partnered to support start-up food companies. In its fifth year of operation, the Northeast Center for Food Entrepreneurship (NECFE) continues to provide comprehensive assistance to business owners in the Northeast. NECFE offers direct counseling and educational programs. To date, the center has helped entrepreneurs commercialize more than 2,200 food products. Based on a follow-up survey, the partners estimate that 806 full-time jobs were created by new businesses and 7,836 existing jobs continue to be supported by established businesses. Ninety-four percent of clients expressed satisfaction with the direct assistance received. Additionally, 65 percent reported that NECFE's services contributed to the success of their businesses.

Enhanced Statistics on Farming Demographics—In February, USDA issued the report *Operators by Race*. The publication combined the relevant 1997 and 2002 principal operator counts into one publication. *Operators by Race* marked the first documented information on operators who indicated that they were of more than one race in the agriculture census. USDA also released *Women Principal Operators* in March.

The Agricultural Atlas, also released by USDA in March, provides graphic representation of data collected for the Census of Agriculture. A variety of maps illustrate agriculture trends and shifts across the U.S. down to the county level. The atlas is available at www.nass.usda.gov/research/atlas02. In June, a new interactive mapping tool became available. Data users now can customize maps using various data items from the 2002 Census of Agriculture. For more information, visit www.nass.usda.gov/census.

Trade and Rural Areas—American farmers produce raw farm products well in excess of domestic demand. Because processing these excess products could yield additional income and jobs, rural planners have viewed the food-export market as a potential base for rural development. Despite its logical appeal, it has been difficult to demonstrate the strength of this potential development effect for rural areas. A USDA study of the growth in U.S. meat exports in the last two decades suggested reasons for this difficulty. The researchers show that, while the U.S. has long had an apparent comparative advantage in meat production, the growth in meat exports resulted from changes that affected the cost of production and the demand for meat and the impact of new public policy. Most, if not all, of these changes were outside the control of rural development policymakers.

Challenges for the Future

Rural economies face different challenges than urban and suburban areas. These challenges include:

- Historic dependence on natural resources, mostly commodities, which are subject to cyclical trends;
- Low profit margins on commodity sales;
- Large-scale changes in technology and the resulting efficiency gains in these industries; and
- Their inaccessibility and low-density populations.

Additionally, rural areas typically are caught in a cycle of underdeveloped public services that make it difficult to attract or retain businesses. Education, health care and entertainment typically are only marginally acceptable. Every rural area has its unique concerns.

Key Outcome: Enhance Capital Formation for Rural Communities

Many rural communities are challenged by declining economies due to a combination of factors. These factors include transitioning away from traditional economic bases, efficient and competitive access to input or product markets, outmoded labor force skills, and rising international competition. USDA seeks to address these circumstances by expanding economic opportunities in rural areas through the stimulation of capital investment. The variety of investment strategies used includes guarantees of bank loans to rural businesses and capitalizing local revolving loan funds that assist these businesses. The Department also offers guarantees on bank loans, business planning grants and grants to foster energy savings, develop rural cooperative business ventures and add value to agriculturally produced commodities. The resulting enhanced capital formation is linked directly to the USDA goal of expanding economic opportunities.

In many rural communities, farm families seek part-time and seasonal work to supplement on-farm income. USDA programs support skill development (marketing, finance) and small financial incentives to lenders who help broaden and stimulate local employment. Job growth and employment in rural communities lag behind that of urban areas. According to 2001 figures, while rural communities account for about 20 percent of the Nation's population, they represent only 18 percent of all jobs in the U.S.

Physical conditions and credit terms in rural areas are inferior to those in metropolitan and urban areas. For example, rural banks are smaller and bank regulations impose more restrictive lending limits (size of loans and concentration of industry) than larger urban institutions. The availability of the Internet and other web services is inconsistent in rural areas. Even telephone access is uneven in rural areas. Access to computer servers for business use may be unavailable or cost prohibitive. Phone lines often are too slow to accommodate high-speed data needs of businesses. This is a distinct disadvantage to rural business growth. The rare, publicly financed rural industrial park is smaller and has fewer amenities than its urban counterpart. While rural areas tend to grow during national economic expansion, sometimes at faster rates than metro areas, many have neither the size nor depth of tax bases to finance the direct amenities and conditions that businesses can demand from metropolitan governments. These amenities include transportation links, sewer and water, adequate fire protection, attractive downtowns, well-regarded school systems, reliable and accessible health care, and publicly financed training of workers.

B&I can guarantee loans for satisfactory credit risks. This program allows lenders to offer competitive terms and loans up to $25 million in eligible areas. Up to $40 million may be guaranteed for certain value-added

cooperative enterprises. USDA also provides technical assistance and modest grants (frequently as a catalyst for attracting local private funds) for communities to launch the infrastructure necessary for businesses. Funding of small revolving loan funds encourages business growth. It helps new borrowers and emerging local entrepreneurs without a credit history or adequate collateral for a commercial lender.

In rural Georgia, through B&I loans for business expansions, a home-based baking company grew into a 77,000 square foot warehouse facility generating more than $18 million in annual sales and 350 employees. These business-expansion loans are not offered by traditional rural lenders.

Exhibit 21: Strengthen Rural Businesses

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
2.1.1	Create or save additional jobs through USDA financing of businesses.	63,856	73,617	Exceeded

Analysis of Results

The performance goal was exceeded for the number of jobs created or saved. The number of jobs created or saved is related directly to the funding levels for each program and business conditions in regional and national economies. There are six different programs, which count jobs created differently. B&I counts the jobs when the loan is closed. This is also true for some of the grant programs. The major revolving loan fund uses a formula based on a study that showed the cost of actually acquiring job information on each loan was determined not to be cost effective. These factors are beyond USDA's control. Additionally, State offices substantially improved their ability to gather, record and report job information on all programs.

The 73,617 jobs resulting from USDA's programs for expanding economic opportunities in FY 2005 exceeded the target level. While this number is less than the 2004 number, it is proportionate to lower FY 2005 funding.

In addition to direct jobs created or saved, the economic benefit to the rural community is estimated to be $2.50 for every dollar in guaranteed loans closed, according to U.S. Department of Labor statistics. These investments make a continuing difference in rural communities.

USDA is developing a pilot information system, the Socio-Economic Benefit Assessment System (SEBAS), to enhance its ability to measure program–investment effectiveness. SEBAS, which uses detailed information about Department loan or grant investments, will enable USDA to measure the direct and indirect impact of program assistance on local and regional economic performance, and the quality of life in rural areas.

Exhibit 22: Trends in Creating or Saving Jobs

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Create or save additional jobs through USDA financing of businesses	105,222 Baseline	76,301	88,611	81,010	73,617

One challenge USDA faces is that general economic conditions strike harder and longer in rural areas. Poverty areas also require a greater scope and depth of technical support.

The national delinquency rate for USDA business loans represents a myriad of conditions across the country in dispersed rural communities. National and regional economic trends are the primary influence, followed by the local business environment and finally the quality of the agency's loan underwriting. While the Department cannot control macroeconomic factors or the conditions of each rural community, it has begun strengthening loan underwriting through continuous training, as well as implementing an accreditation program. The results have started to appear in the form of decreasing delinquency rates.

OBJECTIVE 2.2: IMPROVE THE QUALITY OF LIFE IN RURAL AMERICA THROUGH USDA FINANCING OF QUALITY HOUSING, MODERN UTILITIES AND NEEDED COMMUNITY FACILITIES

Exhibit 23: Resources Dedicated to Support Improving the Quality of Life in Rural America Through Financing Housing, Utilities and Community Facilities

USDA Resources Dedicated to Objective 2.2	FY 2005	
	Actual	Percent of Goal 2
Program Obligations ($ Mil)	9,069.6	55.79%
Staff Years	5,194	64.68%

Introduction

USDA successfully improved the quality of life in rural America during FY 2005. The Department financed quality homes for 43,224 homebuyers, new/improved water and waste disposal facilities for 1,325,274 subscribers, new/improved electric facilities for 2.4 million subscribers, broadband telecommunications in 80 counties and improved community facilities for 12.9 million rural residents.

Overview

Many USDA programs make important contributions toward improving the quality of life in rural America. Of particular significance are programs increasing the quality and availability of housing, modern utilities and community facilities. USDA's utilities programs also contribute to the creation of jobs and strengthening of the rural economy. For example, without adequate electric service, industries will not operate in rural America. Ensuring that rural America can participate fully in economic recovery requires safe, reliable and affordable infrastructure.

The Department provides other grants and loans for use in developing a broad range of rural community facilities. These facilities include hospitals, fire, rescue and public safety equipment, schools, libraries and public buildings. These facilities enable communities to improve the quality and scope of community services. These services help rural residents achieve a quality of life more comparable to that found in urban and suburban areas.

USDA's rural water and waste programs provided new access to safe drinking water or sanitary wastewater disposal (or improved service) for 1,325,274 subscribers.

The Department's Electric Program makes loans and loan guarantees to finance the construction of electric distribution, transmission and generation facilities. This process also funds system improvements and replacements required to furnish and improve electric service in rural areas, and demand-side management, energy conservation programs and on-grid and off-grid renewable energy systems. Demand-side management refers to understanding customers' needs and preferences, and their use of products. Since its beginning, the Electric Program has invested more than $74 billion in rural America's infrastructure.

USDA issues loans to corporations, States, territories and subdivisions and agencies. The Department also issues loans to municipalities, people's utility districts and cooperative, not-for-profit, limited-dividend or mutual associations. These organizations provide retail electric-service needs to rural areas and supply the power needs of distribution borrowers. Additionally, USDA provides financial assistance to rural communities with extremely high energy costs. This assistance allows the communities to acquire, construct, extend, upgrade and otherwise improve energy generation, transmission or distribution facilities. Overall, the Department services nearly 700 cooperatives, utility districts and other institutions, which provide rural electricity in 46 States and 3 territories.

USDA's Broadband Telecommunications Program provides loans and loan guarantees for broadband services in rural communities. These loans facilitate the deployment of new and innovative technologies to make high-speed data transmission available in low-density, remote areas. Often, the private sector ignores these areas. Since its 2001 inception, the program has grown quickly. Financing has provided broadband access to more than 200 rural counties. These investments in critical telecommunications infrastructure are essential to enabling rural businesses and communities to keep pace with rapid developments in the rest of America and the world.

USDA's assistance reaches large numbers of rural Americans with services crucial to achieving a satisfactory quality of life. The Department provides direct and guaranteed loans to help rural citizens achieve homeownership. These loans served 43,224 households in 2005. Minority households accounted for more than 17.1 percent of all those purchasing homes with USDA loans and 18.1 percent of first-time buyers. USDA also provides programs to develop multi-family housing and offer assistance to make homes affordable. Special emphasis is placed on improving home affordability for minorities.

USDA's grants and loans to help rural communities obtain essential facilities reached 12.9 million residents in 2005. Taken together, these investments bring important benefits to a large number of rural communities and citizens. They increase the availability of essential services and raise rural America's quality of life.

Selected Results in Research, Extension and Statistics

Assisting Small Disadvantaged Farmers—The University of Arkansas, with partial funding from USDA, conducted an outreach program for Small Disadvantaged Farmers (SDF). As a result, approximately 100 SDFs increased their incomes by an average of $5,000 during the year.

The Impact of Recreation and Tourism on Rural Economies—Many rural communities use recreation and tourism to offset the decline in traditional employment opportunities and stimulate local development. While it is generally agreed that recreation and tourism contribute to population and employment growth, the low-skill and part-time jobs associated with the industry raise questions about contributions to local economic and community well-being. The USDA study *Recreation, Tourism, and Rural*

Well-Being estimated the local economic and community impacts of recreation and tourism development on rural America. Study findings are consistent with claims that tourism and recreational development contribute to rural well-being. This development increased local employment, income, and wage levels. It also decreased poverty, and improved education and health. Despite these gains, higher housing costs are a drawback of development. Local conditions also vary significantly, depending on the type of recreation area.

Challenges for the Future

Special challenges to this objective continue to be the increased cost of housing and other building costs, with program budgets that are not increasing. For example, as building costs continue to rise, fewer homes, community facilities and water and waste systems ultimately can be financed with available funding levels.

In the water and wastewater area, a challenge USDA faces is assisting, with limited program resources, rural communities most in need of its financial and technical services. These communities usually have the least resources for such services. Droughts, limited water resources, extreme temperatures and other environmental factors present unique problems in developing utility systems, and worsen this condition. Since solutions to difficult conditions are expensive, additional grant funds must be used to develop feasible projects.

USDA's utilities programs also support creating jobs and strengthening the rural economy. Rural communities are unattractive to industry if they cannot provide adequate (and competitively priced) electric, telephone, water and waste services to these industries. A community's ability to attract and keep these businesses and the jobs they provide are linked directly to these services. Ensuring that rural America can participate fully in economic recovery requires safe, reliable and affordable infrastructure.

Key Outcome: Improve Rural Quality of Life through Homeownership Opportunities Provided

There continues to be an unmet need for decent and affordable housing in rural America. USDA implements a wide variety of housing programs. Through its Single Family Housing Direct and Guaranteed Loan Programs, USDA helps rural families who would not be able to achieve the dream of homeownership without its assistance. In FY 2005, the Department invested $4.24 billion to assist 43,224 rural families obtain homes, and an additional $66 million to rehabilitate the homes of more than 11,700 very low-income families. The average income for families receiving direct loans is approximately $22,200 while the average for guaranteed loans is approximately $40,627. Families obtaining repair loans had an average income of $11,330, while elderly households receiving repair grants earned only $10,240.

Other programs focus on assisting dwellers in rental housing, farm-worker housing, home rehabilitation and self-help, and new-home construction.

Exhibit 24: Improving Rural Quality of Life Through Homeownership Opportunities

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
2.2.1	Homeownership Opportunities Provided			Exceeded
	▪ Increase financial assistance to rural households to buy a home	38,300	43,224	
	▪ Increase the number of minority homeowners	7,660	7,605	

Analysis of Results

As housing prices have continued to soar, rising more than 10 percent Nationwide, demand for affordable housing has increased. This increase in demand took place at all income levels including low and very low-income residents. These are typically families who cannot obtain credit from a conventional lender because of credit issues and lack of a down payment.

USDA's housing programs are critical for very low- to moderate-income families in attaining affordable homes and sharing in the Nation's prosperity. In FY 2005, direct housing programs provided 9,200 low and very low-income rural Americans with new homes for the first time. A total of 27,600 families who could not obtain mortgages otherwise bought their first homes through USDA's loan guarantee programs.

The Department has responded aggressively to the President's "Ownership Society" initiatives related to housing. His recent call for 7 million new affordable housing units in the next 10 years has been met with changes to USDA's Guaranteed Loan Program to encourage more new construction. A pilot program providing construction financing in the guarantee program is to be expanded Nationwide. Changes to simplify regulations will lead to a higher portion of new home loans in the direct loan program through the self-help and construction contract methods.

While the Nationwide homeownership rate is at a record level near 70 percent, the rate among minority households is less. In October 2002, the President set a goal of increasing minority homeownership by 5.5 million families by the end of the decade. USDA responded by committing to increase minority homeownership, which includes:

- Doubling the number of self-help participants by 2010;
- Increasing participation by minority lenders through outreach;
- Promoting credit counseling and homeownership education; and
- Monitoring lending activities to ensure a 10 percent increase in minority homeownership.

Additionally, each State office was provided benchmarks and goals through 2010. The offices have also developed their own plans to meet the President's goal. While minorities make up 13 percent of rural America, they obtained more than 17.1 percent of USDA loans in FY 2005. USDA helped more than 7,600 minority households achieve their dreams of homeownership in 2005.

One of the major contributors to this success is USDA's Mutual Self-Help Housing Program. Through this program, groups of 6 to 12 families mutually build each other's homes. This program has reduced significantly the barriers experienced by many minorities in achieving homeownership. It allows customers to use "sweat equity," or their own labor, to reduce the overall cost of building the home. Minority families made up more than 50 percent of all program participants. The default rate on loans made through this program is 4 percent lower than other loans in the single-family housing portfolio.

While the economy is stable and housing is booming in many parts of the country, these programs exist to ensure that the essentials—clean water, decent and affordable housing, and utilities—are available to those who have not experienced this upswing.

Exhibit 25: Trends in Rural Homeownership

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Increase financial assistance to rural households to buy a home (Baseline: 1999 = 55,941)	44,701	43,036	44,130	48,894	44,224
Increase the number of minority homeowners	8,402 Baseline	8,231	8,539	8,500	7,605

Key Outcome: Improve Rural Quality of Life through New or Improved Telecommunications Facilities

USDA finances the deployment of a Nationwide, rural broadband network. Since private capital for the deployment of broadband services in rural areas is insufficient, USDA incentives are that much more important. Providing rural residents and businesses with barrier-free access to today's technological benefits will bolster the economy and improve the quality of life for rural residents.

Building and delivering an advanced telecommunications network is affecting the Nation's economy, strength and growth significantly. Broadband networks in small, rural towns facilitate economic growth and support the delivery of increased educational opportunities through state-of-the-art telecommunications networks. While rural America can be defined by various statistics, the most important one is that 60 million people call it home. Just as the citizens in U.S. cities and suburbs benefit from access to broadband services, so should rural residents. In rural America, access to broadband plays a vital role in solving the problems created by time, distance, location and lack of resources. The promise of broadband is not just "faster access." It means:

- New educational opportunities through distance learning, enabling rural students to take virtual field trips around the world;
- Lifesaving medical treatment via telemedicine networks, allowing specialists to guide surgeries hundreds of miles away; and
- Economic growth and new markets, where businesses prosper and grow locally, while competing nationally and globally via high-speed networks.

The Farm Security and Rural Investment Act of 2002 (FSRIA) established the new loan and loan guarantee program "Access to Broadband Telecommunications Services in Rural Areas." This program is designed to fund the cost of constructing, improving and acquiring facilities and equipment for broadband service in rural communities of 20,000 people or less. Direct loans are made for the life of the facilities financed. Loans may be made at 4 percent to rural communities, where broadband service currently does not exist. Loan guarantees bear an interest rate set by the private lender consistent with the current applicable market rate for a loan of comparable maturity. The guarantees are made for no more than 80 percent of the principal amount. The number of counties receiving new service will measure the extent to which the deployment of broadband service is achieved.

Exhibit 26: Support High-Speed Telecommunications Service

Annual Performance Goals and Indicators	Fiscal Year 2005		
	Target	Actual	Result
2.2.2 Customers served by new or improved telecommunications facilities (Mil)	.325	.232	Unmet

Analysis of Results

The performance goal was not met primarily because the entire lending authority was not utilized. Fewer than expected eligible and complete applications were received in the Broadband Loan Program. Program staff has revised procedures and worked with applicants to improve the efficiency of application review and loan processing, and facilitate participation by borrowers.

The President has announced the goal for all Americans to have access to broadband service by 2007. As such, during the year, USDA has continued to market the broadband program aggressively by reaching out to the telecommunications industry and broadband providers. This move is designed to achieve the Department's part of the goal of funding facilities that deliver broadband service to rural America.

The broadband loan program is distinctively different from the traditional telecommunications program portfolio. First, even in today's technology-driven marketplace, broadband service, while critically important, still is not deemed a "necessity-of-life" in the same manner as electricity, telephone service and water and waste disposal. It is a commodity that must be marketed properly so that potential customers are informed of the many benefits of broadband service. Only then are they likely to spend their hard-earned discretionary dollars on broadband access. Second, a majority of the applicants are "start-up" companies with little, if any, history of doing business in this industry. Third, today's marketplace is a highly competitive one as opposed to the traditional monopolistic environment. Finally, many applications cover multi-State service territories, rather than a single cooperative serving a single rural community. Many are applications requesting to serve 50, 75 or in excess of 100 rural communities in multiple States.

These differences, while opening the door to a greater number of potential applicants, pose new challenges for a lending program. While financial feasibility remains as the key to making good loans, USDA looks to continue aggressively marketing and facilitating the deployment of broadband in rural America and supports the goal announced by the President.

Increasing the number of counties with broadband service benefits rural communities. Broadband service allows for businesses to relocate, raises educational standards through distance learning projects and improves health care through the use of telemedicine.

Exhibit 27: Trends in the Number of Subscribers Served by High-Speed Telecommunications Service

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Customers served by new or improved telecommunications facilities (Mil)	N/A	N/A	.382 Baseline	.374	.232

Description of Actions and Schedules

USDA will monitor the telecommunications industry to detect any trends that indicate the need to re-evaluate how many loan dollars are needed per subscriber receiving new or improved service. The Department will review borrowers' performance reports which include subscriber growth compared to projections. The review will determine if the forecasted subscriber performance was achieved with the forecasted budget. USDA will also track trends in the cost and revenue data in loan applications compared to previous applications. This evaluation will determine if any changes in performance assumptions are required. Additionally, the Department will monitor industry events to analyze technology trends and other impacts on borrower performance. At least twice per year, USDA will review assumptions about the loan value/subscriber relationship to determine if modifications in assumptions are required.

Potential challenges to this approach include obtaining accurate information from borrowers on a timely basis, and developing and maintaining staff knowledge of industry trends.

Key Outcome: Improve Rural Quality of Life through New or Improved Water and Waste Disposal Facilities

Water and waste disposal loans and grants are provided to rural communities for the development, replacement or upgrading of such facilities. This effort includes poverty stricken rural communities and those facing distress because of outward migration, natural disasters or economic distress due to Federal actions. Direct loans are repayable over a maximum term of 40 years. Since the program's inception in 1937, water and waste disposal borrowers have received $29 billion in direct loans, loan guarantees and grants.

Failing water and waste disposal infrastructure is a common problem in cities and rural areas. Investments in repairs and replacements usually do not generate more revenue. Smaller systems with a smaller user base cannot absorb these added expenses without significant rate increases.

Some of these issues can be mitigated through better asset management, full-cost pricing and technology advances. Proper care of assets can extend their useful life and improve their productivity. Keeping the public aware of the benefits of safe drinking water can improve its willingness to pay the cost of unsubsidized service. Additionally, technology advances can provide lower cost solutions.

Exhibit 28: Improving Water and Waste Disposal

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
2.2.3	Customers served by new or improved water and waste disposal facilities (Mil)	0.650	1.3	Exceeded

Analysis of Results

The performance goal was exceeded. Results from the FY 2003 Office of Management and Budget (OMB) Program Assessment Rating Tool (PART) assessment showed the program to be well-designed and managed. Additionally, it found:

- The program successfully targeted assistance for water and wastewater infrastructure to poor rural areas; and

- USDA effectively collects program data and uses that information to manage effectively. Over the life of the program, fewer people in rural areas are experiencing access problems relating to safe, affordable drinking water and wastewater disposal.

In response to recommendations made in the 2003 PART, the program has been proactive in creating better output and outcome measurements. These changes are designed to quantify program success and identify solutions to serve rural residents better. In May 2005, the program revised its long-term measures to focus strategically on reducing rural peoples' exposure to water-related health and safety hazards by FY 2010. Another long-term goal will focus on maintaining sustainable water systems in rural communities. Annual analyses will track program data to improve funds leveraged for project development. The analyses will also improve the loan-to-grant mix so that more loan dollars are used by systems that can afford maximum debt capacity, and will limit grant funds to the neediest systems.

Exhibit 29: Trends in Water and Waste Disposal Service

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Customers served by new or improved water and waste disposal facilities (Mil)	1.01 Baseline	0.79	0.59	0.97*	1.3

* Previously reported as 0.69 in the FY 2004 Performance and Accountability Report.

Key Outcome: Improve Rural Quality of Life through New and/or Improved Electric Facilities

In 1936, electricity was being taken for granted in American cities. Despite its availability, if one lived in a rural area at that time, chances are that person went without electricity or other necessities of modern life, and the high standard of living they make possible. With more than 70 years of experience, the electric programs have found that electric utility construction, operation and maintenance are best when high-quality, long-lasting materials are used.

Electricity came to rural America through some of the most successful Government initiatives in American history. This happened through USDA working with rural cooperatives, not-for-profit associations, public bodies and for-profit utilities. Today, the electric programs continue this tradition by helping rural utilities expand and keep their technology current. This program also helps USDA establish new and vital electrical services.

The public-private partnership forged between USDA and the electric industry results in billions of dollars in rural infrastructure development. It also creates thousands of jobs for the American economy. Providing reliable, affordable electricity is essential to the economic well-being and quality of life for all of the Nation’s rural residents. The electric programs provide leadership and capital to upgrade, expand, maintain and replace America’s vast rural electric infrastructure. Under the authority of the Rural Electrification Act of 1936, USDA makes direct loans and loan guarantees to electric utilities to serve rural customers. This makes the Federal Government the majority note holder for more than 700 electric systems.

Exhibit 30: Connecting and Improving Electric Service

Annual Performance Goals and Indicators	Fiscal Year 2005		
	Target	Actual	Result
2.2.4 Customers served by new or improved electric facilities (Mil)	1.775	2.360	Exceeded

Analysis of Results

The performance goal exceeded its target by 585,000 subscribers. In FY 2005, USDA's electric programs approved 111 loans to rural distribution, generation and transmission providers, worth more than $3.3 billion. These loans connected 194,181 new consumers and improved electric service to more than 2.36 million consumers.

For every dollar that USDA invests, $2.70 is leveraged with private investment. This creates local jobs and higher local tax bases. It also develops a much stronger economy in rural communities.

Exhibit 31: Trends in Connecting and Improving Electric Service

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Customers served by new or improved electric facilities (Mil)	6.948 Baseline	11.525	3.746	4.195	2.360

In addition to loan funds providing safe, reliable and affordable electric service, they also provide additional jobs in rural areas. While the cooperatives and corporations that obtain financing from the electric programs, like all businesses, impact the local economy through their employment and payroll, the total economic activity of these rural businesses stretches beyond these direct effects. Linkages exist between one firm or industry and the rest of the economy. An industry may buy a portion of its material inputs and business services from other loan businesses. Likewise, employees spend a portion of their earnings on goods and services within the local economy. These additional activities, or linkages, generate additional economic activity in the local area.

Rural America is diverse and the challenges facing such communities are wide-ranging and varied. This diversity presents opportunities for the creative application of programs and policies, and calls for unique partnerships. The electric programs are focused on strengthening the partnership between USDA's borrowers and grantees, and all rural America participating in and benefiting from Department programs. The electric programs continuously study the needs of rural communities, assess their lending practices and identify opportunities to better serve rural America.

The electric programs are committed to improving efficiency and effectiveness by promoting progressive, entrepreneurial and innovative thinking. Electric programs employees are encouraged to develop and share new ideas to accomplish their mission in a customer-oriented manner. The programs work with local communities and borrowers to ensure that loan funds are spent for the purposes intended and in rural areas. These loan funds enable rural Americans to enjoy the same opportunities as their urban counterparts.

Rural communities still in need of electric programs tend to be those with unique conditions not addressed easily or cheaply. Distance between customers, aging, substandard existing systems or unique environmental

conditions make those Americans most in need of USDA's services increasingly expensive to support. At a minimum, these customers require more technical assistance provided through agency salaries and expenses. Likewise, reduction in the funding for salaries and expenses will limit the ability of the electric programs to provide the staff and other resources needed to deliver them and achieve the estimated level of performance.

Key Outcome: Improve Rural Quality of Life through New or Improved Community Facilities

USDA provides a series of grants and loans to finance the development of facilities essential to a modern standard of living in rural communities. A wide range of public facilities and equipment can be financed by these programs, including hospitals, fire trucks, police cars, child-care centers, food banks, schools, medical clinics, nursing homes, community centers, town halls, jails and street improvements. Financing these essential community facilities touched 12.9 million rural residents in 2005. Taken together, these investments benefit a large number of rural communities and citizens. They increase the availability of essential services and raise the quality of life in rural America. Moreover, USDA's programs leverage Federal funds with private capital to invest in rural infrastructure, technology and human-resource development. A good example is the opening of a new child care/learning center in Ellsworth, Maine. "Let's put the children first" was the mantra used during the design phase. This 12,000-square-foot facility boasts 6 classrooms, a meeting room, parent space, a commercial kitchen, offices, a library, a secure computer area, a parking area and an outdoor playground. Specific attention was taken to create rooms filled with natural light and promote a safe and creative environment for 60 preschoolers and 24 infants and toddlers. A $605,000 USDA Community Facilities Direct Loan, a $380,000 Department Community Facilities Guaranteed Loan with Union Trust Company, a Head Start grant and community-wide fundraising financed the project.

USDA also began examining the capital-funding needs of critical access hospitals located in rural communities. A total of 28 hospitals and 13 outpatient facilities have been funded in the current fiscal year for a total investment of $135 million. Increased numbers of requests for financing of critical access hospitals are expected in the coming years.

USDA provided funds to construct, renovate or improve 812 essential community facilities in FY 2005. Rural Americans will have improved services available from 112 health-care facilities, 312 public-safety facilities, 92 educational facilities, 15 energy-related facilities, 157 public buildings and improvements, 7 recreation facilities and a number of other essential community facilities.

Exhibit 32: Number of New and Improved Community Facilities

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
2.2.5	Customers served by new or improved community facilities (Mil)	12	12.9	Met

Analysis of Results

The performance goal was met. Despite favorable interest rates, many rural communities are facing increased financial stress due to agricultural conditions (including drought, flooding and forest fires), natural disasters, the slowed economy and other factors. Additionally, many sectors, such as health care, are experiencing increased financial pressures. Working with its partners, USDA has been able to help meet many of these vital needs.

Exhibit 33: Trends in New and Improved Essential Community Facilities

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Provide access for residents to new improved community facilities (Mil)	6.8 Baseline	7.2	7.2	12	12.9

STRATEGIC GOAL 3: ENHANCE PROTECTION AND SAFETY OF THE NATION'S AGRICULTURE AND FOOD SUPPLY

USDA provides a secure agricultural production system and healthy food supply to consumers by protecting it against pests and diseases, minimizing production losses, maintaining market viability, and containing environmental damage. USDA also ensures that the commercial supply of meat, poultry and egg products moving in interstate commerce or exported to other countries is safe, wholesome, labeled and packaged correctly. Additionally, the Department ensures that products imported from other countries are produced by a system equivalent to USDA's.

A key to enhancing public health is ensuring that employees executing USDA's food safety responsibilities are scientifically and technically skilled. The Department is addressing the training and education of its workforce aggressively. To ensure consistent and accurate inspection, USDA has made a strong commitment to recruiting scientists and retooling its entire training and education program for all employees. These employees will be able to identify and focus on activities that enhance public health. USDA continues to implement five core initiatives to improve food safety for American families. The initiatives, established in 2002, include:

- Improving the management and effectiveness of the Department's regulatory programs;
- Ensuring that policy decisions are scientifically based;
- Improving the coordination of food safety activities with other public health agencies;
- Enhancing public education; and
- Protecting USDA-regulated products from intentional contamination.

To reduce incidences of foodborne illness, USDA works to educate consumers on the importance of following food-safety guidelines.

For the Nation to have affordable and safe food, the food system must be protected at each step from production to consumption. The production and distribution system for food in the U.S. is diverse, extensive and easily accessible. This open system is vulnerable to introduction of pathogens and toxins through natural processes, global commerce and by intentional means. Crop and livestock production systems must be protected from the ravages of diseases whether domestic or foreign. The food supply must be protected during production, processing and preparation from contamination by pathogens and toxins that cause disease in humans.

OBJECTIVE 3.1: REDUCE THE INCIDENCE OF FOODBORNE ILLNESSES RELATED TO MEAT, POULTRY AND EGG PRODUCTS

Exhibit 34: Resources Dedicated to Enhance Protection of Meat, Poultry, and Egg Products Inspection

USDA Resources Dedicated to Objective 3.1	FY 2005	
	Actual	Percent of Goal 3
Program Obligations ($ Mil)	1,230.9	35.83%
Staff Years	11,406	56.89%

Introduction

Protecting the Nation's food supply from potential hazards, whether chemical, microbial, or physical, is a formidable task. Accomplishing it will require sound science to make the appropriate decisions and policy. In light of the public's heightened apprehension that terrorists could target the Nation's food supply and with the potential for new and emerging microbial hazards, USDA's food-safety systems must be assessed and updated continually. These regular inspections are especially true for meat, poultry and egg products. They will help maintain consumer confidence and protect the food supply from exposure to foodborne diseases. These systems include activities to track the incidence of pathogens in these products. They are also designed to raise public awareness about food safety and defense, and safe food handling.

Overview

Significant food safety advances have been made in the past year. How USDA is serving the public in this area can be seen in the selected results in research, extension services, and statistics.

Selected Results in Research, Extension and Statistics

Preventing Contamination by *E. coli* O157 and *Salmonella*—Preventing contamination of ground beef by *E. coli* depends partly on the ability to detect it on the farm. USDA funding support has enabled researchers at the University of Nebraska to develop a method of detecting *E. coli* and *Salmonella* in feedlot cattle with minimal handling of animals. The device, which is being patented, has revolutionized disease-control research at the feedlot level.

Societal Costs of Foodborne Illness—USDA has become well known for pioneering estimates of the social costs associated with foodborne illnesses caused by pathogens. In 2005, Department researchers updated the cost of foodborne illness *E coli* by using the U.S. Centers for Disease Control's estimate of annual cases and newly available data. USDA estimated the annual cost of illness due to *E. coli* to be $406 million in 2003, including $370 million for premature deaths, $31 million for medical care and $5 million in lost productivity.

New Method to Detect Toxins in Food—A new technique to detect heat-resistant toxins in a single food sample should help researchers and inspectors detect those that cause gastroenteritis, an inflammation of the stomach and intestines. Generally, while conventional heating and processing kill foodborne bacteria, it does not destroy their toxins. USDA researchers developed a new biosensor test that uses surface plasmon resonance (SPR) to detect toxins. SPR is an optical method for measuring very thin layers of material adsorbed on a metal.

Online Database of Predictive Microbiology Information—USDA scientists in Pennsylvania have teamed up with the United Kingdom's Institute of Food Research to form the world's largest online database of predictive microbiology information. Predictive microbiology estimates the behavior of microorganisms in response to environmental conditions, including food production and processing operations from the farm to the table. The database, called ComBase, is designed to help make risk assessments and model development easier. The database can be found at wyndmoor.arserrc.gov/combase. The new database will allow producers to respond more quickly to potential food contamination problems caused by bacterial pathogens.

New Technology to Ensure Safer Shellfish—USDA scientists in Delaware are working with university scientists to provide consumers with safer shellfish. Oysters, clams and mussels are considered aquaculture species because of the amount of management that goes into maintaining productive molluscan shellfish beds. These shellfish are a concern because bacterial and viral pathogens can become concentrated within edible shellfish tissues. Some shellfish consumers prefer to eat shellfish raw or only lightly cooked. Thus, the shellfish industry is interested in methods that can inactivate pathogens in their products without cooking. USDA scientists are studying a technique to sanitize raw shellfish and other virus-contaminated foods by using high-pressure processing (HPP). HPP subjects foods to extremely high pressure. The advantage of this technology is that neither heat nor chemicals are involved. Thus, shellfish and other foods can retain their raw, uncooked flavor and character. HPP is already being used commercially to pasteurize fruit juices in Japan and treat sliced deli meats in Spain.

Key Outcome: Basing Policies on Science

USDA's accomplishments concerning food-safety initiatives, including basing policies on science, can be found in the U.S. Centers for Disease Control and Prevention's (CDC) 2005 report on the incidence of infections from foodborne illness. The report noted significant declines from the 1996-1998 baseline in illnesses caused by the pathogens *E. coli* O157:H7 (42 percent), *Listeria monocytogenes* (40 percent), *Campylobacter* (31 percent) *Yersinia* (45 percent), and *Salmonella* (8 percent). These declines help bring the U.S. closer to achieving "Healthy People 2010" goals. "Healthy People 2010" is a long-range plan from the U.S. Department of Health and Human Services. It illustrates a wide range of public health opportunities that exist in the first decade of the 21st century. A broad coalition of experts from many sectors created the plan. The plan introduces a series of objectives designed to bring better health to all people in the U.S. "Healthy People 2010" features 467 objectives in 28 focus areas. It is designed to guide health planners, medical practitioners, educators, elected officials and all who work to improve health. Additionally, CDC attributes the decreases to control measures implemented by Government agencies and the food industry, and enhanced food safety education efforts. Specifically, CDC attributes the reduction in *E. coli* O157:H7-related illnesses to USDA policies implemented in 2002 and 2003.

Listeria monocytogenes

Data gathered during an outbreak of *Listeria*-related illnesses during the summer/fall of 2002, other food safety investigations and in-depth verification reviews led USDA to conclude that some establishments were not addressing the potential for bacterial contamination adequately in their HACCP plans, Sanitation Standard Operating Procedures (SSOP) or other control measures. SSOPs call for all Federally inspected meat and poultry plants to have written practices to demonstrate that they are meeting all basic sanitation requirements. In response, USDA implemented a directive that outlined steps Department inspectors must follow to ensure

that establishments producing ready-to-eat (RTE) meat and poultry products were preventing the *Listeria* contamination. The directive was designed to reduce the risk of *listeriosis* from consumption in high- and medium-risk RTE products. It provided for a new form of intensified verification testing. In this testing, inspection program personnel would swab environmental and product contact surfaces within inspected establishments. This new type of testing was used extensively to verify the effectiveness of preventive and corrective actions taken by establishments after *Listeria* contamination had been found.

USDA also released a draft scientific risk assessment on *Listeria* in RTE meat and poultry products. A public meeting was held to discuss the risk assessment. The risk assessment was developed in conjunction with a previously released U.S. Food and Drug Administration/USDA risk ranking. The risk assessment incorporated both public comments and input from a peer review. It provided important data enabling USDA to design a final *Listeria* rule.

Later, the Department issued an interim final rule requiring Federal establishments producing certain RTE meat and poultry products to take steps to reduce the incidence of *Listeria monocytogenes*. The rule required establishments to choose one of three approaches based on the stringency of the control program for *Listeria* that they implement. The approach taken is one factor in determining the frequency of USDA-conducted verification activities in each establishment. The highest frequency was concentrated in establishments that rely solely on sanitation practices compared with those that implement more aggressive and effective strategies. These include incorporating an inhibiting agent in product formulation or inserting an additional processing step to kill pathogens that may contaminate the product after cooling.

After the rule took effect, the *Listeria* directive was updated to reflect its policies. USDA accepted comments about the rule for 18 months after publication. This time period allowed the Department to review and evaluate the effectiveness of these approaches.

The *Listeria* rule was built on the results of the scientific risk assessment. The assessment provided guidance about the practices the industry should follow to protect RTE meat and poultry products from this pathogen most effectively. It showed that testing the processing environment was important in helping find the organism in the niches where it may reside. This testing allows processors to target and eliminate it from the plant environment before it could contaminate product. Most importantly, the risk assessment showed that an establishment could choose the most effective strategy to control *Listeria* depending on its product(s) and the environment in which it operates.

The *Listeria* rule's impact has already been significant. Establishments have made changes to prevent products from harboring this organism. USDA surveyed its inspection personnel in 1,400 establishments producing RTE meat and poultry products. It found that more than 87 percent had changed their operations in one way or another to control *Listeria* more effectively. More than 57 percent started testing for *Listeria* in the plant environment, more than 27 percent had begun using an antimicrobial agent to inhibit the growth of this organism and 17 percent are using post-lethality treatments. This rule challenged industry to do more to prevent contamination.

***Escherichia coli* O157:H7**

USDA measures to prevent ground beef contaminated with *E. coli* O157:H7 from entering commerce have also yielded significant decreases in this pathogen. In 1994, USDA declared *E. coli* O157:H7 an adulterant in raw ground beef. During the last decade, the Department has undertaken a number of initiatives to reduce the pathogen's prevalence in raw ground beef. Beginning in October 2002, USDA required that each plant producing raw beef products reassess its HACCP plan to prevent adulterated products from entering commerce. Scientifically trained USDA personnel then audited beef establishments' HACCP plans for the first time.

Additionally, USDA has taken steps to begin a science-based baseline study for trimmings used to make raw ground beef. The study was reviewed by scientists serving on the National Advisory Committee on Microbiological Criteria for Foods (NACMCF). NACMCF provides impartial, scientific advice to Federal food-safety agencies in developing national food-safety systems, following products from the farm to final consumption. The committee issued its recommendations in a report titled "NACMCF Response to USDA/FSIS Request for Guidance on Baseline Study Design and Evaluations for Raw Ground Beef Components." The initial phase of the beef trimming baseline study began August 2005.

USDA issued a directive to provide new instructions to inspection-program personnel for collecting samples for *E. coli* O157:H7 testing. The directive describes follow-up actions USDA inspection program personnel will take after an initial Department sample of raw ground beef product or components, or raw beef patty components tests positive for *E. coli* O157:H7. It also provides new instructions for verifying the control of *E. coli* O157:H7 "positive" and "presumed positive" raw beef products, and moved to another official establishment, landfill operation or renderer for proper disposal. A renderer is an operator who may subject edible or inedible tissue to a process in which the resulting products are distinguished as edible-rendered (e.g., beef stock or flavoring) or inedible material. The resulting inedible products are used as protein sources for animal feed or other industrial purposes.

Salmonella

USDA issued new procedures for utilizing *Salmonella* performance standards as a verification tool for food safety. Now, instead of waiting for two consecutive failures of tests to trigger an in-depth review of plant SSOP and HACCP plans, reviews are initiated after any series is declared substandard. Improvements to the in-depth review process have also been implemented. These improvements include the addition of enforcement, investigations and analysis officers, and other HACCP-trained inspection program personnel. This process and other science-based initiatives have been vital in reducing *Salmonella's* presence in raw meat and poultry regulatory samples since the 1996 – 1998 baseline. Out of the number of regulatory samples collected and analyzed by USDA in 2003, 3.78 percent of all products tested positive for *Salmonella*. That compares to 4.29 percent in 2002 and 10.65 percent in 1998. For more information, visit www.fsis.usda.gov/PDF/Salmonella_Progress_Report_1998-2003.pdf.

Although USDA's rate of positive regulatory samples of all three pathogens discussed above may not represent the prevalence of these pathogens Nationwide, it does show a statistically significant downward trend for all foods.

Exhibit 35: Pathogen Reduction (Food Inspection)

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
3.1.1	Prevalence of *Salmonella* on broiler chickens	11.7%	17.0%	Unmet
3.1.2	Prevalence of *Listeria monocytogenes* on ready-to-eat meat and poultry products	0.80%	0.690%	Met
3.1.3	Prevalence of *E. coli* O157:H7 on ground beef	0.37%	0.17%	Met

Analysis of Results

With respect to the prevalence of *Salmonella* on broiler chickens, the percentage of positive samples increased in FY 2005. At the same time, most establishments continue to pass the performance standard established in 1996. This standard provides for a maximum of 12 positives in a compliance set of 51 samples. The data, which can be found at http://www.fsis.usda.gov/Frame/FrameRedirect.asp?main=/OPHS/haccp/salm6year.htm, show that 87 percent of 127 sets completed during 2005 passed the standard. This compliance rate is only slightly lower than the rates in the five previous years. The Department expressed its concern that the percentage of positive *Salmonella* tests (all sizes of establishments combined) increased slightly in all three poultry categories for 2005. USDA is examining *Salmonella* data from 1998 to the present to clearly identify those plants displaying negative performance trends. USDA is now conducting food-safety assessments in establishments having the most difficulty controlling *Salmonella*.

With regard to *Listeria*, the Department had three different RTE sampling projects during FY 2005. Two of the projects targeted establishments or products where the risk of *Listeria* contamination is considered to be higher. The results here are from a project where samples are to be collected randomly from all RTE products.

Results from 2004 and 2005 have shown substantial declines in the percentage of *E. coli* O157:H7-positive raw ground beef samples. In 2002, 0.77 percent of verification samples were positive. In 2003, the percentage dropped to 0.37 percent. For 2005, the level was 0.17 percent. A more detailed year-to-year comparison identified a 50 percent reduction in the rate of positive ground beef samples from FY 2002 to FY 2003 when controlling for seasonality. A detailed analysis showed that this decrease was statistically significant, that is, it is unlikely to have occurred by chance. That analysis was published in a peer-reviewed scientific journal. [See Journal of Food Protection. Naugle, A.L., Holt, K.G., Levine, P., and Eckel, R. 2005. Food Safety and Inspection Service Regulatory Testing Program for *Escherichia coli* O157:H7 in Raw Ground Beef. JFP 68(3) 2005: 462-268]. USDA has significantly increased its testing for 2005.

Exhibit 36: Trends in Pathogen Reduction (Food Inspection)

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Prevalence of *Salmonella* on broiler chickens	11.9%	11.5% Baseline	11.7%	13.6%	17.0%
Prevalence of *Listeria monocytogenes* in ready-to-eat meat and poultry products	1.26%	1.03% Baseline	0.9%	0.89%	0.690%
Prevalence of *E. coli* O157:H7 on ground beef	0.59%	0.77% Baseline	0.37%	0.19%	0.17%

To illustrate the significance of these trends, the accomplishments of USDA's food safety initiatives are presented in CDC's annual 2005 report on the incidence of infections from foodborne illness. The report noted significant declines from a 1996-1998 baseline in *E. coli* O157:H7-related illnesses (42 percent). CDC attributes the decline to policies USDA implemented in 2002 and 2003. In late 2003, the Department released data that showed a 25 percent drop in the percentage of positive *Listeria* regulatory samples from the previous year, and a 70 percent decline compared with years prior to the implementation of HACCP. Additionally, for *E. coli* O157:H7, USDA has published a peer-reviewed analysis showing that the decrease in the percentage of positive regulatory samples from 2002 to 2003 was statistically significant. This finding is consistent with CDC reports of decreasing illness from *E. coli* O157:H7.

USDA now collects industry data on RTE products as part of the October 2003 *Listeria* rulemaking. The Department used these data to revise its testing program for *Listeria* in RTE products. In January 2005, USDA implemented a new risk-based sampling program to verify control of *Listeria* in higher-risk establishments. This risk-based program uses production volume, control alternatives and previous testing results to generate schedules for verification testing.

Description of Actions and Schedules

While the percentage of establishments passing the performance standard has remained very high, USDA recognizes that the percentage of *Salmonella*-positive broiler samples has been increasing since 2000.

A major challenge concerns how to reduce *Salmonella* in young chickens, given that most establishments are meeting the existing performance standard.

The 2003 data posted on USDA's web site shows that the percentage of positive *Salmonella* tests (all sizes of establishments combined) increased slightly in all three poultry categories.

The Department continues to analyze *Salmonella* data from 1998 to the present to identify establishments displaying negative performance trends. In August 2005, the Department held a scientific meeting to address issues related to controlling the pathogen in the pre-harvest environment. A follow-up scientific meeting will address control measures for poultry processing establishments.

USDA plans to adjust its *Salmonella*-testing program so that additional compliance sets are scheduled for establishments demonstrating the most control problems. This directive, which took effect May 21, 2003, grants inspection-program personnel access to a wide range of records concerning HAACP regulations. It also gives personnel the authority to review certain types of records regularly. Whenever an establishment fails an initial compliance set, Directive 5000 calls for the front-line supervisor and Senior Veterinary Medical Officer/Inspector-in-Charge (PHV/IIC) to conduct and assess the establishment's HACCP and SSOP procedures and, where applicable, analyze data from the establishment's generic *E. coli* testing. That testing will focus on the establishment's corrective and further-planned actions.

The front-line supervisor and PHV/IIC will also develop, document and implement a comprehensive plan to verify any corrective actions the establishment performs.

Key Outcome: Raising Public Health Awareness

USDA consumer education programs are based on "integrated marketing." This concept has three components:

- Mass media, or reaching out to the broad public;
- Cluster targeting, which uses demographic, geographic and socio-demographic information to tailor communications to segmented audiences; and
- One-on-one interactions, through the USDA's Food Safety Mobile, the USDA Meat and Poultry Hotline and the Department's virtual representative, "Ask Karen," a web-based automated-response system that answers food-safety questions 24 hours a day, 7 days a week. It complements the hotline and is another effective communication tool that allows USDA to expand its outreach programs, promote food safety and defense, and protect the public health. The Food Safety Mobile is a 35-foot, recreational-style vehicle covered with a bold, eye-catching design and prominent food-safety messages. It travels throughout the continental U.S., educating consumers about the risks associated with mishandling food and the steps they can take to reduce their risk of foodborne illness.

Each component of the integrated marketing program is developed based on risk research. It is delivered using social-marketing concepts and is assessed through evaluative research. Ongoing Nationwide surveys and consumer focus-group studies are used to evaluate and ensure the initiative's continuing effectiveness. Integrated marketing also tracks changes in consumer behavior.

A 2004 pilot study of the thermometer-education campaign "*Is It Done Yet?*" demonstrated success in getting more consumers to use food thermometers. Based on feedback from focus groups and surveys, USDA revised the educational materials and launched "*Is It Done Yet?*" Nationwide in July 2005.

USDA remains committed to communicating with all food handlers —consumers in the home, foodservice employees, the retail industry and those who work in processing plants. Food-safety publications for both industry and consumers have been translated into several languages including Spanish, Korean, Vietnamese, and Mandarin Chinese. USDA also uses national television, cable networks, educational television, radio, magazines, newspapers and web sites to enhance public education efforts. The aforementioned hotline has two Spanish-speaking food-safety specialists. This feature has enhanced outreach to the Spanish-speaking community.

The Department continues to provide technical assistance and compliance guidance concerning major rules, policies and directives to small and very small establishments. It offered outreach and training in FY 2005 via webcasting to reach those unable to travel to one of the workshop locations. USDA held four workshops and four webcasts on food defense from May through July for owners and operators of meat, poultry and egg-processing, import and slaughter establishments. Approximately 650 attendees participated in these workshops. The workshops provide Federal- and State-inspected plants with guidance and tools to use in strengthening the security of their operations and developing a food-defense plan.

The Department has also expanded its distribution of materials aimed at assisting small establishments. Its HACCP documents and other food-safety materials, such as closed-captioned videos and computer disks, are offered to all at no charge. Most materials are offered in both English and Spanish. The program has filled

approximately 9,500 requests for resource materials. Additionally, USDA has mailed more than 50,000 food-security guidance documents to meat, poultry and egg establishments, State-inspection programs and HACCP contacts and coordinators.

Additionally, USDA continues to partner with universities to provide small and very small plants with a more in-depth understanding of HACCP systems and emerging food-safety concerns. Through the partnership, the universities develop new food-safety initiatives. They also offer low-cost training to small and very small plant owners/operators to help them improve their food-safety systems and produce safer products. In FY 2005, USDA established cooperative agreements with 15 universities that have scheduled approximately 60 classes.

Exhibit 37: Public Health Outreach & Education

Annual Performance Goals and Indicators	Fiscal Year 2005		
	Target	Actual	Result
3.1.4 Viewings of food safety messages (Mil)	94	99.6	Exceeded

Analysis of Results

USDA defines "viewing" as its best estimate of the number of people receiving its food-safety messages. These messages are delivered via print, radio, television, conventions, presentations, newsletters, the Internet, USDA Meat and Poultry Hotline calls, Department publications, the USDA Food Safety Mobile, State partnerships, electronic mailboxes and "Ask Karen."

USDA reached more than 99.6 million consumers through such food-safety education campaigns as "Is It Done Yet?", press releases, videos and newspaper and magazine articles. The Department has also printed food-safety message cards targeted to various underserved populations, including Native Americans, Asian and African Americans, and Hispanics.

Additionally, USDA launched a newly designed web site that offers features and tools to help visitors easily find the food-safety information and services they need. The site, located at www.fsis.usda.gov/Food_Safety_Education/Ask_Karen/index.asp#Question, is arranged by subject so users can navigate by topic rather than through USDA's organizational structure.

This citizen-driven design helps all stakeholders quickly find the food safety information most relevant to them. The site now averages more than 13 million hits, almost 2 million page views and more than 510,000 visitors monthly.

Electronic outreach through "Ask Karen" answers questions about the safe storage, preparation and handling of meat, poultry and egg products. Though this is not a live chat, the 9,000-question database behind "Ask Karen" allows visitors to correspond naturally by typing in questions and receiving an immediate answer. "Ask Karen" can provide visitors with a list of related questions in their area of interest. Nearly 19,000 users have used "Ask Karen" since its April 2004 launch, receiving timely answers to almost 60,000 food-safety questions.

Exhibit 38: Number of Viewings for Food Safety Messages

Trends		Fiscal Year Actual				
		2001	2002	2003	2004	2005
3.1.4	Viewings of food safety messages (Mil)	N/A	90 Baseline	92	123	99.6

OBJECTIVE 3.2: REDUCE THE NUMBER AND SEVERITY OF AGRICULTURAL PEST AND DISEASE OUTBREAKS

Exhibit 39: Resources Dedicated to Reducing Pest and Disease Outbreaks

USDA Resources Dedicated to Objective 3.2	FY 2005	
	Actual	Percent of Goal 3
Program Obligations ($ Mil)	2,204.2	64.17%
Staff Years	8,643	43.11%

Introduction

To provide a secure agricultural production system and healthy food supply to consumers, USDA protects the country from pests and diseases, minimizes production losses, maintains market viability and contains environmental damage. This is done by:

- Conducting offshore threat assessment and risk reduction activities to identify and eliminate pests, diseases and weeds;
- Regulating and monitoring the importation of animals, plants and commodities to reduce the risk of introduction of invasive species. Other regulatory activities ensure safe research, release and movement of biotechnology and the development of effective veterinary biologics;
- Managing issues related to the health of U.S. animal and plant resources and conflicts with wildlife. It prevents the neglect and inhumane treatment of animals used in commerce, protects their health and reduces the chances of their contracting and spreading disease. Additionally, the Department's work helps to control damage done to agricultural and natural resources by wildlife;
- Planning emergency response and conducting surveillance, detection, containment and eradication activities. By quick detection, scientists can fight pests and diseases while outbreaks remain localized and less costly to control. USDA educates and trains public and private sector organizations to report pests and diseases when they are first observed. It coordinates larger, complex eradication and control efforts. USDA stops movement of host materials by surveying infestation boundaries and establishing quarantines; and
- Developing and applying scientific methods for agricultural producers and consumers. USDA is working to increase the number of animal diseases for which a pure, safe, potent, and effective veterinary biologic is licensed and also to increase the number of states that can provide Federal veterinary diagnostic services.

Taken together, these components comprise the Nation's agricultural safeguarding system.

Overview

Because of USDA's effort, no foreign animal diseases introduced into the U.S. spread beyond their original area of introduction. This work prevented severe economic and environmental damage, as well as threats to animal health. This met the target established in the *FY 2005 Annual Performance Plan/Performance Budget*.

No new plant pests or diseases spread beyond their original area of colonization to cause severe damage before they were detected.

Diseases and pests have profound effects on the performance and well-being of plants and animals. They cause poor growth, decreased yield, higher production costs and unacceptable quality. Billions of dollars are lost through trade embargoes, quarantines, and the destruction of national livestock herds or vast crops when emerging or reemerging diseases or pests strike. A sound surveillance system is integral to preventing outbreaks of foreign animal diseases and controlling and eradicating domestic diseases of concern. Thus, USDA is continually exploring ways to enhance its comprehensive disease surveillance systems. These systems detect threats and manage them before they spread. During the past year, the Department has worked to enhance and strengthen its surveillance systems by, among other things, establishing the foundation of a national animal tracking system and expanding its low pathogenic *avian influenza* program.

For emerging diseases to be detected and controlled, the make-up and environment of pathogens must be understood and their weaknesses exploited. Rapid diagnostic tests, novel genetic vaccines, immune modulatory strategies, disease resistance genes, and increased biosecurity measures will be needed to prevent or control outbreaks and the spread of plant and animal diseases in the future.

Increased concern about the intentional introduction of disease agents and pests has resulted in the development of a network of diagnostic laboratories. These laboratories have enhanced the Nation's collective capacity for surveillance and identification of specific pathogens greatly. The network uses standardized diagnostic tests and common software platforms to process diagnostic requests and share information among diagnostic laboratories. Through the network, producers gain an understanding of threats from diseases and pests, and learn effective and efficient ways to control economically significant pests, pathogens and diseases.

Selected Results in Research, Extension and Statistics

New Tests for Devastating Cattle Disease—With partial support from USDA, researchers at the University of Minnesota are working with Department scientists. The groups are using genetic information to develop a highly specific, sensitive and rapid test for detecting Johne's disease. This chronic wasting disease is found in cattle, sheep, goats and deer. These new tests, which enable detection of the bacterium in fecal matter or milk, can be completed in 72 hours or less. This research, published in the August 30, 2005 issue of the *Proceedings of the National Academy of Sciences*, gives scientists a better understanding of the disease, allowing them to create vaccines to prevent infection. Johne's disease costs the U.S. dairy industry millions of dollars each year due to reduced milk production.

Bacteria Genome—Researchers at Oregon State University and The Institute for Genomic Research (TIGR) have determined the genetic make-up of a bacterium known to fight harmful plant pathogens. This information will help scientists determine how to fight plant diseases caused by other pathogens without using products that might harm the environment. The project to study Pseudomonas fluorescens Pf-5, a biological

control agent, was supported by competitive funding from USDA's Microbial Genome Sequencing Program. This agent protects plants from pathogens and frost. TIGR and a USDA scientist led the team that altered Pf-5. They found that it contained many genes for chemicals harmful to pathogens. About one-third of these chemicals were previously unknown.

Biosecurity—USDA is partnering with State agencies and universities to achieve a high level of agricultural biosecurity. The groups are focusing on the early detection, response and containment of outbreaks of invasive pests and pathogens. The establishment of this network of institutions provides the means necessary for ensuring that all participants are alerted of possible outbreaks and/or introductions, and technologically equipped to detect and identify pests and pathogens rapidly.

Program of Research on the Economics of Invasive Species Management (PREISM)—PREISM is designed to inform Federal and State decision makers regarding allocation of scarce resources to exclusion and control strategies for different types of pests. Recipients of PREISM FY 2003 and FY 2004 funding participated in several workshops to share their research findings with USDA staff and other Federal agencies that manage invasive species. PREISM research resulted in the critical analysis of the economic and policy implications of soybean rust. The research also led to the almost immediate release of information about these matters soon after soybean rust detection in the United States.

New Test to Detect Sudden Oak Death—Sudden oak death, which has caused the death of tens of thousands of oak trees in this country, also afflicts many other trees, shrubs and plants. The pathogen *Phytophthora ramorum* (*P. ramorum*) causes sudden oak death. The discovery has forced officials to destroy at least 500,000 ready-to-sell plants in nurseries in 20 states. In response, USDA scientists in California and Maryland have developed a genetic test that relies on a sophisticated yet increasingly common technology known as polymerase chain reaction (PCR). PCR determines whether a piece of a leaf, for example, contains the genetic material from this pathogen. Importantly, many technicians in plant-health labs across the country already have the skills and equipment to run the test. The scientists have turned their test over to California agriculture officials and USDA for possible use with other molecular diagnostic methods. This fast, accurate test makes it possible to distinguish P. ramorum from other suspicious microbes.

Sequencing the Genome of a Key Wheat Pathogen—USDA scientists and a cooperator from The Netherlands are leading a project to sequence the genome of a key wheat pathogen called *Mycosphaerella graminicol (M. graminicola)*. The U.S. Department of Energy's Joint Genome Institute chose M. graminicola—one of the top five wheat disease pathogens—to alter its genetic make-up. M. graminicola causes major wheat damage worldwide, costing American wheat farmers $275 million annually in yield losses. It also costs European farmers more than $800 million a year in fungicide sprays. Determining the pathogen's genetic make-up can help researchers understand how the fungus infects crops. This information should help control the fungus and related species.

New Tools Being Developed to Defend Rice Plants against Pathogen—USDA scientists are providing rice plants with the genetic tools needed to recognize and identify incoming attacks from the damaging pathogen known as rice blast. The fungus *Magnaporthe grisea (M. grisea)* causes rice yield losses of up 30 percent annually worldwide. Two-thirds of the global population relies on rice. While many farmers around the world are growing record amounts of the staple grain, they cannot compete with the blast fungus'

adaptability to different situations. The blast pathogen is so adaptable that it can defeat a rice cultivar, specially bred to resist it, after just one growing season. The scientists are developing rice plants with the resistance gene and researching how to apply the *M. grisea* gene optimally to already-resistant rice plants to achieve even greater blast defenses.

New Live Vaccines Developed for Farm-raised Catfish—USDA scientists in Alabama and Maryland have developed two new immersion-applied, modified live vaccines for farm-raised catfish and other species. While fish are susceptible to diseases and need vaccines, it is difficult to inject them. So, scientists try to develop vaccines that can be immersed in water. The two new vaccines provide protection against *Flavobacterium columnare*, the second-leading cause of catfish deaths and a hazard to many other fish species. While one field-tested vaccine cannot prevent disease, it can persist long enough to stimulate immunity in the fish. The other prevents a pathogen from colonizing while allowing it to persist for immunity to develop. These vaccines could save producers millions of dollars while lowering the cost of fish to consumers.

Key Outcome: Provide a Secure Agricultural Production System and Healthy Food Supply

Of the many threats to the security of our agricultural production system and food supply, pests and diseases are particularly dangerous because they are unexpected and can have quick, disastrous consequences. In the last few decades, increased travel and trade have contributed toward the spread of invasive species around the world. At the same time, the U.S. has come to rely heavily on agricultural export dollars, which depend on having an effective safeguard system. Congress has sought to protect the U.S. agriculture production system by appropriating funds for more than 30 programs to reduce the number and severity of agricultural pest and disease outbreaks. Two of the programs funded are Animal Health Monitoring and Surveillance (AHMS) and Animal Welfare. AHMS is designed to enhance the quality, safety, and competitiveness of U.S. food animal products. Animal Welfare is designed to ensure the humane care and treatment of all warm-blooded animals covered by AWA and used for research or exhibition, sold wholesale as pets, or transported for commerce. These two programs are highlighted in the *FY 2005 Performance and Accountability Report*. Next year, the Emerging Plant Pest (EPP) program will replace the Animal Welfare Program in this report. EPP refers to pathogens introduced in the U.S. after 1990, but not yet eradicated.

Animal Pests and Diseases

A key benefit of AHMS is rapidly detecting emerging foreign animal diseases. These may be introduced accidentally or intentionally. Information about the health status, productivity and health-related attributes of the U.S. animal population, products and biologics is critical to understanding the spread of animal pests and disease, establishing necessary quarantines, and planning effective eradication and control measures. Public concerns about diseases that affect both animals and people reinforce the need for accurate, timely and thorough information.

The Department has enhanced the National Surveillance System that was previously directed at specific diseases and commodities. Under the new approach, USDA has broadened its network by developing partnerships with State Governments, Tribes, veterinary colleges, animal and livestock industries, public health agencies, and other governmental and private groups. As part of this effort, USDA established a National Surveillance Unit (NSU) to coordinate and integrate surveillance activities to maximize the efficiency of U.S. animal health surveillance programs. During FY 2005, NSU developed and implemented a

new surveillance plan in the National Animal Health Laboratory Network (NAHLN) for classical swine fever—an economically significant disease that could devastate the Nation's swine herd if an outbreak occurred. NAHLN coordinates the veterinary diagnostic capacity of State animal health laboratories and their facilities, equipment and professional expertise. The Department also focused on strengthening its association with accredited veterinarians—important animal health surveillance partners—by developing an updated reference guide for them and streamlining its communications infrastructure to ensure they could be mobilized quickly in an emergency. USDA also collaborated with other Governmental agencies to address issues that involved linkages between farm-raised, wildlife, zoo and companion animals. This program is designed to quickly mitigate and manage the potentially devastating impacts animal diseases may have on the Nation's food supply and economy. It also implements recommendations made by the National Association of State Departments of Agriculture in the Animal Health Safeguarding Review.

Animal care in USDA adds a critical piece to the surveillance of diseases that can be spread from animals to humans. USDA inspectors in zoos, research facilities, and pet wholesale businesses have collaborated in surveillance efforts for LCVM in rodents, monkey pox and tuberculosis in elephants. These efforts will be vital in *avian influenza* surveillance because birds and big cats are susceptible to the disease and may play a role in transmission. This will be especially important in facilities where the public comes into contact with birds and exotic species exhibited at places such as zoos and sanctuaries.

To protect both animal and human populations, USDA has several avian influenza programs in place. The USDA Animal and Plant Health Inspection Service (APHIS) works with states to monitor and respond to outbreaks of low pathogenicity (LPAI) and high pathogenicity (HPAI) avian influenza. APHIS also conducts outreach through "Biosecurity for the Birds," which targets poultry producers and provides the latest information on *avian influenza*. In addition to these programs, APHIS maintains an *avian influenza* vaccine it uses to create a buffer around outbreak areas.

USDA, with industry cooperation, randomly tests commercial flocks for avian influenza, and tests some wild migratory flocks, as well. The USDA Agricultural Research Service diagnostic test was used in the eradication of avian influenza in Texas in 2004. The test has now been distributed to the National Animal Health Laboratory Network, which includes university and state veterinary diagnostic labs throughout the United States, to better enable laboratories to monitor for and respond to avian influenza outbreaks.

A USDA Food Safety and Inspection Service (FSIS) goal is to educate the public about food and avian influenza. For example, LPAI is not transmissible by eating poultry, and the chance of poultry infected with transmissible HPAI entering the food chain is very low. Proper handling and cooking protects against HPAI as well as other contaminants; food safety tips are disseminated in various venues by FSIS.

Exhibit 40: Strengthen the Effectiveness of Pest and Disease Surveillance and Detection Systems

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
3.2.1	Number of significant introductions of foreign animal diseases and pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans.	0	0	Met

Analysis of Results

The target was met. USDA selected a target of zero because all program leaders, partners and cooperators, and Congress do not want a single instance of an animal disease to spread and cause severe damage. During FY 2005, the U.S. had several introductions of foreign disease agents that were reported to the World Organization for Animal Health.

Despite these introductions, there were no outbreaks of significant foreign animal diseases or pests that spread beyond the original area of introduction and caused severe economic or environmental damage or damage to the health of animals.

Exhibit 41: Trends in Strengthening the Effectiveness of Pest and Disease Surveillance and Detection Systems

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Number of significant introductions of foreign animal diseases and pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans.	0	0	0 Baseline	1	0

Since the first U.S. case of *BSE* was announced in December 2003, only one other case has been confirmed in the country—in June 2005. In the 2003 case, an investigation revealed that the affected animal was of Canadian origin. The *BSE* exposure was assumed to have occurred in Canada. In the second case, while an investigation determined that the animal was of U.S. origin, it was born prior to a 1997 feed ban instituted by the U.S. Food and Drug Administration (FDA). FDA's ban helps minimize the risk that a cow might consume feed contaminated with the agent thought to cause *BSE*. FDA has concluded that the animal in the second case was most likely infected prior to the 1997 *BSE*/ruminant feed rule. The animal did not enter the food supply.

Throughout the past year, domestic demand for U.S. beef has remained strong due to the effective risk-mitigation measures currently in place. USDA has a series of interlocking safeguards to protect U.S. consumers and animal health. These safeguards also prevent the introduction or dissemination of the *BSE* agent. The system of human health protections includes the USDA ban on specified risk materials (SRMs) from the food supply. SRMs are most likely to contain the *BSE* agent if it is present in an animal. Additional measures include a longstanding ban on importing cattle and beef products from high-risk countries, a ruminant-to-ruminant feed ban, U.S. slaughter practices and aggressive surveillance. Data obtained from the enhanced *BSE* surveillance effort will help USDA determine whether any further changes to these risk management practices are necessary.

USDA published a draft strategic plan and draft program standards for Natural Animal Identification System (NAIS) in FY 2005 that explain its phased-in approach and provide direction to stakeholders who wish to participate. Premises identification is the first key component of the system. During 2005, all States used a premises-registration system and more than 100,000 premises were registered. USDA is working with industry cooperators to implement the animal identification component of the system while the animal movement tracking database is being privatized.

Animal Welfare

The Animal Welfare Program is designed to protect animals used for research in biomedical laboratories and those bred by the wholesale pet trade. The program also covers those used for education and entertainment in zoos, circuses and various exhibits, and those being transported in commerce. It protects them from disease outbreaks, neglect and inhumane treatment. USDA inspects facilities and records, investigates complaints and re-inspects facilities with documented problems. The program places primary emphasis on voluntary compliance.

The Animal Welfare Program has conducted several canine-care workshops and big cat symposiums to educate the general public and licensees on issues dealing with the health and well-being of animals. USDA also hosted listening sessions for animal welfare organizations, industry, Federal and Congressional workers, and others.

In 2005, USDA's Animal Care Program conducted an "amnesty campaign" under which unlicensed dog breeders conducting sales covered by AWA could apply for a license without a penalty, unless they had been notified previously of the need for a license.

The Animal Care Program also created a stakeholders' letter. The letter, distributed periodically, keeps AWA licensees and others informed about AWA-related issues. In other outreach activities, USDA's Animal Care Program sponsored a national State-Federal workshop to clarify lines of responsibility/jurisdiction and make partnerships better. This workshop was designed to ensure the welfare of wild/exotic (i.e., tigers, elephants, etc.) animals. A meeting planned for 2006 will address domestic animals.

The Animal Welfare Program continued to focus on adapting new technology to improve the effectiveness and efficiency of its field inspectors, especially regarding enforcement of the Horse Protection Act (HPA). HPA prohibits horses subjected to a process called soring from participating in exhibitions, sales, shows or auctions. It also prohibits drivers from hauling sored horses across State lines to compete in shows. In soring, chemicals are applied to the legs of show horses to make them feel sore so that they lift them high during performances. The Animal Welfare Program involves the use of two different instruments. The first is a handheld gas chromatograph capable of identifying chemical vapors within 10 seconds. Applications for this technology include identifying illegal soring chemicals, bacteria from wounds or animal solid waste, and harmful chemical vapors in animal housing facilities. The other is a handheld infrared camera capable of detecting surface temperatures on living or inanimate objects. The device evaluates the adequacy of temperature, shade and ventilation management in zoos, kennels and research facilities. It can also determine the heat patterns in horse limbs that have been subjected to chemical and physical soring methods.

Exhibit 42: Ensure the Humane Care and Handling of Animals Used in Commerce

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
3.2.2	Percentage of facilities in complete compliance at the most recent inspection	70%	69%	Unmet
3.2.3	Number of animals affected by noncompliances documented on inspection reports	360,000	Not Available	Unmet

Analysis of Results

Through regulatory inspections and educational efforts, the Animal Welfare Program raised the level of facility compliance from a baseline of 58 percent in 2001 to a level of 70 percent in 2004. The level dropped slightly from 70 percent in 2004 to 69 percent in 2005 due to approximately 1,000 additional dog dealers being licensed during the year.

Data for the number of animals affected by noncompliances documented on inspection reports in 2005 were inaccurate. Thus, there is no means to compare program performance in FY 2005 with previous years. The Licensing and Registration Information System (LARIS) database provides these data. LARIS is obsolete and will be replaced during the coming year.

Exhibit 43: Trends in Ensuring the Humane Care and Handling of Animals Used in Commerce

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Percentage of facilities in complete compliance at the most recent inspection	58% Baseline	68%	70%	70%	69%
Number of animals affected by noncompliances documented on inspection reports	588,961 Baseline	371,856	344,866	383,563	Not Available

While the number of animals affected by noncompliances probably did not decrease during FY 2005, the Animal Welfare Program has reduced the total number of animals affected by noncompliances by more than 200,000 since the baseline was established in FY 2001. The benefits of this achievement for the Nation are:

- Assurance that the animals are being treated properly; and
- Detection and treatment of diseases that might move from captive animals to wildlife and humans.

Description of Actions and Schedules

As mentioned above, USDA intends to replace LARIS during the next year. The new database will provide the program with more reliable performance measures and additional flexibility in the measures evaluated. The system will track the amount of animal suffering prevented due to Animal Care interventions for the three activities under AWA research, exhibition, and commerce.

Key Outcome: Improve Animal and Plant Diagnostic Laboratory Capabilities

The National Animal Diagnostic Network and Plant Diagnostic Network Centers ensure the performance of timely diagnostics. They also enhance the process of producing and maintaining a timely, comprehensive catalogue of pest and disease outbreak occurrences in a nationally accessible database. Identifying new or uncommon pests and diseases accurately will allow USDA, in conjunction with the States, to expedite initial control responses, verify the physical boundaries of an outbreak and initiate regional or national containment strategies. The ultimate performance measure for these networks is their disease detection preparation. The networks will continue to study new diseases regularly to protect the Nation effectively from accidental or deliberate introduction of diseases.

Exhibit 44: Ensure the Capabilities of Plant and Diagnostic Laboratories are Improved

Annual Performance Goals and Indicators	Fiscal Year 2005		
	Target	Actual	Result
3.2.4 Expand the ability to detect plant diseases to protect the Nation from disease outbreaks (Number of plant diseases)	3	5	Exceeded
3.2.5 Expand the ability to detect animal diseases to protect the Nation from disease outbreaks (Number of animal diseases)	6	7	Exceeded

Analysis of Results

The performance goal was met. Limited trend data are available since the effort began in FY 2003 (plant) and FY 2004 (animal).

Plant disease detection criteria have been developed for *soybean rust, sudden oak death (SOD), Ralstonia stem rot, plum pox virus* and *pink hibiscus mealy bug. Soybean rust* is a fungal disease that attacks the foliage of a soybean plant, causing its leaves to drop prematurely. *SOD* is a plant disease that attacks many types of plants and trees common to the Pacific Northwest. *Plum pox virus* browns the flesh and deforms stone fruit, making it unmarketable. *Pink Hybiscus Mealybug* is a serious insect threat to agricultural, ornamental and horticultural plants in tropical and sub-tropical areas.

Animal disease-detection criteria have been developed for the following seven high consequence diseases. *Foot-and-Mouth Disease* is a severe, highly contagious viral disease of cattle and swine. *Exotic Newcastle Disease* is a contagious and fatal viral disease affecting all birds. *Classical Swine Fever*, or hog cholera, is a highly contagious viral disease of swine. *High Pathogen Avian Influenza* is a virus that can cause varying amounts of clinical illness in poultry. *Bovine Spongiform Encephalopathy*, or mad cow disease, is a chronic degenerative disease that affects the central nervous system of cattle. *Scrapie* is a fatal, degenerative disease affecting the central nervous system of sheep and goats. *Chronic Wasting Disease* attacks the central nervous system of deer and elk.

USDA agencies partner with State agencies and universities to achieve a high level of agricultural biosecurity. This process is done through the early detection, response and containment of outbreaks of invasive pests and diseases. The diagnostic laboratories, adequately staffed and stocked with cutting-edge technology, are essential to accomplishing this mission.

Exhibit 45: Trends Improving the Capabilities of Diagnostic Laboratories

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Specific Plant diseases labs are prepared to detect.	N/A	N/A	2 Baseline	3	5
Specific animal diseases labs are prepared to detect.	N/A	N/A	N/A	6 Baseline	7

N/A = Not Available

Future challenges to improving laboratory capabilities include making non-Federal funding available. This funding could be used to expand laboratory links in each State, increase the number of screened diseases and

their detection criteria, and ensure that more strategically located laboratories are prepared to deal with geographically relevant disease threats.

Key Outcome: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks

Genome sequencing involves studying the genetic factors that allow a cell to exist. USDA has sequenced the genomes of a wide variety of pathogens to understand their diversity better. This sequencing allows scientists to recognize new cells. It also allows them to determine why a pathogen causes disease. Due to the ever-decreasing cost of obtaining sequence data, the number of organisms or variants of the microorganisms has increased each year.

To understand what genes allow an organism to resist infection, USDA has identified genetic combinations that would give economically important agriculture species a greater ability to survive infection. Sequencing of the complete genome of important agricultural species like chickens and cows is vital to this effort and facilitates the identification of diseases during the last several years.

USDA has provided a number of diagnostic tests that help producers find and control diseases more rapidly. In some cases, these tests eventually are transferred to universities, State laboratories, private industry or other countries for use.

USDA is at the very early stages of finding genomic markers linked to phenotypes of disease resistance. Much more needs to be done. Once more of these markers become available, companies will be able to breed animals without the danger of them contracting diseases. USDA is studying this process for the economically important livestock commodities. The future challenges are to continue and enhance this effort. To do this, the Department must support host genome sequencing and establish models of disease to validate the markers of resistance.

Exhibit 46: Provide Scientific Information to Protect Animals from pests, Infectious Diseases, and Other Disease-Causing Entities that Impact Animal and Human Health

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
3.2.6	Provide scientific information to protect animals from pests, infectious diseases, and other disease-causing entities that impact animal and human health.			Met
	▪ Number of organisms or variants of the microorganisms sequenced each year.	70	70	
	▪ Number of resistance markers for a variety of diseases identified.	10	10	
	▪ Number of tests that are transferred to universities, State laboratories, private industry, or other countries for use.	3	3	

Analysis of Results

USDA met the goal. While USDA has sequenced parts of many microorganisms and made new discoveries, many of these sequences only cover part of the genome. There are many more organisms and varieties to be studied. Despite this shortcoming, the sequence data are very useful. They have allowed scientists to discover the origin of microorganisms quickly and provided valuable insight into their diversity. Future challenges are to continue sequencing efforts and build relational databases so that the sequence data can be stored, mined and interpreted easily.

Exhibit 47: Trends in Providing Scientific Information to Protect Animals from Pests, Infectious Diseases, and Other Disease-Causing Entities that Impact Animal and Human Health

Trends	Fiscal Year Actual					
	2000	2001	2002	2003	2004	2005
Number of organisms or variants of the microorganisms sequenced each year.	20 Baseline	30	40	50	55	70
Number of resistance markers for a variety of diseases identified.	N/A	N/A	3 Baseline	5	8	10
Number of tests that are transferred to universities, State laboratories, private industry or other countries for use.	N/A	1 Baseline	2	4	3	3

N/A = Not Available

While USDA has succeeded in transferring technologies, concepts and some fully viable tests to the end user during the past several years, many diagnostic innovations still are being lost before they are commercialized. Those tests that have been marketed immediately are used and have enhanced the capability of the producer, State Government and diagnostic labs in determining the cause and location of diseases.

Challenges for the Future

USDA faces many challenges in reducing the number and severity of pest and disease outbreaks. Some of these are external factors that, should they occur, could prevent program goal achievement.

As in all farming, unexpected events in the natural environment can impact pest and disease programs. A pest may move from wild to domestic populations. Migratory birds may carry diseases across boundaries. Climatic factors may create unusually good conditions for the growth and spread of a pest or disease. Unusually wet weather can prevent program survey actions. If a pest or disease with unknown biological information or survey methodology enters the country, it might go undetected before spreading and causing significant damage.

The outbreak and spread of a significant emerging, foreign animal or plant, pest or disease in the U.S. can drain available resources quickly. The occurrence of multiple instances of these problems or one instance in multiple locations would limit USDA's prevention methods severely. When large or multiple outbreaks occur, personnel must be shifted temporarily from non-emergency programs. This could leave the donor program unable to achieve its outcomes if the emergency runs longer than expected. In the emergency programs, activities such as developing guidelines and training cooperators may suffer, thereby affecting the ability to shorten response times in the future. An outbreak of epidemic proportions can overwhelm the program's ability to conduct timely testing. Personnel involved in support activities, such as regulatory enforcement, veterinary diagnostics and biologics, may find their workload outpacing their ability to provide effective services. When work priorities are reviewed, some of the burden may be shifted to cooperators.

Animal cloning and genetic engineering activities are expected to pose a growing challenge. The development of transgenic animal species will present new problems in regulation, both in terms of maintaining the health and safety of agriculture and developing policy regarding their welfare. A transgenic animal refers to one whose genetic make-up has been altered with the genes of another species. In response to a petition, USDA's program responsible for enforcing Animal Welfare Act (AWA) considered whether cloning and genetic

engineering of animals should be regulated under the act. The Department determined that AWA covers genetic engineering as a research activity in certain circumstances. Cloning activities will be evaluated on a case-by-case basis for coverage under the act.

USDA must communicate and coordinate with its employees and partners so that they clearly understand their roles and responsibilities, and ensure they have the necessary resources to respond quickly and effectively. The Department relies on State and local Government agencies, professional societies and industries to implement, administer and pursue the program standards required to complete them successfully. The cooperation and participation of all these groups is essential to achieving goals. Nowhere was this more evident in 2005 than when USDA was called upon to work within a framework of many partnerships to assist with rescuing and caring for pets impacted by Hurricane Katrina. In the absence of clear authority of any Federal Government agency over private pets, such as dogs and cats, the USDA program that enforces AWA was asked to fill that role. The responsibilities of USDA's Animal Care Program are expected to continue to grow in this area. The program provides leadership for determining standards for the humane care and treatment of animals.

The Animal Care Program is experiencing an increase of about 100 AWA licensees per month. Almost all of these new licensees are commercial dog breeders. Providing services to this growing number of new licensees will continue to be a challenge for USDA.

Planning responses to emergencies before they occur and developing the infrastructure to respond to them is an activity of growing importance in the post-9/11 and post-Katrina world. Preparing for a world pandemic requires coordinating large numbers of experts from widely diverse scientific disciplines and professional settings. Coordination increases the ability of USDA to respond as needed. Cooperative agreements with international organizations and countries allow information to be shared across wider boundaries. Mobilizing specialized personnel requires advance work establishing information on resource types and locations.

STRATEGIC GOAL 4: IMPROVE THE NATION'S NUTRITION AND HEALTH

USDA made strides in promoting access to a nutritious diet and healthy eating behaviors for everyone in the U.S. in 2005. Through its leadership of Federal nutrition-assistance programs, the Department made a healthier diet available for millions of children and low-income working families. Meanwhile, USDA's Center for Nutrition Policy and Promotion used the latest science information to update Federal nutrition guidance and interactive tools. This information was designed to help consumers establish and maintain healthy diets and lifestyles that are consistent with the President's HealthierUS Initiative. HealthierUS is a health and fitness initiative that promotes increased physical activity, the consumption of nutritious foods, regular preventive health screenings and the avoidance of risky behaviors, especially involving alcohol, tobacco and illegal drugs. Key accomplishments included:

- **Promoting access to the Food Stamp Program (FSP).** Food stamps help low-income families and individuals purchase nutritious low-cost meals. FSP is the Nation's largest nutrition assistance program serving more than 25 million people monthly in FY 2005. The program enables participants to improve their diets by increasing their food-purchasing power via benefits redeemable at retail grocery stores across the U.S. USDA promoted FSP through a national media campaign

designed to reinforce the availability and importance of food stamps as nutrition assistance and work support. The campaign distributed radio spots in 35 media markets, 10 of which aired ads in both Spanish and English, and more than 2.2 million flyers and posters written in these languages across America;

- **Continuing to ensure that Food Stamp benefits are accurately issued**. The national payment error rate for FY 2004 is 5.88 percent, an all-time low error rate for FSP and a 34 percent improvement from just 5 years ago. This improvement is a result of strong partnerships with States administering the program and the implementation of program simplifications and policy options provided in the Farm Security Rural Investment Act of 2002 (FSRIA). The FY 2005 Food Stamp Payment Accuracy Rate will become available in June 2006 and will be reported in the *FY 2006 Performance and Accountability Report*;
- **Implementing new provisions in the Child Nutrition Programs.** With the passage of the Child Nutrition Act of 2004, USDA began implementing new provisions of the law. Child Nutrition Programs are designed to provide nutritious meals to students at participating schools, with low-income students receiving free or reduced-price meals. USDA took steps to ensure access to Federal nutrition-assistance programs for the children who need them, while maintaining and improving program integrity; and
- **Launching MyPyramid** so that consumers are motivated to make healthier food and physical activity choices consistent with the 2005 *Dietary Guidelines for Americans* and other standards, resulting in improved well-being and Healthy Eating Index scores. These guidelines give science-based advice on food and physical activity choices for health. MyPyramid, which can be accessed at www.mypyramid.gov, translates the guidelines' principles. It features the concepts of personalization, variety, gradual improvement, physical activity, moderation and proportionality. By accessing MyPyramid, consumers can use several of its features to individualize their diet and physical activity patterns.

In FY 2005, USDA made strides in improving the quality of Americans' diet through a nutritionally enhanced food supply and better knowledge and education to promote healthier food choices. Four of the top 10 causes of death in the U.S. (cardiovascular disease, cancer, stroke and diabetes) are associated with the quality of diets—diets too high in calories, total fat, saturated fat and cholesterol, or too low in fruits and vegetables, whole grains, and fiber. The Nation is experiencing an obesity epidemic resulting from multifaceted causes including a "more is better" mindset for food consumption, a sedentary lifestyle and the easy availability and choices of fat- and sugar-laden, high-calorie foods. Consumers are looking for foods that taste good, offer nutrition and other health benefits, and are convenient to prepare and consume. Science-based dietary guidance and promotion can help consumers integrate these choices into a diet that promotes their long-term health. In FY 2005, USDA pursued national policies and programs to ensure that everyone has access to a healthy diet regardless of income, and that the information is available to support and encourage good nutrition choices.

USDA's success in promoting public health through good nutrition and effective nutrition-assistance education programs relies on research. The research provides critical knowledge of what one needs to eat for proper growth and development, continued health, and productivity. Research also shows how that knowledge

can be conveyed to the public in a manner that leads to true dietary changes. Further, USDA has research supporting the development of new healthy and tasty food products. This process provides another avenue for helping consumers eat well. In FY 2005, USDA conducted and supported research that resulted in a new understanding of how nutrients, such as isoflavins, promote health and influence what people eat. The Department also worked on developing healthy new products made from common commodities, such as rice and cheese by-products.

OBJECTIVE 4.1: IMPROVE ACCESS TO NUTRITIOUS FOOD

Exhibit 48: Resources Dedicated to Improving Access to Nutritious Food

USDA Resources Dedicated to Objective 4.1	FY 2005	
	Actual	Percent of Goal 4
Program Obligations ($ Mil)	49,396.9	98.31%
Staff Years	845	28.39%

Introduction

The Federal Government is committed to ensuring that no child or family goes hungry. USDA's nutrition-assistance programs represent the Federal Government's core effort to reduce hunger and improve nutrition. These programs aided one in five people nationally during FY 2005. They promote better health for all people in the U.S., support the transition to self-sufficiency for low-income working families and support children's readiness to learn in school. A well-nourished population is healthier and more productive.

Overview

By working in partnership with States, USDA continues to implement effective nutrition-assistance programs and deliver program benefits to eligible participants. The programs promote access to a nutritious and adequate diet for those with little income and few resources. For a variety of reasons, many eligible individuals and families do not participate in these programs. In FY 2005, USDA focused on increasing the participation rate among people eligible for food stamps. The Department also focused on expanding access to the School Breakfast Program (SBP), which is not as widely available as the National School Lunch Program (NSLP). SBP provides cash assistance to States to operate breakfast programs in schools and residential child-care institutions. NSLP provides nutritionally balanced, low-cost or free lunches to children each school day.

In 2005, USDA continued to work with States to implement FSRIA's FSP provisions. These provide States with options to simplify the program's administration. The Department also continued monitoring and tracking outreach efforts to targeted populations. USDA embarked on the second year of its media campaign to inform low-income people of their potential eligibility. The Department also provided technical assistance, outreach and participation grants and guidance to faith- and community-based organizations to encourage FSP participation.

Despite SBP's availability, many children that could benefit from breakfast at school currently do not use the program. On an average school day in FY 2005, more than 50 million children had access to school lunch and nearly 29 million children chose to eat a program lunch. Additionally, about 9.3 million children received a

school breakfast. USDA identified opportunities to promote SBP. The Department raised awareness of SBP's availability with State and civic leaders, and supported and celebrated National School Breakfast Week. This program involves schools across America emphasizing the importance of a good breakfast through events, posters and student activities.

The Department also continued to serve those eligible for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) who wish to participate within authorized funding levels. WIC helps safeguard the health of low-income women, infants and children up to age 5. The program provides nutritious foods to supplement diets, information on healthy eating and health-care referrals. About 8 million pregnant women, new mothers and their young children benefited in an average month in FY 2005. The Department worked with the Office of Management and Budget, Congress and State partners to ensure that WIC funding levels were available and distributed effectively to serve all eligible persons who wished to participate.

Finally, USDA reached out to a wide range of faith-based and community organizations to deliver program benefits and services, and encourage access to the programs.

Selected Results in Research, Extension and Statistics

Understanding Economic and Behavioral Influences on Fruit and Vegetable Choices—The newly released USDA MyPyramid and the 2005 Dietary Guidelines encourage Americans to increase their consumption of fruits and vegetables. USDA food supply data indicate that Americans consume 1.4 servings of fruit daily. This figure is less than half the 4 servings or 2 cups recommended in the 2005 *Dietary Guidelines for Americans* eating 2,000 calories per day. Marketers and nutritionists alike have pondered the reasons for Americans' fruit and vegetable shortfalls. USDA examined how economic, social and behavioral factors influence consumers' fruit and vegetable choices. Researchers found ways for consumers to meet the Food Guide Pyramid recommendations for fruit and vegetable consumption for less than $1 per day. Despite this finding, other research indicated that low-income consumers:

- Spent less on fruits and vegetables than others; and
- Were less likely to respond to a small change in income by purchasing more fruits and vegetables than their higher-income counterparts.

New Super-Carb Product Created—A USDA scientist has created a new all-natural, super-carb product called Calorie-Trim. Derived from whole oats and barley, Calorie-Trim contains 20 to 50 percent beta-glucan, a soluble fiber found in these grains. When eaten, the biologically active fiber helps the body regulate blood glucose and lower bad cholesterol. This process helps lessen the risk of heart disease. Calorie-Trim can mimic some fat and carbohydrates' properties in food without overburdening the body with calories that contribute to diabetes and obesity. Additionally, Calorie-Trim, with less than 4 calories per gram, boasts 5 to 10 times more soluble fiber than regular milled oats, flour and oatmeal.

New Alternative to Peanut Butter—USDA scientists have developed a tasty sunflower-seed butter that can be used for spreading on breads or crackers. Marketed as SunButter, the spread comes in an array of flavors and textures. Scientists have also created a low-carb version. Twelve States now include SunButter in their school lunch programs. Some airlines provide snacks made with SunButter as an alternative to peanuts. The product gives the roughly 3 million Americans who suffer from peanut allergies a satisfying option.

Potassium for Better Melons—USDA scientists studying ways to make melons more nutritious have found that spraying potassium on them as they grow boosts their beta carotene and vitamin C levels. Beta carotene is one of the most powerful dietary antioxidants. Vitamin C is a protein that gives structure to bones, cartilage, muscle, and blood vessels. The potassium application increased the fruits' sugar content, which, in turn, raised levels of vitamin C and produced a better-tasting and sweeter melon. The potassium formulation is relatively simple, inexpensive, safe and readily available. It can also be combined with sprays for insects or disease.

New Techniques for Pre-cut Fruit and Vegetables—USDA has developed three techniques for prolonging the shelf life of pre-cut fruits and vegetables. This process should help expand the fresh-cut produce supply—one of the fastest growing food categories in U.S. supermarkets. When plant cells detect a nearby injury, as occurs with slicing, they send electrical, chemical and hormonal signals to initiate defense responses to protect the plant. Such wound signaling changes plant tissue texture and chemical properties. One way to bypass the plant's alert system, scientists have found, is to slice the fruit while it is held under water. This method prevents plant tissues from detecting pressure changes that would accompany the slicing. The water forms a barrier that prevents fluids from escaping from the fruit or vegetable tissues being cut. Heat and ultraviolet light treatments also can be used to fool a plant's defense system and keep just-sliced fruit crisper and more flavorful longer.

Challenges for the Future

Studies and analyses show that there continue to be large numbers of eligible people who do not participate in Federal nutrition-assistance programs. While recent changes in FSP have made more low-income people eligible, many may be unaware of the opportunity to receive these benefits. USDA looks to improve access to and promote awareness of these programs among those who may benefit from their services with continued outreach and information strategies.

USDA's ability to achieve this objective could be significantly enhanced if additional legislative authority for policies and program initiatives were enacted. This would enhance initiatives that promote effective access to nutrition assistance and funding to support program participation for all eligible people who seek service. The quality of program delivery by third parties—hundreds of thousands of State and local Government workers and their cooperators—is critical to USDA's efforts to reduce hunger and improve nutrition. Economic changes can affect both the number of people eligible and the ability of cooperators to provide services.

Key Outcome: Reduce Hunger and Improve Nutrition

As noted above, the resources and services USDA delivers through its nutrition-assistance programs represent the Federal component of efforts to improve the nutrition of children and low-income people. The Department is committed to providing access to nutritious food through the major nutrition assistance programs for eligibles who wish to participate. While data are not yet available to assess the success of these FY 2005 efforts in increasing the rate of participation among eligible people, the period did see increased participation in all three targeted programs.

Exhibit 49: Improve Access to Nutritious Food

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
Improve Access to Nutritious Food (Mil):				Deferred
4.1.1	Rates of eligible populations participating in the Food Stamp Program	59.1%	N/A	
4.1.2	Rates of eligible populations participating in the School Breakfast Program	18.0%	N/A	
4.1.3	Rates of eligible populations participating in the Special Supplemental Nutrition Program for Women, Infants and Children	N/A	N/A	

Analysis of Results

The measure has been deferred because data on the number of eligible persons are currently unavailable. Data for the SBP measure should be available for reporting in the *FY 2006 Performance and Accountability Report (PAR)*. FY 2005 data for the FSP and WIC measures should be available for the *FY 2007 PAR*. An analysis of the most recent information available follows.

Food Stamp Program—The most recent available information indicates that in FY 2003, Food Stamp Program participation increased for the second year in a row after a 7-year decline. The new data indicates that the Food Stamp Program served approximately 56 percent of all who were eligible to participate in FY 2003, an increase from 54 percent in FY 2004. Ensuring that all who are eligible to participate is a top priority for USDA. The increase in participation is attributed, in part, to the use of State policy options that promote outreach and improve access to the program. Participation in the Food Stamp Program is also responsive to changes in unemployment; when the number of unemployed increase, program participation also rises.

- Additional waivers to increase FSP access to programs for elderly and other targeted groups. USDA works with a number of States on combined application (CAP) demonstration projects. CAPs allow elderly and disabled populations receiving Supplemental Security Income to apply for food stamps through a simplified process. Four additional States were approved to operate CAPs in FY 2005 for a total of 10 projects operating Nationwide;
- The awarding of 6 grants totaling $5 million to increase food-stamp awareness of low-income households and simplify the application process;
- The awarding, for the second year in a row, of $1 million in grants to faith- and community-based organizations and public agencies to educate people about the benefits of food stamps so that they can make informed decisions about applying and participating;
- Free outreach and educational materials, including posters, brochures and flyers in English and Spanish, a national media effort to raise awareness of FSP availability, an expanded web site with new outreach resources, and radio public service announcements. Materials in 35 languages are available for download. Additionally, USDA continued a toll-free information line—available in English and Spanish—to help the public learn more about the FSP such as how and where to apply;

- Working with the U.S. Department of Justice to develop and distribute brochures in multiple languages to inform Federal program administrators of their obligations to accommodate people with limited English proficiency and other beneficiaries of their rights;
- Coordinating an FSP National Outreach Coalition to partner with and strengthen educational and outreach efforts nationally by sharing efforts and joining forces and resources; and
- Partnering with stores and retailer associations to promote food stamp outreach and nutrition education-related activities. This work included the use of an in-store FSP "pre-screening" tool to help people learn if they are eligible for the program, encouraging store use of FSP public service announcements and distributing outreach materials and MyPyramid nutrition information.

SBP—FY 2005 SBP participation rate data will be available in December 2005, and will be reported in the *FY 2006 USDA Performance and Accountability Report*. SBP makes healthy, nutritious meals available to nearly 41 million students, however, an average of 9 million children actually eat a program breakfast. More than 76,000 schools operated the program in FY 2005, which is an increase of approximately 1,000 schools from the previous year. USDA continued to support and encourage SBP participation in FY 2005 by:

- Continuing SBP promotion through such activities as School Breakfast Week, which involves schools across America in highlighting the program through events, posters and student activities that emphasize the importance of a good breakfast—either at home or served through the program—in being ready for school; and
- Implementing provisions in child nutrition reauthorization included in the Child Nutrition and WIC Reauthorization Act of 2004. The provisions expand program access by: 1) requiring States to enroll children who receive food stamps in the free school meals program without an additional application; 2) combining applications for subsidized meals so that each household can submit just one for all its children; and 3) making each certification valid for the school year, eliminating the need to re-apply if circumstances change.

WIC—FY 2005 WIC participation rate data will be reported in the *FY 2007 PAR*. In FY 2005, USDA continued efforts to ensure that funding was available to support participation for all those eligible who wish to participate.

Exhibit 50: Trends in Improving Access to Nutritious Food

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Food Stamp Program % of eligible people participating	53.2%	53.8%	55.6%	N/A	N/A
School Breakfast Program % of eligible school children participating	14.5%	15%	15.5%	16.3%	N/A
WIC Program % of eligible people participating (measure under development)	N/A	N/A	N/A	N/A	N/A

FSP—The most recent available information indicates that, in FY 2003, the FSP participation rate increased for the first time after a seven-year decline. The new data indicate that FSP served approximately 56 percent of all who were eligible to participate in FY 2003. Ensuring that all who are eligible participate is a top priority for USDA. One reason for the increase in participation since FY 2000 is changes in the law. Another

is that policy reforms in recent years have increased the number of eligible low-income individuals and families. Additionally, USDA has increased efforts to improve program access.

SBP: Trend data indicate that the proportion of children enrolled in school who participate in SBP has risen slowly but steadily in recent years. This use reflects USDA's continuing efforts to encourage schools to operate the program and children in those schools to participate. In FY 2005, approximately 9.3 million children received breakfast through the program each school day.

WIC: A methodology to estimate the number of people eligible to participate in WIC is currently being developed. Data for FY 2005 are expected to be available in 2007 and will be reported in the *FY 2007 PAR*.

OBJECTIVE 4.2: PROMOTE HEALTHIER EATING HABITS AND LIFESTYLES

Exhibit 51: Resources Dedicated to Promote Healthier Eating Habits and Lifestyles

USDA Resources Dedicated to Objective 4.2	FY 2005	
	Actual	Percent of Goal 4
Program Obligations ($ Mil)	561.1	1.12%
Staff Years	919	30.86%

Introduction

Eating healthfully is vital to reducing the risk of death or disability due to heart disease, certain cancers, diabetes, stroke, osteoporosis and other chronic illnesses. Despite this known fact, a large gap remains between recommended dietary patterns and what people in the U.S. actually eat. USDA's nutrition-assistance programs focus on improving eating behaviors through promotion and services.

For the benefit of the total U.S. population, USDA uses Federal nutrition policy and nutrition education to provide scientifically-based information about healthful diets and lifestyles. For example, the Department promotes the aforementioned *Dietary Guidelines for Americans* and MyPyramid to help Americans make wise choices related to food and physical activity.

Overview

USDA used its nutrition-assistance programs and broader nutrition-education efforts to promote healthier eating and physical activity across the U.S. It worked to improve nutrition-education efforts within each of the major nutrition assistance programs. Highlights in FY 2005 included a series of projects to identify new strategies to address unhealthy weight gain through WIC, new Team Nutrition educational materials targeted to fruit and vegetable consumption and healthier school environments, and a major review and reengineering effort of food stamp nutrition education, still underway, to ensure that the Department focuses on changing behaviors using the best strategies available.

USDA also released MyPyramid and the accompanying interactive tools that U.S. consumers can use to assess their diet and physical activity, which is located at www.MyPyramid.gov. USDA agencies promote healthy food choices, dietary habits, and eating behavior through research to improve understanding of optimal nutrient requirements at all stages of the life cycle, the relationship between diet, physical exercise

and health and the factors influencing individual food choices. The Department conducts and supports multidisciplinary nutrition research and education that considers interrelated factors affecting nutritional status, such as genetics, physiology, sociocultural factors, psychology, economics, agricultural and food systems, and public policy.

Excessive weight gain and obesity will soon rival cigarette smoking as a leading cause of premature death and disability in the U.S. Improved diets can help with weight management and reduce the risk of certain types of cancers and type II diabetes—the disease's most common form. Thus, USDA's efforts focus on updating nutrition policy, providing information and promoting behavioral changes that can reduce excessive weight gain, obesity and other diet-related health conditions. These actions hold the potential to improve the lives of millions of Americans and reduce the health care and social costs of these conditions. These social costs include lost years of work productivity related to morbidity and mortality from diet-related health conditions.

Researchers have identified poor diet and physical inactivity as the second-most common preventable cause of death in the U.S. The total cost attributed to excessive weight gain and obesity is estimated to be nearly $120 billion annually. Even small improvements in the average diet could yield large health and economic benefits to individuals and society as a whole.

To this end, USDA will continue promoting healthier eating and lifestyle behaviors as a vital public-health issue. The *Dietary Guidelines for Americans* is the cornerstone of Federal nutrition guidance. Using the 2005 *Guidelines* and MyPyramid, the educational tool of the guidelines, USDA will continue its leadership role of providing advice on patterns people can follow to improve overall health through proper nutrition.

In the same vein, according to Department and U.S. Census Bureau statistics, the nutrition assistance programs managed by USDA touch the lives of one in five Americans – an enormous opportunity to promote healthier behaviors. In 2005, the Department maintained its focus on getting benefits to children and low-income people to encourage healthy eating and increased physical activity.

Selected Results in Research, Extension and Statistics

Selected Results in Research, Extension and Statistics Promoting Healthy Diets—The Expanded Food and Nutrition Education Program (EFNEP) is improving the diets of disadvantaged Americans. EFNEP is also helping prevent high blood pressure, heart disease, diabetes and obesity. This program is designed to assist limited-resource audiences acquire the knowledge, skills, attitudes and behavior modifications necessary for nutritionally sound diets. In FY 2004, EFNEP reached 378,206 youth and 157,809 adults. An additional 578,366 family members were reached indirectly through adult participants. While low-income people often do not consume enough key nutrients—including protein, iron, calcium and vitamins A, C and B6—data confirmed that, depending on the particular nutrients, EFNEP participants Nationwide increased their intake of these nutrients by 5 to 50 percent. Thus, participants improved their diets. Science and Education Impact Statements from October 2004 report that, of the nearly 74,000 surveyed, 87 percent of past EFNEP participants now make healthier food choices, prepare foods without added salt, read nutrition labels or ensure their children eat breakfast.

Obesity Policy and the Law of Unintended Consequences—Effective action to combat obesity and excess weight could come in many forms since many variables influence diet and lifestyle choices. The wide range of factors contributing to food choices is compounded by the incredible variety of foods and

consumption opportunities available today—choices among thousands of food products, about whether to eat at home or in a variety of restaurants, and about lifestyles. Thus, public policy targeting specific foods or lifestyle choices could have surprising unintended consequences. USDA examined some of the potential intended and unintended consequences of three widely discussed obesity policies—nutrition labels in restaurants, taxes on snack foods, and restrictions on food advertising to children—focusing on the likely effect of each program on producer and consumer incentives and health outcomes. In every case, the unintended effects could dampen the policy's success in reducing excess weight and obesity.

Link between High-Carbohydrate Diet and Cataracts Studied—USDA-funded research has revealed new details about the association between a high-carbohydrate diet and cataract risk. Cataracts are a major cause of blindness worldwide and afflict an estimated 20 million Americans. Women who ate an average of 200 to 268 grams of carbohydrates daily were more than twice as likely to develop cortical cataracts as women who consumed between 101 and 185 grams per day. The recommended daily allowance of carbohydrates for adults and children is 130 grams. The connection between high-carb intake and increased cataract risk remains unknown; one possibility is that increased exposure to glucose, a breakdown product of carbs, might damage the eyes' lenses.

Zinc and Prostrate Cancer Links—USDA scientists in California have discovered new information about how zinc might help fight prostate cancer, the second-most common cause of cancer-related deaths among American men. Laboratory investigations using cancerous and cancer-free human prostate cells indicated that the afflicted cells accumulated less zinc than healthy ones. In a related finding, the cancerous cells had lower levels of ZIP1, a protein that moves zinc through the membrane that encloses a cell. Although another zinc-ferrying-protein, ZIP3, existed in the cancer cells, its location prevented it from being most effective.

Cereal Fiber and Heart Disease—A USDA study found that women with a history of heart disease and who reported eating six or more servings of whole grains per week had slower progression of atherosclerosis. Atherosclerosis causes plaque to clog the passageways through which blood flows. Researchers found that stenosis—the narrowing of the diameter of arterial passageways—occurred less in women who ate more cereal fiber from whole-grain foods than those reporting lower intakes. The data suggest that following current dietary recommendations can slow the rate of heart disease progression. While the 2005 *Dietary Guidelines for Americans* urges people to consume at least three servings of whole-grain foods per day, experts say that most Americans consume less than a single serving daily.

Challenges for the Future

USDA's effort to reduce excess weight gain and obesity and improve diet is expanding its reach. Immense resources are available in both the private and public sectors that can enhance the effects of the Department's work on this issue. USDA works to create science-based resources that can be used within nutrition-assistance programs. These resources primarily target low-income persons and foster the much larger public and private-sector effort to achieve America's ambitious nutrition goals.

While USDA's goal of reducing obesity levels begins with understanding what constitutes a healthy diet and the appropriate amount of exercise, ultimately success requires individuals to change their diets by modifying their eating behavior. Crafting more effective messages and nutrition education programs to help people make

better food choices requires understanding their current habits and the relationships between these decisions and their attitudes, knowledge and awareness of diet/health links. This requires data that link behavior and consumption decisions of individuals of various backgrounds, regions, ages and genders. While national data exist, current survey sample sizes do not yield reliable information for population subgroups.

While updated Federal nutrition guidance is an important step in helping Americans develop and maintain healthier diets and lifestyles, using this guidance to motivate Americans to change remains a major challenge because of the limited resources available for nutrition promotion. USDA will continue to explore ways to devote significant long-term resources to develop consumer-friendly and cost-effective nutrition education materials. The Department will also use partnerships to maximize the reach and impact of these materials. Promotional materials will be available within Federal nutrition-assistance programs, and to the general public.

Attaining performance outcomes in this area depends partly on the emphasis that the U.S. places on healthier eating, including products and practices in the food marketplace. Additionally, physical activity and other lifestyle issues have a significant affect on body weight and health.

Key Outcome: Promote More Healthful Eating and Physical Activity across the Nation

USDA promotes healthy eating through its comprehensive nutrition research and education programs. Both of these programs are targeted to nutrition-assistance program participants and the general public. For each target audience, the challenge is to find effective ways to translate research into working knowledge to improve what people eat and find effective strategies to reach target populations with promotional information and messages. USDA assesses its performance in promoting healthful eating and physical activity among low-income populations served by Federal nutrition-assistance programs. This is done by monitoring the Healthy Eating Index score (HEI). HEI is a summary measure of diet quality developed by USDA's Center for Nutrition Policy and Promotion. The Department sets targets for improvement in the HEI both for the U.S. population as a whole and among people with incomes at or below 130 percent of poverty.

Exhibit 52: Promoting Healthier Eating Habits and Lifestyles

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
4.2.1	Improve the Healthy Eating Index (HEI) scores for			Deferred
	▪ People with incomes under 130% of Poverty	65	N/A	
	▪ The U.S. Population	65.0	N/A	

Analysis of Results

The measure has been deferred because data are not yet available. FY 2005 data will be available in 2006 and reported in the *FY 2006 PAR*. USDA continued its efforts to promote improvement in dietary practices for low-income people. To meet the needs of the general population, the Department also continued its leadership role in developing nutrition guidance and educational tools designed to motivate Americans to eat healthier. USDA also:

- Continued to provide technical assistance and training in support of State agencies or partners at conferences and meetings like the Head Start Conference and State Nutrition Action Plans;

- Prepared to distribute the Food Stamp Nutrition Education (FSNE) Guiding Principles as approved by the Under Secretary (formerly the FSNE Framework). FNSE provides information on who provides the nutrition education, the strategies used in providing that education and how to contact local offices;
- Distributed more than 5.2 million *Eat Smart, Play Hard* nutrition education materials requested by program partners. This program offers practical suggestions designed to help motivate children and their caregivers to eat healthy and be active;
- Continued work on healthy school nutrition-environment activities, especially promoting the Healthy School Challenge at regional and State meetings. This program is designed to help encourage schools and parents to continue promoting healthy lifestyles for children; and
- In partnership with the U.S. Department of Health and Human Services, released the 2005 *Dietary Guidelines for Americans* and disseminated *Finding Your Way to a Healthier You*. The guidelines provided 41 key recommendations (23 for the overall population and 18 additional ones for specific population groups). This nutrition information is useful for the development of educational materials and tools and for the design and implementation of nutrition-related programs (including Federal food, nutrition education, and information programs). The *Dietary Guidelines* and the consumer brochure are available at www.healthierus.gov/dietaryguidelines/index.html.

Exhibit 53: Trends to Promote Healthier Eating Habits and Lifestyles

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Healthy Eating Index (HEI) for People with Incomes under 130% of Poverty	N/A	N/A	N/A	N/A	N/A
Healthy Eating Index for the U.S. Population	N/A	N/A	N/A	N/A	N/A

While data on trends in diet quality from 2001 to 2005 currently is unavailable, evidence from other sources indicates that problems related to diet quality persist, both among low-income people and the general population. USDA's ongoing efforts during this period to promote behavior change, both through the nutrition assistance programs and its Nation-wide nutrition policy and promotional efforts have been focused on motivating changes to reduce and prevent excessive weight gain and obesity.

Key Outcome: Increase Nutrition Information Available to the Public

In 2005, USDA labs released four dietary databases and search tools to the public. Users can access the databases and tools at www.ars.usda.gov. One of the major releases was the National Nutrient Database for Standard Reference, Release 18. The release featured the most essential nutrients in foods commonly eaten in the U.S. As the American diet changes, updates to this database are essential to know if the public can get adequate amounts of essential nutrients. The database is available for use on personal digital assistants, personal computers and web-based applications. Availability in a variety of formats has increased access to and utilization of this valuable national resource by the scientific community, private industry and the general public.

USDA also released the latest "What We Eat in America" survey. This survey is the dietary component of the National Health and Nutrition Examination Survey conducted by the U.S. Department of Health and Human Services. The results are for the years 2001-2002 for 9,701 participants of the only nationally representative study of its kind. Additionally, the 13,000 foods covered by this survey can be accessed at www.ars.usda.gov/Services/docs.htm?docid=7783. The Department also released a set of products from the Community Nutrition Research Group. These products support the revised Food Guide Pyramid, including an updated pyramid servings database, search tool and intake tables. The USDA Center for Nutrition Policy and Promotion is using the tools in MyPyramidTracker.gov and for revising the Healthy Eating Index.

Exhibit 54: Increasing Nutrition Information Available to the Public

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
4.2.2	Determine food consumption patterns of Americans, including those of different ages, ethnicity, regions, and income levels. Provide sound scientific analyses of U.S. food consumption information to enhance the effectiveness and management of the Nation's domestic food and nutrition assistance programs.			Met
	▪ Number of reports from the USDA food and nutrient database.	4	4	

Analysis of Results

In 2005, USDA scientists compared four popular diet plans in a controlled study for one year. It found that intake of protein, carbohydrate or fat was less important than total calories. Adherence to any diet was the best predictor of weight loss and adherence to the more restrictive diets was lower than to those that offered more balanced menu choices. Weight loss was correlated with improvements in such risk factors for heart disease as blood cholesterol.

As part of long-term research on nutrient needs, USDA scientists determined that high protein intake did not have an adverse effect on calcium metabolism or bone health. Substituting some plant protein for animal protein in the diets of female volunteers had no impact on these health outcomes. This research definitively refutes the long-held belief that eating large portions of meat would lead to acidification in the body. This acidification, the process of conversion into an acid, would increase turnover of calcium from the skeleton.

USDA scientists have increased public access to data and easy-to-use tools. Such information can help users apply state-of-the-art nutrition knowledge to dietary improvement. This assists consumers in improving their dietary choices to stem the increase in obesity and improve the health of people across the Nation.

Exhibit 55: Trends in Determining Food Consumption Patterns

Trends	Fiscal Year Actual					
	2000	2001	2002	2003	2004	2005
Number of reports from the USDA food and nutrient database.	6	4	5	6	7	4

N/A = Not Available

OBJECTIVE 4.3: IMPROVE FOOD PROGRAM MANAGEMENT AND CUSTOMER SERVICE

Exhibit 56: Resources Dedicated to Improve Food Program Management and Customer Service

USDA Resources Dedicated to Objective 4.3	FY 2005 Actual	Percent of Goal 1
Program Obligations ($ Mil)	290.4	0.58%
Staff Years	1,213	40.75%

Introduction

USDA is committed to ensuring that nutrition-assistance programs serve those in need at the lowest possible costs and with a high level of customer service. Managing Federal funds for nutrition assistance effectively, including prevention of program error and fraud, is a key component of the President's Management Agenda. USDA focused on maintaining strong performance in the food stamp payment-accuracy rate as its key performance goal in this area.

Overview

USDA continued to improve management by reducing program errors and continuing its use of electronic technology to enhance customer service. After achieving the critical goal in FY 2004 of completing the Nationwide implementation of electronic benefit transfer (EBT) for the delivery of food-stamp benefits, the Department continues to work with its State agency partners to ensure timely re-procurement of EBT systems awarded on the basis of free and open competition. EBT is an electronic system that allows a recipient to authorize transfer of his or her government benefits from a Federal account to a retailer account to pay for products received. The National Food Stamp payment error rate, which fell to a record low of 6.64 percent in FY 2003, improved further in FY 2004 to 5.88 percent.

These efforts are part of USDA's long-term core commitment to prevent waste, inefficiency and abuse that diverts taxpayer resources from the core purposes and goals of these programs. The sheer size of these programs demands that the utmost attention be given to applying efficient management practices and, to the extent possible, preventing errors in distributing benefits. Customer service deficiencies undermine the effectiveness of the programs in reaching clients with the benefits they need. Maintaining public trust in Federal nutrition-assistance programs is vital to their success and continued support.

Challenges for the Future

The nutrition-assistance structure is intended to serve people in special circumstances and settings. USDA must reshape its management approach because of the need to make services convenient and accessible to participants. Additionally, State and local Governments must deliver the programs. Thus, the Department must address erroneous and improper payment problems by providing monitoring and technical assistance. This approach requires adequate numbers of trained staff supported by a modernized information technology infrastructure to ensure full compliance with national program standards. The staff must also prevent or minimize error, waste and abuse.

To meet the challenge of continued improvements in FSP payment accuracy, USDA continues to dedicate resources to this area. Despite these efforts, two significant challenges will impact future success.

Congressional action has changed the quality-control process, lowering the risk of penalties for poor State agency performance. It remains to be seen how States will react to these changes. Additionally, State budgets have been and will continue to be extremely tight. This factor could hurt State performance in the payment-accuracy arena. USDA will continue to provide technical assistance and support to maintain payment accuracy in the context of this changing program environment.

Key Outcome: Maintain a High Level of Integrity in the Nutrition Assistance Programs

While 2005 data are unavailable, Food Stamp payment accuracy reached a record high in 2004. This record demonstrates strong efforts in this area, resulting in significant error reductions during the past several years. Even small changes in the food stamp error rate can save millions of dollars.

Exhibit 57: Increase Efficiency in Food Management

Annual Performance Goals and Indicators	Fiscal Year 2005		
	Target	Actual	Result
4.3.1 Increase Food Stamp Payment Accuracy Rate	93.5%	N/A	Deferred

Analysis of Results

The FY 2005 food stamp payment accuracy rate will become available in June 2006 and will be reported in the *FY 2006 PAR*.

The FY 2004 food stamp payment accuracy rate posted a record high of 94.12 percent. Of the total FY 2004 payment error rate of 5.88 percent, 4.48 percentage points are attributed to the over-issuance of benefits. The other 1.4 percentage points are attributed to the under-issuance of benefits. Twenty-eight State agencies, including Illinois, New York, and Texas, achieved a payment error rate of less than 6 percent. California, with a payment error rate of 6.32 percent, continued to improve from its FY 2002 error rate of 14.84 percent. Eight State agencies experienced a high enough error rate to be subject to sanction if they do not improve in FY 2005.

USDA efforts such as the Partner Web (an intranet for State food stamp agencies) and the National Payment Accuracy Workgroup (consisting of representatives from USDA headquarters and regional offices) contributed significantly to this success. Members made timely and useful payment accuracy-related information and tools available across the U.S. Additionally, the Department continued to use an early detection system to target States that may be experiencing a higher incidence of errors, based on preliminary quality-control data.

Exhibit 58: Trends in Increased Efficiency in Food Management

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Food Stamp Payment Accuracy Rate	91.3%	91.7%	93.4%	94.1%	N/A

USDA's close working relationship with its State partners during the last several years and program changes to simplify rules and reduce the potential for error have caused consistent increases in the food stamp payment accuracy rate. The most important factor in maintaining improved performance in this area is the need for

State partners to continue and renew their commitment to utilize findings from the quality control system. To support State improvement, USDA will continue efforts with the National Payment Accuracy Workgroup to share best practice methods and strategies. USDA will also continue to resolve Quality Control liabilities through settlements. These settlements require States to invest in specific program improvements.

STRATEGIC GOAL 5: PROTECT AND ENHANCE THE NATION'S NATURAL RESOURCE BASE AND ENVIRONMENT

High-quality soils and abundant supplies of clean water are the essential building blocks for production agriculture and forestry, rural economies, and all life. America's soils, water supplies and range and forest ecosystems produce the raw materials for food, clothing, shelter, and energy. They also provide the settings for recreation and other activities valued by Americans.

USDA is the steward of 192.5 million acres of National Forests and Grasslands. It also helps farmers and ranchers make sound conservation decisions on the 1.5 billion acres of private lands in the U.S. The Department's activities are designed to help ensure that the Nation's natural resources meet the long-term needs of a dynamic society with an increasing population.

All of USDA's conservation activities on public and private lands are cooperative efforts with State and local Governments, conservation districts, tribal governments and local interests. In the future, USDA will increase its emphasis on cooperative conservation. This will ensure that natural resource use and management decisions are made by the people most affected by the decisions and most knowledgeable about local conditions.

OBJECTIVE 5.1: IMPLEMENT THE PRESIDENT'S HEALTHY FORESTS INITIATIVE AND OTHER ACTIONS TO IMPROVE MANAGEMENT OF PUBLIC LANDS

Exhibit 59: Resources Dedicated to Protect the Nation's Resource Base and Environment

USDA Resources Dedicated to Objective 5.1	FY 2004	
	Actual	Percent of Goal 5
Program Obligations ($ Mil)	5,313.5	55.16%
Staff Years	36,402	68.37%

Introduction

USDA and the U.S. Department of the Interior (DOI) are implementing tools provided by the Healthy Forests Initiative (HFI). They are also using authorities provided by the Healthy Forests Restoration Act of 2003 (HFRA) to expedite planning for projects to reduce fire hazards. HFI provides land managers with the ability to reduce the accumulation of hazardous fuels and restore wildfire-damaged areas effectively. HFRA is designed to reduce the threat of destructive wildfires while upholding environmental standards. The USDA-DOI projects largely consist of removing excess vegetation and controlled burning (collectively, hazardous fuel treatment) to reduce the risk from catastrophic wildfires. In 2005, these wildfires burned more than 7 million acres. The integration of the fire hazard reduction program with other restoration programs and the

overall increase in hazardous fuel treatment is the direct result of HFRA authorities and USDA leadership. The Department will continue to treat hazardous fuel and be adequately prepared to suppress wildland fires as the primary method of protecting the Nation's natural resources.

Overview

USDA is implementing HFI and HFRA through collaboration among Federal, State and local Governments, and non-Governmental organizations. The Department is using HFRA authorities to work with communities to develop Community Wildfire Protection Plans (CWPP). CWPP reduce wildland fire hazards in areas surrounding communities. USDA's partners are also engaged in this process. Additionally, the Department is working to integrate vegetation management programs better to achieve restoration goals. This effort will increase efficiency throughout the Department. USDA is also an active participant in the President's Conference on Cooperative Conservation. This conference directs Federal agencies that oversee environmental and natural resource policies to promote cooperative conservation in full partnership with States, local Governments, tribes and individuals. This event will have lasting impact on USDA's role in Federal land management and fire-risk reduction. The Department is also cooperating with DOI, State and local Governments, and non-Governmental partners to update the 10-year Comprehensive Strategy Implementation Plan. This plan identifies a collaborative approach for reducing wildland fire risks to communities and the environment.

Other 2005 accomplishments include:

- Implementing more than 70 percent of hazardous fuel treatments in areas located near communities;
- Fuels reduction efforts remaining comparable from the previous year due to more work being done in high-priority locations around communities and areas with high resource values;
- The continued development of LandFire, an interagency landscape-scale fire, ecosystem and vegetation-mapping project. The information provided in LandFire will help land managers make informed decisions for reducing wildland fire risks across landscapes;
- Increased use of naturally ignited fires to achieve management objectives to more than 250,000 acres in 2005; and
- Initiated 9 pilot projects to develop a new performance measure. The measure will evaluate the effectiveness of strategically placed hazardous fuel reduction and other integrated vegetation treatments to change the undesired outcome of problem wildfires. The new performance measure will be finalized in 2006 for full implementation in 2007.

Hazardous fuel reduction treatments help protect life and property by reducing the intensity of wildland fires. While the FY 2004 fire season was considered light with just a little more than 550,000 National Forest Systems acres burned, wildfires consumed more than 6.7 million acres nationally. These totals include 508,751 acres in the Southern Nevada Complex and 49,515 acres, 109 residences and 106 other buildings in the School Fire in Washington State. This ongoing trend of catastrophic wildfire seasons indicates that the USDA, along with all other land-management agencies, must increase efforts to reduce fire hazards using hazardous fuels funds. Reduction of excess vegetation decreases fire hazards while also improving firefighter and public safety. In 2005, USDA treated 2.6 million acres to remove excess vegetation. Approximately 1.66 million of these acres were treated specifically to reduce hazardous fuels. An additional 700,000 acres

were treated using other restoration and rehabilitation programs (i.e., wildlife habitat, watershed, timber and pest management that also reduced fire hazards). USDA also used naturally ignited fires to achieve management objectives on more than 250,000 acres. To improve upon this level of accomplishment in 2006 and reduce the risk of future catastrophic wildland fires, USDA must use available resources to work collaboratively with all Federal, State and local entities.

Selected Results in Research, Extension and Statistics

Fire Research Findings Used to Update National Monument Fire Plan—The research in question comes from the findings of a USDA-supported Oregon State University project related to woodland expansion, fire history and plant community response following fire. The National Park Service, the Bureau of Land Management and the U.S. Fish and Wildlife Service have implemented the findings in their southeast Oregon, northeast California, and northwest Nevada locations. For example, the Lava Beds National Monument has incorporated the findings to develop fire prescriptions for different plant communities. USDA's Paisley district implemented an aggressive fuels reduction program based on the fire history findings. Although the Winter Fire threatened the area, treated areas were easy to defend and burned at low intensity.

Prescribing Fire Information to Promote Productive Land—Oklahoma landowners get prescribed fire information to restore their land to productive and biologically diverse states through an Oklahoma State University educational program. With partial funding from USDA, in the past 5 years, more than 200 field days have been presented based on this program, and attended by more than 10,000 participants. During this time, the number of acres burned in Oklahoma's forested habitat has increased by more than 100 percent to approximately 800,000 acres. This increase has resulted in habitat improvement for the endangered red-cockaded woodpecker and black-capped vireo. The improvement also benefits the wild turkey and white-tailed deer.

Integrating USDA Surveys to Evaluate Conservation Programs—A USDA project integrated two major surveys based on different sampling frames. This integration has enhanced the Department's capacity to analyze the implications of its conservation programs. It has also improved the cost-effectiveness of USDA's surveys and reduced respondent burden.

Grass Islands Combat Invasive Weeds—USDA research indicates that planting grass in a series of small "seed source islands" across western rangelands might be the most environmentally friendly way to reclaim lands overrun by invasive weeds. To create the islands, scientists planted a small plot of the desired species—such as purple coneflower or cudweed sagewort—in the middle of a weedy area. These plots are fenced off for several years to allow new plants to grow. In the meantime, the weeds around the island either are eaten by livestock or removed by other means. Once the fence is removed, the desirable plant moves naturally into the area where weeds once grew. So far, the introduced plants have spread as far as 100 feet from the islands. Seed source islands keep costs down because only small areas have to be planted and they require fewer chemicals than other re-vegetation methods.

Challenges for the Future

Future challenges include ensuring public and firefighter safety while protecting lands still threatened by fire in forests dense with vegetation and fuel. Additional challenges are the continued drought conditions in many

western states and the expansion of communities into previously uninhabited wildlands. This expansion makes up what is known as the wildland-urban interface (WUI). The historical trend is for increasing impact from wildland fire. As drought continues and communities expand into forested areas, the potential increases for even more deadly and damaging fires. Another challenge is the cost of containing wildfires.

Existing hazardous fuel treatment performance is currently based on outputs of acres treated and the number of acres treated as a result of local collaboration. The Office of Management and Budget (OMB) Performance Assessment Rating Tool (PART) determined in 2002 that the Wildland Fire Management Program did not demonstrate effective results. The PART, designed by OMB to assess and improve program performance, found that the program lacked baselines and targets for recently created performance measures developed as a result of the "10-year Comprehensive Strategy for the National Fire Plan." Research has shown that treatments to remove excess vegetation for fire and restoration purposes can impact the size and behavior of wildland fires dramatically. The current performance measures for hazardous fuel treatment do not capture the results of treatments on the landscape. They track acres treated as an output measure. USDA and DOI are developing a new performance measure that demonstrates the impact of treatments beyond the direct area treated. This new performance measure is part of a pilot process to identify spatially explicit treatments for hazardous fuel reduction and the restoration of fire-adapted ecosystems at the landscape scale. For more information on the PART, visit www.whitehouse.gov/omb/budget/fy2004/pma/usdawildlandfire.pdf. Performance measures are being reviewed and improved by USDA and DOI in consultation with partners as part of the update of the 10-Year Comprehensive Strategy Implementation Plan. This plan was launched in 2005 in response to the Wildland Fire Leadership Council. For more information, visit www.fireplan.gov/leadership/about.html.

Recent research has identified 73 million acres administered by USDA and 59 million acres of privately-owned forest land at high risk of ecologically destructive wildland fire. Commercial utilization of excess vegetation has been identified as one way to lower the cost of Government forest fuel-reduction treatments. A barrier to expanding forest biomass utilization is the limited market for this material because of reduced forest products' processing capacity in much of the Western U.S. Much of this material is small diameter and non-traditional species. This factor presents a further barrier to utilization where forest products processing capacity remains. Title II of HFRA authorizes measures to further commercial use of biomass. A significant challenge for USDA and DOI is to expand the acreage of hazardous fuel and restoration treatments with available funding by increasing the commercial utilization of hazardous fuel. USDA and DOI hope to promote the increased use of biomass as a domestic source of energy. They are developing a strategy to encourage biomass utilization.

Key Outcome: Reduce the Risk from Catastrophic Wildland Fire

Implementing HFI and other actions to improve management of public lands involves the integration of several key USDA programs that manage vegetation. The hazardous fuel reduction program is a key piece of the effort to implement HFI and HFRA. Strategically placed treatments by USDA and partners will continue to increase the Department's ability to protect communities by reducing fire size and altering fire behavior.

Exhibit 60: Hazardous Fuel Reduction

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual*	Result
5.1.1	Number of acres of hazardous fuel treated that are in the wildland-urban interface and the percentage identified as high priority through collaboration consistent with the 10-year Comprehensive Strategy Implementation Plan	1,281,000	1,187,854	Met
5.1.2	Number of acres of hazardous fuel treated that are in Condition Classes 2 or 3 in Fire Regimes 1, 2 or 3 outside the wildland-urban interface and the percentage identified as high priority through collaboration consistent with the 10-year Comprehensive Strategy Implementation Plan[1]	292,000	371,980	Exceeded
5.1.3	Number of acres treated outside the wildland-urban interface as a secondary benefit of other vegetation management that contribute to an improvement in Condition Class	927,000	1,085,408	Exceeded

[1] Fire regime condition class is an indicator for the degree of departure of forest areas from historical vegetation and disturbance patterns.

* Estimated.

Analysis of Results

USDA met its 2005 performance goals for protecting the health of the Nation's forests and other public lands through aggressive pro-active efforts. These increased efforts have significant value to all Americans. They protect human life and whole communities that reside in areas adjacent to national forests and other public lands. The 2.6 million acres treated in FY 2005 met the Department's FY 2005 goal. Improved management tools and favorable weather conditions allowed teams to treat significantly more at-risk acreage. This Condition Class is in areas with frequent fire occurrence (Fire Regimes 1, 2, and 3). USDA is increasing emphasis on the contribution of all vegetation management programs toward the restoration of fire-adapted ecosystems and reducing the threat of catastrophic fire. Activities to restore forest health, wildlife habitat, watershed condition, and timber productivity in fire-adapted ecosystems contributed over 730,000 acres toward these goals in FY 2005.

In FY 2006, USDA plans to reduce fire hazard on 1.8 million acres using direct funding and on an additional 800,000 acres as a secondary benefit from other management activities. The USDA Strategic Plan proposes that the Department treat 11 million cumulative acres by FY 2007. The successes of FY 2005 moved USDA well on its way toward meeting this goal.

Exhibit 61: Trends in Treatment of Hazardous Fuel

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Number of acres of hazardous fuel treated that are in the wildland-urban interface and the percentage that are identified as high priority through collaboration consistent with the 10-year Comprehensive Strategy Implementation Plan	611,551	764,364	1,114,106	1,311,000	1,187,854
Number of acres of hazardous fuel treated that are in Condition Classes 2 or 3 in Fire Regimes 1,2, or 3 outside the wildland-urban interface and the percentage identified as high priority through collaboration consistent with the 10-year Comprehensive Strategy Implementation Plan	N/A	N/A	293,127	441,000	371,980

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Number of acres treated outside the wildland-urban interface as a secondary benefit of other vegetation management that contribute to an improvement in Condition Class	N/A	N/A	N/A	848,000	1,085,408

USDA tracked hazardous fuel treatment with a single performance measure for all treatment activities prior to FY 2001 and initiation of the National Fire Plan. In FY 2003, an additional performance measure based on fire regime condition class was established to track treatment on forests more susceptible to catastrophic wildland fire because of excess vegetation resulting from fire exclusion. Performance in FY 2004 and FY 2005 included the contribution of improved Condition Class resulting from resource restoration activities and direct hazardous fuel reduction treatments.

OBJECTIVE 5.2: IMPROVE MANAGEMENT OF PRIVATE LANDS

Exhibit 62: Resources Dedicated to Improving Management of Private Lands

USDA Resources Dedicated to Objective 5.2	FY 2005 Actual	Percent of Goal 5
Program Obligations ($ Mil)	4,319.8	44.84%
Staff Years	16,844	31.63%

Introduction

Non-Federal land makes up almost 70 percent of the total area of the U.S. The vast majority of that land is privately-owned cropland, rangeland, pastureland and forestland. Millions of individuals decide how to use and manage these lands. Their decisions form the foundation of a substantial and vibrant agricultural economy that provides food and fiber for the Nation. Thus, the productive and sustainable use of natural resources or private lands is a vital goal for the Nation. Achieving the dual goals of a productive and profitable agricultural sector and a high-quality environment requires good management based on sound science and practical technology. Sound environmental stewardship of private agricultural lands benefits wildlife and provides food and fiber to Americans and the rest of the world. Conserving the Nation's cropland, forests and grazing land helps provide clean water and air, sustains productive capacity and protects soil productivity, and benefits human and wildlife populations.

In 2005, USDA helped producers develop conservation plans for approximately 33 million acres. Its work provided producers with a management tool to know the capability of their soils, condition of their rangeland and woodlands, and requirements for irrigation. These plans provide the land user with the knowledge on how best to use the land to continue supporting healthy plant, animal and human communities. USDA also provided producers conservation cost-share benefits and incentive payments to help offset the cost of installing conservation covers, riparian and grassland buffers, and maintaining sound conservation practices while improving the productivity of agricultural lands. USDA's most recent inventory of resource conditions on non-Federal lands indicated that progress in controlling erosion is being maintained and that the loss of

wetlands has been halted. It also showed that net wetland gains have been achieved on agricultural land. USDA's technical and financial assistance to agricultural producers has been crucial in helping them address both of these resource concerns.

Overview

USDA helps farmers and ranchers improve their management of the soil, water and related resources on non-Federal lands. In 2005, the Department worked with natural resource managers to maintain and improve land productivity and environmental quality by providing:

- Technical assistance tailored to the needs of individual farmers and ranchers;
- Financial assistance in the form of cost shares and incentive payments to apply key practices on working land;
- Easements and rental payments to protect sensitive land; and
- Financial and technical assistance enabling producers to restore lands damaged by natural disasters.

USDA also provides technical and financial assistance to State agencies. This assistance is designed to help non-industrial private forest landowners better manage, protect and utilize their forest resources. Additionally, the Department provides research, technology development, resources inventory and assessment programs. These activities provide the information and effective tools resource managers need to be good stewards of the Nation's land and water.

In 2005, USDA provided technical assistance to hundreds of thousands of producers in planning and applying conservation to better manage their soil and water resources. The Department's assistance helped managers of private lands maintain soil quality, protect water and air quality, and enhance wildlife habitats.

Selected Results in Research, Extension and Statistics

Assessing the Impact of Open Space and Potential Local Disamenities on Residential Property Values—Researchers, with partial funding from USDA, are investigating the impact of open space on residential property values in Berks County, Pennsylvania. The project demonstrated the effectiveness of using the Geographic Information System (GIS). Researchers use GIS to investigate how space impacts land use. These interactions affect house prices and the pattern of development that occurs over time. Key findings provided Berks County officials with science-based knowledge to support their land use decisions.

Cleaning the Water Supply—The prevention of agricultural pollution and mitigating existing pollutant contamination are critical to the improved management of private land. A USDA grant allowed a project in Florida to develop a scientific method of detecting the pathogen E. faecalis. This process will result in a new instrument that detects pathogens and their sources rapidly and at low cost. Over the longer term, identifying the sources of pathogens among agriculture, wildlife and human origin will enable strategically targeted remediation and prevention methods, resulting in cleaner water supplies.

Understanding Use of Irrigation—USDA released the 2003 Farm and Ranch Irrigation Survey in November 2004. The survey supplements the basic irrigation data collected during the full Census of Agriculture. It provides one of the most complete, detailed profiles of irrigation in the U.S. The survey

features State-level data for irrigation practices and water usage. Results are available at www.nass.usda.gov/census/.

Furrow Dikes Improve Water Infiltration for Crops—New preliminary data from USDA studies indicate that furrow dikes—small basins formed in loosened soil between crop rows—may lead to the greater absorption of water and reduced runoff during rain. This process will make more water available for crop use. USDA found that, even in a wet growing season, the use of furrow dikes resulted in better water infiltration and maintenance of soil moisture. Furrow diking is commonly used by farmers in the arid regions of the western and northwestern U.S. on crops such as cotton, sorghum and potatoes. USDA scientists are adapting furrow diking to accommodate the sloping crop sites often found in the southeastern states, where peanuts, cotton and corn are grown. Slopes in topography lead to quick water runoff and ponding at lower elevations. Furrow dikes capturing more rainfall could improve yield stability in non-irrigated cropping systems.

Pond Water Used to Grow Forage Crop—USDA has developed a unique way to reduce space-stealing evaporation ponds in California—and nurture a new crop in the process. On the west side of California's San Joaquin Valley, for every nine acres of land in production, one is needed for an evaporation pond. Farmers who tend the region's heavily irrigated lands use these ponds to catch excess water runoff from saturated fields. Despite the excess runoff, the ponds have been found to contain concentrated salts and trace elements, including selenium, boron and arsenic. These elements can be toxic to wildlife and migratory birds seeking water in California's desert. Now, in the sixth year of the project, USDA scientists are using water pumped from evaporation ponds to nourish a tough and hardy forage crop—a salt-loving Bermuda grass—which supports a herd of beef cattle. This technique of drying the pond's waters benefits growers and wildlife, and helps make less-arable land profitable again.

Drift Software Aids Pesticide Spray Control—USDA and its university collaborators have released the first user-friendly computer software for estimating droplet drift distances for pesticide spray applications. This draft simulator, or DRIFTSIM, can help farmers and educators minimize pesticide drift by helping them choose equipment, settings and techniques. To calculate the likelihood of pesticide drift, the program allows pesticide spray operators and manufacturers to specify wind speed, droplet size and speed, nozzle height, operating pressure, air temperature, and relative humidity. It also helps manufacturers design pesticide formulations and pesticide spraying equipment to minimize drift potential of their products.

Wind Erosion Model Released—USDA is overseeing the implementation of the Wind Erosion Prediction System (WEPS). WEPS can simulate weather, soil and crop conditions, and wind erosion daily, and project the emission of the tiny dust particles. For the past 40 years, growers have made erosion-related decisions based on a simple equation that did not take into account new advances in erosion science and computer technology. Today, USDA personnel and farmers can use WEPS to formulate specific wind erosion control practices. WEPS is designed for establishing a soil-stabilizing crop cover, setting up windbreaks and barriers, and reducing the soil's erodibility by improving soil stability.

Serving the Public

Farmers, ranchers and private forest and other landowners manage two-thirds of the Nation’s land. They are the primary stewards of U.S. soil, air and water. USDA assists them in adopting environmentally sound management practices and provides information on soil quality, water management and quality, plant

materials, resource management and wildlife habitat. Additionally, USDA provides financial assistance to agricultural producers to promote good stewardship of agricultural and environmentally sensitive lands. USDA assists landowners and land managers in using this information and funding to implement sustainable production techniques. Those who receive technical assistance and cost-share or incentive payments are more likely to plan, apply and maintain conservation systems that support agricultural production and environmental quality as compatible goals. In 2005, the Department assisted people in developing conservation plans for approximately 33 million acres of cropland and grazing lands, and creating or restoring 260,000 acres of agricultural wetlands. USDA also administered long-term conservation contracts on over 34 million acres, representing environmentally sensitive cropland in all 50 States and Puerto Rico. By establishing long-term conservation covers on cropland, USDA's programs assure that Americans receive an environmental annuity at a reasonable cost. These programs target land for enrollment precisely where the conservation benefits are expected to have the greatest positive effect.

USDA's technical experts help people in communities work together to protect their shared environment. The assistance provided to State and local Governmental entities, tribes and private-sector organizations helps them protect the environment and improve the standard of living and quality of life for the people they represent. The monies provided to these communities preserve and protect the environment, which benefits society as a whole.

USDA conducts research and develops and transfers technology, including conservation standards, specifications and guidelines for conservation practices. The Department also collects and disseminates data on water and soil conditions and related resources. The information and technical tools USDA develops and the financial assistance it provides to resource managers help sustain natural resources. Department information reaches a wide and diverse audience, with increasing emphasis on electronic communications technology and web-enabled program application processes.

Challenges for the Future

Greater population densities exert greater pressures on the environment. As the landscape becomes a more and more dense mosaic of developed areas scattered within agricultural and forested land, the need for conservation increases while the options available to producers may be constrained. Additionally, if market prices are favorable, agricultural producers may be enticed into leaving targeted, environmentally-sensitive cropland in crop production rather than establishing long-term conservation covers or buffers. Natural disasters and prolonged drought conditions may also reduce the effectiveness of USDA's conservation programs. USDA will continue to work with producers and conservation partners to implement conservation practices successfully and preserve the Nation's resources and environment.

Key Outcome: Maintain the Productive Capacity of the Resource Base and Quality of the Environment

Privately owned cropland, grazing lands and forestland represent a substantial and vibrant agricultural economy that provides food and fiber for the Nation. In FY 2005, USDA's conservation programs helped producers maintain the productive capacity of approximately 33 million acres by developing and implementing conservation plans on cropland and grazing land. This work helps support healthy and

productive plant, animal and human communities. Additionally, the conservation measures applied with USDA assistance in the past continue to protect the landscape.

The basis for sound management of agricultural land is a conservation plan that helps each producer manage a specific production unit. Each producer needs to know the capabilities of the soil of the farm's fields and the condition of rangeland and woodland that is part of the operation. In areas where irrigation is practiced, producers also need forecasts of water supply to plan the year's crops. In FY 2005, USDA continued to increase emphasis on helping producers develop technically sound plans to provide a framework for their activities. Implementing a conservation plan is the first step toward good land stewardship. Plans one year beget better plans the next. Successfully implemented plans represent progress toward protecting soil, water and related resources.

USDA's conservation operations provide the basic resource inventory data, technical tools and comprehensive-planning approach producers need to manage their soil and water resources well. The Conservation Technical Assistance Program is the primary instrument through which USDA assists agricultural producers and other land managers to plan environmentally and economically sustainable operations. USDA provides technical and financial assistance to apply conservation practices through the Environmental Quality Incentives Program and other programs authorized by the Farm Security Rural Investment Act of 2002 (FSRIA). In FY 2005, USDA worked hard to ensure that this increasing level of public investment in conservation was directed to solving high-priority resource concerns.

Exhibit 63: Maintain the Productive Capacity of the Natural Resource Base and the Quality of the Environment

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
5.2.1	Conservation plans written for cropland and grazing lands (Mil acres)	30	33	Met
5.2.2	Cropland and grazing lands with conservation applied to protect the resource base and environment (Mil acres)	8.5	9	Met
5.2.3	Reduction in the acreage of cropland soils damaged by erosion (Mil acres)	3	3	Met
5.2.4	Number of comprehensive nutrient management plans applied	1,500	1,600	Met
5.2.5	Increase Conservation Reserve Program (CRP) acres of riparian and grass buffers (Mil acres)	1.75	1.75	Met

Analysis of Results

USDA met its FY 2005 goals for helping producers plan for conservation efforts on U.S. private lands. Conservation plans are essential to good management of soil and water resources. A conservation plan describes the schedule of operations and activities needed to solve natural resource problems and take advantage of opportunities. Conservation planning helps individual managers consider their operations within the larger landscape to which a farm or ranch belongs. It also helps land managers consider the effects of their actions on that wider environment. Managers can avoid actions that would damage natural resources offsite while meeting their economic targets for the operation.

The targets for application of conservation methods and programs were also met. The availability of technical expertise to help producers apply conservation methods is a major determinant of the rate at which producers can act. In FY 2005, USDA continued to encourage technical-assistance providers in the private sector to come forward to help the Department implement its conservation programs. The long-term goal is to have a land-management system that maintains a highly productive resource base for future generations.

Annual targets for the assistance USDA will provide for planning and application are based on data about resource conditions and trends. This information was developed in resource inventories and covers priorities identified in local, State and national plans. Conservation needs and available program resources are evaluated to establish feasible annual targets.

Exhibit 64: Trends in Planning and Application of Improved Management of Cropland and Grazing Lands

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Conservation plans written for cropland and grazing lands (Mil acres)[1]	N/A	N/A	31.4 Baseline	37.9	33
Grazing lands with conservation applied to protect the resource base and environment (Mil acres)[2]	N/A	9.0 Baseline	9.9	9.7	9
Reduction in the acreage of cropland soils damaged by erosion (Mil acres)[2]	N/A	3.4 Baseline	3.3	3.3	3
Comprehensive Nutrient Management Plans applied (number)[2]	N/A	2,292 Baseline	2,132	2,376	1,600
Increase CRP acres of riparian and grass buffers (Mil acres)	.95	1.24	1.45	1.65 Baseline	1.75

[1] Includes all planning reported as assistance provided through the CTA. Data for FY 2001-2002 are not comparable to later years. In FY 2003, policy on planning was revised and reporting instructions were clarified.

[2] Data include only land where conservation was applied with assistance from CTA.

USDA's strategic plan for FY 2002-2007 set a strategic goal of helping producers apply needed conservation treatment on 130 million acres during that period. For the FY 2002-2005 period, USDA had provided assistance to improve management on almost 110 million acres.

As a voluntary program, the characteristics of land enrolled in the Conservation Reserve Program (CRP) depend on which lands are offered for contracts. CRP provides technical and financial assistance to eligible farmers and ranchers to address soil, water and related natural resource concerns on their lands in an environmentally beneficial and cost-effective manner. Increasing the number of acres of riparian buffers and grass filters is essential to providing cleaner water. The system intercepts sediment and nutrients before they reach surface waters. USDA established a target of 1.75 million acres for FY 2005. This figure is an increase of 110,000 acres from the prior fiscal year. USDA exceeded this target.

Challenges for the Future

A major challenge is to develop a practical and reliable tool to document the effects of conservation practices on water and air quality. Better knowledge will enable USDA to focus programs on the most serious problems. In 2005, The Department analyzed the initial results from the interagency effort—the Conservation Effects Assessment Project (CEAP)—to identify areas in greatest potential need of conservation treatment. A preliminary report will be released in early 2006. It will be followed in subsequent years by more refined

estimates of effects of conservation practices and systems. The information will cover reducing the movement of sediment, nitrogen and phosphorus from agricultural operations.

Key Outcome: Ensure Diverse Wildlife Habitats

Wetlands are among the most biologically diverse areas on earth. They provide habitat for a rich mixture of plants and animals, including many rare and endangered species. Wetlands also protect shorelines, filter impurities from water, help control floodwaters, regulate water flow and decrease soil erosion. Since the early 1980s, USDA has focused increasing attention on protecting wetlands. The strategy for protecting wetlands and wetland wildlife habitat relies heavily on encouraging private landowners to protect wetlands under long-term or permanent easements offered through USDA's Wetlands Reserve Program. This is a voluntary conservation program that offers landowners the means and opportunity to protect, restore and enhance wetlands on their property with the financial assistance of USDA. The Department also provides cost-share benefits and incentive payments to producers enrolled in USDA's Conservation Reserve Program, the aim of which is to reduce agricultural runoff using riparian grassland buffers and to restore wetland acres. From the inception of these programs through the end of 2004, USDA enrolled 34.9 million acres in CRP. This figure includes 1.6 million acres of riparian buffers and grass filters and 1.9 million acres of wetlands and wetland buffers. These numbers represent increased prime wildlife habitat and water storage capacity, as well as a net increase in wetland acres on agricultural land. The Department also requires agricultural producers to protect wetlands in order to participate in other USDA programs.

Exhibit 65: Ensure Diverse Wildlife Habitats

Annual Performance Goals and Indicators		Fiscal Year 2005		
		Target	Actual	Result
5.2.6	Agricultural wetlands created, restored or enhanced (thousand acres)	256.2	260	Met
5.2.7	Increase CRP restored wetlands acres (Mil acres)	1.99	1.96	Met

Analysis of Results

The target for the measure was met. The measure includes all land on which wetlands restoration or improvement practices were applied in FY 2005 with technical or financial assistance.

In 1990, the U.S. set a goal of preventing any net loss of wetlands. USDA's 2003 National Resources Inventory found that the U.S. had reached and surpassed this goal, achieving net wetland gains on agricultural land between 1997 and 2003. This progress resulted from USDA's efforts to help people restore wetlands and discourage conversion to agricultural and other uses.

Exhibit 66: Trends in Wetland Protection

Trends	Fiscal Year Actual				
	2001	2002	2003	2004	2005
Agricultural wetlands created, restored or enhanced (Thousand acres)	N/A	321.2 Baseline	288.9	239.7	260
Increase CRP restored wetlands acres (Mil acres)	1.65	1.74	1.79	1.89	1.96 Baseline

USDA anticipates that this upward trend in wetlands protection will continue. The President has set a new goal of increasing the acreage of wetlands. During the next 5 years, the new goal includes:

- Restoring and creating at least 1 million acres of wetlands;
- Improving the quality of at least 1 million acres of wetlands; and
- Protecting at least 1 million acres of wetlands.

The benefits of these outcomes will be enhanced by further efforts to improve associated uplands and river habitat. For example, ducks will have the wetland they need for food, as well as dry land habitat nearby for nesting. USDA will work in cooperation with U.S. Departments of the Interior and Transportation, the U.S. Environmental Protection Agency, the Army Corps of Engineers and the National Oceanic and Atmospheric Administration to achieve the President's goals.

One challenge in wetlands protection is developing better tools for tracking wetlands status and values. Another is improving coordination among Federal agencies with a role in wetlands protection.

Additionally, better coordination is needed on remote sensing and ground-level data collection on wetlands gain, loss and quality. USDA will continue to work with other Federal agencies and conservation partners to ensure wetlands protection.

CRP wetlands and wetland buffers increase prime wildlife habitat and water storage capacity, contributing to a net increase in wetland acres on agriculture land. USDA established a target of 1.99 million acres for FY 2005. This target is an increase of 100,000 acres from the prior year. While the Department has reached 98 percent of this target, it does not expect to meet it by the end of the fiscal year.

Efforts to increase wetlands acres and provide adequate enrollment opportunities include several initiatives. One involves allowing the enrollment of larger wetland complexes and playa lakes beyond the 100-year floodplain. Playa lakes are areas that hold water for only a short period of time. Despite these efforts, there is an inherent uncertainty in knowing how soon these initiatives will start generating demand for enrollment in wetlands initiatives. One wetlands initiative, Bottomland Hardwoods, has had lower than anticipated enrollment to date. Another potential performance shortfall is the availability of technical assistance resources. USDA intends to use private-sector vendors, not-for-profit organizations and public-sector agencies as additional resources for providing technical assistance.

FISCAL YEAR 2005 PROGRAM OBLIGATIONS INCURRED

The following table depicts the component agencies and staff offices of the U.S. Department of Agriculture with total program level dollars for each account allocated to each objective. The program level dollars are displayed in millions and have been rounded to the nearest tenth. These are current year obligations from unexpired funds. They do not include prior year upward or downward obligation adjustments. An account's funding was allocated to more than one objective when the amount for each objective was significant and could be identified. The table provides a general indication of the funding dedicated to each objective. Staff office and departmental management accounts generally support all USDA objectives and, in most cases, have been reallocated equally among all strategic objectives.

Exhibit 67: USDA Program Obligations

USDA FY 2005 Program Obligations ($ in Millions)															
		Program	Objectives												
Agency	Account	Obligations	1.1	1.2	1.3	1.4	2.1	2.2	3.1	3.2	4.1	4.2	4.3	5.1	5.2
OSEC	Office of the Secretary	15.0	0.8	0.8	0.8	0.8	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.5	1.5
OCFO	OCFO	10.0	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	0.7	0.7	0.7	1.0	1.0
	Working Capital Fund	242.0	12.1	12.1	12.1	12.1	24.2	24.2	24.2	24.2	16.1	16.1	16.1	24.2	24.2
OCIO	OCIO	57.0	2.9	2.9	2.9	2.9	5.7	5.7	5.7	5.7	3.8	3.8	3.8	5.7	5.7
	Common Computing Environment	337.0	16.9	16.9	16.9	16.9	33.7	33.7	33.7	33.7	22.5	22.5	22.5	33.7	33.7
DA	Agriculture Buildings and Facilities Rental Payments	233.0	11.7	11.7	11.7	11.7	23.3	23.3	23.3	23.3	15.5	15.5	15.5	23.3	23.3
	Departmental Administration	37.0	1.9	1.9	1.9	1.9	3.7	3.7	3.7	3.7	2.5	2.5	2.5	3.7	3.7
	Hazardous Materials Management	5.0	0.3	0.3	0.3	0.3	0.5	0.5	0.5	0.5	0.3	0.3	0.3	0.5	0.5
OCR	Office of Civil Rights	23.0	1.2	1.2	1.2	1.2	2.3	2.3	2.3	2.3	1.5	1.5	1.5	2.3	2.3
OC	OC	17.0	0.9	0.9	0.9	0.9	1.7	1.7	1.7	1.7	1.1	1.1	1.1	1.7	1.7
OIG	OIG	81.0	4.1	4.1	4.1	4.1	8.1	8.1	8.1	8.1	5.4	5.4	5.4	8.1	8.1
	IG Assets Forfeiture Funds	1.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
OGC	OGC	38.0	1.9	1.9	1.9	1.9	3.8	3.8	3.8	3.8	2.5	2.5	2.5	3.8	3.8
OCE	OCE	12.0	0.6	0.6	0.6	0.6	1.2	1.2	1.2	1.2	0.8	0.8	0.8	1.2	1.2
NAD	NAD	14.0	0.7	0.7	0.7	0.7	1.4	1.4	1.4	1.4	0.9	0.9	0.9	1.4	1.4
OBPA	OBPA	8.0	0.4	0.4	0.4	0.4	0.8	0.8	0.8	0.8	0.5	0.5	0.5	0.8	0.8
HSS	Homeland Security Staff	1.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

USDA FY 2005 Program Obligations ($ in Millions)															
		Program	Objectives												
Agency	Account	Obligations	1.1	1.2	1.3	1.4	2.1	2.2	3.1	3.2	4.1	4.2	4.3	5.1	5.2
ERS	Economic Research	76.0	21.6	2.0	3.0	10.0	4.3	4.3	1.5	2.4	2.8	7.7	5.3	-	11.1
NASS	NASS	151.0	106.0	-	-	7.9	29.7	-	-	3.2	-	-	-	-	4.2
ARS	ARS Salaries and Expenses	1,179.0	-	-	110.8	-	-	-	110.8	667.3	-	106.1	-	92.0	92.0
	Buildings and Facilities	113.0	-	-	10.6	-	-	-	10.6	64.0	-	10.2	-	8.8	8.8
	ARS-No Year Funds	3.0	-	-	0.3	-	-	-	0.3	1.7	-	0.3	-	0.2	0.2
	Miscellaneous Contributed Funds	17.0	-	-	1.6	-	-	-	1.6	9.6	-	1.5	-	1.3	1.3
CSREES	Extension Activities	467.0	32.7	18.7	42.0	23.4	23.4	23.4	23.4	56.0	-	79.4	-	72.4	72.4
	Research and Education Activities	677.0	60.9	60.9	88.0	20.3	20.3	20.3	47.4	94.8	-	54.2	-	104.9	104.9
	Integrated Activities	49.0	0.0	0.0	0.6	0.6	0.6	0.6	3.9	23.5	-	6.9	-	6.4	5.9
	Native Americans Institutions Endowment Fund	1.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	0.2	0.2
	Community Food Projects	5.0	0.4	0.2	0.5	0.3	0.3	0.3	0.3	0.6	0.4	0.5	-	0.8	0.8
	Section 2501	6.0	-	-	-	-	-	-	-	-	-	-	6.0	-	-
	Biodiesel Fuel Education Program	16.0	-	-	16.0	-	-	-	-	-	-	-	-	-	-
APHIS	Salaries and Expenses	1,292.0	155.0	-	-	-	-	-	-	1,137.0	-	-	-	-	-
	Buildings and Facilities	4.0	-	-	-	-	-	-	-	4.0	-	-	-	-	-
	Trust Funds	27.0	-	-	-	-	-	-	-	27.0	-	-	-	-	-
FSIS	FSIS-Salaries & Expenses	813.0	-	-	-	-	-	-	813.0	-	-	-	-	-	-
	FSIS-No Year Funds	102.0	-	-	-	-	-	-	102.0	-	-	-	-	-	-
	Trust Funds	3.0	-	-	-	-	-	-	3.0	-	-	-	-	-	-
GIPSA	Salaries and Expenses	36.0	36.0	-	-	-	-	-	-	-	-	-	-	-	-
	Inspection and Weighing Services	37.0	37.0	-	-	-	-	-	-	-	-	-	-	-	-
AMS	Marketing Services	78.0	78.0	-	-	-	-	-	-	-	-	-	-	-	-
	Payments to States and Possessions	4.0	4.0	-	-	-	-	-	-	-	-	-	-	-	-

USDA FY 2005 Program Obligations ($ in Millions)															
		Program	Objectives												
Agency	Account	Obligations	1.1	1.2	1.3	1.4	2.1	2.2	3.1	3.2	4.1	4.2	4.3	5.1	5.2
AMS (cont.)	Payments to States and Possessions - Florida	6.0	6.0	-	-	-	-	-	-	-	-	-	-	-	-
	Perishable Ag. Commodities Act Fund	10.0	10.0	-	-	-	-	-	-	-	-	-	-	-	-
	Funds for Strengthening Markets/Income/Supply	871.0	871.0	-	-	-	-	-	-	-	-	-	-	-	-
	Wool Research Development and Promotion Trust Fund	4.0	4.0	-	-	-	-	-	-	-	-	-	-	-	-
	Expenses & Refunds, Inspection & Grading of Farm Products	189.0	189.0	-	-	-	-	-	-	-	-	-	-	-	-
RMA	Administrative and Operating Expenses	70.0	-	-	-	70.0	-	-	-	-	-	-	-	-	-
	Federal Crop Insurance Corporation Fund	4,180.0	-	-	-	4,180.0	-	-	-	-	-	-	-	-	-
FSA	Salaries and Expenses	1,299.0	-	201.3	-	1,097.7	-	-	-	-	-	-	-	-	-
	Salaries and Expenses /Transfer to CCC	106.0	-	19.1	-	86.9	-	-	-	-	-	-	-	-	-
	State Mediation Grants	4.0	-	-	-	4.0	-	-	-	-	-	-	-	-	-
	Agricultural Credit Insurance Fund (Prog.)	609.0	-	-	-	609.0	-	-	-	-	-	-	-	-	-
	Emergency Conservation Program/Transfer to CCC	85.0	-	-	-	85.0	-	-	-	-	-	-	-	-	-
	Agricultural Credit Insurance Fund	9.0	-	-	-	9.0	-	-	-	-	-	-	-	-	-
	Agricultural Credit Insurance Fund-Direct (Fin.)	1,528.0	-	-	-	1,528.0	-	-	-	-	-	-	-	-	-
	Agricultural Credit Insurance Fund-Guar. (Fin.)	150.0	-	-	-	150.0	-	-	-	-	-	-	-	-	-
	CCC Export Loans Program Account	176.0	-	-	-	176.0	-	-	-	-	-	-	-	-	-
	CCC Export Loans Program Account (Admin.)	4.0	-	-	-	4.0	-	-	-	-	-	-	-	-	-
	Commodity Credit Corporation	39,534.0	-	-	4,744.1	34,789.9	-	-	-	-	-	-	-	-	-

USDA FY 2005 Program Obligations ($ in Millions)															
		Program	Objectives												
Agency	Account	Obligations	1.1	1.2	1.3	1.4	2.1	2.2	3.1	3.2	4.1	4.2	4.3	5.1	5.2
FSA (cont.)	CCC Export Guarantee Financing Account	800.0	-	-	-	800.0	-	-	-	-	-	-	-	-	-
	CCC Export Guaranteed Loans Liquidating Account	6.0	-	-	-	6.0	-	-	-	-	-	-	-	-	-
	CCC Tobacco Trust Fund	899.0	-	-	-	899.0	-	-	-	-	-	-	-	-	-
	CCC Farm Storage Facility Loans Financing Account	87.0	-	-	-	87.0	-	-	-	-	-	-	-	-	-
	CCC Farm Storage Facility Loans Program Account	14.0	-	-	-	14.0	-	-	-	-	-	-	-	-	-
NRCS	Conservation Operations	866.0	-	-	-	-	-	86.6	-	-	-	-	-	-	779.4
	Conservation Operations	26.0	-	-	-	-	-	2.6	-	-	-	-	-	-	23.4
	Watershed Rehabilitation Programs	29.0	-	-	-	-	-	29.0	-	-	-	-	-	-	-
	Biomass Research and Development Program	1.0	-	-	1.0	-	-	-	-	-	-	-	-	-	-
	Farm Security and Rural Investment Programs	1,805.0	-	-	-	-	-	-	-	-	-	-	-	-	1,805.0
	Resource Conservation and Development	52.0	-	-	-	-	-	26.0	-	-	-	-	-	-	26.0
	Watershed Surveys and Planning	7.0	-	-	-	-	-	2.8	-	-	-	-	-	-	4.2
	Watershed and Flood Prevention Operations	478.0	-	-	-	-	-	95.6	-	-	-	-	-	-	382.4
	Waterbank Program	-1.0	-	-	-	-	-	-	-	-	-	-	-	-	(1.0)
	Forestry Incentives Program	-3.0	-	-	-	-	-	-	-	-	-	-	-	-	(3.0)
RD	Rural Community Advancement Program	849.0	-	-	-	-	254.7	594.3	-	-	-	-	-	-	-
	Salaries and Expenses	653.0	-	-	-	-	195.9	457.1	-	-	-	-	-	-	-
RHS	Rental Assistance Program	593.0	-	-	-	-	-	593.0	-	-	-	-	-	-	-
	Rural Housing Assistance Grants	56.0	-	-	-	-	-	56.0	-	-	-	-	-	-	-

USDA FY 2005 Program Obligations ($ in Millions)															
		Program	Objectives												
Agency	Account	Obligations	1.1	1.2	1.3	1.4	2.1	2.2	3.1	3.2	4.1	4.2	4.3	5.1	5.2
RHS (cont'd)	Mutual and Self-Help Housing Grants	42.0	-	-	-	-	-	42.0	-	-	-	-	-	-	-
	Rural Housing Insurance Fund (Prog.)	774.0	-	-	-	-	-	774.0	-	-	-	-	-	-	-
	Rural Housing Insurance Fund (Liq.)	88.0	-	-	-	-	-	88.0	-	-	-	-	-	-	-
	Rural Housing Insurance Fund Direct (Fin.)	2,372.0	-	-	-	-	-	2,372.0	-	-	-	-	-	-	-
	Rural Housing Insurance Fund-Guar. (Fin.)	108.0	-	-	-	-	-	108.0	-	-	-	-	-	-	-
	Rural Community Facility Loans-Direct (Fin.)	839.0	-	-	-	-	-	839.0	-	-	-	-	-	-	-
	Farm Labor Housing	46.0	-	-	-	-	-	46.0	-	-	-	-	-	-	-
	Rural Community Facility Loans-Guar. (Fin.)	8.0	-	-	-	-	-	8.0	-	-	-	-	-	-	-
	MFH Preservation Demo Revolving Fund	6.0	-	-	-	-	-	6.0	-	-	-	-	-	-	-
RBCS	Rural Cooperative Development Grants	24.0	-	-	-	-	24.0	-	-	-	-	-	-	-	-
	Renewable Energy Programs	23.0	-	-	-	-	23.0	-	-	-	-	-	-	-	-
	Rural Development Loan Fund (Prog.)	20.0	-	-	-	-	20.0	-	-	-	-	-	-	-	-
	Rural Economic Development Grants	8.0	-	-	-	-	8.0	-	-	-	-	-	-	-	-
	Rural Economic Development Loans (Prog.)	5.0	-	-	-	-	5.0	-	-	-	-	-	-	-	-
	Rural Economic Development Loans (Fin.)	30.0	-	-	-	-	30.0	-	-	-	-	-	-	-	-
	Rural Development Loan Fund -Direct (Fin.)	53.0	-	-	-	-	53.0	-	-	-	-	-	-	-	-
	Rural Business and Industry Direct Loans (Fin.)	11.0	-	-	-	-	11.0	-	-	-	-	-	-	-	-
	Rural Business and Industry Direct Loans-Guar. (Fin.)	101.0	-	-	-	-	101.0	-	-	-	-	-	-	-	-
	Rural Empowerment Zones/Enterprise Communities	12.0	-	-	-	-	12.0	-	-	-	-	-	-	-	-

USDA FY 2005 Program Obligations ($ in Millions)															
		Program	Objectives												
Agency	Account	Obligations	1.1	1.2	1.3	1.4	2.1	2.2	3.1	3.2	4.1	4.2	4.3	5.1	5.2
RUS	RETRF (Prog. Acct.)	280.0	-	-	-	-	196.0	84.0	-	-	-	-	-	-	-
	Rural Telephone Bank Program Account	5.0	-	-	-	-	3.5	1.5	-	-	-	-	-	-	-
	Distance Learning and Medical Link Programs	24.0	-	-	-	-	16.8	7.2	-	-	-	-	-	-	-
	High Energy Cost Grants	20.0	-	-	-	-	14.0	6.0	-	-	-	-	-	-	-
	Distance Learning Telemedicine Direct Loan (Fin. Acct.)	124.0	-	-	-	-	86.8	37.2	-	-	-	-	-	-	-
	Rural Development Insurance Fund (Liq. Acct.)	11.0	-	-	-	-	7.7	3.3	-	-	-	-	-	-	-
	Rural Telephone Bank (Fin. Acct.)	214.0	-	-	-	-	149.8	64.2	-	-	-	-	-	-	-
	RETRF (Fin. Acct. - Direct)	6,037.0	-	-	-	-	4,225.9	1,811.1	-	-	-	-	-	-	-
	Rural Water & Waste Disposal Loans (Direct Fin. Acct.)	1,359.0	-	-	-	-	951.3	407.7	-	-	-	-	-	-	-
	RETRF (Liq. Acct.)	801.0	-	-	-	-	560.7	240.3	-	-	-	-	-	-	-
	Rural Telephone Bank (Liq. Acct.)	50.0	-	-	-	-	35.0	15.0	-	-	-	-	-	-	-
	Appalachian Reg. Commission Transfer	13.0	-	-	-	-	9.1	3.9	-	-	-	-	-	-	-
	National Sheep Industry Improvement Center - Revolving and Program Account	1.0	-	-	-	-	0.7	0.3	-	-	-	-	-	-	-
FAS	Trade Adjustment Assistance for Farmers	27.0	27.0	-	-	-	-	-	-	-	-	-	-	-	-
	Salaries and Expenses	216.0	175.0	41.0	-	-	-	-	-	-	-	-	-	-	-
	McGovern-Dole International Food for Education	87.0	-	87.0	-	-	-	-	-	-	-	-	-	-	-
	Title I Ocean freight Differential Grants	4.0	-	4.0	-	-	-	-	-	-	-	-	-	-	-
	Miscellaneous Contributed Funds	1.0	-	1.0	-	-	-	-	-	-	-	-	-	-	-

USDA FY 2005 Program Obligations ($ in Millions)															
		Program	Objectives												
Agency	Account	Obligations	1.1	1.2	1.3	1.4	2.1	2.2	3.1	3.2	4.1	4.2	4.3	5.1	5.2
FAS (cont'd)	P.L.480 (Liq. Acct.)	23.0	-	23.0	-	-	-	-	-	-	-	-	-	-	-
	P.L.480 (Prog.)	105.0	-	105.0	-	-	-	-	-	-	-	-	-	-	-
	P.L 480 Title II	1,710.0	-	1,710.0	-	-	-	-	-	-	-	-	-	-	-
	P.L.480-Direct (Fin. Acct.)	179.0	-	179.0	-	-	-	-	-	-	-	-	-	-	-
	Debt Reduction (EAI) Fin. Acct.	489.0	-	489.0	-	-	-	-	-	-	-	-	-	-	-
FNS	Food Donations Programs	142.0	-	142.0	-	-	-	-	-	-	-	-	-	-	-
	Food Stamp Program	32,096.0	-	-	-	-	-	-	-	-	31,877.8	182.9	35.3	-	-
	Commodity Assistance Program	200.0	-	-	-	-	-	-	-	-	200.0	-	-	-	-
	Food Program Administration	142.0	-	-	-	-	-	-	-	-	-	2.8	139.2	-	-
	Special Supplemental Nutrition Program (WIC)	5,200.0	-	-	-	-	-	-	-	-	5,171.0	14.8	14.2	-	-
	Child Nutrition Programs	12,103.0	-	-	-	-	-	-	-	-	12,069.5	18.5	15.0	-	-
FS	Land Acquisition Title VIII	3.0	-	-	-	-	-	-	-	-	-	-	-	3.0	-
	Capital Improvement and Maintenance	617.0	-	-	-	-	-	-	-	-	-	-	-	617.0	-
	Forest and Rangeland Research	336.0	-	-	-	-	-	-	-	-	-	-	-	336.0	-
	State and Private Forestry	432.0	-	-	-	-	-	-	-	-	-	-	-	86.4	345.6
	National Forest System	1,508.0	-	-	-	-	-	-	-	-	-	-	-	1,508.0	-
	Wildland Fire Management	1,848.0	-	-	-	-	-	-	-	-	-	-	-	17,746.0	73.9
	Payments to States	310.0	-	-	-	-	-	-	-	-	-	-	-	-	310.0
	Payments to States, Northern Spotted Owl Guarantee	-1.0	-	-	-	-	-	-	-	-	-	-	-	(1.0)	-
	Management of National Forest Lands for Subsistence Uses	6.0	-	-	-	-	-	-	-	-	-	-	-	6.0	-
	Working Capital Fund	188.0	-	-	-	-	-	-	-	-	-	-	-	188.0	-
	Land Acquisition	90.0	-	-	-	-	-	-	-	-	-	-	-	90.0	-

USDA FY 2005 Program Obligations ($ in Millions)															
		Program	Objectives												
Agency	Account	Obligations	1.1	1.2	1.3	1.4	2.1	2.2	3.1	3.2	4.1	4.2	4.3	5.1	5.2
FS (cont'd)	Federal Payment, Payments to States, National Forests Fund	89.0	-	-	-	-	-	-	-	-	-	-	-	-	89.0
	Timber Roads, Purchaser Elections	1.0	-	-	-	-	-	-	-	-	-	-	-	1.0	-
	Roads and Trails for States, National Forest Fund	14.0	-	-	-	-	-	-	-	-	-	-	-	14.0	-
	Timber Salvage Sales	69.0	-	-	-	-	-	-	-	-	-	-	-	69.0	-
	Expenses, Brush Disposal	12.0	-	-	-	-	-	-	-	-	-	-	-	12.0	-
	Range Betterment Fund	2.0	-	-	-	-	-	-	-	-	-	-	-	2.0	-
	Acq. Of Lands for NF, Special Acts	1.0	-	-	-	-	-	-	-	-	-	-	-	1.0	-
	Payment to Minnesota from the National Forests Fund	2.0	-	-	-	-	-	-	-	-	-	-	-	-	2.0
	Restoration of Forest Lands	1.0	-	-	-	-	-	-	-	-	-	-	-	1.0	-
	Acq. of Lands to Complete Land Exchanges	2.0	-	-	-	-	-	-	-	-	-	-	-	2.0	-
	Operation and Maintenance Quarters	8.0	-	-	-	-	-	-	-	-	-	-	-	8.0	-
	Timber Sale Pipeline Restoration Fund	2.0	-	-	-	-	-	-	-	-	-	-	-	2.0	-
	Recreation Fee Demonstration Program	46.0	-	-	-	-	-	-	-	-	-	-	-	46.0	-
	Land Between the Lakes Management Fund	3.0	-	-	-	-	-	-	-	-	-	-	-	3.0	-
	Legacy Fund	61.0	-	-	-	-	-	-	-	-	-	-	-	-	61.0
	Payments to Counties, National Grasslands	7.0	-	-	-	-	-	-	-	-	-	-	-	-	7.0
	Cooperative Work Trust Fund	114.0	-	-	-	-	-	-	-	-	-	-	-	114.0	-
	Reforestation Trust Fund	31.0	-	-	-	-	-	-	-	-	-	-	-	31.0	-
Total		**134,373.0**	**1,870.3**	**3,140.0**	**5,075.1**	**44,714.5**	**7,186.0**	**9,069.6**	**1,230.9**	**2,204.2**	**49,396.9**	**561.1**	**290.4**	**5,313.5**	**4,319.8**
Total by Goals			**54,800**				**16,256**		**3,435**		**50,248**			**9,633**	

*Goal and objective totals have been rounded to the nearest whole number. Totals may not add due to rounding.

FISCAL YEAR 2005 STAFF YEARS

The following table depicts the component agencies and staff offices of the U.S. Department of Agriculture with estimated staff years obligated to each objective. Staff years have been rounded to the nearest tenth and have been allocated to more than one objective when the amount of each objective was significant and could be identified. Staff offices and departmental management generally support all USDA objectives and, in most cases, have been reallocated equally among all objectives.

USDA FY 2005 Staff Years														
	Staff	USDA Objectives												
Agency	Years	1.1	1.2	1.3	1.4	2.1	2.2	3.1	3.2	4.1	4.2	4.3	5.1	5.2
OSEC	87	4.4	4.4	4.4	4.4	8.7	8.7	8.7	8.7	5.8	5.8	5.8	8.7	8.7
OCFO	1524	76.2	76.2	76.2	76.2	152.4	152.4	152.4	152.4	101.6	101.6	101.6	152.4	152.4
OCIO	1113	55.7	55.7	55.7	55.7	111.3	111.3	111.3	111.3	74.2	74.2	74.2	111.3	111.3
DA	599	30.0	30.0	30.0	30.0	59.9	59.9	59.9	59.9	39.9	39.9	39.9	59.9	59.9
OC	109	5.5	5.5	5.5	5.5	10.9	10.9	10.9	10.9	7.3	7.3	7.3	10.9	10.9
OIG	594	29.7	29.7	29.7	29.7	59.4	59.4	59.4	59.4	39.6	39.6	39.6	59.4	59.4
OBPA	67	3.4	3.4	3.4	3.4	6.7	6.7	6.7	6.7	4.5	4.5	4.5	6.7	6.7
OGC	322	16.1	16.1	16.1	16.1	32.2	32.2	32.2	32.2	21.5	21.5	21.5	32.2	32.2
OCE	71	3.6	3.6	3.6	3.6	7.1	7.1	7.1	7.1	4.7	4.7	4.7	7.1	7.1
HSS	7	0.4	0.4	0.4	0.4	0.7	0.7	0.7	0.7	0.5	0.5	0.5	0.7	0.7
OCR	191	9.6	9.6	9.6	9.6	19.1	19.1	19.1	19.1	12.7	12.7	12.7	19.1	19.1
NAD	106	5.3	5.3	5.3	5.3	10.6	10.6	10.6	10.6	7.1	7.1	7.1	10.6	10.6
ERS	439	124.8	11.8	17.2	58.0	24.8	24.8	8.9	13.6	16.0	44.4	30.8	-	63.9
NASS	1366	946.6	9.6	-	98.4	232.2	-	0.8	24.6	-	-	-	-	50.5
ARS	8919	-	-	3,302.0	-	-	-	859.0	2,158.0	-	304.0	-	1,069.0	1,069.0
CSREES	451	9.0	3.0	30.0	15.0	100.0	24.0	41.0	18.0	85.0	10.0	41.0	5.0	70.0
APHIS	6761	811.3	-	-	-	-	-	-	5,949.7	-	-	-	-	-
FSIS	9761	-	-	-	-	-	-	9,761.0	-	-	-	-	-	-
GIPSA	690	690.0	-	-	-	-	-	-	-	-	-	-	-	-
AMS	3029	3,029.0	-	-	-	-	-	-	-	-	-	-	-	-
RMA	512	-	-	-	256.0	-	-	256.0	-	-	-	-	-	-
FSA	5566	-	640.6	-	4,564.0	-	-	-	-	-	-	-	-	361.2
FSA Non-Federal	10220	-	270.9	-	8,256.0	-	-	-	-	-	-	-	-	1,693.0

USDA FY 2005 Staff Years														
	Staff	USDA Objectives												
Agency	Years	1.1	1.2	1.3	1.4	2.1	2.2	3.1	3.2	4.1	4.2	4.3	5.1	5.2
NRCS	12346	-	-	-	-	-	-	-	-	-	-	-	-	12,346.0
RD	6666	-	-	-	-	1,999.8	4,666.2	-	-	-	-	-	-	-
FAS	994	805.1	188.9	-	-	-	-	-	-	-	-	-	-	-
FNS/CNPP	1488	-	-	-	-	-	-	-	-	425.0	241.0	822.0	-	-
FS	35560	-	-	-	-	-	-	-	-	-	-	-	34,848.8	711.2
Total	109,558	6,655	1,364	3,589	13,487	2,836	5,194	11,406	8,643	845	919	1,213	36,402	16,844
Total by Goals*		25,095				8,030		20,049		2,977			53,246	

*Goal and objective totals have been rounded to the nearest whole number. Totals may not add due to rounding.

DATA ASSESSMENT OF PERFORMANCE MEASURES

STRATEGIC GOAL 1: ENHANCE ECONOMIC OPPORTUNITIES FOR AGRICULTURAL PRODUCERS

Objective 1.1: Expand International Marketing Opportunities

Key Outcome: Improve International Marketing Opportunities

1.1.1 Dollar value of trade preserved through FAS staff interventions and trade agreement monitoring ($Mil)

- **Completeness of Data**—Data for the World Trade Organization and tariff rates are projected estimates based on results posted to the performance tracking system within the Foreign Agricultural Service. Data for successfully retaining and assuring U.S. trade access to export markets are projected estimates based on results posted during the first three quarters of FY 2004. Fourth quarter estimates were derived using the average quarterly reporting and discounting the results to reflect any large, one-time annual events not expected to be repeated in the final quarter. If any trade access disputes are resolved successfully by the end of the fiscal year, USDA will update this data accordingly.

  The primary sources of trade data are U.S. Customs, which was absorbed into the U.S. Department of Homeland Security, information compiled by the U.S. Census Bureau, the USDA publication "Foreign Agricultural Trade of the United States," and other databases. For some products, trade data are not recorded. Estimating the potential value of a sanitary and phytosanitary accomplishment may be a challenge, especially where new exports to a previously closed market are concerned. In arriving at these estimates, USDA considers such factors as similar exports by other countries, the importing countries' respective purchasing power and sales into comparable markets. In addition to trade data, other sources include market reports compiled by USDA and industry estimates.

- **Reliability of Data**—Data are highly reliable and used by agency and Department officials to highlight successes in the trade-policy arena.

- **Quality of Data**—USDA uses an automated performance tracking system to collect and analyze actual performance data. The data are collected from the Department's network of overseas offices and headquarters staff conducting trade compliance and enforcement activities, and providing trade negotiation support to the U.S. Trade Representative (USTR). An established procedure is maintained to review each reported success for verification and the prevention of double counting. There often is a lag time between reporting successful resolution of trade issues and reporting the estimated value to U.S. agriculture. This also can happen with independent verification through the U.S. Government's official trade statistics. There is no known remedy immediately available to address this problem.

Exhibit 68: Performance Threshold for 1.1.1

Threshold Documentation Table						
Performance Goal		Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
1.1.1	Dollar value of trade preserved through FAS staff interventions and trade agreement monitoring ($Mil)	FAS	2,000	> 2,500	2,500 to 1,500	<1,500

Threshold Documentation Table					
Performance Goal	Owner	Target	Performance Thresholds		
			Exceeded	Met	Unmet

Rationale for Met Range:

Annual targets for this measure, based on five years of program history, have demonstrated that the performance levels are controlled by international parties. USDA annual targets reflect U.S. expectations for successfully addressing international compliance with trade agreements and resolving actual U.S. trade access issues that arise so that domestic exports can continue. Additionally, the level of international cooperation and agreement with U.S. proposed trade negotiations depends on international parties. A met or exceeded target reflects USDA successes in addressing barriers to U.S. trade. An unmet target can mean that USDA monitoring activities prevented noncompliance.

OBJECTIVE 1.2: SUPPORT INTERNATIONAL ECONOMIC DEVELOPMENT AND TRADE CAPACITY BUILDING

Key Outcome: Support Foreign Food Assistance

1.2.1 Number of mothers, infants and school children receiving daily meals and take-home rations through McGovern-Dole International Food for Education and Child Nutrition Program

The data for the McGovern-Dole International Food for Education and Child Nutrition Program are monitored and evaluated through the application of a biannual survey designed by the USDA's NASS. The survey methodology and reporting details are listed in the Government Publication, "The Global Food for Education Pilot Program: A Review of Project Implementation and Impact," Appendix 1, pages 289-305, February 2003.

- **Completeness of Data**—All cooperating sponsors who participate as program delivery partners are required to follow an exact established survey methodology developed by the USDA. The survey covers data on food rations distributed and school enrollment and promotions to the next grade level. While the biannual survey results supplied cover the first and third quarters of the fiscal year, there is a 30-day lag time between the survey's completion, coordination and delivery to USDA. Projected estimates between these times are provided through ongoing correspondence with the program organizations. All estimates and results are based on the previous year's signed agreements since the signatures occur during the fourth quarter of the previous fiscal year.

  Annual performance targets take into account a one-year lag time for the food aid to arrive in the country. During the first quarter of FY 2004, the FY 2003 agreements for food were delivered to the countries. During the second quarter, approximately half of the agreements provided counties food for direct feeding. During the third quarter, all of the agreements provided food rations. For most of the fourth quarter, few food rations were distributed as schools are on summer break.

- **Reliability of Data**—Data are reliable, of good quality and used by Department officials to highlight successes in the trade policy arena.

- **Quality of Data—**Data collected following the USDA-developed and required survey tool depend on the program participant's ability to interview food recipients. Access to recipients during the survey period may depend upon social conditions, civil unrest and weather and transportation conditions.

Exhibit 69: Performance Threshold for 1.2.1

Threshold Documentation Table						
Performance Goal		Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
1.2.1	Number of mothers, infants and school children receiving daily meals and take-home rations through McGovern-Dole International Food for Education and Child Nutrition Program	FAS	2.2	> 1.50	1.50 to 1.10	< 1.10
Rationale for Met Range: An initial annual threshold is set at 90 percent of the original pilot program target. A new threshold will be evaluated after three years of actual data are collected.						

OBJECTIVE 1.3 EXPAND ALTERNATIVE MARKETS FOR AGRICULTURAL PRODUCTS

Key Outcome: Increase the Purchases of Biobased Products by Federal Agencies, Resulting in Increased Demand for Farm Commodities and Increased Investment in Processing and Manufacturing Activity Based in Rural America

1.3.1 Number of groupings of biobased products designed for procurement

Data to support designation of biobased products for procurement by rulemaking are obtained from a number of sources. First, manufacturers and vendors of such products are identified and contacted. USDA asks for their cooperation in providing data and other product information necessary for the designation of an item by rulemaking. Second, product samples are requested from manufacturers and vendors for biobased content testing. Third, product-manufacturing information also is requested from manufacturers and vendors to support an analysis of several environmental factors associated with the use of the product and its life-cycle cost. Finally, the Department asks manufacturers and vendors for the results of industry-accepted performance tests against which their products have been tested.

- **Completeness of Data—**These data are used to develop the required information on generic groupings of biobased products for use in designation rulemaking. They are developed in cooperation with manufacturers and vendors of biobased products that fall under the umbrella of a designation. Data used meet the statutory requirements for designation rulemaking.
- **Reliability of Data—**Data are gathered from cooperating manufacturers and vendors. Then, these data are used in analyses to determine the biobased content of a range of products within a generic grouping and the environmental attributes and life-cycle costs of these products. The data are used in tests that determine American Society for Testing and Materials (ASTM) compliance. This compliance is named for ASTM International, a major standards-setting organization that develops consensus standards using participants from industry, academia and Government. Its standards are used widely around the world. The results from analyses of a range of products then are used to characterize the generic groupings considered consistent with statutory requirements.
- **Quality of Data—**The quality of the data used in analyses is high. Samples of products to be tested for biobased content are handled consistently with ASTM-specified processes. Information is gathered for analysis of environmental attributes and life-cycle costs, which is required to support an

ASTM-compliant analytic framework. Information is gathered from manufacturers and vendors for analysis of the environmental and health effects of using the products and the life-cycle costs associated with their use (life-cycle costs are measured over the life of the products, including disposal costs, and stated in current dollars), as opposed to simply the purchase price of the product.

Exhibit 70: Performance Threshold for 1.3.1

Threshold Documentation Table						
Performance Goal		Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
1.3.1	Number of groupings of biobased products designated for procurement	OEPNU	4	> 3	1 - 3	< 1
Rationale for Met Range: Ranges will be re-evaluated each year for reasonableness and identification of a historical trend. The current ranges reflect the cooperation level of manufacturers and vendors in working with OEPNU to develop data required for designation of generic groupings by rulemaking.						

OBJECTIVE 1.4: PROVIDE RISK MANAGEMENT AND FINANCIAL TOOLS TO FARMERS AND RANCHERS

Key Outcome: Improve Economic Viability of Farmers and Ranchers

1.4.1: Increase the percentage of beginning, racial and ethnic minority farmers and women farmers financed by USDA

1.4.2: Reduce average processing time for direct loans

1.4.3: Reduce average processing time for guaranteed loans

The Farm Loan Program (FLP) makes direct and guaranteed farm ownership and operating loans to family-size farmers and ranchers unable to obtain commercial credit. The data reside primarily in the Program Loan Accounting System (PLAS), Guaranteed Loan System (GLS) and FLP Databases. Web-based reports are the primary means of measuring Farm Loan Program performance. USDA reviews these reports quarterly to monitor progress toward achieving performance goals.

- **Completeness of Data**—Data reported are year-to-date actual as of September 30.
- **Reliability of Data**—Farm Loan Program data are considered reliable. To help ensure data reliability, internal controls are built into the systems. System enhancements and reviews also have contributed to the overall reliability. Additionally, USDA reviews system reports to monitor program performance. Comprehensive internal control reviews are conducted in State offices annually to ensure sound loan-making decisions and that program implementation complies with statutes and regulations. Finally, since most Farm Loan Program data originate from USDA's accounting system, it is subject to an OIG audit.
- **Quality of Data**—The data used in this report are collected for multiple purposes. They are gathered throughout the normal lending process without significant additional burden or analytical resources needed.

Exhibit 71: Performance Threshold for 1.4.1, 1.4.2 and 1.4.3

Threshold Documentation Table						
				Performance Thresholds		
	Performance Goal	Owner	Target	Exceeded	Met	Unmet
1.4.1	Increase the percent of loans to beginning and socially disadvantaged farmer/ranchers	FFAS/FSA	35%	>35.5%	34.5 to 35.5%	<34.5%
Rationale for Met Range: Management determination based on previous year results.						
1.4.2	Reduce average processing time for direct loans	FFAS/FSA	40	>40.5	35.5 to 40.5	<35.5
Rationale for Met Range: Management determination based on previous year results.						
1.4.3	Reduce average processing time for guaranteed loans	FFAS/FSA	14	>15.0	14.0 to15.0	<14.0
Rationale for Met Range: Management determination based on previous year results.						

Key Outcome: Reduce the Economic Risk of American Agricultural Producers

1.4.4 Increase the value of risk protection provided to agricultural producers through FCIC-sponsored insurance

The value of risk protection denotes the amount of insurance in effect protecting and stabilizing the agricultural economy. USDA's value projection target is based on projections developed in November 2003, forecasted participation and conditions current at that time. The baseline model uses the latest information from the crop insurance program and combines it with USDA baseline projections for major crops. These crops include corn, wheat, soybeans, sorghum, barley, rice and cotton. In making the projections, the model holds various factors constant, such as premium rates and average coverage level. The model assumes that all non-major crops behave consistently with other USDA projections for major crops. The baseline model is a tool for developing budget projections contained in Presidential budget requests. The budget and performance projections for the crop insurance program mainly depend on the baseline projections from numerous USDA agencies.

- **Completeness of Data**—The data used in conjunction with performance information is based on actual data reported through the end of the third quarter. To provide the annual data, USDA projects the results for the fourth quarter of the fiscal year based on prior year performance. Analysis has shown that normally 99 percent of the final actual data will be reported to USDA during the first quarter of the next fiscal year. The Department receives the actual data from insurance companies. It then maintains data through two integrated processing systems that validate the information transmitted by insurance companies. The data then are sent through the system to generate all accounting functions. These processing systems provide a mechanism to ensure that data received are accurate, errors are corrected quickly and timely monthly accounting reports are provided.
- **Reliability of Data**—USDA deems this information to be reliable. The insurance companies receive data from the producers and transmit them to USDA. Once received, the Department takes

extensive steps to verify the data's accuracy and validity. The Standard Reinsurance Agreement (SRA) also provides reinsured companies with disincentives for not following prescribed guidelines and procedures. While the data are deemed reliable, a recent audit by OIG found that the RMA information technology environment might be vulnerable to errors, misuse, abuse, unauthorized access, disruption of service and willful destruction. RMA generally agreed with these findings and has made substantial progress in implementing the agreed to recommendations.

- **Quality of Data—**Data are projected based on historical performance and the target information uses data dependent upon the baseline projections from numerous USDA agencies. To the extent that any of the USDA projections are inaccurate, the projection of value also will be inaccurate.

Exhibit 72: Performance Threshold for 1.4.4

Threshold Documentation Table						
Performance Goal		Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
1.4.4	Increase the value of risk protection provided to agricultural producers through FCIC-sponsored insurance ($ Bil)	FFAS/RMA	40.0	>42.0	38.0 to 42.0	<38.0
Rationale for Met Range: Annual targets for this measure, based on five years of program history, have consistently seen a variability of plus or minus two for each fiscal year.						

STRATEGIC GOAL 2: SUPPORT INCREASED ECONOMIC OPPORTUNITIES AND IMPROVED QUALITY OF LIFE IN RURAL AMERICA

Objective 2.1: Expand economic opportunities through USDA financing of businesses

Key Outcome: Improve Rural Quality of Life through Home Ownership Opportunities Provided

Business program data are collected in various systems and ways. The finance office records and reports total loan and grant obligations as of the date the obligation is executed. These data are collected as part of the obligation process. Additionally, RD uses one of its own systems, Guaranteed Loan System (GLS), to collect additional information to satisfy reporting requirements, and for management and evaluation purposes. This information includes the number of jobs created or saved. Data on delinquency status mostly are reported by lenders directly to GLS. In other cases, USDA staff reports delinquency information.

- **Completeness of Data**—Business program data are considered final and complete as of September 30 each year. Other than year-end closing adjustments, once a year is reported, it is not revisited.
- **Reliability of Data**—While borrower financial performance is reported by hundreds of lenders semi-annually to RBCS, all lenders are not submitting required borrower financial performance. Additionally, there is inconsistency in the time periods represented by lender reports. In lieu of a reliable, consistent and complete data set from lenders, the Finance Office's financial data have been found acceptable to OIG, as are State office-verified data on the financial performance of loans. Data

for jobs created or saved are obtained by State office staff from borrowers and lenders. They are entered into GLS at the same time that obligations are recorded. These data are reliable when they have been updated and verified by State staff. USDA reports the computed jobs saved or created based on underlying market and financial feasibility projections that support loan applications. The jobs are counted only in one fiscal year, the year the loan is obligated. The delinquency rate, which excludes loans in bankruptcy, is based on reports supplied by lenders on the performance of each loan.

- **Quality of Data**—While the percentage of States verifying third-party financial and jobs data have improved each year, further improvements are needed. They are designing and completing a model to compute and measure the impacts of business programs in rural communities better. These impacts include a fuller description of the economic impact and such "quality-of-life" issues as health and education.

Exhibit 73: Performance Threshold for 2.1.1

Threshold Documentation Table					
Performance Goal	Owner	Target	Performance Thresholds		
			Exceeded	Met	Unmet
2.1.1 Create or save additional jobs through USDA financing of businesses	RD/RBS (RCAP)	63,856	>67,049	60,663 to 67,049	<60,663

Rationale for Met Range:

USDA has initiated a comprehensive study to verify the methodologies available to accurately track the outcomes of these programs. Until that study is complete and implemented, the Department will continue to track jobs. The job data is gathered when projects are obligated in GLS and the jobs projected are computed based on a formula driven by appropriations, each FY the formula is adjusted based on the historic numbers. A met range of 5 percent is used.

Objective 2.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities and Needed Community Facilities

Key Outcome:

2.2.1 Homeownership

- **Completeness of Data**—Homeownership data are actual, final and complete. The initial entry point for homeownership data is the web-based UniFi system. This centralized server application ensures viable data collection. It tracks performance and forecasts needs. Information entered into UniFi also uploads nightly into the MortageServ (a.k.a., Fasteller) system that is used to obligate funds, establish closed loans, administer escrow accounts, manage defaulted loans and perform other administrative functions. Brio, a query and reporting tool, serves as the interface between the data warehouse and RD staff.
- **Reliability of Data**—Homeownership data originate in systems used to obligate funding and are reliable. Data for initial placement of households into their own homes are reliable since they are linked directly to homeownership loans maintained in USDA's financial accounting systems. No adjustments are made for later defaults and the resulting loss of homeownership.

- **Quality of Data**—Homeownership data are based on loan obligations collected in the Dedicated Loan Origination and Servicing system and stored in USDA's Data Warehouse. As such, the data on the number of households are auditable. Data represent the population served based on available U.S. census information.

Exhibit 74: Performance Threshold for 2.2.1

Threshold Documentation Table					
			Performance Thresholds		
Performance Goal	Owner	Target	Exceeded	Met	Unmet
2.2.1 Home ownership opportunities provided					
▪ Increase financial assistance to rural households to buy a home	RD/RHS (SFH)	38,300	>42,130	34,470 to 42,130	<34,470
▪ Increase the number of minority homeowners	RD/RHS (SFH)	7,660	>8,426	6,894 to 8,426	<6,894
Rationale for Met Range: The range of 10 percent is based on the historical variance form the target during the past several years in the number of houses sold in the Guaranteed and Direct Single Family Housing loan programs.					

2.2.2 Telecommunications

- **Completeness of Data**—Data are actual, final and complete. The county data are collected from each approved loan application. Applicants are required to detail their proposed service territories. This includes the number of subscribers to be served in the location by county. Loan funds are advanced only for approved purposes. Measuring the extent to which broadband service is deployed in rural America on a county-by-county basis will enable USDA to assess improved economic conditions because of the availability of high-speed telecommunications network access for residents and business.

  The data on the number of counties to be served for each loan are derived from applicants' loan applications. Data must be complete before loans can be approved.

- **Reliability of Data**—While applicants are required to perform market surveys of their proposed service areas, the actual counties served may vary from the plan if all funds are not used or the borrower later requests a change of purpose from the original loan application. Overall, the data on counties served are reliable.

- **Quality of Data**—All applications undergo an extensive review to determine eligibility. Additionally, all approved applications must show feasibility from a financial and technical standpoint. Applicants also are required to perform market surveys of their proposed service areas. Therefore, the data are reliable. As previously noted, the data on the number of counties to be served for each loan approved come from the applicant's loan application. The data depend on the borrower drawing down loan funds and constructing the system as portrayed in the applicant's loan design. Loan funds only may be used for the approved purposes for which the loan was made. Variance may result if a borrower does not draw down all loan funds or request approval for a change of purpose

from the original loan. This could result in a different number of counties served from the number specified in the plan.

Exhibit 75: Performance Threshold for 2.2.2

Threshold Documentation Table						
	Performance Goal	Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
2.2.2	Customers served by new or improved telecommunications facilities (Thousands)	(RD/RUS)	325	>348	303 to 348	<303
Rationale for Met Range: Target based on utilization of approximately $600 million in broadband funding and $687 million in infrastructure funding. The number of subscribers is based on historical costs. Thus, fluctuations occur when plan investment per subscriber is significantly different from historical costs. They also occur when plant investment per subscriber is significantly different from historical costs from year to year. The met range of 50,000 allows for a modest 7 percent deviation below the estimated target.						

2.2.3 Water and the Environment

- **Completeness of Data**—The Water and Environmental Programs (WEP) collects data initially through the Community Programs Application Processing (CPAP) system. CPAP is a non-financial system in which the agency field staff input data about applicants, borrowers, funding and services provided. The data obligations flow through the Rural Utilities Loan Servicing System (RULSS) to the PLAS and through a data server to a data warehouse.
- **Reliability of Data**—USDA's data warehouse stores historical information on Department programs and such non-agency data as census information. Program data are downloaded to the warehouse every evening from several accounting databases. Data generally are current through the previous day. The warehouse provides data about obligations and can be used to measure the number of loans, loan amounts, number of borrowers and funds advanced. The warehouse is an easy, accessible online method of extracting information and data for reports and analyses.
- **Quality of Data**—Based on information in CPAP, the number of subscribers receiving new or improved water or wastewater service can be extrapolated from the data warehouse. The WEP National Office and USDA field offices use data from CPAP, the data warehouse and Department accounting systems to review or evaluate the financial, operational and managerial programs of the utilities serving rural customers.

Exhibit 76: Performance Threshold for 2.2.3

Threshold Documentation Table						
				Performance Thresholds		
	Performance Goal	Owner	Target	Exceeded	Met	Unmet
2.2.3	Customers served by new or improved water and waste disposal service (Mil)	RD/RUS	.650 Mil	>.680	.680 to .610	<.610
Rationale for Met Range: Annual targets for this measure are based on historical activity and are adjusted according to the program level received each fiscal year.						

2.2.4 Electricity

- **Completeness of Data**—Electric Program data are collected from various Rural Utility Service (RVS) documents including RUS Forms 740c and 130, Borrower's Statistical Profile, Information Publication 201-1 and the borrower's loan application. The data are complete and accurate, and collected at the time of loan approval and reported annually.
- **Reliability of Data**—Applicants are required to report essential data to the Electric Program. These data are used to administer Department loan funds and to ensure the security of the loans. USDA is developing a new loan tracking and data collection system, Rural Utilities Loan Servicing System (RULSS). The Department will be able to capture and access this information in RULSS in FY 2006.
- **Quality of Data**—All applications undergo an extensive review to determine whether the borrower meets all eligibility requirements for the various loans, guarantees and grants offered by the Electric Program. All approved applications must show feasibility from a financial standpoint and ensure loan security. Loan funds may be used only for the approved purposes for which the loan was made.

Exhibit 77: Performance Threshold for 2.2.4

Threshold Documentation Table						
				Performance Thresholds		
	Performance Goal	Owner	Target	Exceeded	Met	Unmet
2.2.4	Customers served by new or improved electric service (Mil)	RD/RUS	1.775	>1.864	1.686 to 1.864	<1.686
Rationale for Met Range: Annual targets for this measure are based on historical activity and are adjusted according to the program level received each fiscal year.						

2.2.5 Community Facilities

- **Completeness of Data**—Community Facilities Program data are complete and final. They are collected by means of two streams of input. The finance office records and reports total loan and grant obligations as of the date of obligations. These data are collected as part of the obligation process. Additionally, USDA collects information for management and evaluation purposes. Data on

delinquency status are reported by the finance office for community facilities direct loans, and by lenders for the community Facilities guaranteed loans.

- **Reliability of Data**—Community Facilities data are entered into GLS by field staff as the program funds are obligated. Data are final, complete and reliable. They also represent the population served based on available U.S. census information. Population data served by community facilities are estimates. USDA screens data annually for irregularities. Given the variety of areas served by different types of community facilities (e.g., libraries, fire stations, health clinics), estimation is not a precise science. Population estimates served by community facilities are based on engineering studies used for the design of new or expanded public utilities systems. The Department is developing mapping technologies to improve the determination of service areas for community facilities.
- **Quality of Data**—As new programs are authorized, CPAP is used to create data systems that field staff can use to work directly and interactively with applicants. Planned system requirements can be developed quickly. CPAP contains a number of edit checks to enhance reliability. The data are stored on a server and moved nightly to the data warehouse for permanent storage and reporting. This manner of developing system plans greatly enhances data reliability since they are integral to program planning.

Exhibit 78: Performance Threshold for 2.2.5

Threshold Documentation Table					
			Performance Thresholds		
Performance Goal	Owner	Target	Exceeded	Met	Unmet
2.2.5 Customers served by new or improved community facilities (Mil)	RD./RHS (RCAP)	12	>14	10 to 14	<10

Rationale for Met Range:

Because the number of residents served by each grant may vary widely, it is difficult, if not impossible, to estimate with any precision a range of residents served. One grant for a fire engine could serve 22,000 people whereas the same grant amount for a hospital could server 22,000. Therefore, USDA would consider its 2004 goal unmet if CF serves fewer than 10 million people.

STRATEGIC GOAL 3: ENHANCE PROTECTION AND SAFETY OF THE NATION'S AGRICULTURE AND FOOD SUPPLY

Objective 3.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry and Egg Products

Key Outcomes: Basing Policies on Science

For the two Key Outcomes, USDA uses secure and accurate food safety data systems. The data are derived from sampling plans and analysis of product samples taken from meat and poultry plants by Department employees. The samples are analyzed by International Standards Organization (ISO) accredited laboratories to ensure accurate results. ISO is a network of the national standards institutes of 146 countries. These countries work with foreign organizations, Governments industry business and consumer representatives. Once the laboratories have the results, they enter them into the Laboratory Sample Flow System. The system then

forwards the results to the Microbiological and Residue Computer Information System. The results then are sent to the Pathogen Reduction Enforcement System (PREP). PREP uses the results to schedule future sampling at USDA-inspected plants. The data are considered to be extremely reliable. Policy, program decisions and resource allocation are based on this data.

Improve Detection of Foodborne Hazards

Data for developing systems for detecting foodborne hazards represent actual accomplishments to date and are highly reliable. Each research unit submits annual progress reports via USDA's state-of-the-art electronic information and database system. Line and program managers review the information and report their findings to Congress, customers, stakeholders, partners and the general public. Progress reports are available at http://www.ars.usda.gov. Once there, click on the word "Research" located in the upper left-hand corner of the screen. The reports also are available at the Food Safety Research Information Office (FSRIO). This office is the source for all Federal food safety research information, including the role and duties of the Joint Institute for Food Safety Research. This group was created to coordinate Federal food safety research to ensure that valuable resources are directed to the most needed and most promising projects. Data from the USDA Food Safety Research Program must meet FSRIA's quality standards. Customers and stakeholders provide the Department with continual feedback on the data's quality, relevance, value and usefulness.

Completeness, Reliability and Quality of Data

- **Pathogen Measures**—All samples are logged in upon receipt, analyzed and then entered into the Laboratory Sample Flow System. A sample's milestones are posted on an intranet site accessible by the sample collector and other agency personnel to monitor the sample's progress. Reports are generated periodically to review sample status, cumulative results and other sampling data summaries. Any potential errors are brought immediately to the attention of the System Administrator for investigation and correction.
- **Viewing Measure**—Audience viewings reflect a combination of documented Hotline calls, electronic mailboxes, web viewings, newsletter subscriptions, publication distributions, and the Agency Rep, "AskKaren" web-based initiative. Included is a percentage (20 percent) of various media (TV, radio, print) outlet audience tracking data as compiled by independent media outreach tracking services.

Quality of Data

- **Pathogen measures**—The laboratories are accredited through ISO 17025, which requires extensive quality procedures, documentation and review.
- **Viewing measure**—Viewing data of food safety messages is based on a combination of actual documented records, reports and/or print-outs (daily, weekly and monthly) along with a percentage (20 percent) of the total various media circulation, listener and viewing audience figures provided through tracking services.

Reliability of Data

- **Pathogen measures**—The data are reviewed thoroughly prior to posting annual summaries on the FSIS web site http://www.fsis.usda.gov, publications and published reports.

- **Viewing measures**—USDA defines viewings as a best estimate of the number of people exposed to food safety messages through all the means used to deliver these messages: print, radio or television media, conventions, presentations, newsletters, USDA web site visits, Meat and Poultry Hotline calls, food safety publications, the USDA Mobile and State partnerships. Data are reviewed weekly and/or monthly prior to inclusion in other reports.

Exhibit 79: Performance Thresholds for 3.1.1, 3.1.2, 3.1.3 and 3.1.4

Threshold Documentation Table					
Performance Goal/Measure	Owner	Target	Performance Thresholds		
			Exceeded	Met	Unmet
3.1.1: Prevalence of *Salmonella* on broiler chickens	FSIS	11.7%	<10.0	10 to 12	>12
Rationale for Met Range: For *Salmonella* in young chickens where existing prevalence is more than 10 percent, a regulatory prevalence of 10 to 12 percent reflects a performance consistent with the target.					
3.1.2: Prevalence of *Listeria monocytogenes* on ready-to-eat meat and poultry products	FSIS	0.8%	<.7	.7 to .9	>.9
Rationale for Met Range: For *Listeria monocytogenes* on ready-to-eat meat and poultry products where regulatory prevalence is already below 1 percent, a regulatory prevalence of .7 to .9 percent reflects a performance consistent with the recommended target.					
3.1.3: Prevalence of *E. coli* 0157:H7 on ground beef	FSIS	0.37%	<.18%	.18 to .9	> .9
Rationale for Met Range: For *E. coli* 0157:H7 on ground beef products where regulatory prevalence is already below 1 percent, a regulatory prevalence of .18 to .9 percent reflects a performance consistent with the recommended target.					
3.1.4: Millions of viewings of food safety messages (Mil)	FSIS	94M	>100M	90M to 100M	<90M
Rationale for Met Range: Achieving 90-100 Million viewings is recognized as a sound marketing strategy to raise awareness of safe food handling behaviors.					

OBJECTIVE 3.2: REDUCE THE NUMBER AND SEVERITY OF AGRICULTURAL PEST AND DISEASE OUTBREAKS

Key Outcome: Provide a Secure Agricultural Production System and Healthy Food Supply

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

The process of determining this performance result involves several steps: (1) routine monitoring and surveillance of world animal health problems; (2) investigating specific reports to identify if a new introduction of a significant foreign animal disease has occurred and testing to determine the extent of infection; and (3) evaluation to determine the severity of the damage and summarize the results count.

(1) Routine Monitoring: Notice of the need to investigate a possible foreign animal disease may come from a wide variety of sources spread throughout the country. The National Animal Health Monitoring System

conducts planned surveys of diseases likely to have major impact on production and marketing. The National Animal Health Strategic Plan Objective 2 "Develop standards, quality control, and performance metrics for surveillance systems" states that key health indicator data will be collected annually starting in October 2005. Specific causes of loss by age group within each commodity will be gathered. In addition to conducting domestic surveys, USDA also maintains the presence of animal health professionals overseas to collect surveillance information on foreign animal diseases to prevent these diseases from entering the United States.

(2) Foreign Animal Disease Investigations and Testing: USDA set a target of 550 foreign animal disease investigations for FY 2004. When an infection is reported and confirmed, area-wide testing is conducted around the foci of infection using a comprehensive system of statistically significant diagnostic samples. The samples are tested in state-of-the-art laboratories. Testing data are recorded in the Emergency Management Response System (EMRS), National Animal Health Monitoring System (NAHMS) and the National Animal Health Reporting System (NAHRS.) All susceptible animals within an appropriate distance of the foci of infection are tested. The appropriate area for testing is determined using data regarding disease agents and how those agents are spread (through the air by biological or mechanical). The anticipated spread rate is based on weather conditions and movements or contacts on and off of the infected premises, as well as the anticipated expectations of trading partners regarding testing and surveillance. Animals that are positive or have known exposure within at least two disease agent incubation periods are destroyed or retested until the quarantine is removed. If there are limited numbers of animals around the foci of infection the testing area may be expanded to ensure that no animals are infected, and trace out investigations and testing on all animals from the foci herd may be performed.

Statistical sampling focuses on animals at slaughter and, concentration points if movement is being allowed, or in high risk areas. Door-to-door censuses are completed or requests are made that the public report any sick animals meeting a particular case description. Sampling data should be entered into the National Veterinary Services Laboratories (NVSL) databases, EMRS and National Animal Health Laboratory Network (NAHLN) databases. NVSL validates all samples found positive by other network laboratories.

(3) Reporting and Summarizing Results: As data about introduction arrive, veterinarians on USDA's Emergency Programs Staff analyze them and apply criteria to determine if the introductions are significant and have spread. All introductions of agents listed by World Organization for Animal Health (Office International des Epizooties (OIE)) and considered to be foreign to the U.S. are reported are reported to that body.

- **Completeness of Data—**The end-of-year data are complete, actual and final when the scheduled testing is finished, the samples are analyzed and the quarantined animals are tested and released. A cutoff time for the data, which are used for the final summary count, has been set at approximately one month before the required reporting date. If no data indicating an outbreak has spread have been received in the month preceding the decision, the decision based on that time period will be made. If additional data are submitted indicating an outbreak has spread, they will be considered for the next time period.
- **Reliability of Data—**The summary data are considered reliable when USDA's Deputy Administrator of Veterinary Services' has reviewed and approved them.

- **Quality of Data**—The issues related to collection and reporting of performance information are described above.

Exhibit 80: Performance Threshold for 3.2.1

Threshold Documentation Table						
	Performance Goal/Measure	Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
3.2.1	Number of significant introductions of foreign animal diseases and pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans.	APHIS	0	Not possible	0	1 or above
Rationale for Met Range: These foreign animal diseases are very serious. Veterinary Services seeks to prevent the spread of every single one.						

3.2.2 Percentage of facilities in complete compliance at the most recent inspection and

3.2.3 Number of animals affected by noncompliances documented on inspection reports.

The data source for these measures is the Licensing and Registration Information System (LARIS), which contains facility inspection results data on licensed and registered facilities.

Animal Care field inspectors enter reports into LARIS using laptop computers. Copies of inspection reports are provided to facility personnel and reviewed by supervisory animal-care specialists. There is ample opportunity for correcting any errors. In FY 1999, reports were found to be present in LARIS for 99 percent of active facilities. The validity of the measures was established in 1996 using a team of front-line inspectors and input from stakeholder organizations. Totals are computed by an automated program.

While the percentage of compliant facilities is an excellent, comprehensive, overall measure, it is not a perfect indicator of the welfare of animals. Minor problems that do not affect the welfare of animals directly count against the facilities. To compensate, a measure for animals affected by noncompliances was added. The number of inspections performed also is tracked and made available to managers.

- **Completeness of Data**—It takes animal welfare facility inspectors about a month to finalize their facility inspection data. If they fail to enter the data for a given facility, the computer program that counts the number of facilities in compliance will select the previous inspection report to see if the facility was in compliance on its previous inspection. If results data are required to be reported before the inspectors can enter their findings, the data on the percentage of compliant facilities, while still considered complete, will be based on a slightly earlier time period. This should not affect the results significantly. On the other hand, the computer program that counts the number of animals affected by violations will understate the results, and they will need to be adjusted to represent a full year of findings.
- **Reliability of Data**—While there will be some variation between inspectors in how strict they are, when all their tendencies are pooled, the differences offset each other. The inspectors must continue to use their best professional judgment in the same way each year for comparable results.

- **Quality of Data**—These data are of highest quality. They are taken very seriously by the inspectors and facility owners or managers, and documented with signatures. If there are mistakes or disagreements, an avenue for appeal to the inspector's supervisor exists.

Exhibit 81: Performance Thresholds for 3.2.2 and 3.2.3

Threshold Documentation Table						
	Performance Goal/Measure	Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
3.2.2	Percent of facilities in complete compliance at the most recent inspection	APHIS	340,000	>343,400	336,600 to 343, 400	<336,600
3.2.3	Number of animals affected by noncompliances documented on inspection reports Baseline: 2001 = 588,961	APHIS	70%	>72%	72 to 68	< 68%
Rationale for Met Range: With so many animals affected by noncompliance, it is reasonable that the results could vary by 1 percent more than or less than the target and still be considered to have met it. Anything beyond 1 percent would mean the target has been exceeded or not met. Note that the goal is to lower this result. A similar basis was used for the percent of facilities in compliance. There are more than 15,000 at any given time. A variation of 1 percent seems insignificant.						

Key Outcome: Improve Animal and Plant Diagnostic Laboratory Capabilities

3.2.4 Expand the ability to detect plant diseases to protect the Nation from disease outbreaks

3.2.5 Expand the ability to detect animal diseases to protect the Nation from disease outbreaks

- **Completeness of Data**—This measure is direct and verifiable and representative of the ultimate purpose of the Diagnostic Networks, i.e., to detect and identify disease threats.
- **Reliability of Data**—USDA action, other internal and external customers and stakeholders, and regulatory agencies routinely accept the data.
- **Quality of Data**—Most of the data released is published in scientific journals where they undergo peer review before publication. All data released to the public are governed by the USDA Data Quality Guidelines.

Exhibit 82: Performance Thresholds for 3.2.4 and 3.2.5

Threshold Documentation Table						
	Performance Goal/Measure	Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
3.2.4	Expand the ability to detect plant diseases to protect the Nation from disease outbreaks					
	▪ Specific plant diseases labs are prepared to detect	CSREES	3	>4	2 to 4	<2
3.2.5	Expand the ability to detect animal diseases to protect the Nation from					

Threshold Documentation Table					
Performance Goal/Measure	Owner	Target	Performance Thresholds		
			Exceeded	Met	Unmet
disease outbreaks					
▪ Specific animal diseases labs are prepared to detect	CSREES	6	>7	5 to 7	<5
Rationale for Met Range: The proposed range is reasonable, given the possibility of unanticipated barriers to research.					

Key Outcome: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks

3.2.6 Provide scientific information to protect animals from pests, infectious diseases and other disease-causing entities that impact animal and human health

- **Completeness of Data—**Research is a continuum of discovery so it is constantly being updated. ARS does everything it can to ensure the completeness of its data at the time it is released.
- **Reliability of Data**—ARS data is routinely accepted by the USDA action and regulatory agencies.
- **Quality of Data—**Most of the data released by ARS is published in scientific journals where it undergoes peer review before publication. ARS data released to the public is governed by the USDA Data Quality Guidelines.

Exhibit 83: Performance Thresholds for 3.2.6

Threshold Documentation Table					
Performance Goal/Measure	Owner	Target	Performance Thresholds		
			Exceeded	Met	Unmet
3.2.6 Provide scientific information to protect animals from pests, infectious diseases and other disease-causing entities that impact animal and human health.					
▪ Number of organisms or variants of the microorganisms sequenced each year.	ARS	7055	>57	53 to 57	<53
▪ Number of resistance markers for a variety of diseases identified.	ARS	108	>9	7 to 9	<7
▪ Number of tests that are transferred to universities, State laboratories, private industry or other countries for use.	ARS	3	>4	2 to 4	<2
Rationale for Met Range: With the possibility of unanticipated research barriers mitigating against achieving the target, it qualifies as a reasonable proposed range.					

STRATEGIC GOAL 4: IMPROVING THE NATION'S NUTRITION AND HEALTH

Objective 4.1: Improve Access to Nutritious Food

Key Outcome: Improve Nutrition through Increased Access and Utilization of These Vital Programs by Those Eligible to Participate

4.1.1 Rates of eligible populations participating in the Food Stamp Program

This rate is calculated by comparing estimates of eligible individuals with the number of actual participants. The resulting participation rates estimate the percentage of individuals eligible for FSP who choose to participate.

Participation data are drawn from USDA administrative records. State agency reports are certified accurate and submitted to regional offices. There, they are reviewed for completeness and consistency. If the data are acceptable, the regional analyst posts them to the National Data Bank (NDB) Preload System. NDB is a holding area for data review prior to release. Otherwise, regional office personnel reject the report and the State agency is contacted. Data posted by regional personnel into NDB are reviewed at USDA. If data are reasonable and consistent with previous reports, they will be downloaded to NDB for public release. Otherwise, USDA works with regional offices and States to resolve problems and inconsistencies. This process of review and revision ensures that the data are as accurate and reliable as possible.

The estimate of individuals eligible for the program is developed using a computer model of eligibility requirements applied to data from the U.S. Census Bureau's annual Current Population Survey. This survey covers demographic characteristics of the U.S. population. It uses nationally representative sampling techniques. This data are supplemented with that on food stamp participant characteristics derived from the food stamp quality control (QC) process. Food stamp participant data are based upon statistically valid methodology (For more information on QC, see the assessment section for Objective 4.3.1).

- **Completeness of Data—**Because of the time required to collect and analyze the current population survey and the QC data, reporting on this measure is deferred to the following year's report. Once available, data for both participants and eligible people are complete. Participation data are collected and validated monthly before being declared annual data. The current population survey and QC data represent statistically valid national samples.
- **Reliability of the Data—**The data are highly reliable. Participation data reporting is used to support program financial operations. All of the data are used in published analyses, studies and reports. They also are used to support dialogue with and information requests from the Government Accountability Office (GAO), the Office of Inspector General (OIG) and the Office of Management and Budget.
- **Quality of the Data**—As described above, the data used to develop this measure are used widely for multiple purposes, both within and outside USDA. The measure itself is reported in stand-alone publications as an important, high-quality indicator of program performance.

4.1.2 Rates of eligible populations participating in the School Breakfast Program

This measure is calculated by comparing the average daily participation of children in SBP with estimates of total enrollment in U.S. public and private schools. The estimates originate from data collected and compiled by the U.S. Department of Education's National Center for Educational Statistics (NCES). NCES collects and analyzes data related to education in the U.S. and other nations.

Data on public school enrollment are drawn from the NCES Common Core of Data. This is a comprehensive, annual, survey-based national statistical database of information concerning all public elementary and secondary schools (approximately 100,000) and school districts (approximately 18,000). Data on private school enrollment is drawn from the private school universe survey. This survey represents a biennial data collection on the number of private schools, teachers and students in the U.S.

- **Completeness of Data—**Because of the time required to collect and report the NCES survey data, reporting on this measure is deferred to a subsequent year's report. Once available, data for both participants and eligible people are complete. Participation data are collected and validated monthly before being declared annual data. The NCES survey data represent statistically valid national samples of public and private school enrollment.
- **Reliability of the Data—**The data are highly reliable. Participation data reporting are used to support program financial operations. NCES surveys are recognized nationally as definitive sources of information on U.S. schools.
- **Quality of the Data—**As described above, the data used to develop this measure are used widely for multiple purposes, both within and outside USDA.

4.1.3 Rates of eligible populations participating in the Special Supplemental Nutrition Program for Women, Infants and Children

Currently, the measure—specifically, a methodology to estimate the number of people eligible for WIC—is under development. Reporting on this measure will be deferred until data are available.

Exhibit 84: Performance Threshold for 4.1.1, 4.1.2 and 4.1.3

Threshold Documentation Table						
Performance Goal		Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
4.1.1	Rates of eligible populations participating in the Food Stamp Program	FNS	59.1%	≥59.4	58.6 to 59.3	≤58.5
4.1.2	Rates of eligible populations participating in the School Breakfast Program	FNS	18.0	≥18.1	17.9 to 18	≤17.8
4.1.3	Rates of eligible populations participating in the Special Supplemental Nutrition Program for Women, Infants and Children	FNS	Measure under development	Measure under development	N/A	N/A
Rationale for Met Range: The participation rate threshold range of ±.5 percent from the target reflects a level of performance consistent with the target.						

Objective 4.2: Promote Healthier Eating Habits and Lifestyles

Key Outcome: Promote More Healthful Eating and Physical Activity across the Nation

4.2.1: Improve the Healthy Eating Index (HEI) scores for the U.S. population

USDA's Healthy Eating Index (HEI) is an analysis of data from the U.S. Department of Health and Human Service's National Health and Nutrition Examination Survey (NHANES). HEI determines the extent to which the diets of survey respondents are consistent with the recommendations of the *Dietary Guidelines for Americans* and the food guidance system. NHANES is a nationally representative survey that provides information on people's consumption of foods and nutrients, health-related data and Americans' demographic and socioeconomic characteristics.

- **Completeness of Data—**Because of the time required to collect, analyze and publish NHANES data, reporting on this measure is deferred to a subsequent year's report. Once available, the HEI data are complete, reflecting a nationally representative sample of the population.
- **Reliability of the Data—**The data are highly reliable. NHANES uses a well-documented, consistent survey protocol. It is used as a basis for a wide range of peer-reviewed research reports. The HEI methodology is used consistently by USDA in analyses of data quality Nationwide and interactive tools designed to assess the diet quality of individuals.
- **Quality of the Data—**As described above, the data used to develop this measure are used widely for multiple purposes, both within and outside USDA. The HEI measure itself is published in publicly available reports and used as a national indicator of diet quality.

Exhibit 85: Performance Threshold for 4.2.1

Threshold Documentation Table					
Performance Goal	Owner	Target	Performance Thresholds		
			Exceeded	Met	Unmet
4.2.1 Improve the Healthy Eating Index (HEI) scores for the U.S. Population:					
▪ HEI for People with Incomes under 130% of Poverty	FNS	66	>67.3	64.7 to 67.3	<64.7
▪ HEI for the U.S. Population	CNPP	65	>65.5	65.5 to 63.7	<63.7

Rationale for Met Range:

HEI for People with Incomes under 130 percent of Poverty threshold is based on the 95 percent confidence interval centered on the HEI measure (mean). Though no FY 2004 target was set, the Exceed and Unmet thresholds would be derived from the confidence interval of ± 1.33 points above or below the annual target. Performance that falls within the range between the thresholds is considered to have met the target.

HEI for the U.S. Population threshold is based on the 95 percent confidence interval centered on HEI measure (mean). The Exceed and Unmet thresholds are derived from the confidence interval of ± .95 points above or below the FY 2004 target. Performance that falls within the range between the thresholds is considered to have met the target.

Key Outcome: Increase Nutrition Information Available to the Public

4.2.2 Determine food consumption patterns of Americans, including those of different ages, ethnicity, regions, and income levels. Provide sound scientific analyses of U.S. food consumption information to enhance the effectiveness and management of the Nation's domestic food and nutrition assistance programs

Each research project submits an annual project report. The report, which is reviewed by the appropriate area office and national program leaders, provides such performance information as achieving project milestones.

- **Completeness of Data—**Research is a continuum of discovery so it is being updated constantly. USDA does everything it can to ensure the completeness of its data at the time it is released.
- **Reliability of Data**—USDA action, other internal and external customers and stakeholders, and regulatory agencies routinely accept the data.
- **Quality of Data—**Most of the data released is published in scientific journals where they undergo peer review before publication. All data released to the public are governed by the USDA Data Quality Guidelines.

Exhibit 86: Performance Threshold for 4.2.2

Threshold Documentation Table					
Performance Goal/Measure	Owner	Target	Performance Thresholds		
			Exceeded	Met	Unmet
4.2.2 Determine food consumption patterns of Americans, including those of different ages, ethnicity, regions, and income levels. Provide sound scientific analyses of U.S. food consumption information to enhance the effectiveness and management of the Nation's domestic food and nutrition assistance programs.					
▪ Number of reports from the USDA Food and Nutrient Database.	ARS	4	>5	4 to 5	≤3
Rationale for Met Range: Data sets determined as the most valuable information from the survey.					

Objective 4.3: Improve Food Program Management and Customer Service

4.3.1: Increase Food Stamp payment accuracy

Food stamp payment accuracy data drawn from the Quality Control (QC) system are used annually to support performance incentives to promote payment accuracy. They are based upon statistically valid methodology. The QC process uses a systematic random sampling of Food Stamp Program (FSP) participants. The results of these activities are used to determine individual States' combined payment error rate. This rate is composed of over-issuances and under-issuances of FSP benefits. A regression formula is applied to the results of the reviews to calculate official error rates.

State agencies select cases monthly that are reviewed to determine the accuracy of the eligibility and benefit-level determination. They include a client interview and verification of all elements of eligibility, and the basis of issuance of food stamp benefits. Federal reviewers validate a sample of the State's reviews by conducting a

second review. State agencies can verify and validate data through an informal review process. This process and current protections designed to ensure the data's accuracy are based on an agreement between the States and Federal reviewers. The process has proven to be a sound method of calculating reliable data.

- **Completeness of Data**—The most current data available for this measure are for FY 2003. Analysis of FY 2004 performance will be deferred until next year's report. Once available, the data are complete and reliable.
- **Reliability of Data**—QC data are valid and accepted by State FSP agencies as a basis for performance-incentive payments and penalties. GAO and OIG also use it regularly.
- **Quality of the Data**—The data used to develop this measure, which are considered the most valid food nutrition intake information available, are used widely for multiple purposes, both within and outside USDA. The measure itself is frequently cited as an important, high-quality indicator of program performance.

Exhibit 87: Performance Threshold for 4.3.1

Threshold Documentation Table						
Performance Goal/Measure		Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
4.3.1	Food Stamp Payment Accuracy (%)	FNS	93.5	>93.8	93.2 to 93.8	<93.2
Rationale for Met Range: The 95 percent confidence interval around the estimate of payment accuracy is ±.33 percent.						

STRATEGIC GOAL 5: PROTECT AND ENHANCE THE NATIONS' NATURAL RESOURCE BASE AND ENVIRONMENT

Objective 5.1: Implement the President's Healthy Forests Initiative and Other Actions to Improve Management of Public Lands

Key Outcome: Reduce the Risk from Catastrophic Wildland Fire

5.1.1 Number of acres of hazardous fuel treated that are in the wildland-urban interface and percentage identified as high priority through collaboration consistent with the 10-year Comprehensive Strategy Implementation Plan

5.1.2 Number of acres of hazardous fuel treated that are in Condition Classes 2 or 3 in Fire Regimes 1,2, or 3 outside the wildland-urban interface and the percentage identified as high priority through collaboration consistent with the 10-year Comprehensive Strategy Implementation Plan

5.1.3 Number of acres treated outside the wildland-urban interface as a secondary benefit of other vegetation management that contribute to an improvement in Condition Class

The data for hazardous fuels treatments are reliable, of good quality and certified by the respective line officer. USDA wildfire and other program managers collected, compiled and analyzed the data.

- **Completeness of Data—**Data are based on actual data.

- **Reliability of Data—**All data for hazardous fuels were reported through the National Fire Plan Operations and Reporting System. This system was co-developed by USDA and U.S. Department of Interior land-management agencies. Validation and oversight are accomplished through monthly conference calls between USDA and regional foresters.
- **Quality of Data—**Data quality has been assessed at greater than 90 percent for project data in all regions. The quality of these data is monitored continuously and being improved with focused training and policy direction on reporting requirements.

Exhibit 88: Performance Threshold for 5.1.1, 5.1.2 and 5.1.3

Threshold Documentation Table						
				Performance Thresholds		
	Performance Goal/Measure	Owner	Target	Exceeded	Met	Unmet
5.1.1	Number of acres of hazardous fuel treated that are in the wildland-urban interface and percentage identified as high priority through collaboration consistent with the 10-year Comprehensive Strategy Implementation Plan (thousand acres)	NRE/FS	1,250	>1,300	1,225 to 1,275	<1,250
Rationale for Met Range						
Annual targets for this measure, based on history, have seen a consistent variability of 100,000 acres.						
5.1.2	Number of acres of hazardous fuel treated that are in Condition Classes 2 or 3 in Fire Regimes 1,2, or 3 outside the wildland-urban interface and the percentage identified as high priority through collaboration consistent with the 10-year Comprehensive Strategy Implementation Plan	NRE/FS	259	>285	233 to 285	<233
5.1.3	Number of acres treated outside the wildland-urban interface as a secondary benefit of other vegetation management that contribute to an improvement in Condition Class	NRE/FS	927	>1,020	834 to 1,020	<834
Rationale for Met Range						
This is a new performance measure for FY 2004. There is no historical information related to the target to establish thresholds. Based on the historical variability within the entire hazardous fuel program, plus or minus 10 percent of target is reasonable.						

OBJECTIVE 5.2: IMPROVE MANAGEMENT OF PRIVATE LANDS

Key Outcome: Maintain the Productive Capacity of the Resource Base and Quality of the Environment

5.2.1 Conservation plans written for cropland and grazing lands (Mil acres)

5.2.2 Cropland and grazing lands with conservation applied to protect the resource base and environment (Mil acres)

5.2.3 Reduction in the acreage of cropland soils damaged by erosion (Mil acres)

5.2.4 Number of comprehensive nutrient management plans applied (Mil acres)

5.2.5 Increase Conservation Reserve Program (CRP acres of riparian and grass buffers) (Mil acres)

The chief sources of data for these performance measures are the Customer Service Toolkit, USDA's primary conservation planning tool, and the Performance Results System (PRS).

- **Completeness of Data**—Numerous data quality mechanisms are in place within PRS to ensure the completeness of the performance information. This web-based application includes such integrated quality controls as data type, required fields defined pull-down menus and choice lists. Additionally, the system recognizes records that do not include data identified as critical and requires the user to complete the required data fields before the record can be uploaded to the national database.
- **Reliability of Data**—For FY 2004, more than 80 percent of the data reported for this performance measure was uploaded from the Customer Service Toolkit. All natural resource information in Toolkit is drawn from USDA databases. All data on conservation practices are developed in consultation with the client. This process ensures that the data accurately reflect the client's operation, goals and status of the conservation plan. Data are date-stamped, geo-referenced and linked to an employee ID, enabling detailed quality-assurance reviews. Periodic reviews are conducted to assess the accuracy of reported data. Data entered directly through PRS rather than Toolkit also are linked to a specific land unit, enabling on-site reviews to determine the accuracy of data. Because this is the first year of implementation of the new system, not all quality checks that will be part of the fully implemented system were in place for FY 2004.
- **Quality of Data**—Overall quality of the performance data is good. The data are based on conservation plans, systems and practices planned and applied to land. The information is entered by field staff located onsite where the conservation is occurring. The staffs entering the data are trained and skilled in conservation planning and application suited to the local resource conditions.

  Within PRS, the conservation program responsible for each conservation practice is reported. Because these performance measures refer to conservation plans that include multiple measures, the linkage to specific programs is more complex. For FY 2004, methods were under development to estimate the contribution of each conservation program to planning and application. Overall quality of data is good.

Exhibit 89: Performance Threshold for 5.2.1, 5.2.2, 5.2.3, 5.2.4 and 5.2.5

Threshold Documentation Table						
				Performance Thresholds		
	Performance Goal	Owner	Target	Exceeded	Met	Unmet
5.2.1	Conservation plans written for cropland and grazing lands (Mil acres)	NRCS	31.7	>33	30.1 to 33	< 30
Rationale for Met Range: Variation of plus or minus 5 percent is considered reasonable at the national level. The range of variation is much greater at the state and local levels.						
5.2.2	Cropland and grazing lands with conservation applied to protect the resource base and environment (Mil acres)	NRCS	8.5	>8.9	8.1 to 8.9	< 8

Threshold Documentation Table						
				Performance Thresholds		
	Performance Goal	Owner	Target	Exceeded	Met	Unmet
Rationale for Met Range: Variation of plus or minus 5 percent is considered reasonable at the national level. The range of variation is much greater at the state and local levels.						
5.2.3	Reduction in the acreage of cropland soils damaged by erosion (Mil acres)	NRCS	3	> 3.15	2.85 to 3.15	< 2.85
Rationale for Met Range: Management determination based on previous year results.						
5.2.4	Number of comprehensive nutrient management plans applied (Mil acres)	NRCS	1,500	> 1,650	1,350 to 1,650	< 1,350
Rationale for Met Range: Management determination based on previous year results.						
5.2.5	Increase Conservation Reserve Program (CRP acres of riparian and grass buffers) (Mil acres)	FFAS/FSA	1.75	>1.80	1.70 to 1.80	<1.70
Rationale for Met Range: Management determination based on previous year results.						

Key Outcome: Ensure Diverse Wildlife Habitats

5.2.6 Agricultural wetlands created or restored through the Wetlands Reserve Program (Mil acres)

Data for acreage enrolled in WRP are reported through a national database.

- **Completeness of Data—**Data are complete for all transactions related to WRP.
- **Reliability of Data**—Data are reported by USDA field and State office personnel. The national program manager reviews the data for accuracy.
- **Quality of Data—**Data are considered of good quality for making management decisions.

Exhibit 90: Performance Threshold for 5.2.6

Threshold Documentation Table						
				Performance Thresholds		
	Performance Goal/Measure	Owner	Target	Exceeded	Met	Unmet
5.2.6	Agricultural wetlands created or restored through the WRP (Mil acres)	NRCS	1.7	*N/A	1.6 to 1.7	<1.6
Rationale for Met Range: *Target cannot be exceeded because Congress sets it.						

5.2.7 Increase CRP restored wetlands acres (Mil acres)

The data source for this measure is Farm Service Agency (FSA) national CRP contract and offer data files.

- **Completeness of Data—**Data is based on estimated results through September 30, 2005. The measure reports national acres under contract with the following types of conservation buffers: filter strips, riparian buffers, and wildlife habitat buffers on marginal pasture land.
- **Reliability of Data—**FSA maintains the national CRP contract and offer data files at its Kansas City Computer Center. Active contract data are uploaded from county office files each week. FSA monitor's the data on a monthly basis to evaluate progress.
- **Quality of Data—**FSA considers the overall quality of the performance data to be good. The data is used for making management decisions.

Threshold Documentation Table

	Performance Goal/Measure	Owner	Target	Performance Thresholds		
				Exceeded	Met	Unmet
5.2.7	Increase CRP restored wetlands acres (Mil acres)	FFAS/FSA	1.99	>2.04	1.94 to 2.04	<1.94

Rationale for Met Range:

Management determination based on previous year results.

PROGRAM ASSESSMENT RATING TOOL (PART) EVALUATIONS

The Program Assessment Rating Tool (PART) was developed to assess and improve program performance so that the Federal government can achieve better results. The PART reviews of USDA programs help identify a program's strengths and weaknesses to inform funding and management decisions aimed at making the program more effective. The PART therefore looks at all factors that affect and reflect program performance including program purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results. Because the PART includes a consistent series of analytical questions, it allows programs to show improvements over time, and allows comparisons between similar programs.

USDA has assessed 56 programs for fiscal years 2004 through 2006. In February 2004, when the Fiscal year 2005 Budget was published, OMB listed 31 USDA programs that were PARTed. These were listed in the *2004 Performance and Accountability Report*. The PART summaries below are cumulative, including the initial 31 PARTed programs and programs PARTed in fiscal year 2005. This includes programs that were reassessed because the programs' ratings were likely to change. The programs are summarized below by goal and Objective, in alphabetical order. Further detail on each of the programs can be found at http://www.whitehouse.gov/omb/budget/fy2006/part.html.

Strategic Goal 1

Strategic Goal 1	Enhance Economic Opportunities for Agriculture Producers
Program Name	**Enhance Economic Opportunities for Agriculture Producers**
Ratings	• FY 2006 : Moderately Effective
Lead Agency	• Agricultural Research Service
Major Findings/ Recommendations	• Ensure that funding is targeted to highest priority initiatives and projects, complete the development of the annual measures, and work with the Department of Energy to develop similar measures related to the overall goal of lowering the cost of producing biofuels.
Actions Taken/Planned	• Submitted agency estimates to OBPA, resubmitted the document on revised annual measures based on OMB's responses on the Goal 3 PART Analysis and the discussions, and continue to meet with DOE to resolve remaining issues.

Objective 1.1

Strategic Objective 1.1	Expand International Market Opportunities
Program Name	**CCC Export Credit Guarantees**
Ratings	• FY 2006 : Moderately Effective
Lead Agency	• Foreign Agricultural Service
Major Findings/ Recommendations	• Programs are generally well managed and have demonstrated efficiencies and cost effectiveness in program administration. However, there are weaknesses in strategic planning and no independent evaluations of the programs are conducted on a regular basis.
Actions Taken/Planned	• FAS has taken measures to improve claims recoveries under the programs. Efforts continue to develop meaningful targets for efficiency measures and to establish an independent evaluation process.

Strategic Objective 1.1	Expand International Market Opportunities
Program Name	**Commodity Grading and Certification Programs**
Ratings	• FY 2006 : Adequate
Lead Agency	• Agricultural Marketing Service
Major Findings/ Recommendations	• Adjust the fee structure to recover the costs associated with reviewing, modifying and developing standards beginning in FY 2006. This change is the result of the recognition that the grade standards are integral to the agency's fee-for-service grading program. Develop improved annual and long-term performance measures. Develop improved baselines and targets that demonstrate progress towards achieving the programs stated performance goals.
Actions Taken/Planned	• Completed. Fees proposed.

Strategic Goal 1	Enhance Economic Opportunities for Agriculture Producers
Program Name	**Enhance Economic Opportunities for Agriculture Producers**
Ratings	• FY 2006 : Moderately Effective
Lead Agency	• Cooperative State Research, Education, and Extension Service
Major Findings/ Recommendations	• None
Actions Taken/Planned	• NA

Strategic Objective 1.1	Expand International Market Opportunities
Program Name	**Perishable Agricultural Commodities Act**
Ratings	• FY 2006 : Moderately Effective
Lead Agency	• Agricultural Marketing Service
Major Findings/ Recommendations	• Identify and correct strategic planning deficiencies. Conduct an independent audit of program operations in 2004. Obtain a more independent review of the program that focuses on both annual and long-term performance goals and how progress in working towards these goals is measured. Reevaluate the cost of services provided by the program (in advance of the appropriated dollars being depleted) and determine how best to adjust future fees. Develop an outcome based long-term performance measure.
Actions Taken/Planned	• PACA performance measurement has been reviewed and incorporated into program strategic planning and operations. Program conducts regular periodic assessments. Fee increase expected in FY 2008 or later. Program identified and began implementing efficiency improvements to reduce program costs. The program will develop an additional outcome-based method of measuring its performance once efficiency improvements have been implemented.

Strategic Objective 1.1	Expand International Market Opportunities
Program Name	**Pesticide Data Program/Microbiological Data Program**
Ratings	• FY 2005 : Adequate
Lead Agency	• Agricultural Marketing Service
Major Findings/ Recommendations	• Study the feasibility of charging a fee to industry beneficiaries to cover partial/full cost of the pesticide data program. Develop improved annual and long-term performance measures. Conduct an independent audit of program operations in 2004. Development of additional, outcome-based performance measures.
Actions Taken/Planned	• Completed.

Objective 1.2

Strategic Objective 1.2	Support International Economic Development and Trade Capacity Building
Program Name	**USDA Foreign Food Aid Programs**
Ratings	• FY 2006 : Moderately Effective
Lead Agency	• Foreign Agricultural Service
Major Findings/ Recommendations	• The programs have strategic planning deficiencies, including the need for a performance measure that links to government-wide long-term food aid performance goals.
Actions Taken/Planned	• FAS has worked with ERS and AID to develop a new food security annual performance measure and baselines. FAS has contracted for a review of food aid information and reporting systems that will identify areas for needed improvements in IT systems.

Objective 1.3

Strategic Objective 1.3	Expand Alternative Markets for Agricultural Products
Program Name	**Bioenergy**
Ratings	• FY 2005 : Adequate
Lead Agency	• USDA Farm Service Agency
Major Findings/ Recommendations	• Ensure a sufficient level of support to growing biodiesel industry.
Actions Taken/Planned	• FSA cannot address this recommendation due to the following: 1. Ethanol and biodiesel industries are experiencing record growth, while at the same time Program funding was cut to $100 million for Fiscal Year 2005. Combined, these factors are resulting in program payments being significantly reduced, approximately 60 percent for the first quarter, to hold them to available funding. 2. Program Agreements for the life of the program were executed with participants before this recommendation was made. The Agreement provisions limit our ability to address this recommendation.

Objective 1.4

Strategic Objective 1.4	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	**Agriculture Credit Insurance Fund - Direct**
Ratings	• FY 2006 : Adequate
Lead Agency	• USDA Farm Service Agency
Major Findings/ Recommendations	• Implement FSA's new Farm Business Plan in the fall of 2004 which will improve the agency's ability to collect detailed performance information.
Actions Taken/Planned	• FSA implemented the web based Farm Business Plan (FBP) management information system in FY 2004. FBP will enable FSA to better manage its loan portfolio, collect more detailed performance information, and provides the Agency with enhanced analytical tools to perform more in-depth portfolio analysis.

Strategic Objective 1.4	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	**Agriculture Credit Insurance Fund 0151—Guaranteed**
Ratings	• FY 2005 : Moderately Effective
Lead Agency	• USDA Farm Service Agency
Major Findings/ Recommendations	• Conduct a performance-focused review that will include, but is not limited to: analysis of program participants; length of time borrowers remain in program; number of borrowers who "graduate" and return to the program; effectiveness of targeted assistance; and the potential to reduce subsidy rates.
Actions Taken/Planned	• FSA has set a target date of 3/31/06 to publish a Request for Proposals in the Federal Register for an independent review of the guaranteed loan programs.

Strategic Objective 1.4	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	**CCC Marketing Loan Payments**
Ratings	• FY 2005 : Effective
Lead Agency	• USDA Farm Service Agency
Major Findings/ Recommendations	• Discrepancies between county offices in the delivery of services to producers should be addressed.
Actions Taken/Planned	• Program policy handbooks and notices clarify CCC Marketing Assistance Loan Repayment Policies. FSA addresses problematic issues in delivery of services on an on-going basis and as problems arise. This is an ongoing process.

Strategic Objective 1.4	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	**Counter Cyclical Payments**
Ratings	• FY 2006 : Adequate
Lead Agency	• USDA Farm Service Agency
Major Findings/ Recommendations	• Develop an independent evaluation process to be conducted once every three years.
Actions Taken/Planned	• The current legislation ends in FY 2007. The Office of Inspector General is currently conducting a review of the Direct and Counter-cyclical Program. This review is scheduled to be completed by October 2005.

Strategic Objective 1.4	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	**Crop Insurance**
Ratings	• FY 2004 : Results Not Demonstrated (Adequate)
Lead Agency	• USDA Risk Management Agency
Major Findings/ Recommendations	• Identify improvements in the program that will get it closer to becoming a complete risk management tool for the agriculture sector, such as developing a successful livestock crop insurance plan.
Actions Taken/Planned	• Agency reviewing existing product portfolio and continuing existing pilot projects. Sales of the Livestock Risk Protection (LRP) pilot for Fed and Feeder Cattle and Livestock Gross Margin (LGM) pilots were suspended in 2004 due to potential program vulnerabilities. Sales resumed 9/30/04 after program modifications were made.

Strategic Objective 1.4	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	**Dairy MILC Program**
Ratings	• FY 2006 : Results Not Demonstrated
Lead Agency	• USDA Farm Service Agency
Major Findings/ Recommendations	• Conduct an audit evaluation that includes sampling the field application of dairy operation with samples from all states and counties to be completed in 2005.
Actions Taken/Planned	• The Office of the Inspector General completed an audit of MILC on August 13, 2004, and documented inconsistency in field determinations of "dairy operations." FSA developed proposed language, which would permit the Agency to establish a clear, consistent, Nationwide definition of a "dairy operation." The language is currently undergoing internal review. In addition, proposed legislation to add a payment limitation of $65,000, was included in budget (Budget Year 2006) submitted to Congress on February 7, 2005. The proposed limitation should eliminate some of the problems caused by the inconsistencies; i.e., the problem of large payments to Western producers who collect MILC payments from more than one operation.

Strategic Objective 1.4	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	**Dairy Price Support Program**
Ratings	• FY 2006 : Results Not Demonstrated
Lead Agency	• USDA Farm Service Agency
Major Findings/ Recommendations	• Identify program improvements and alternatives that could more directly address current problems facing dairy producers.
Actions Taken/Planned	• ERS is currently evaluating the impact of dairy programs on dairy farmers around the world. FSA plans to meet with ERS concerning findings and any implications for the Agency's programs. Target is 12/30/2005.

Strategic Objective 1.4	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	**Direct Crop Payments**
Ratings	• FY 2004 : Adequate
Lead Agency	• USDA Farm Service Agency
Major Findings/ Recommendations	• The limitations of the direct payment program will have to be dealt with legislatively. The Administration will reduce trade barriers through trade negotiations, to create new markets for U.S. agricultural exports, so that farmers will be less reliant on government income support.
Actions Taken/Planned	• The Secretary of Agriculture is conducting listening sessions to obtain input on the provisions of the next Farm Bill. The input from the listening sessions will be analyzed by the Agency, to identify any changes that can be proposed to address the limitations of this program.

Strategic Goal 2

Objective 2.1

Strategic Objective 2.1	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	**Business and Industry Guaranteed Loans**
Ratings	• FY 2005 : Adequate
Lead Agency	• Rural Business Cooperative Service
Major Findings/ Recommendations	• Tie program performance to budget requests.
Actions Taken/Planned	• Budget request have been linked to existing performance measures, and the agency contracted for the development of a new model for developing more comprehensive measures.

Strategic Objective 2.1	Expand Economic Opportunities through USDA Financing of Businesses
Program Name	**Intermediary Relending Program**
Ratings	• FY 2006 : Adequate
Lead Agency	• Rural Business Cooperative Service
Major Findings/ Recommendations	• Establish more ambitious targets and finalize new methodology for measuring job creation.
Actions Taken/Planned	• Targets have been revised and the new methodology for measuring job creation has been implemented.

Strategic Objective 2.1	Expand Economic Opportunities through USDA Financing of Businesses
Program Name	**Rural Business Enterprise Grants**
Ratings	• FY 2006 : Results Not Demonstrated
Lead Agency	• Rural Business Cooperative Service
Major Findings/ Recommendations	• Establish new performance measures.
Actions Taken/Planned	• The agency has contacted for the development of a new model for developing more comprehensive measures.

Strategic Objective 2.1	Expand Economic Opportunities through USDA Financing of Businesses
Program Name	**Value Added Producer Grants**
Ratings	• FY 2006 : Results Not Demonstrated
Lead Agency	• Rural Business Cooperative Service
Major Findings/ Recommendations	• Establish new performance measures.
Actions Taken/Planned	• The agency revised the agreements it uses to make grants to provide for the collection of performance measure data.

Objective 2.2

Strategic Objective 2.2	Improve the Quality of Life in Rural America
Program Name	**Community Facilities**
Ratings	• FY 2005 : Results Not Demonstrated
Lead Agency	• Rural Housing Service
Major Findings/ Recommendations	• Conduct a program evaluation to assess the needs served by the program.
Actions Taken/Planned	• Because the program serves a diversity of needs, the agency plans to focus on the two highest program priorities – health care and public safety – and develop goals and performance measures specific to these priorities.

Strategic Objective 2.2	Improve the Quality of Life in Rural America
Program Name	**Distance Learning and Medical Link**
Ratings	• FY 2006 : Adequate
Lead Agency	• Rural Utilities Service
Major Findings/ Recommendations	• Improve performance measures through independent reviews and additional data collection and periodic review of measurement models.
Actions Taken/Planned	• Milestones for implementing recommendations were established

Strategic Objective 2.2	Improve the Quality of Life in Rural America
Program Name	**Multifamily Housing Direct Loans and Rental Assistance**
Ratings	• FY 2004 : Results Not Demonstrated (Has been upgraded)
Lead Agency	• Rural Housing Service
Major Findings/ Recommendations	• Adequate long-term and annual goals and performance measures need to be developed.
Actions Taken/Planned	• New and improved goals and measures have been developed in concurrence with the Office of Management and Budget.

Strategic Objective 2.2	Improve The Quality of Life in Rural America
Program Name	**Mutual Self-Help Housing Grants**
Ratings	• FY 2006 : Moderately Effective
Lead Agency	• Rural Housing Service
Major Findings/ Recommendations	• Establish more ambitious targets.
Actions Taken/Planned	• The agency revised its annual performance goals and measures to reflect more ambitious targets.

Strategic Objective 2.2	Improve the Quality of Life in Rural America
Program Name	**Rural Electric Utility Loans and Guarantees**
Ratings	• FY 2004 : Adequate
Lead Agency	• Rural Utilities Service
Major Findings/ Recommendations	• Target programs to areas with high poverty and require borrowers to recertify that they serve rural areas,
Actions Taken/Planned	• Milestones for implementing the recommendations were established.

Strategic Objective 2.2	Improve the Quality of Life in Rural America
Program Name	**Rural Water and Wastewater Grants and Loans**
Ratings	• FY 2004 :Results Not Demonstrated (Effective)
Lead Agency	• Rural Utilities Service
Major Findings/ Recommendations	• Create long-term goals that measure outcome.
Actions Taken/Planned	• The agency progressed toward establishing new and improved goals and measures, but did not fully complete this task.

Strategic Objective 2.2	Improve the Quality of Life in Rural America
Program Name	**Sec. 502 Single Family Housing (Direct)**
Ratings	• FY 2006 : Moderately Effective
Lead Agency	• Rural Housing Service
Major Findings/ Recommendations	• Establish more ambitious performance targets.
Actions Taken/Planned	• The agency revised its annual performance goals and measures to reflect more ambitious targets.

Strategic Objective 2.2	Improve the Quality of Life in Rural America
Program Name	**Sec. 502 Single Family Housing (Guaranteed)**
Ratings	• FY 2006 : Moderately Effective
Lead Agency	• Rural Housing Service
Major Findings/ Recommendations	• Establish more ambitious performance targets.
Actions Taken/Planned	• The agency revised its annual performance goals and measures to reflect more ambitious targets.

Strategic Objective 2.2	Improve the Quality of Life in Rural America
Program Name	**Telecommunications**
Ratings	• FY 2005 : Adequate
Lead Agency	• Rural Utilities Service
Major Findings/ Recommendations	• Determine whether "first come, first served" processing of applications is adequate to support highest priority needs and conduct periodic reviews on how well program is accomplishing long-term needs.
Actions Taken/Planned	• Milestones for implementing recommendations were established.

Strategic Goal 3

Strategic Goal 3	Protection and Safety of Agriculture Food Supply/Food Safety Research
Program Name	**Enhance Economic Opportunities for Agriculture Producers**
Ratings	• FY 2005 : Moderately Effective
Lead Agency	• Agricultural Research Service
Major Findings/ Recommendations	• None
Actions Taken/Planned	• NA

Objective 3.1

Strategic Objective 3.1	Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry and Egg Products
Program Name	**Food Safety Inspection Service**
Ratings	• FY 2004 : Adequate
Lead Agency	• Food Safety Inspection Service
Major Findings/ Recommendations	• FSIS will evaluate the impact of implementing a risk-based inspection system beyond the current pilot program.
Actions Taken/Planned	• FSIS submitted to OMB a qualitative analysis of the economic implications of implementing the poultry slaughter component of a risk-based food safety and food security verification system. The Agency submits a progress report to OMB on a quarterly basis on steps being taken to move toward a more risk-based inspection system.

Objective 3.2

Strategic Objective 3.2	Reduce the Number/Severity of Agricultural Pest and Disease Outbreaks
Program Name	**Animal Welfare**
Ratings	• FY 2004: Results Not Demonstrated. FY 2005: Adequate
Lead Agency	• APHIS
Major Findings/ Recommendations	• Include at least one additional annual measure, to more closely link annual performance and long-term performance.
Actions Taken/Planned	• Complete.

Strategic Objective 3.2	Reduce the Number/Severity of Agricultural Pest and Disease Outbreaks
Program Name	**Monitoring and Surveillance Programs**
Ratings	• FY 2005: Effective
Lead Agency	• APHIS
Major Findings/ Recommendations	• Add an additional efficiency measure, such as the average cost of an investigation.
Actions Taken/Planned	• Complete.

Strategic Objective 3.2	Reduce the Number/Severity of Agricultural Pest and Disease Outbreaks
Program Name	**Pest and Disease Exclusion Programs**
Ratings	• FY 2006: Effective
Lead Agency	• APHIS
Major Findings/ Recommendations	• Continue to establish baselines for performance measures for pest and disease exclusions.
Actions Taken/Planned	• APHIS is continuing to do so.

Strategic Goal 4

Strategic Goal 4.0	Improve the Nation's Nutrition and Health
Program Name	**Commodity Supplemental Food Program (CSFP)**
Ratings	• FY 2006: Results Not Demonstrated
Lead Agency	• Food and Nutrition Service
Major Findings/ Recommendations	• CSFP lacks performance measures, the food package could better address the nutritional needs of elderly persons, and oversight practices are insufficient to manage and improve program performance.
Actions Taken/Planned	• Measures are under development, the food package has been revised, process of developing a new CSFP-specific Management Evaluation Module which contains guidance for conducting management evaluations.

Strategic Goal 4.0	Improve the Nation's Nutrition and Health
Program Name	**Food Stamp Program (FSP)**
Ratings	• FY 2005: Moderately Effective
Lead Agency	• Food and Nutrition Service
Major Findings/ Recommendations	• Overall the program is well run, with recommendations to develop a plan for the use of Federal and state program funds to improve nutrition among program participants, and demonstrate the impact of program participation on hunger and dietary status.
Actions Taken/Planned	• The nutrition education plan was completed and studies are underway to provide more current data demonstrating that program participation reduces the proportion of persons who are hungry and improves dietary status.

Strategic Goal 4.0	Improve the Nation's Nutrition and Health
Program Name	**National School Lunch Program (NSLP)**
Ratings	• FY 2005: Results Not Demonstrated
Lead Agency	• Food and Nutrition Service
Major Findings/ Recommendations	• NSLP needs to develop performance measures, needs performance-based reimbursement providing incentives for meals meeting the dietary guidelines, and needs improved accuracy of income information in household applications.
Actions Taken/Planned	• NSLP launched the HealthierUS Schools Challenge showcasing schools that promote healthy behaviors, all enacted provisions to improve certification accuracy while preserving program access for eligible people are being implemented (mandatory direct certification, household applications, annual applications, focused verification and verification follow-up), and projects have been initiated to estimate erroneous payments and assess the nutrient content of meals.

Strategic Goal 4.0	Improve the Nation's Nutrition and Health
Program Name	**School Breakfast Program (SBP)**
Ratings	• FY 2006: Moderately Effective
Lead Agency	• Food and Nutrition Service
Major Findings/ Recommendations	• SBP is well targeted to low-income children, participation is positively associated with improved nutrient intakes and the program has made progress improving the nutritional content of meals. SBP needs to continue work on improving the nutritional content of meals, and implement an improved certification process for determining free meal eligibility.
Actions Taken/Planned	• SBP continues work to improve nutritional content of meals and rules are under development to improve certification (eliminating cost accounting for severe need schools, district-wide Provision 2 and 3 option). Also SBP is working with cooperators on innovative delivery for low-income children and working on allocation to States of $4 million for review of error-prone School Food Authorities and related training.

Strategic Goal 5

Objective 5.1

Strategic Objective 5.1	Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands
Program Name	**Capital Improvement and Maintenance**
Ratings	• FY 2004 : Adequate
Lead Agency	• Forest Service
Major Findings/ Recommendations	• Continue to improve the maintenance prioritization process and increase incentives aimed at decommissioning obsolete and underutilized infrastructure.
Actions Taken/Planned	• In April 2005, the agency submitted a legislative proposal to Congress for adoption of permanent conveyance authority and use of receipts for capital improvement and maintenance backlog needs. It also included authority to establish a working capital fund (WCF) for facility maintenance. The agency believes that, through assessment to other programs, agency managers will have added incentive to optimize space and eliminate poorly utilized facilities. Congress partially adopted the proposal by authorizing conveyance authority for projects initiated by FY 2008 (not permanent) and by authorizing a facility maintenance collection account in FY 2006 (in lieu of WCF).

Strategic Objective 5.1	Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands
Program Name	**Forest Legacy**
Ratings	• FY 2005 : Moderately Effective
Lead Agency	• Forest Service
Major Findings/ Recommendations	• To continue improvements to performance, the program will target the maintenance of working forests and use of appraisals, signed options, and monitoring protocols in making project selections.
Actions Taken/Planned	• The Forest Service is developing a field handbook to assist new FLP managers in initiating and maintaining FLP in their States. This document is intended to provide clear reference and guidance on aspects of program management. The handbook will include practical guidance on monitoring protocols and baseline documentation development as well as information on appraisals and standard option contracts and their execution.

Strategic Objective 5.1	Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands
Program Name	**Invasive Species**
Ratings	• FY 2004 : Results Not Demonstrated
Lead Agency	• Forest Service
Major Findings/ Recommendations	• Refine outcome-based performance measures for selected species; develop appropriate efficiency measures; and articulate the scientific or policy basis to demonstrate how those selected species measured represent a valid method to measure the total invasive species population and their impacts.
Actions Taken/Planned	• Data is being collected on the number of acres prioritized for treatment using various scientific assessments, protocols, and criteria to address a potential or existing invasive species infestation. Monitoring of the priority acres treated will provide an assessment of the number (and percentage) of the priority treated acres that were successfully protected (according to the project plan - where the target species was actually prevented, controlled, or eradicated).

Strategic Objective 5.1	Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands
Program Name	**Land Acquisition**
Ratings	• FY 2005 : Results Not Demonstrated
Lead Agency	• Forest Service
Major Findings/ Recommendations	• Establish processes that provide analyses of integrated spatial data sets on land management units, eco-regions, conservation lands, land cover, and species to identify gaps or needs that in turn highlight priority areas in need of habitat, ecosystem and biodiversity protection. These analyses will provide information on public benefits provided by acquisitions of private lands for Federal ownership and identify what lands the Federal agency could optimally target for land acquisition.
Actions Taken/Planned	• The agency has jointly published its DOI/FS National Land Acquisition Plan that provides a planning framework for land acquisition decisions in considering the priority and future needs of the program.

Strategic Objective 5.1	Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands
Program Name	**Wildland Fire Management**
Ratings	• FY 2004 : Results Not Demonstrated
Lead Agency	• Forest Service
Major Findings/ Recommendations	• Develop a new fire preparedness model that focuses on efficient allocation of available resources.
Actions Taken/Planned	• The Initial Response preparedness model was deployed. Refinements are continuing with major refinements scheduled for completion Fall 2005. All Fire Planning Units are scheduled to complete a Phase I analysis by late winter 2006. Another phase of the Fire Program Analysis is being explored that goes beyond initial preparedness. This will analyze extended response, large fire, prevention, rehabilitation and fuels. The scope document is complete; charter development and architecture design are ongoing. It will be developed in two stages concurrently. Stage 1 will analyze and develop extended response, large fire, and prevention; it is scheduled for release June 2007. Stage 2 will analyze and develop rehabilitation and fuels requirements; it is scheduled for release June 2008.

Objective 5.2

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**Conservation Technical Assistance**
Ratings	• FY 2005 : Results Not Demonstrated
Lead Agency	• NRCS
Major Findings/ Recommendations	• Develop long-term performance measures that are outcome-based. Improve annual measures to better reflect CTA activities.
Actions Taken/Planned	• Performance measures established and annual measures improved.

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**Farm and Ranch Lands Protection Program**
Ratings	• FY 2004 : Results Not Demonstrated (Adequate)
Lead Agency	• NRCS
Major Findings/ Recommendations	• Design and implement an evaluation system that will provide outcome performance indicators.
Actions Taken/Planned	• Annual and long term performance measures developed.

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**Emergency Watershed Protection**
Ratings	• FY 2006 : Results Not Demonstrated
Lead Agency	• NRCS
Major Findings/ Recommendations	• Develop long-term, outcome-based performance measures that asses the program's disaster recovery activities. Refine program's efficiency measures and conduct an in-depth program evaluation.
Actions Taken/Planned	• Final rule for EWP issued on 4/5/05 which will improve effectiveness of agency response to natural disasters.

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**Environmental Quality Incentives Program**
Ratings	• FY 2006 : Moderately Effective
Lead Agency	• NRCS
Major Findings/ Recommendations	• Develop baselines and performance targets for the new long-term performance measures and improve/refine efficiency measures.
Actions Taken/Planned	• Activities were redefined in reporting system in order to improve the accuracy of cost information.

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**National Resources Inventory**
Ratings	• FY 2005 : Results Not Demonstrated
Lead Agency	• NRCS
Major Findings/ Recommendations	• Develop long-term performance measures and set ambitious targets for the measures. Develop efficiency measures.
Actions Taken/Planned	• Long-term performance and efficiency measures developed based on NRI Logic Model.

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**Resource Conservation and Development**
Ratings	• FY 2006 : Results Not Demonstrated
Lead Agency	• NRCS
Major Findings/ Recommendations	• Develop and implement improved outcome-based long term performance measures. Implement the recommendations developed by the NRCS oversight and evaluation review of the RC&D program.
Actions Taken/Planned	• National RC&D Program Evaluation required by the 2002 Farm Bill has been completed and is pending OMB approval.

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**Plant Materials Center**
Ratings	• FY 2005 : Results Not Demonstrated (Moderately Effective)
Lead Agency	• NRCS
Major Findings/ Recommendations	• Develop long-term performance measures and set ambitious targets for the measures. Develop efficiency measures
Actions Taken/Planned	• Long-term performance and efficiency measures completed. Re-PART completed on 4/15/05.

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**Soil Surveys**
Ratings	• FY 2005 : Moderately Effective
Lead Agency	• NRCS
Major Findings/ Recommendations	• Develop program efficiency measures and improve long-term performance reporting.
Actions Taken/Planned	• Efficiency measures developed and targets updated.

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**Snow Surveys**
Ratings	• FY 2005 : Moderately Effective
Lead Agency	• NRCS
Major Findings/ Recommendations	• Develop program efficiency measures and improve long-term performance reporting.
Actions Taken/Planned	• Program efficiency measure completed and targets updated.

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**Watershed Programs**
Ratings	• FY 2006 : Adequate
Lead Agency	• NRCS
Major Findings/ Recommendations	• Continue to refine the new annual performance measures and establish baselines for the new efficiency measures.
Actions Taken/Planned	• Refinement of annual performance measures completed. Use of Direct Charge for time worked results in more accurate information for reporting program efficiencies.

Strategic Objective 5.2	Improve Management of Private Lands
Program Name	**Wildlife Habitat Incentives Program**
Ratings	• FY 2004 : Results Not Demonstrated
Lead Agency	• NRCS
Major Findings/ Recommendations	• Develop efficiency measures and outcome-based performance measures and targets. Also, develop baselines for annual and long term measures.
Actions Taken/Planned	• Baseline completed and measures have been identified.

Strategic Goals 1, 2, 3 and 5

Strategic Goals 1, 2, 3 and 5	1. Enhance Economic Opportunities for Agriculture Producers 2. Support Increased Economic Opportunities and Improved Quality of Life in Rural America 3. Enhance Protection and Safety of the Nation's Agriculture and Food Supply 5. Protect and Enhance the Nation's Natural Resource Base and Environment
Program Name	**National Agricultural Statistics Service – All Activities**
Ratings	• FY 2006 : Moderately Effective
Lead Agency	• National Agricultural Statistics Service (NASS)
Major Findings/ Recommendations	• None
Actions Taken/Planned	• NA.

PROGRAM EVALUATIONS

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
1.1.1	GAO Report, March 2000, GAO/NSIAD-00-76 - International Trade: Strategy Needed to Better Monitor and Enforce Trade Agreements.	**Findings:** GAO recommended that the Office of the U.S. Trade Representative (USTR) and the U.S. Departments of Commerce and Agriculture jointly develop a strategy to manage the U.S. Government's growing trade agreement monitoring and enforcement workload better. **Actions:** GAO and FAS Deputy Administrator for International Trade Policy activities are working to implement the GAO report recommendations.	Report is available at http://www.gao.gov/new.items/ns00076.pdf
	GAO Report, October 6, 2004, GAO/05-53 - U.S. China Trade: Opportunities to Improve U.S. Government Efforts to Ensure China's Compliance with WTO Commitments	**Findings:** GAO recommended that the four key agencies (USTR, State, Commerce and Agriculture) undertake a range of actions, including steps to improve timeliness and participation in WTO's annual review of China's compliance, developing unit-level plans and measures that reflect agency plans and measures, and training staff effectively. **Actions:** USDA forwarded its formal Statement of Action to GAO and Congress on November 29, 2004. USDA continues to work on implementing the recommendations.	Report is available at www.gao.gov/cgi-bin/getrpt?GAO-05-53
	GAO Report, January 25, 2005, GAO-05-209R - U.S. China Trade - Summary of 2003 WTO Transitional Review Mechanism for China	**Findings:** Related to GAO-05-53, this report is GAO's response to Congress' request for detailed information about the Transitional Review Mechanism process in 2003. The response is designed to allow Congress to gauge the level of activity and efficacy of the U.S. and other WTO members' efforts better to utilize it. **Actions:** No action required.	Report is available at www.gao.gov/docdblite/summary.php?rptno=GAO-05-290R&accno=A16256
	GAO Report, February 4, 2005, GAO-05-295T - U.S. China Trade - Observations on Ensuring China's Compliance with WTO Commitments	**Findings:** This report contains GAO's testimony before the U.S.-China Economic and Security Review Commission. GAO discussed the key findings, conclusions and recommendations from its recently issued work on China-WTO issues. It also updated the commission on a number of ongoing GAO reviews on China trade and economic issues. **Actions:** No action required.	Report is available at www.gao.gov/docdblite/summary.php?rptno=GAO-05-295T&accno=A16859
	GAO Report, March 25, 2005, GAO-05-272 - International Trade - U.S. Agencies Need Greater Focus to Support Mexico's Successful Transition to Liberalized Agricultural Trade under NAFTA	**Findings:** GAO recommends that the U.S. Department of State, in collaboration with USDA and other relevant agencies to (1) develop an action plan under the Partnership for Prosperity Initiative laying out specific collaborative efforts on rural development that would support NAFTA's implementation, and (2) use the initiative to expand collaborative efforts with the Mexican Government to facilitate credit availability in rural Mexico. **Actions:** The U.S. Department of State has the lead on resolution and, as such, was the only agency required to submit a Statement of Action.	Report is available at www.gao.gov/cgi-bin/getrpt?GAO-05-272

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
1.1.1 (cont'd)	GAO Report, March 18, 2005, GAO-05-166 - Free Trade Area of the Americas - Missed Deadline Prompts Efforts to Restart Stalled Hemispheric Trade Negotiations	**Findings:** The report is informational in nature. GAO was asked to analyze the progress made in Free Trade Area of the Americas (FTAA) negotiations since GAO's last report (April 2003), the factors that have been influencing its progress and future FTAA prospects. GAO found that three key factors have been impeding progress in the FTAA negotiations: (1) the U.S. and Brazil have made little progress in resolving their basic differences on key negotiation issues; (2) member Governments have shifted energy and engagement from the FTAA to bilateral and multilateral trade agreements; and (3) mechanisms intended to facilitate a U.S.-Brazil compromise have failed. **Actions:** No action required	Report is available at www.gao.gov/cgi-bin/getrpt?GAO-05-166
	GAO Report, May 31, 2005, GAO-05-538 - World Trade Organization - Global Trade Talks back on Track, But Considerable Work Needed to Fulfill Ambitious Objectives	**Findings:** This informational report was a multi-agency review involving USDA and other agencies. FAS was the only agency contacted or visited for this review. **Actions:** No action required.	Report is available at www.gao.gov/cgi-bin/getrpt?GAO-05-538
	GAO Report, June 20, 2005, GAO-05-537 - International Trade - Further Improvements Needed to Handle Growing Workload for Monitoring and Enforcing Trade Agreements	**Findings:** GAO's report does include recommendations for the Secretary of Agriculture. Specifically, GAO recommends that USDA, USTR, Commerce and State: (1) develop a strategy for improving trade compliance training; and (2) develop a resource strategy for monitoring and enforcing trade agreements. **Actions:** USDA's formal Statement of Action is pending signature by the Secretary.	Report is available at www.gao.gov/cgi-bin/getrpt?GAO-05-537
	OIG-01001-02-Hy: Agricultural Marketing Service's National Organic Program	**Findings:** AMS needs to improve management controls for administering the National Organic Program (NOP). OIG made 10 separate recommendations for strengthening policy/procedures to improve management control. **Actions:** AMS has agreed to strengthen controls over the NOP and, accordingly, is developing/clarifying policies and procedures to address OIG's concerns.	Report is available at: http://www.oig.usda.gov
	OIG-01099-31-Hy: Purchase Specification Requirements for Ground Beef	**Findings:** AMS has opportunities to improve management controls to ensure that ground beef is purchased from qualified suppliers and meets quality standards. **Actions:** AMS already had implemented many of the proposed corrective actions and is resolving the other outstanding issues with OIG.	Report is available at: http://www.oig.usda.gov

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
1.1.1 (cont'd)	OIG-01099-4-Te: Livestock Mandatory Price Reporting System – Application Controls	**Findings:** AMS has opportunities to improve the application controls with respect to the Livestock Mandatory Price Reporting System (LMPRS). Twelve specific/technical recommendations were made to improve control in this area. **Actions:** AMS reached management decision on all 12 recommendations and has implemented the necessary corrective actions.	Report is available at: http://www.oig.usda.gov
1.2.1	GAO Report, February 11, 2005, GAO-05-150	**Findings:** GAO recommends that the Administrator of the U.S. Agency for International Development (USAID) and USTR act as co-chairs of the trade capacity building working group. In consultation with other agencies that fund and implement trade capacity building assistance, the two should develop a strategy to monitor and measure results systematically and evaluate the assistance's effectiveness. GAO also recommends that USAID set milestones for completing its efforts to develop indicators for results measurement and periodic evaluations. There were no recommendations for USDA. **Actions:** No USDA action required.	Report is available at www.gao.gov/cgi-bin/getrpt?GAO-05-150
1.3.1	GAO-040437, Improved USDA Management Would Help Agencies Comply with Farm Bill Purchasing Requirements	**Findings:** Execute a management plan for completing the work. Identify and allocate the staff and financial resources needed. State the priority for the work's completion clearly. **Actions:** USDA has executed a management plan for completing the implementation of the Federal Biobased Products Preferred Procurement Program and for the management of the program, once fully operational. This management plan has been provided to GAO. USDA has identified and allocated staff and financial resources needed to fully implement and operate the program. The model procurement program, for which USDA's Office of Administration has responsibility, is not included in the OCE analysis and staff and financial resources determinations. USDA has placed a high priority on full implementation of the Preferred Procurement Program and on coordination between OCE and OA in facilitating successful development and operation of OA's Model Procurement Program.	Report is available on www.gao.gov/cgi-bin/getrpt?GAO-04-437

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
1.4.1	OIG-05401-13-FM, Financial Statements for Fiscal Years 2003 and 2004	**Findings:** RMA needs to improve information technology security controls, application program and database change controls, the preparation of the Statement of Budgetary Resources and Statement of Financing, and loss reserve estimates. **Actions:** RMA has implemented actions necessary to address the above items.	Report is available at http://www.usda.gov/oig/rptsauditsrma.htm
	OIG-05099-109-KC, Renegotiation of the Standard Reinsurance Agreement	**Findings:** RMA needs to develop a detained strategy for implementing key provisions contained in the 2005 SRA. **Actions:** RMA has implemented actions necessary to address this finding.	Report is available at http://www.usda.gov/oig/rptsauditsrma.htm
	OIG-05601-7-At, Survey of Cotton Crop Insurance Premium Rates	**Findings:** RMA should improve its quality control of the ratemaking process. **Actions:** RMA generally agreed with this finding, and has initiated actions to address this matter.	Report is available at http://www.usda.gov/oig/rptsauditsrma.htm
	OIG-05601-12-Te, Survey of Pilot Programs	**Findings:** RMA needs to strengthen its monitoring of pilot programs. **Recommendations/Actions:** RMA has completed the actions recommended by OIG to address this matter.	Report is available at http://www.usda.gov/oig/rptsauditsrma.htm
	GAO-04-517, DATA MINING: Agencies Have Taken Key Steps to Protect Privacy in Selected Efforts, but Significant Compliance Issues Remain	**Findings:** For the five agencies reviewed, efforts are needed to ensure adequate privacy and security protections are in place. **Actions:** While the agencies generally agreed with the majority of GAO's recommendations, they disagreed with others. RMA continues taking action to address the recommendations.	Report is available at http://www.gao.gov
1.4.2	Farm Service Agency Direct Farm Loan Effectiveness Study	**Findings:** An independent evaluation of the Direct Farm Loan program was completed in FY 2005 by the University of Arkansas. The study found that current lending patterns, in terms of servicing targeted borrowers, are consistent with the program's goals. In addition, consistent with the program's intended design, the majority of borrowers uses the program on a temporary basis and does not become permanent clients. **Actions:** Action plan is currently under development.	Report is available on http://www.fsa.usda.gov/DAFL/whatsnew.htm
2.1.1	Business Programs Assessment Reviews (BPAR)	**Findings:** National Office evaluations of the performance of individual State offices. **Actions:** Findings and recommendations vary widely by State.	Summary of findings to be available on RD Intranet web site 2nd quarter of FY 2005.
2.2.3 and 2.2.4	Telecommunications and Electric Data validation process	**Findings:** Subscriber growth is tracked quarterly on an aggregate basis for performance measurement reporting. **Actions:** Individual project data are examined periodically by the program line offices, and are verified by General Field Representatives when loans are in process.	Performance data available in a variety of reporting documents and from the RUS BPI coordinator. Project data are available from the individual program line offices. Contact Electric Program at 202-720-9545 Contact Telecommunications Program at 202-720-9554

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
3.1.2	Evaluation of the Implementation of Directive 10,240.4 Regarding *Listeria Monocytogenes*	**Findings:** FSIS evaluated the implementation of its Directive 10,240.4, which focused on verification of RTE establishments' compliance with *the Listeria Monocytogenes* Interim Final Rule (68 FR 34207). The evaluation report presented findings and recommendations that addressed whether inspection program personal had implemented the directive properly, and whether they received sufficient training to execute their verification responsibilities. **Actions:** Completed December 20, 2004.	Information may be requested from the USDA Food Safety Inspection Service—Office of Program Evaluation, Enforcement and Review. Program Evaluation and Improvement Staff USDA-FSIS 202-720-6735
	GAO-05-51: USDA and FDA Need to Better Ensure Prompt and Complete Recalls of Potentially Unsafe Food	**Findings:** Even in the context of their limited recall authority, USDA and FDA can do a better job in executing their food-recall programs. The final report was released to the public, November 5, 2004. **Actions:** FSIS generally agreed with these findings and continues to take action to address them.	Report available at www.gao.gov/new.items/d0551.pdf Program Evaluation and Improvement Staff USDA-FSIS 202-720-6735
	OIG 24601-5 At: Hazard Analysis and Critical Control Point Implementation at Very Small Plants	**Findings:** HACCP systems at very small plants need improvement to ensure the wholesomeness of the meat and poultry produced for consumers. The final report was issued, June 24, 2005. **Actions:** FSIS generally agreed with these findings and continues to take action to address them.	Report available at www.usda.gov/webdocs/24t01-05-AT.pdf Program Evaluation and Improvement Staff USDA-FSIS 202-720-6735
3.1.3	FSIS Reviews of Foreign Meat and Poultry Establishments (2004)	**Findings:** To export product to the U.S., foreign establishments must demonstrate equivalent inspection programs, including acceptable pathogen testing programs. FSIS reviews these programs to ensure equivalency standards are met. **Actions:** Reviews conducted at least once per year per exporting country, depending on compliance history. Countries and/or establishments may be listed or de-listed as approved exporters depending on these and other evaluations.	Information may be requested from the USDA Food Safety Inspection Service—Office of Program Evaluation, Enforcement and Review. Program Evaluation and Improvement Staff USDA-FSIS 202-720-6735
	Evaluation of the Implementation of Directive 10,010.1 (2004)	**Findings:** Program Evaluation and Improvement Staff (PEIS will conduct an evaluation of the implementation of FSIS Directive 10,010.1, concerning sampling for *E. coli* 0157:H7, approximately 6 months after its effective date. Although Office of Field Operations (OFO) implementation will be examined directly, the evaluation's goal will be to determine if changes to inspection policy or the Directive itself are necessary to protect public health better. **Actions:** Completed December 20, 2004.	Information may be requested from the USDA Food Safety Inspection Service—Office of Program Evaluation, Enforcement and Review. Program Evaluation and Improvement Staff USDA-FSIS 202-720-6735

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
3.1.3 (cont'd).	Evaluation of Alternative Site Sampling of Condemned Cattle	**Findings:** FSIS is evaluating the implementation of FSIS Notice 33-04, under which FSIS ensures that condemned cattle moved from Federal establishments to off-site locations for BSE testing by APHIS are tested and not diverted into the food supply. OPEER is conducted the evaluation specifically in response to an OIG audit. **Actions:** Completed August 2005.	Information may be requested from the USDA Food Safety Inspection Service—Office of Program Evaluation, Enforcement and Review, Program Evaluation and Improvement Staff USDA-FSIS 202-720-6735
3.1.4	FSIS Communications and Outreach to Small Businesses	**Findings:** FSIS held a series of food-security workshops from May through July 2005. The workshops addressed various food-security issues relevant to small business owners and operators. Following these workshops, questionnaires were distributed to determine which modes of communication and FSIS activities workshop attendees found most useful. FSIS evaluated responses to these questionnaires to determine the most effective communication strategies. **Actions:** Completed August 2005.	Information may be requested from the USDA Food Safety Inspection Service—Office of Program Evaluation, Enforcement and Review. Program Evaluation and Improvement Staff USDA-FSIS 202-720-6735
	GAO 05-213: Oversight of Food Safety Activities: Federal Agencies Should Pursue Opportunities to Reduce Overlap and Better Leverage Resources	**Findings:** Federal agencies are spending some resources on overlapping food-safety activities designed to ensure the safety and quality of domestic and imported food. The final report was issued to the public, May 17, 2005. **Actions:** FSIS generally agreed with these findings and continues to take action to address them.	The report is available at www.gao.gov/new.items/d05213.pdf Program Evaluation and Improvement Staff USDA-FSIS 202-720-6735
3.2.1	"Animal Health Safeguarding Report"	**Findings:** The National Association of State Departments of Agriculture (NASDA) conducted a review of the USDA's Animal Health Safeguarding system, assessing the performance and efficacy of the infrastructure, activities, procedures, policies, partnerships and authorities that comprise the existing safeguarding system. **Actions:** The review found performance adequate in handling most assigned roles, and even heroic in some historical efforts to eradicate diseases that have infected U.S. livestock—but resources were fast becoming overwhelmed. The review called for: Improving areas that include, but are not limited to, staffing, equipment, surveillance, detection, applied research, communications and border security. Improving interagency and interdepartmental cooperation, and the resources to facilitate it. APHIS formed seven issue groups to develop action plans to address the issues raised in the NASDA review.	NASDA's final report was delivered to USDA officials in November 2001 and is available at www.aphis.usda.gov/vs/pdf_files/safeguarding.pdf Progress achieved in implementing the Review is reported by these Issue Groups

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
	"Exotic Newcastle Disease (END) After Action Review" (2004)	**Findings:** An evaluation of APHIS' response to ***Exotic Newcastle Disease*** led to general recommendations about USDA's animal health emergency response systems. It was finalized on May 21, 2004. **Actions:** Four major areas were covered in the report: Preparedness; The Incident Command System; Human resources; and External engagement (Action: Pending)	A copy of the report may be obtained from Dr. John Clifford, Deputy Administrator, USDA APHIS Veterinary Services, 202-720-5193
	"Report of the Secretary's Advisory committee on Foreign Animal and Poultry Diseases: Measures Relating to ***Bovine Spongiform Encephalopathy*** in the United States "Animal Health Safeguarding Report"	**Findings:** At the request of the Secretary of Agriculture, an international expert ***Bovine Spongiform Encephalopathy (BSE***) panel was convened to review actions taken by the United States in response to a single finding of ***BSE***. The panel, which was organized as a subcommittee of the Secretary's Foreign Animal and Poultry Disease Advisory Committee, provided its report on February 4, 2004. **Actions:** Among the actions taken after this report was received were: Increased sampling for ***BSE*** Animal Identification System – Listening Session; and web site development.	The report is available at: http://www.animalagriculture.org/BSE/Report_Sec_BSE_2_13_04.htm For information about actions taken see: http://www.aphis.usda.gov/lpa/issues/bse_testing/index.htm lhttp://www.aphis.usda.gov/vs/pdf_files/safeguarding.pdf
4.1.1	Food Stamp Participation Rates 2003	**Findings:** This report presents the latest in a series on participation rates based on Current Population Survey and national participation rates for fiscal year 2003. The findings of this report indicate that 56 percent of the individuals eligible for food stamp benefits choose to participate. Thus, it appears that the Food Stamp Program (FSP) is reaching the neediest eligible individuals. Nationally, the participation rate among individuals rose almost 2 percent between 2002 and 2003. **Actions:** The report contained no recommendations for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/FSP/participation.htm
	State Food Stamp Participation Rates For The working Poor in 2002	**Findings:** In general, the pattern of participation rates based on these estimates show that overall participation among the working poor vary widely across States. Some are higher than 60 percent while others are lower than 40 percent. In most States, participation among the working poor is significantly less among all eligible. **Actions:** The report contained no recommendations for further action by USDA.	Available on the FNS website at http://www.fns.usda.gov/oane/MENU/Published/FSP/participation.htm

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
	Food Stamp Benefits and Participation Rates within Demographic Groups	**Findings:** The analysis confirms that food stamp participation rates generally increase as benefit levels rise. Among several eligible non-participant groups and individuals in households with earnings are likely to qualify for substantial monthly benefit. **Actions:** The report contained no recommendation for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/FSP/participation.htm
	Reaching Those In Need: State Food Stamp Participation Rates in 2002	**Findings:** The report shows that FSP participation rates continue to vary among States. Additionally, some States consistently have high participation rates relative to others. **Actions:** The report contained no recommendation for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/FSP/participation.htm
	State Food Stamp Participation Rates for the Working Poor in 2001	**Findings:** This report shows how rates for the working poor vary across States and how the rates differ between the working poor and all eligible people. **Actions:** This report did not contain recommendations for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/FSP/participation.htm
	Assessing Implementation of the 2002 Farm Bill's Legal Immigrant Food Stamp Restorations	**Findings:** This study examines the implementation of Legal Immigrant Food Stamp provisions given the different State and local approaches to restore eligibility of immigrant households into the program. Approximately 150,000 legal immigrants were added to food stamp case loads across 8 States. The majority of those added were former State-funded food assistance participants. **Actions:** This report did not contain recommendations for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/FSP/participation.htm
4.1.2	Evaluation of the School Breakfast Program (SBP) Pilot	**Findings:** The study indicates that, on average, the current SBP improves academic or behavior outcomes. It also provides a program offering free school breakfast to all elementary school students. **Actions:** This report did not contain recommendations for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/CNP/cnp.htm
4.2.2	Obesity, Poverty and Participation in Nutrition assistance Programs	**Findings:** The report presents the conclusions of an expert panel to determine if there is scientific evidence of a relationship between program participants and excess weight. The panel concluded that it is necessary to separate the effects of poverty to determine, as measured by household, income associated with obesity. **Actions:** This report did not contain recommendations for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/NutritionEducation/NutEd.htm

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
4.2.2	Fit Special Supplemental Nutritional Program for Women, Infants and Children (WIC): Programs to Prevent Childhood Overweight in Your Community.	**Findings:** This project focused on how WIC could better address the problem of childhood obesity. Many parents of overweight preschool children did not see their children as overweight, nor were they particularly concerned about their child's weight. Parents were eager to receive information on ways to promote healthy eating patterns in their families. **Actions:** Potential strategies include development of participant-centered assessment and education procedures, and expanding training for WIC staff.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/WIC/WIC.htm
4.2.2	Team Nutrition Demonstration Project	**Findings:** This report documents the process (steps, time and resources) for fully implementing Team Nutrition (TN) using the classroom and cafeteria as delivery channels. The results indicate that it is possible to implement TN throughout schools and involve parents, community and the media. **Actions:** This report did not contain recommendations for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/NutritionEducation/Files/TNDP99-03.htm
4.2.2	Evaluation of the USDA Elderly Nutrition Demonstrations Volume II	**Findings:** This report describes the results of a project to improve service to older people through the FSP. The projects succeeded in reaching some portion of their target population. Additionally, most projects showed that their effort generated new applications for food stamp assistance. **Actions:** This report did not contain recommendations for further action by USDA.	Available on the ERS web site at http://www.ers.usda.gov/Publications/CCR9-2/
4.2.2	WIC Food Packages: Time for a Change	**Findings:** USDA contracted with the Institute of Medicine to evaluate WIC food packages and recommend cost-neutral changes to improve the package to meet the nutrition needs of WIC participants better. **Actions:** The report recommended a range of WIC food package changes, now being considered by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/WIC/WIC.htm
4.3.1	Impact of Food Stamp Payment Errors on Households Purchasing Power	**Findings:** This analysis revisits a previous study that addressed the impact of payment errors on participating households. While the number of ineligible households was small, overpayments to these households had a large impact on their purchasing power. **Actions:** This report does not contain recommendations for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/FSP/ProgramIntegrity.htm
	Preliminary Report on the Feasibility of Computer Matching in the National School Lunch Program (NSLP)	**Findings:** The study explores the feasibility of using computer technology in reducing NSLP over-certification. The preliminary findings indicate that computer matching for direct certification and verification is feasible. **Actions:** The study remains in progress. This report does not contain recommendations for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/CNP/cnp.htm

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
	American Samoa: Accounting for Key Federal Grants Needs Improvement	**Findings:** American Samoa faced special challenges in using Federal grants and did not provide adequate accountability for grant funding. Problems identified included WIC vendor fraud. FNS was aware of the problem and had actions in place to address it. **Actions:** This report does not contain recommendations for further action by USDA.	Available on the GAO web site at http://www.gao.gov/new.items/d0541.pdf
	FSP States Have Reduced Payment Errors. Further Challenges Remain	**Findings:** The FSP error rate has dropped nearly one-third over the past five years. Caseworkers cause about two-thirds and participants cause about one-third of errors. **Actions:** This report does not contain recommendations for further action by USDA.	Available on the GAO web site at http://www.gao.gov/htext/d05245.html
	Means Tested Programs: Information On Program Access Can be an Important Management Tool	**Findings:** The report reviews factors that influence program participation and the balance between program integrity and access in 12 key Federal means-tested programs. **Actions:** The report recommends that FNS ensure that its methodology and estimates of WIC participation rates will be comparable over time.	Available on the GAO web site at http://www.gao.gov/htext/d05221.html
	An Evaluation of the Prime Vendor Pilot of the Food Distribution Program on Indian Reservations	**Findings:** Evaluated the effectiveness of a USDA pilot project to use a single prime vendor responsible for accepting food orders directly from 23 Indian Tribal Organizations with the traditional Food Distribution Program on Indian Reservations Commodity Distribution System. **Actions:** This report does not contain recommendations for further action by USDA.	Available on the FNS web site at http://www.fns.usda.gov/oane/MENU/Published/CNP/FILES/FDPIRPrimeVendor.pdf
5.1.1, 5.1.2 and 5.1.3	GAO-04-705 Environmental Effects of Wildland Fire	**Findings:** Develop and issue guidance, with CEO and taking into account any lessons learned from the CEQ demonstration program, to clarify the assessment and documentation of the risks of environmental effects associated both with conducting and not conduction fuel reduction activities. **Actions:** USDA reviewed the lessons learned from the CEQ demonstration program and determined that existing direction is generally adequate for implementing these lessons. Risks associated with not taking action to reduce fuels (the no action to reduce fuels (the no action alternative) are assessed with	Available on the GAO web site: http://www.gao.gov/new.items/d04705.pdf
5.1.1	GAO Report, January 2005/GAO-05-147 Wildland Fire Management: Important Progress Has Been Made, But Challenges Remain to Completing a Cohesive Strategy	Recommendation: Provide the Congress with a joint (FS and DOI) tactical plan outlining the critical steps the agencies will take, together with related timeframes, to complete a cohesive strategy that identifies long-term options and needed funding for reducing and maintaining fuels at acceptable levels and responding to the nation's wildland fire problems.	www.gao.gov

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
5.1.1 (cont'd)		**Actions:** The Forest Service is continuing to develop LANDFIRE and Fire Program Analysis (FPA)—both of which must be operational to accurately and effectively develop the type of plan GAO suggests.	
	OIG-10601-6-Te: Controls over Funds Congressionally Earmarked for Conservation Projects	**Findings:** A management accounting system is needed in NRCS to effectively track expenses associated with Congressionally earmarked funding. **Actions:** NRCS implemented a process through the Foundation Financial Information System to record and identify all obligations and expenses for Congressionally earmarked funds.	Report is available on OIG website: www.oig.usda.gov www.usda.gov/oig/webdocs/10601-6-Te.pdf
	OIG-106019-68-KCTe: Compliance with Highly Erodible Land Provisions Controls over Funds Congressionally Earmarked for Conservation ProjectsGAO-04-705 Environmental Effects of Wildland Fire	**Findings:** Improvements in prescribed controls are needed to strengthen the agency's ability to provide accurate and reliable assessments of producer compliance with the HELC provision A management accounting system is needed in NRCS to effectively track expenses associated with Congressionally earmarked funding.	Report is available on OIG website: www.oig.usda.gov www.usda.gov/oig/webdocs/100601-6-Te.pdf99-8KC.pdf Available on the GAO web site: http://www.gao.gov/new.items/d04705.pdf
		Actions: Web-based tracking system implemented. Policy revised and clarified NRCS implemented a process through the Foundation Financial Information System to record and identify all obligations and expenses for Congressionally earmarked funds. **Findings:** Develop and issue guidance, with CEO and taking into account any lessons learned from the CEQ demonstration program, to clarify the assessment and documentation of the risks of environmental effects associated both with conducting and not conduction fuel reduction activities. **Actions:** USDA reviewed the lessons learned from the CEQ demonstration program and determined that existing direction is generally adequate for implementing these lessons. Risks associated with not taking action to reduce fuels (the no action alternative) are assessed with The study examined outcomes of the verification process. It also made an independent assessment of income eligibility with specific verification outcomes. To do this, the study used data from in-person interviews with families.	

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
5.1.1, 5.1.2 and 5.1.3 (cont'd)	GAO-053-52418: Environmental Indicators	**Findings:** NRCS and FSA should improve processes for reviewing compliance and enforcing requirements GAO found that federal and nonfederal organizations develop environmental indicator sets for several purposes. **Actions:** GAO recommends the Chair of the Council on Environmental Quality develop institutional arrangements needed to ensure a concerted, systematic, and stable approach to the development, coordination, and integration of environmental indicator sets. web-based tracking system implemented. Policy revised and clarified.	Report is available on GAO website: www.gao.gov www.gao.gov/new.items/d03418d0552.pdf
	Conservation Technical Assistance Program Evaluation	**Findings:** Evaluation started FY 2005, to be completed early FY2006. Evaluating the efficiency and effectiveness of the program, including an assessment of program performance relative to unit costs and benefits, review the progress in addressing recommended actions resulting from PART, and analyze the linkages between inputs, activities, outputs, outcomes, and impacts in achieving the program's intended purposes. **Actions:** N/A; program evaluation ongoing.	Report currently unavailable.