2 Annual Performance Report

The 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 fiscal year (FY) 2008 through activities such as:

- Completing new free trade agreements, opening new international markets and maintaining existing markets;
- Meeting with experts from around the globe to discuss current and emerging economic opportunities;
- Providing farmers and ranchers with risk management and financial tools;
- Expanding economic opportunities by improving the quality of life through financing housing, utilities, and community facilities in rural areas;
- 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 targeted nutrition assistance programs;
- Fostering better nutrition and health with dietary guidance and promotion;
- Fighting potential pest 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.

Strategic Goal 1: Enhance International Competitiveness of American Agriculture

Expanding global markets for agricultural products will increase demand for agricultural products and contribute directly to economic stability and prosperity for America's farmers. USDA accomplishes this through negotiation, monitoring, and enforcement of trade agreements. Working with producers and commodity trade associations, USDA administers an array of market development and export promotion programs designed to build long-term markets abroad. The Department helps expand trade opportunities through technical assistance and training programs. USDA also provides food assistance programs to developing countries. These programs are designed to provide greater food security which leads to greater economic stability in the recipient countries. These tools support agricultural development and growth in developing countries. They also help these countries participate in, and benefit from, international trade. USDA works to facilitate trade by adopting and promoting science-based regulatory systems and standards. These activities are reflected in the three objectives and four performance measures that follow.

Objective 1.1: Expand and Maintain International Export Opportunities

Measure 1.1.1: Dollar value of agricultural trade preserved through trade agreement negotiation, monitoring, and enforcement

Overview

Key Outcome

Increased Access to Global Markets for U.S. Agricultural Producers and Exporters

The Department works closely with the Office of the U.S. Trade Representative (USTR) to negotiate new trade agreements to expand access to global markets for U.S. agriculture. The largest multilateral negotiation, under the auspices of the World Trade Organization (WTO), is the Doha Development Agenda. USDA has led negotiations on the agricultural portions of the agreement. USDA played an integral role in the July 21-29, 2008, WTO Ministerial meeting in Geneva aimed at reaching a final agreement. While these meetings resulted in an impasse, primarily over the Special Safeguard Mechanism for sensitive agricultural products, Foreign Agricultural Service (FAS) officials continue to work to advance a convergence of proposals at the technical level.

To further expand global trade, U.S. officials negotiated bilateral accession agreements with countries seeking WTO membership. In 2008, USDA played a critical role in negotiating such agreements with Russia, Kazakhstan, and several other countries. The Department also helped Ukraine join the WTO in May 2008, thus opening the country to American imports, notably poultry, beef, and pork. Estimates indicate that annual beef and pork exports to Ukraine could reach $120 million.

USDA also works to expand U.S. agricultural export opportunities by supporting regional and bilateral free trade agreements. The Department continues to negotiate the Malaysia Free Trade Agreement. USDA is awaiting congressional approval of free trade agreements with Colombia, Panama, and Korea. It is also monitoring final implementation of the Peru and Costa Rica trade agreements.

The Department oversaw the full implementation of the final provisions of the North American Free Trade Agreement (NAFTA) between Canada, Mexico, and the U.S. USDA's work lifted the final trade restrictions on a handful of agricultural commodities, notably U.S. exports of corn, dry edible beans, nonfat dry milk, and high fructose corn syrup.

The Department is also monitoring and taking action with respect to more than 500 trade barriers relating to established trade agreements. Some barriers are being addressed through the WTO dispute-settlement process. Others are being addressed bilaterally. Working closely with USTR, USDA successfully re-established a tariff rate quota (TRQ) for poultry and pork trade with the Philippines in 2008. A TRQ provides an opportunity for exporting a limited quantity of products with little or no tariffs.

Analysis of Results

USDA employs a performance measure that estimates the value of trade preserved through WTO agreement enforcement, creation, and maintenance of free trade agreements and addressing trade barriers. USDA failed to meet its targeted level of performance. The July collapse of the Doha Round of WTO negotiations and delays in congressional approval of already negotiated free trade agreements were significant factors. Though USDA cannot control such externalities, in FY 2009, the Department will continue to seek approval of pending agreements. Extensively monitoring and enforcing existing trade agreements, which USDA can influence more effectively, will help the Department reach its 2009 targets.

Selected Results in Research, Extension and Statistics

China in 21st Century Agricultural Markets—USDA researches how policy and economic developments in China affect global agricultural markets. Recent research, *China Currency Appreciation Could Boost U.S. Agricultural Exports*, shows that U.S. exports of soybeans and cotton to China have boomed in recent years. Despite the increases, the undervalued exchange rate for the Chinese yuan keeps the prices of most other U.S. food and agricultural products higher than their Chinese counterparts. With an undervalued exchange rate, China's prices are not high enough to attract imports of grains or most livestock products. In another article, *Who Will China Feed?,* Department economists examined the growing resource constraints and environmental costs facing China's agricultural sector. They also looked at a possible end to "easy" growth for Chinese agriculture.

Increase in Commodity Prices—World market prices for such major food commodities, such as grains and vegetable oils, have risen sharply to historic highs of more than 60 percent above levels just 2 years ago. USDA's *Global Agricultural Supply and Demand: Factors Contributing to the Increase in World Food Commodity Prices* report discusses the many factors contributing to the run-up in food commodity prices. Recent factors that have tightened world markets include increased global demand, adverse weather conditions in some major grain and oilseed producing areas, and the declining value of the U.S. dollar.

Exhibit 15: Increase U.S. Export Opportunities and Trends in Expanding and Retaining Market Access

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
1.1.1 Dollar value of agricultural trade preserved through trade agreement negotiation, monitoring, and enforcement (Non-Sanitary and Phytosanitary) ($ Mil) Baseline: 1999 = $2,567	$3,950	$800	$14	$670	$900	$484	Unmet

FY 2004 data is based on Sanitary and Phytosanitary (SPS) and non-SPS related trade barriers. FY 2005 - 2008 data is based on non-SPS trade barriers.

Rationale for Met Range: The target for this measure is controlled by international parties. It reflects U.S. expectations for negotiating new agreements, addressing compliance with existing trade agreements and resolving trade access issues that arise so that domestic exports can continue. A met or exceeded target reflects USDA successes in addressing barriers to U.S. trade. An unmet target may conceal that USDA monitoring activities prevented noncompliance.

- Data assessment metrics to meet the target allow for an actual number in the range 600-900.

Exhibit 16: Data Assessment of Performance Measure 1.1.1

1.1.1 Dollar value of agricultural trade preserved annually through trade agreement negotiation, monitoring, and enforcement (non-SPS).

- Data for the World Trade Organization and tariff rates are projected estimates based on results posted to the performance tracking system within the FAS. 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 2008.
- Completeness of Data—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 2008.
- Reliability of Data—Data are reliable and used by the Department to highlight successes in the trade-policy arena.
- Quality of Data—USDA maintains a standardized methodology to forecast trade impacts. Calculation of trade benefits from preserving existing trade is fairly straightforward and easy using this standard methodology. The primary sources of trade data are Department of Homeland Security's U.S. Customs and Border Protection, the Census Bureau, the USDA publication *Foreign Agricultural Trade of the United States* and other databases. In addition to trade data, other sources include market reports compiled by USDA and industry estimates. Since measuring expected trade benefits from broad new trade agreements is extremely difficult, the Department evaluates its estimates against other outside estimates when available.

Challenges for the Future

The key challenge for increasing access to global markets is progress in the WTO negotiations. The conclusion of the Doha negotiations may be delayed into 2009 due to external factors and the difficulties inherent in negotiating sensitive agricultural issues. Improvement in market opportunities under bilateral and regional trade agreements is contingent on approval and implementation of agreements by all partners. Currently, three bilateral agreements are pending approval by Congress and waiting implementation by our Free Trade Agreement partners. Approval procedures may include legislative, administrative, and judicial processes.

The United States is engaged in a number of dispute settlement cases in the WTO. These are inherently lengthy processes with favorable outcomes for U.S. trade sometimes taking years to realize.

Objective 1.2: Support International Economic Development and Trade Capacity Building

Measure 1.2.1: Number of countries in which substantive improvements have been made in national trade policy and regulatory frameworks that increase market access

Overview

Key Outcome

Improved Ability in Developing Countries to Sustain Economic Growth and Benefit from International Trade

One billion people in the developing world live with chronic hunger, and more than 800 million are undernourished. Today's higher food prices pose significant risks to people and nations already vulnerable to food insecurity and poverty. Major goals of USDA trade and development programs include increasing agricultural productivity, increasing trade with, and investment in, developing countries to enhance economic growth, food security, and the supply and affordability of food. Linking producers to markets with improved transportation, storage, market information, and food processing, as well as increasing private-sector participation in the agricultural value chain, are also USDA priorities for strengthening rural economic activity and moving food from surplus to deficit areas.

To strengthen global food security, USDA deploys experts and institutional resources to help developing countries become economically stable and capable of supporting their populations, which is mutually beneficial. In combination with food assistance that covers gaps in supplies and helps to keep the population healthy, USDA trade and development programs assist foreign governments in adopting productivity-enhancing technologies, reconstructing agriculture in post-conflict or disaster areas, developing sustainable natural resource management systems, and strengthening agricultural research and extension programs. USDA also works with foreign counterparts to advance market-based policies and institutions and expand international trade through trade capacity building, which helps countries meet their WTO obligations, avoid or eliminate barriers to trade, and strengthen policy and regulatory frameworks, with an emphasis on food safety and biotechnology.

USDA measures the number of countries that benefit from improved trade policy and regulatory frameworks. These benefits help developing countries prosper, thus bolstering food security. To develop trade capacity and facilitate market access for U.S. agricultural products, USDA implemented more than 140 technical assistance activities in 2008. These activities targeted regulatory systems in Sub-Saharan Africa, the Middle East, Eastern Europe, Central America, and Russia with emphasis on plant and animal disease diagnosis and mitigation, laboratory efficiency, biotechnology, and Biosafety, as well as generally improving sanitary and phytosanitary (SPS) systems.

Under the Central America–Dominican Republic–Free Trade Agreement (CAFTA-DR), for example, USDA implemented capacity building projects to transfer skills in laboratory analysis, detection of pesticide residues, risk assessment, diagnosis of animal health diseases, and policy regulations. In September, USDA facilitated a successful Trade and Investment Mission in Guatemala for CAFTA-DR. USDA also implemented Asia Pacific Economic Cooperation workshops on food defense, food safety, and biotechnology in cooperation with the Department of State and the Food and Drug Administration. Work on the African Global Competitiveness Initiative (AGCI) focused on activities related to food safety and plant health. A significant AGCI success was approval of a streamlined regulatory process, which resulted in six new African commodities being eligible for export to the U.S. market. In addition, USDA implemented successful Trade and Investment Missions to West and North Africa.

The Department led Good Agricultural Practices (GAP) training for Honduran fruit and vegetable producers which trained roughly 80 fruit and vegetable producers and processors on GAP. For WTO accessions, FAS specialists in WTO negotiations led training on the SPS Agreement and the Checklist of Illustrative SPS and Technical Barriers to Trade (TBT) Issues for Consideration in Accessions.

USDA continues to encourage and support developing-country participation in international regulatory and standard-setting organizations like the Codex Alimentarius Commission. The World Health Organization and the Food and Agriculture Organization of the United Nations (FAO) created the commission to protect consumers from unsafe food products and ensure fair practices in international food trade. In June, the Department implemented Latin American and Caribbean regional workshops. The workshops presented the U.S. positions on Codex Alimentarius issues. Collaborating closely with the FAO, the Environmental Protection Agency, Rutgers University, and USDA co-sponsored a Minor Use Summit. The summit, attended by more than 40 countries, covered issues relating to maximum pesticide levels for minor crops. In addition, the Department coordinated closely with the Codex Office to sponsor outreach activities to increase international understanding of U.S. positions on Codex issues.

Analysis of Results

The performance measure was exceeded, with impacts in nine countries. With training in agricultural biotechnology via USDA's Cochran Fellowship Program, four officials in Nicaragua provided expert consultations to the Health Commission of the Nicaraguan National Assembly, prompting the Commission to send a positive report on a comprehensive Biosafety Bill to the President of the National Assembly. In addition, Nicaraguan officials established laws and regulations to support equivalence with the United States in meat and poultry products, following USDA assistance on regulatory frameworks to ensure product safety.

Internationally recognized food safety laboratories are critical for ensuring that exported food products meet global trade and health standards. The highest level of this recognition for laboratories is ISO 17025 accreditation, provided by the International Organization for Standardization (ISO). The food safety laboratory in Guatemala is the only Central American government laboratory to achieve this status. The Guatemalan laboratory actively implemented the training content and has been recognized for it. USDA also provided regional training for the laboratories on Exotic Newcastle Disease (END) that can be highly destructive to the poultry industry. As a result, the food safety laboratory in Honduras has become highly proficient in testing and diagnosing the disease. Other countries in the region now rely on Honduras as the region's "reference laboratory" or authority for END.

Training for 19 officials from the Kenya Plant Health Inspectorate Service (KEPHIS) under the Cochran Fellowship Program resulted in adoption of USDA's organizational structure for conducting animal and plant health inspections at ports of entry in Kenya, thus strengthening regional food security and trade. Other than South Africa, Kenya's plant regulatory body, KEPHIS, is the model to which other national plant protection organizations in sub-Saharan Africa aspire.

Following USDA participation in several projects in Vietnam intended to promote compliance with WTO obligations, Vietnam has made five SPS-related notifications since January 2008, thus advancing the interests of bilateral trade and improving the transparency of Vietnamese trade regulations. Vietnam's WTO notification on the biosafety management of genetically modified crops allowed the United States to comment on the importance of science-based regulations.

As a result of an intensive, two-year USDA technical-assistance project that provided Egyptian officials training on biotechnology, the Minister of Agriculture in Egypt approved commercialization of a genetically modified Bt corn variety (MON 810). This marks the first genetically modified crop approved for domestic planting in Egypt.

USDA technical assistance in Iraq is building a greater understanding of the U.S. regulatory system and international standards for animal health; facilitating the reintegration of Iraqi Ministry of Agriculture officials into international standards-setting bodies; and re-establishing networks with their counterparts in the Middle East. As

a result, Iraq's National Animal Health Program was developed in line with standards of the World Organization of Animal Health and five animal disease-control strategies were adopted in 2008.

USDA experts have also been working with government officials in Armenia to achieve greater consistency and transparency with international standards. As a result, new sample collection forms for the National Animal Diseases Reporting System were approved by the Ministry of Agriculture, and two village-based Examination-and-Therapy animal-holding units are serving as models for veterinary inspection in the Armenia National Animal Health Program. More than 10,000 animals have been inspected and samples taken for the four priority animal diseases in these units.

With the goal of facilitating Serbia's accession to the WTO, USDA specialists led training in Belgrade on the WTO SPS Agreement. By early 2008, the Serbian Ministries of Agriculture and Health had developed a new Food Safety law that is more consistent with the WTO-SPS Agreement and is under consideration by the Government.

Selected Results in Research, Extension and Statistics

International Investment in U.S. Agriculture—Several next-generation, larger-scale, pasture-based dairies owned by three New Zealand investment groups began operating in Missouri as a result of USDA-funded dairy grazing research and extension efforts being conducted by the University of Missouri. These efforts include the development of low-cost winter feeding systems for beef cattle. The largest of these dairies manages more than 3,000 cows and the smallest, 500. The New Zealand groups have invested more than $50 million to date with more farms being developed.

USDA Provides Support for Trade Negotiations—USDA continues to provide the U.S. Trade Representative with analysis supporting Doha Round negotiators and that of the U.S.–South Korea free trade agreement. The Department's program of trade-policy research has developed models, databases, and other analytical tools specifically designed to answer questions related to changes in trade policies and domestic policy instruments subject to multilateral or bilateral negotiation. USDA provided model-based analyses of negotiating proposals or questions related to impacts of tariff cuts, cuts in U.S. domestic support, changes in import quotas and special treatment for "sensitive" products or developing countries.

Exhibit 17: Support International Trade Capacity Building

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
1.2.1 Number of countries in which substantive improvements have been made in national trade policy and regulatory frameworks that increase market access.	n/a	n/a	6	13	8	9	Exceeded

Rationale for Met Range: The target for this measure, based on three years of program history, is driven by international Governments and parties, and U.S. reimbursable-program funding levels. Annual targets reflect USDA expectations for substantive improvements in national trade policy and regulatory frameworks that increase market access for U.S. agricultural products in developing countries.

- Data assessment metrics to meet the target allow for an actual number in the range 5-8.

Data Assessment of Performance Measure 1.2.1

- 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 (FAS). 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 2008. 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.
- Completeness of Data—Data are based on specific criteria developed for measuring intangible and qualitative outcomes, and those which are concrete and quantifiable.
- Reliability of Data—Data are reliable, of good quality, and are used by Agency officials to highlight successes in the trade capacity building arena.

- Quality of Data—Data for successfully verifying the numbers of countries in which USDA has made significant impact in trade capacity building are captured from a variety of credible sources, including:
  - Reports from overseas posts and project offices, such as Global Agriculture Information Network reports and progress reports;
  - Individual activity reports as provided by FAS partner institutions;
  - Questionnaires submitted by international participants regarding training programs;
  - Reports from other USDA agencies, FAS offices, the Department of State, the Agency for International Development, and the Office of the U.S. Trade Representative, and U.S. embassies;
  - Assessment of the progress of projects through interviews conducted with ministry officials and other host-country recipients on the impact of USDA technical assistance;
  - Written and verbal observations by program managers who regularly monitor projects in the field;
  - Internal evaluations of activities conducted by the agency and evaluations conducted by external parties;
  - Special workshops designed to elicit feedback and evaluation on "how things are working;" and
  - "Lessons learned" workshops conducted with facilitators to review what is working and what can be improved.

Challenges for the Future

Food insecurity is most prevalent in failed and weakened states characterized by stagnant growth, low-income levels, conflict, dependence on the natural resource base, and poor governance and policy environments. The failure of the growth process in these societies is the core concern and development challenge. Moreover, world market prices for major food commodities have risen sharply to historic highs of more than 60 percent above levels of just two years ago. According to USDA economists, factors including steep increases in prices for agricultural inputs and in transportation costs, two years of poor harvests, export controls in many countries, low world grain-stocks, and increased demand for food and biofuels have increased commodity costs. Although grain prices have fallen in recent months, several of these factors are expected to continue for the foreseeable future continuing to impact many countries for several years.

Since 2007, the McGovern-Dole Program received more than $20 million of additional, processed products through the initiative. Moreover, USDA is developing a Department-wide Action Plan for Food Security, focusing on improvements in policy frameworks, trade and investment, research and technology, natural resources management, global information and monitoring systems, and food safety nets. The Department is also working with other Federal agencies to finalize a consolidated U.S. Government strategy for worldwide food security. Challenges to implementing the strategy and action plan include the factors mentioned above, as well as insufficient global investment in agricultural innovation, research, and market infrastructure; inadequate veterinary and plant protection services to control the spread of disease; and conversion of natural ecosystems to agriculture that could exacerbate climate change, ultimately harming agricultural productivity.

Measure 1.2.2: Food Aid Targeting Effectiveness Ratio

Overview

The goal for supporting developing countries is to help them become economically stable and capable of supporting their populations. USDA participates in this effort, along with other Federal agencies, such as the U.S. Agency for International Development (USAID). Priorities include reducing hunger and malnutrition with sustainable, productivity-enhancing technologies and supporting agricultural reconstruction in post-conflict or disaster areas.

USDA currently administers two food assistance grant programs: the McGovern-Dole International Food for Education and Child Nutrition Program and the Food for Progress program. The beneficiaries under the McGovern-Dole program are developing countries' school children and their mothers. The program provides for the donation of U.S. agricultural commodities and associated financial and technical assistance for pre-school and school-based feeding programs. McGovern-Dole also authorizes the support of maternal, infant, and child nutrition programs. Its purpose is to support a healthy young 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.

All private voluntary organizations that offer food aid through McGovern-Dole conduct extensive operational and results surveys; USDA evaluates the results to determine the programs' effectiveness. Additionally, semi-annual reports share results and challenges.

The Food for Progress program provides for the donation of U.S. agricultural commodities to developing countries and emerging democracies committed to introducing and expanding free enterprise in the agricultural sector. Priority is given to countries, with the greatest need for food, that are making efforts to improve food security and agricultural development, alleviate poverty, and promote broad-based, equitable, and sustainable development.

Americans want a world in which all countries are stable. The 2002 National Security Strategy of the United States recognizes that the root of a foreign threat is the lack of economic development, which often results in political instability. For most developing countries, a productive and sustainable agricultural sector bolsters economic well-being. Thus, agricultural development is crucial to the National Security Strategy.

Analysis of Results

The Food Aid Targeting Effectiveness Ratio (FATER) applied to USDA programs was 56.9 percent, which exceeded the performance target. USDA entered into a process in 2007 that refined priorities for food assistance, resulting in the selection of a set of priority countries more in line with the FATER process. USDA food assistance programs are now making a greater impact because of the priority-country process. Programs are targeting countries where food gaps are greatest, and commodities furnished under USDA food assistance programs are making more of a difference; hence the higher FATER percentage.

Exhibit 18: Support Foreign Food Assistance

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
1.2.2 Food Aid Targeting Effectiveness Ratio	40-44%[1]	30-35%[1]	30-35%[1]	38%	35%	56.9%,	Exceeded

1 Measure was new in FY 2007; FY 2004-FY 2006 figures are estimates.

Rationale for Met Range: The FATER is based on the Food Security Assessment conducted by the Economic Reporting Service of USDA. For countries with greater food insecurity, there is a larger estimated food gap. FATER measures the effectiveness of USDA food aid in closing the gap. The higher the FATER score, the larger the percentage of the estimated food gap met by Department food aid. In countries with greater food insecurity, the FATER value would be relatively low because of large food gaps in those countries. The FATER value would be higher in countries with less food insecurity, where the food gaps are smaller. A target of 35 percent represents a balance of food aid programming across countries with greater and lesser levels of food insecurity.

- Data assessment metrics to meet the target allow for an actual number in the range 30%-35%.

Data Assessment of Performance Measure 1.2.2

Data on quantities and use of food aid commodities of food aid are captured through the USDA Food Assistance Division database.

- Completeness of Data—Data for successfully reporting on the effectiveness ratio is based on the annual provision and use of food aid. Total quantities of commodities and how these commodities are used by the beneficiary in the country of donation is compiled by the Foreign Agricultural Service and submitted to the Economic Research Service for analysis. Data includes food aid provided by USDA.
- Reliability of Data—Data are reliable, of good quality and used by agency officials to highlight the success and impacts of food aid programs, and strengthen food security.
- Quality of Data— Data for successfully verifying the quantities and use of food aid commodities in which USDA analyzes to show the effectiveness of food aid are captured through the USDA Food Assistance Division database. The outcome from the analysis also is further confirmed through a variety of credible sources, including:
  - Reports from FAS and Department of State personnel at overseas posts;
  - Program activity reports as provided by FAS partner organizations;
  - Follow-on evaluations conducted by FAS;
  - Reports from other USDA agencies, FAS offices, the Department of State, and the U.S. Agency for International Development;
  - On-going assessment of the progress of projects; and
  - Evaluation of activities by outside consulting firms.

Challenges for the Future

USDA faces similar challenges in meeting its food assistance targets as it does with maintaining or expanding or maintaining market access. Uncertainty about WTO negotiations, rising food prices, and the rising cost of shipping are major challenges. There are also weather and fuel issues and that cannot be predicted. The effect of pockets of foreign opposition to biotechnology is also a challenge.

Higher commodity and freight costs are one factor contributing to a reduction in the amount of commodities shipped under the Food for Progress and McGovern-Dole programs. To address these challenges, USDA is continuing the "Stocks-for-Food Initiative," in which Credit Commodity Corporation (CCC)-owned, bulk commodities are bartered in exchanges with U.S. food processors to obtain additional, processed agricultural products for USDA's international food assistance programs.

Objective 1.3: Improved Sanitary and Phytosanitary (SPS) System to Facilitate Agricultural Trade

Measure 1.3.1: Value of trade preserved annually through USDA staff interventions leading to resolutions of barriers created by SPS or Technical Barrier to Trade (TBT) measures

Overview

Key Outcome

An Improved Global SPS System for Facilitating Agricultural Trade

Sanitary and Phytosanitary (SPS) measures are those imposed by governments to protect human, animal, and plant health from pests, diseases, and contaminants. USDA works closely with USTR and other agencies to pursue and enforce trade agreements to ensure that technical regulations and measures are designed to enhance food safety and protect plant and animal health not to become unjustified barriers to trade. USDA staff working on such issues in more than 90 countries includes veterinarians, economists, marketing experts, plant pathologists, and others.

The largest single technical trade issue was the normalization of beef trade after the market closures caused by findings of *Bovine Spongiform Encephalopathy (BSE)* in the U.S. beginning in 2003. *BSE* is a chronic degenerative disease that affects the central nervous system of cattle. The 2007 classification of the United States as "controlled risk" for *BSE* by the World Organization for Animal Health (OIE) Scientific Commission affects U.S. efforts to regain market access. An OIE consistent agreement was reached with South Korea, which should restore access to an $800 million market. Further, the Philippines set a standard for other Asian nations by fully complying with OIE standards on beef and allowing complete market access for U.S. beef and beef products of all ages. U.S. beef exports to the Philippines reached $6.3 million in 2006 when partial market access was achieved. Under this new agreement, USDA estimates that U.S. beef exports to the Philippines could double. In addition, Egypt removed its restrictions on sourcing product from animals imported by the U.S. from Canada. This could expand U.S. exports to Egypt by $40 million. Discussions on beef continue with Japan, China, and Taiwan. Expanding access to the Japanese beef market remains a priority. Key trading partners remain resistant to establishing science-based import requirements based upon OIE standards due to political and social factors.

The Department addressed other SPS and TBT in 2008. Notably, USDA helped persuade Korea to implement its requirements for living modified organisms in a less restrictive manner, which preserved U.S. corn and soybean trade, valued at $1 billion annually. Also, of note were successful efforts to eliminate China's requirement for testing biotech seeds that could have affected all U.S. soybean exports to China. USDA earned Taiwan's approval

of Agrisure corn, which made uninterrupted exports of U.S. corn to Taiwan possible. The Department also gained the European Union's (EU) approval of four biotech corn products. This agreement restarted U.S. corn gluten feed exports to the EU. Meanwhile, workshops conducted by USDA for parties to the Cartagena Protocol on Biosafety helped prevent the adoption of liability and redress provisions; adoption would have imposed major financial risks on agricultural suppliers.

The EU also lifted destination testing of U.S. long grain rice for the presence of a genetically engineered trait. This development allowed the resumption of U.S. rice exports to the EU. USDA negotiations with Chile and El Salvador resulted in the opening of those markets to U.S. poultry. In response to U.S. objections raised at a WTO SPS Committee meeting, Malaysia dropped a requirement that would have imposed a $27,000-per-plant inspection fee on international meat and poultry plants. The fee would have stopped U.S. meat and poultry exports.

Analysis of Results

The Department measures the value of trade preserved by resolving trade barriers arising from SPS and TBT measures imposed by foreign governments. Trade issues and their impact on U.S. exports depend primarily on foreign action, sometimes in response to events in the U.S., such as a livestock disease outbreak. Both the problems and the solutions are 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 an action can range from a few thousand to billions of dollars. While USDA can establish priorities in advance for known constraints, unforeseen events will occur that require realigning priorities.

Selected Results in Research, Extension, and Statistics

Economic Analysis of Sanitary and Phytosanitary Systems—Increased trade helps meet U.S. consumers' growing demand for a variety of fresh and processed foods. Imports rose from 4.7 percent of the total value of U.S. food and beverage consumption in 1995 to 6.8 percent in 2005. The import share of certain categories of foods (such as fruits and vegetables) has grown at a faster rate. Unfortunately, increased agricultural imports could inadvertently introduce foreign pests and diseases. The resulting damage to domestic crops, livestock, and the environment can reduce or offset some of the trade benefits. In the Amber Waves article, Regulating Agricultural Imports to Keep Out Foreign Pests and Disease, USDA noted that, while increasing agricultural imports benefits U.S. consumers, shipments can transport harmful foreign pests and diseases. The U.S. and other nations use a number of approaches to reduce agricultural risks to prevent pests and diseases entering through trade.

Exhibit 19: Increase U.S. Export Opportunities

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
1.3.1 Value of trade preserved annually through USDA staff interventions leading to resolutions of barriers created by SPS or Technical Barrier to Trade (TBT) measures. ($ Million).	$3,950	$2,000	$2,600	$2,457	$2,000	$7,316	Exceeded

Baseline: 1999 = $2,567

Rationale for Met Range: The target for this measure is controlled by international parties. It reflects U.S. expectations for addressing compliance with existing trade agreements and resolving trade access issues that arise so that domestic exports can continue. A met or exceeded target reflects USDA successes in addressing these barriers. An unmet target may conceal that USDA monitoring activities prevented noncompliance.

- Data assessment metrics to meet the target allow for an actual number in the range 1,500-2,000.

Data Assessment of Performance Measure 1.3.1

- USDA uses a 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. The staff conducts trade compliance and enforcement activities, provides trade negotiation support to the U.S. Trade Representative.
- Completeness of Data—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 2008.
- Reliability of Data—Data are reliable and used by agency and Agency officials to highlight successes in the trade-policy arena.
- Quality of Data—In addition to audits and internal control review of the performance tracking system, an established procedure is maintained to review each reported success for verification and the prevention of double counting.

USDA's selection of this performance measure reflects the growing importance of addressing unjustified SPS barriers in order to maintain or expand trade. As the U.S. Government continues to negotiate new bilateral, regional, and multilateral trade agreements, the challenge will be to monitor and enforce compliance with both trade and technical commitments. This monitoring will ensure that U.S. agriculture receives full benefits from negotiated reductions in tariff rates by preventing needless SPS and technical trade barriers.

Challenges for the Future

Given the increasing global flow of food and agricultural products, the ability of foreign countries to develop and implement sound, science-based regulatory systems is vital to the long-term safety of U.S. agriculture and our food supply. U.S. agriculture benefits greatly from the development of transparent and science-based regulatory frameworks in other countries. Besides monitoring and enforcing its rights under the WTO SPS agreement, USDA is working to support the development and adoption of science-based international standards and SPS regulatory systems. These efforts are critical to the Department's ability to bring developing countries into the global trading system, so they can support further liberalization through multilateral trade negotiations.

Strategic Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies

Rural America is of critical importance to the Nation's prosperity. USDA enhances the competitiveness and sustainability of rural and farm economies by expanding domestic market opportunities, increasing the efficiency of domestic agricultural production and marketing systems, and providing risk management and financial tools to farmers and ranchers.

Objective 2.1: Expand Domestic Market Opportunities

Measure 2.1.1: Number of Items Designated as Biobased for Federal Procurement

Overview

Key Outcome

Increased use of biobased products throughout the U.S. Government and increase the demand for agricultural commodities

Agricultural and forestry resources provide renewable raw materials for a broad range of non-food and non-feed products. These products include chemicals, fibers, construction materials, lubricants, and fuels. The development and commercialization of such biobased and bioenergy products provide new and expanded markets for agricultural feedstock, accelerate market penetration, reduce U.S. dependence on international oil, and diversify agriculture while fostering rural and sustainable development. Such products are friendlier to the environment than their petroleum-based counterparts.

Section 9002 of the Farm Security and Rural Investment Act of 2002 (FSRIA) authorized the Federal Biobased Products Preferred Procurement Program (FB4P). FB4P, also called "BioPreferred," is designed to increase the Government's purchase and use of biobased products. FSRIA requires Federal agencies to purchase biobased products instead of their petroleum-based counterparts. The products bought must be readily available, reasonably priced and comparable in performance. As the single largest consumer in the U.S., purchasing roughly $400 billion annually in goods and services, the Federal Government's preferred use of biobased resources will help create new jobs in rural communities and provide new markets for farm commodities.

The Departmental Administration is implementing BioPreferred through successive rulemakings. BioPreferred authorizes the preferred procurement of biobased products that fall under items (generic groupings of products) designated by rulemaking. Congress created BioPreferred to:

- Spur demand growth for new biobased products;
- Increase domestic demand for agricultural commodities;
- Encourage the development of processing and manufacturing in rural communities;
- Capture environmental benefits; and
- Enhance the Nation's energy security.

The first final rule (round 1) was published March 16, 2006. Subsequently, three more rules (rounds 2, 3, and 4) were published in the *Federal Register* in 2008. Once finalized, these rules will add 30 designated items. Five more rounds of designations are in the approval process. There are five more planned rounds of rulemaking.

Technical information to support each proposed rule is available at the BioPreferred Web site, www.biopreferred.gov.

Analysis of Results

The Department measures the number of items designated as biobased products as a proxy measure until data is available to directly measure USDA's impact on sales of biobased products. USDA exceeded its targets for this performance measure because three rules were published designating 33 items. BioPreferred is expected to increase the use of biobased products within the Federal Government significantly. This increased usage, in turn, will encourage the production of biobased products.

USDA continues to inform farmers and other consumers about the benefits of biodiesel fuel and other biobased products. The Department works with the manufacturers and vendors of biobased products, who must provide the material and data necessary to test and evaluate biobased content, environmental attributes, and life-cycle costs. This information will allow USDA to designate generic groupings of products for preferred procurement within the program.

Selected Results in Research, Extension, and Statistics

Specialty Crops Program Contributes to the Economy—The USDA-funded Interregional Research Project number 4 (IR-4) Project is a cooperative program with the Land-Grant University Experiment Stations. The project develops data to support and expedite regulatory clearances of newer, reduced-risk, pest-control products for specialty crop growers. A study by the Center for Economic Analysis at Michigan State University concluded that, including direct, indirect and induced effects, IR-4 contributes nearly $7.7 billion to annual U.S. gross domestic product. The project also supports the employment of 113,411 workers who earn $4.8 billion annually.

"Green" Cleaning Agents—USDA researchers in Albany, California, developed biobased cleaning products, charcoal briquettes, odor-removing non-woven substrates and biodegradable cleaning substrates that are "flushable" and still effective at scrubbing. The use of eco-compatible plant polymers in cleaning products and charcoal creates greener, more economical products. It also aids the American farmer by opening new markets for surplus crops, reduces U.S. dependence on petroleum and minimizes the carbon footprint of single-use products.

Exhibit 20: Number of Items Designated as Biobased for Federal Procurement.

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
2.1.1 Number of items designated as biobased for Federal procurement	n/a	Deferred	6	6	26	33	Exceeded

Numbers signify Items published as final rule in *Federal Register*. Increase in FY 2008 target reflects larger number of items to be designated in the year's series of rulemakings.
Rationale for Met Range: Based on a count of items for designation, the target is a number with no range.

Data Assessment of Performance Measure 2.1.1

The performance measure is the number of items included in final rule designations for the BioPreferred Program (formerly known as the Federal Biobased Preferred Procurement Program).

- Completeness of Data—The performance data are complete and unambiguous. The performance indicator for reporting past performance is a straightforward counting of the number of items included in final rule designations. Projections are based on "rule designations" in process.
- Reliability of Data—The information is reliable. There is no subjectivity or ambiguity in determining the measure's value.
- Quality of Data—The quality of the data is very high due to its reliability. The data for projections are more ambiguous as they incorporate "rule designations" in process and expected progress by multiple Federal agencies in the process of designating additional rules. The performance measure, "items" included in final rule designations does not reflect the amount of BioPreferred program work. Multiple stakeholders and Federal agencies are involved. In addition, there are technical demands in reporting information and support of the program not reflected in the measure.

Challenges for the Future

USDA is addressing the challenge of marketing BioPreferred products by encouraging vendors to voluntarily post product and contact information on the program Web site at www.biopreferred.gov. This will allow Federal agencies to find biobased products for procurement.

USDA is developing a model procurement program for Federal agencies to help them meet their responsibilities within the program's parameters. The program will educate and help Federal agencies, manufacturers and vendors. The Department seeks to better measure the increase in demand for biobased products as it seeks data and studies to support enhanced performance measurement and management.

Objective 2.2: Increase the Efficiency of Domestic Agricultural Production and Marketing Systems

Measure 2.2.1: Timeliness: Percent of time official reports are released on the date and time pre-specified to data users

Overview

Key Outcome

Agricultural Producers Who Compete Effectively in the Economic Market

USDA supports sound decision-making about agriculture by providing readily available, accurate data, and assessments. The Agricultural Statistics Board (ASB) prepares and issues official national and State forecasts and estimates relating to numerous agricultural subjects. ASB covers crop production, stocks of agricultural commodities, livestock products, dairy products, poultry products, agricultural prices, agricultural wage rates, chemical usage, and other related subjects. The reports calendar lists release dates and specified times for USDA's national agricultural statistics reports. These reports cover more than 120 crops and 45 livestock items. All 428 of the agricultural statistics reports, except for 2 scheduled by ASB, were released on time to achieve the 99.5-percent performance target in FY 2008.

Analysis of Results

USDA seeks to enhance agricultural competitiveness by providing timely data, which is measured by the percentage of statistical reports released on time. USDA did not meet its performance target of 100 percent. USDA was unable to release two reports on time. One provider delivered data late for one report, and USDA experienced technical difficulties with the second report.

USDA strives to release its ASB reports on time 100 percent of the time each year. It is imperative to deliver high-quality, objective, relevant, timely and accurate statistics to producers, and other data users. Such statistics allow users to make sound decisions. Official agricultural statistics promote a level playing field in production agriculture with impartial information available to all at a publicized time. These data, provided throughout the year, are important to the commodity and agricultural markets. They help provide a fair and equitable environment. Public officials use the data to make informed decisions. USDA policymakers and Congress use this information to help build a strong sustainable farm economy.

Selected Results in Research, Extension, and Statistics

Healthy Bee Populations—U.S. honeybees are important agricultural workers, pollinating an estimated $15 billion worth of fruit, seed, and fiber crops annually. In response to their declining population, a USDA-funded project team in Arizona developed a nutritional supplement, called MegaBeeTM. Colonies fed the nutritious "bee smoothie" retained 30 percent more adult bees and more efficiently converted food for young bees. MegaBeeTM increased adult bee populations and colony pollination.

Increase Poultry Production—USDA-funded research at the University of Arkansas developed methods being implemented by the two largest poultry integrators in the Nation. Nearly half of all broilers produced in the U.S. have been produced utilizing these new methods for storing eggs during hatching. A 1-2 percent increase in hatchings across the U.S. would produce 2.5 to 5 million more chicks per week by the end of the year, This rise would result in a potential net increase of $1.25 million in direct chick-cost savings.

Provide New Genetic Resources To Protect Corn From Genetic Vulnerability—While corn is the most widely grown domestic crop, it has a narrow genetic base. An expanded genetic base protects crops from new diseases and pests. USDA scientists in Ithaca, New York; Raleigh, North Carolina; and Columbia, Missouri, have produced more than 5,000 diverse corn lines to determine how complicated agronomic traits are genetically controlled in any species. The researchers broke down the lines to produce basic genetic maps using more than 18 million data points. This project will provide an unparalleled understanding of the number, location, and agronomically valuable gene forms that can be exploited for corn improvement.

Provide Statistical Data to Promote Efficient Domestic Agricultural Production and Marketing Systems—USDA collaborates with the United Soybean Board (USB), supplying it with soybean samples from 11 States. USDA analyzes the samples to determine such variables as oil and protein content. These analyses help determine the quality of soybeans produced in the U.S. Researchers also compare them with those grown in other countries. This process helps USB provide analyses back to USDA for research.

Commodity Programs and Farm Structure—USDA examined the links between commodity payments and the changing structure of production for program commodities. Production is shifting to larger farms. The report assesses the pace of those shifts. It also identifies a strong relationship between commodity payments and shifts of production: those locations with the highest commodity payments per acre also have the most rapid consolidation of production into larger enterprises. The statistical relationship is large and pervasive. The report assesses several alternative explanations for the relationship.

Exhibit 21: Agricultural Statistics Reports Released On-Time

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
2.2.1 Timeliness – Percent of time official reports are released on the date and time pre-specified to data users	99.4%	99.8%	100.0%	100.0%	100.0%	99.5%	Unmet
428 official reports were published in FY 2008. Rationale for Met Range: The target is a number with no variance. Any result less than 100% is considered unmet. This measure cannot be designated as exceeded.							

Data Assessment of Performance Measure 2.2.1

The Agricultural Statistics Reports provide statistics to producers and data users. Other stakeholders use the data to make informed decisions and impact the commodity and agricultural markets.

- Completeness of Data—The data are considered complete as of September 30, 2008.
- Reliability of Data—The data are considered reliable and is supported by multiple data sources, public, and private. The data undergo extensive review and checks to ensure proper reporting.
- Quality of Data—Data are obtained from farm and ranch operators, agribusinesses such as grain elevators, shippers, processors, and commercial storage firms. Scientifically designed sampling methods are used to determine the operations to be included in each survey. The national Agricultural Statistics Service (NASS) also maintains an area sampling frame, essentially the entire land mass of the United States. Detailed information on reports may be found at: http://www.nass.usda.gov/About_NASS/index.asp.

Challenges for the Future

Collecting and preparing large volumes of Agricultural data for the Department involves multiple stakeholders and deadlines which may affect timely reporting. Delayed data collection from sources and unanticipated technical or other difficulties impact timeliness.

Measure 2.2.2: Percent of market-identified quality attributes for which USDA has provided standardization

Overview

Key Outcome

Economically Sound Agricultural Production Sector

USDA facilitates the marketing of agricultural products in domestic and international markets. The Department's programs enhance the marketing and distribution of agricultural products which benefits producers, traders, and consumers of U.S. food and fiber products. Activities include:

- Disseminating market information;
- Implementing and monitoring the Country of Origin Labeling (COOL) Program;
- Purchasing specialty crops, meats, fish, and poultry products that are provided to USDA nutrition assistance programs;
- Monitoring egg handling operations;
- Developing commodity grade standards;
- Protecting producers from unfair marketing practices;
- Developing organic standards and managing the National Organic Program (NOP);
- Conducting research, providing technical assistance, and establishing grants aimed at improving efficiency of food marketing and distribution;
- Sampling and testing commodities for pesticide residues and pathogens:
- Verifying pesticide recordkeeping; and
- Providing grading, certification, and audit verification services to confirm marketing claims.

USDA improves market competitiveness and increases the efficiency of agricultural marketing systems through its *Market News* program. *Market News* gathers and publishes price and other market data on specific agricultural commodities. This timely, accurate, and unbiased market information covers local, regional, national, and international markets.

NOP develops, implements and administers national production, handling and labeling standards for organic agricultural products. It also accredits the certifying agents (domestic and international) who inspect organic production and handling operations to certify that they meet USDA standards. Through these regulatory activities, consumers may be assured that organically produced products meet a consistent standard. The activities also show that the market can conduct commerce in fresh and processed food produced organically. The program provides the infrastructure needed for an efficient and competitive system for the marketing of organic agricultural products.

During FY 2008, USDA reorganized NOP into three branches: Standards Development and Review; Accreditation, Auditing, and Training; and Compliance and Enforcement. NOP worked closely with the National Organic Standards Board (NOSB) and the rapidly expanding organic agriculture industry to strengthen operations and communication. NOSB is charged with assisting the Secretary of Agriculture in developing standards for substances to be used in organic production. Both NOP and NOSB looked to refine the definitions and requirements for organic production and labeling. On July 14, 2008, USDA issued a proposed rule to amend the legislatively mandated National List of Allowed and Prohibited Substances regulations. The changes reflected recommendations submitted to the Secretary by NOSB.

Farmers markets allow consumers to buy locally grown farm-fresh produce. They also allow farmers to develop personal relationships with their customers and gain their loyalty. To aid small farmers and the agriculture community, USDA marketing experts provide technical advice and assistance to States and municipalities interested in creating or upgrading wholesale market facilities, auction and collection markets, and retail farmers markets.

Since 2006, many States have used specialty crop block grants funding for marketing programs to enhance the competitiveness of these commodities. Some of these specialty crop programs promote State-grown products. Specialty crops are defined as fruits and vegetables, tree nuts, dried fruits, and nursery crops (including floriculture). All 50 States, the District of Columbia and the Commonwealth of Puerto Rico are eligible to participate.

Mandatory COOL labeling began in 2008 for beef and veal, lamb, pork, fish, chicken, goat, macadamia nuts, pecans, ginseng, perishable agricultural commodities, and peanuts. The program includes activities related to quality assurance, regulations, protocols, general administration, and program management. The 2008 Farm Bill amended COOL to require retailers to notify their customers of the country of origin of an expanded list of food products. The Farm Bill also added provisions for labeling products of multiple origin and specifications for international compliance.

Additionally, the 2008 Farm Bill increased how much USDA will spend on fresh fruits, vegetables, and nuts to provide nutritious foods for schools and service institutions participating in domestic nutrition-assistance programs. *Dietary Guidelines for Americans* recommends increasing fruit and vegetable consumption. Since USDA's nutrition assistance programs reach 20 percent of Americans, this change will provide readily accessible servings of fruits and vegetables to low-income populations and schools.

Setting official standards for agricultural products and regulating and monitoring them enhance the marketing and distribution of agricultural products. For example, USDA establishes the official U.S. standards for grain; conducts official weighing and grain inspection activities; and grades rice, dry beans and peas, processed grain products, and hops. USDA also establishes official U.S. Standards, specifications, and marketing claim descriptions for cotton, dairy products, fruits, vegetables, other specialty crops, meat, poultry products, and eggs.

Analysis of Results

When new standards are needed, USDA initiates a process to develop and implement the standards. Measuring the number of standards developed by the Department to meet market needs indicates how USDA is performing in its efforts to support a sound agricultural sector in the economy. USDA accomplished its standards development goal for FY 2008 by publishing quality standards for Llama/Alpaca Meat and Caprine Meat Carcasses and Cuts. These standards were developed in conjunction with the United Nations Economic Commission for Europe (UNECE). The purpose of these UNECE standards is to facilitate trade for meat products by an internationally recognized description for use between buyer and seller for meat items commonly traded internationally. They also establish and define a coding system for communication and electronic trade.

USDA issued revised U.S. Standards for Grades of Potatoes, Pineapples, and Tomatoes on the Vine. USDA also proposed revised U.S. Standards for Beef Greens, Carrots, Frozen Okra, and Table Grapes (European or Vinifera Type). The U.S. Standards for Grades of Olive Oil and Olive-Pomace Oil, and the U.S. Standards for Grades of Frozen Onions are slated for publication in FY 2009.

USDA also developed three quality assessments for grain:

- A rapid, field-based test for *Ochratoxin A*, a mycotoxin which can occur in wheat and barley;
- Official inspection services for Blue Corn; and
- Amendments to the U.S. Standards for Sorghum.

Mycotoxins are produced by various fungi and can endanger humans and animals when consumed. Because many U.S. trading partners have established tolerance levels for mycotoxins, USDA has approved rapid tests for use in its official inspection system to certify toxin levels and facilitate grain trade.

The Department also established official inspection services for blue corn under the U. S. Grain Standards Act (USGSA) at the request of blue corn producers. USGSA is designed to facilitate the marketing of grain, oilseeds, pulses, rice, and related commodities. Additionally, the Department has laid the groundwork for additional colors of specialty corn, such as red and purple, if they come into the market.

USDA revised the United States Standards for Sorghum to amend:

- The definitions of the classes of sorghum;
- The definition of non-grain sorghum;

- The grade limits for broken kernels and foreign material;
- The grade limits for the subfactor foreign material;
- The total count limit for other material into the standards; and
- The method of certifying test weight.

All changes were made in response to requests from the market. They were announced and finalized through the public rulemaking process. The revised standards will promote the marketing of higher quality sorghum. They offer better descriptions of the types of grain sorghum produced by American farmers. The standards also reduce the allowable levels of broken sorghum kernels and foreign material in the various quality grades of sorghum.

Exhibit 22: Percent of market-identified quality attributes for which USDA has provided standardization

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
2.2.2 Percent of market-identified quality attributes for which USDA has provided standardization	96%	96%	94%	95.7%	97%	98%	Exceeded
Rationale for Met Range: The target is a number with no variance. Any result greater than or less than 97% is considered unmet or exceeded, respectively.							

Data Assessment of Performance Measure 2.2.2

The development of quality standards is a complex, multi-stage process requiring extensive review and discussion with the client industry. Thus, yearly milestones have been established for completing of the standards development process. For Agricultural Marketing Service (AMS), the development of a new standard requires a great deal of research into a wide range of activities, including: 1) a study of the product to determine the quality factors involved and the range of quality produced; 2) an investigation into the production practices in major producing areas, varieties or types of production, packing, processing techniques, and consumer-buying practices; 3) a statistical plan for sampling product; and 4) interviews with producers, packers, processors, shippers, receivers, consumers, and scientists.

- Completeness of Data—Data used in conjunction with performance information are based on information reported by the Grain Inspection, Packers and Stockyards Administration (GIPSA) and each Commodity Standards Branch: Cotton, Tobacco, Dairy, Fruits and Vegetables, Livestock and Seed, and Poultry – through the end of the third quarter of the reporting year, and a projection for the fourth quarter of the fiscal year based on prior-year performance. The Department also calculates the quarterly and annual results based on a statistical model of percentage of goal attained by the AMS and Grain Inspection, Packers and Stockyards Administration for standards development.
- Reliability of Data—The data are reliable because of extensive research and field testing. These tests are used to adjust the standard or specification until it is an accurate measure of the commodity. It is then made available for review and comment in the *Federal Register* by industry stakeholders, clients, and customers. Performance shortfalls may occur if resources are limited or if the standard under development is controversial.
- Quality of Data—Data are projected based on industry requirements, program plans, and historical performance trends. The target information uses data dependent upon the baseline projections from AMS Commodity Standards programs. To the extent that any of the USDA projections are inaccurate, the projection of value also will be inaccurate.

Challenges for the Future

Keeping up with changes in consumer demand, domestic and international marketing practices, and new technologies present challenges for USDA. New legislation may introduce the need to modify or add standards. Standards bodies are another source of new or modified standards. USDA must react quickly to these changes while continuing to monitor the entities that follow these standards.

Objective 2.3: Provide Risk Management and Financial Tools to Farmers and Ranchers

Measure 2.3.1: Increase the normalized value of risk protection provided to agriculture producers through FCIC-sponsored insurance

Overview

USDA provides and supports cost-effective means of managing risk for agricultural producers. This assistance is designed to improve the economic stability of agriculture. It assesses the producers' need and develop a variety of suitable risk-management tools. These tools help farmers and ranchers 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 used to protect and stabilize the agricultural economy.

The USDA Federal Crop insurance program provides an actuarially sound risk management program to reduce agricultural producers' economic losses due to natural disasters. This program is available to producers solely through private insurance companies. These companies market and provide full service on policies upon which they share the risk with USDA. A Standard Reinsurance Agreement (SRA) defines the amount of risk they share. The SRA calls for insurance companies to deliver risk-management insurance products to eligible entities under certain terms and conditions. Companies 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. It also reimburses for administrative and operating expenses associated with the companies delivering the insurance products. During most of 2008, the number of participating companies totaled 16 with another company approved effective July 1. The value of risk protection provided over the past year to agricultural producers through FCIC-reinsured policies exceeded $88 billion in 2008 dollars. This amounts to a three-fold increase in program liability during the last decade.

USDA also has implemented several initiatives to increase awareness and service to small and limited resource farmers and ranchers and other under-served groups and areas. Through partnership agreements, the Department provides a venue for public and private agricultural organizations, land grant colleges and universities community based organizations, farmers and ranchers, and other stakeholders. USDA also partners with community-based organizations, and Hispanic Serving Institutions. These partnerships provide technical program assistance and risk-management education on strategies associated with legal, production, marketing, human resources, and labor risks.

Analysis of Results

Agricultural producers need protection from the multiple perils of weather, disease, wildlife, wildfire and market volatility. For producers who experience severe losses, crop insurance proceeds can prevent mortgage defaults or bankruptcy. USDA continued to assess producers' needs and private risk-management tools to ensure that new and innovative alternatives are available that result in increased program participation. Measuring the amount of risk-protection offered to agricultural producers demonstrates how the Department helps provide a sound agricultural economy by protecting its members from severe economic losses.

USDA exceeded its target by $0.3 billion in FY 2008. During the 2008 crop year, the economic risk of American agricultural producers dropped by approximately $88.5 billion (liability) through Federal crop insurance coverage. The performance measure illustrates the normalized/real dollar value of FCIC insurance within the agricultural economy. It also shows the amount of potential collateral provided to qualify for commercial loans. Since the 1999 crop year, the normalized value of the liability of the policies has increased by approximately $19 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 FCIC-reinsured policies.

USDA has significantly increased the value of risk protection through FCIC-reinsured policies since FY 2000. The Department continues to work closely with insurance companies 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.

Selected Results in Research, Extension, and Statistics

Adoption of Farm Management Tools—With USDA funding, Pennsylvania Extension teaches the use of farm financial-management tools. Armed with this knowledge, 1,668 participants in Pennsylvania indicated that they had implemented or adopted business plans, market research, decision-making tools, risk-management practices, and/or human resource management practices. With the extension's help, another 1,328 indicated that they implemented or adopted sustainable agriculture or nutrient management practices and methods on their farm.

Credit: Access, Constraints, and Implications for Farms and Sole Proprietorships—USDA's Agricultural Resource Management Survey asked farmers about their use of debt. If the response was that debt was neither used in purchasing capital items nor acquiring operating inputs, a follow-up question asked why the operation did not take out loans or use a line of credit. A range of responses was allowed that extended from self-financing due to the sufficiency of available funds, to transaction costs, risk associated with debt, and the inability to obtain new or additional credit. Questions have also been asked to inquire whether a producer's credit application has been rejected or reduced in amount. Initial research using these data is underway.

Exhibit 23: Providing Risk Management Tools to Farmers and Ranchers Economically Viable

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
2.3.1 Increase the normalized value of risk protection provided to agriculture producers through FCIC-sponsored insurance ($ Billion)	$43.0	$45.3	$48.7	$50.7	$50.7	$51.0[1]	Met

As of October 2, 2008.
New methodology described in the Analysis of Results has produced revised figures for previous years.
[1]The total value in 2008 dollars is $88 billion.
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 4.4.

Data Assessment of Performance Measure 2.3.1

The value of risk protection denotes the amount of insurance protecting and stabilizing the agricultural economy. The target is based on projections developed in November 2003. The baseline model uses the latest information from the crop insurance program and combines it with USDA baseline projections for major crops. 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 projections for major crops. The liability from the baseline projection is adjusted to remove the effect of year-to-year variations in price to produce "normalized liability" projections. The reference price used for the normalization is the average commodity price from 2002 to 2006. 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 are based on information 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 SRA also provides reinsured companies with disincentives for not following prescribed guidelines and procedures. A recent audit by the Office of the Inspector General (OIG) (see Audit OIG-05099-111-KC, under Goal 2 in the Program Evaluations section) found that the Risk Management Agnecy (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 implemented memorandums of understanding with their information partners with procedures to ensure reliable data.
- Quality of Data—Data are projected based on historical performance and the target information uses information dependent upon the baseline projections from numerous USDA agencies. The accuracy of the projections directly affects the accuracy of the projections of value.

Challenges for the Future

USDA's challenge is to continue expanding and improving insurance coverage and other risk-management solutions, particularly for underserved States, areas, communities, and commodities. The Department needs to address the management and financial information technology costs associated with operating and maintaining existing program data needs. These systems and technologies also service new and revised products. USDA continues to research how to deliver more crop and livestock 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 the delivery of risk management products to ensure their efficient 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.

Measure 2.3.2: Increase the percentage of eligible crops with Noninsured Crop Disaster Assistance Payments (NAP) coverage

Overview

Key Outcome
Economically Sound Agricultural Production Sector

Farmers must have access to timely and accurate information. Without it, they will not be able to compete in a rapidly growing marketplace. USDA provides farmers with the risk management and financial tools needed to minimize risk and enhance their operations.

To help maintain the economic stability of agriculture, USDA has programs that reduce the volatility of price and climate fluctuations. Stable commodity supplies and prices assure an affordable supply of food for the Nation. In times of natural disaster, the Department also administers emergency loan and disaster relief programs to return farms and ranches to their pre-disaster state as quickly as possible. USDA's NAP provides financial assistance to producers of non-insurable crops when natural disasters cause low yields or inventory loss, or prevent planting.

Those eligible for assistance through NAP are landowners, tenants, or sharecroppers who share in the risk of producing an eligible crop. Eligible crops must be non-insurable agricultural commodities for which there is no available crop insurance. By obtaining NAP coverage, producers are able to provide some level of assurance to lending institutions that USDA will assume a portion of the insurance risk.

Analysis of Results

This measure, like the previous one, shows performance in providing a sound agricultural sector by helping mitigate severe losses. USDA did not meet its target for increasing the percentage of eligible crops with NAP coverage. Participation in the program was lower because prior ad hoc disaster legislation mandated participation in NAP as a precondition for receiving disaster payments. However, producers who had not purchased NAP were allowed to participate in the disaster program if they agreed to purchase NAP for the following two crop years. This legislative requirement expired with the 2007 crop; therefore, producers dropped out of the fee-based NAP program, resulting in a drop in enrollments. Also, the NAP measure uses proxy data derived from claims made on the 2007 crop year. NAP payments for the 2007 crop year were roughly half what they had been the prior year due to generally favorable weather conditions. In low loss years the use of a proxy measure may result in underreporting the actual performance of the program. Further, the program has documented increased enrollment for FY 2008 and should trend upwards in the next fiscal year due to the requirement in the 2008 Farm Bill that a producer must have obtained a policy or plan of insurance or NAP coverage to maintain eligibility for four of the five new standing disaster programs.

Exhibit 24: Providing Tools to Help Farmers and Ranchers Stay Economically Viable

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
2.3.2 Increase percentage of eligible crops with Noninsured Crop Disaster Assistance Payments (NAP) coverage	11.12%	12.82%	12.70%	11.76%	11.76 %	7.2%[1]	Unmet

- Estimated results as of September 30, 2008.
- The target and threshold represents the value of crops participating in the program compared to the universe of the value of crops eligible to participate in the NAP program.

Rationale for Met Range: Data assessment metrics to meet the target allow for an actual number in the range 10.76%-12.76%.

Data Assessment of Performance Measure 2.3.2

- Completeness of Data—The data are estimated as of September 30, 2008.
- Reliability of Data—The Farm Service Agency (FSA) collects performance information from key program partners that it uses to manage NAP and improve performance. RMA conducts numerous edit checks of its source data. NASS' review of its data includes peer review. FSA correlates RMA and NASS data to NAP. It uses a simple formula approved by the Office of Management and Budget in the NAP Program Assessment Rating Tool process. External factors which contribute to and impact the program's performance data include natural disasters, crop eligibility, legislated linkage requirements, and commodity price fluctuations. While the participation rate may fluctuate from year to year, the program is on track towards meeting long-term targets. The 2008 Farm Bill links eligibility requirements to receive disaster benefits to NAP participation.
- Quality of Data—Data reviews for integrity and accuracy are conducted by FSA and its partner agencies. It is considered to be of high quality.

Challenges for the Future

Because of the volatile nature of the market and the unpredictability of natural disasters, USDA regularly reviews NAP and other farm support programs in keeping with legislation to provide effective, customer-focused programs. Information technology and infrastructure modernization also pose an ongoing challenge to the Department. Significant costs are associated with providing adequate technical assistance to support USDA programs and management.

Measure 2.3.3: Increase percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by USDA

Overview

USDA Farm Loan Programs (FLP) provides loans and loan guarantees to eligible farmers and ranchers. The programs are designed to promote, build, and sustain family farms, which help support a thriving agricultural economy. Department assistance is particularly important to minorities, women, and beginning farmers. These groups typically have limited financial assets or limited farming experience. Barriers to entering production agriculture are quite high, and include the initial capital investment, high land values, and increasing input costs. Beginning farmers, minorities, and women are particularly impacted by these barriers. Access to credit is an important tool in overcoming the barriers and allowing these groups to begin or maintain a farming operation.

Analysis of Results

USDA met the performance measure target. The Department currently provides agricultural credit to more than 16.2 percent of the Nation's minority, women, and beginning farmers. This credit includes direct and guaranteed farm ownership and operating loans. Farm ownership loans are used to purchase farm real estate, enlarge existing farms, construct or improve farm structures, and improve the environmental soundness of farms. Farm operating loans are used for normal operating expenses, equipment, machinery and livestock purchases, and refinancing

existing debt. In FY 2008, USDA provided an estimate of 15,273 loans to the targeted groups – roughly $1.63 billion. USDA currently has 44,343 minority, women, and beginning farmers in its loan portfolio, a 33 percent increase since FY 2000. This is a significant accomplishment when considering that the overall loan portfolio has declined during that time period.

Exhibit 25: Providing Tools to Help Farmers and Ranchers Stay Economically Viable

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
2.3.3 Increase percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by USDA	14.50%	15.00%	15.50%	15.9%	16.5%	16.22%[1]	Met

[1] Estimated as of September 30, 2008.

Rationale for Met Range: Data assessment metrics to meet the target allow for an actual number in the range 16%-17%.

Data Assessment of Performance Measure 2.3.3

FLP data reside in the Program Loan Accounting System, Guaranteed Loan System, Direct Loan System, and FLP Databases. Information obtained from the 2002 Census of Agriculture is also used for this performance measure. The measure is calculated by taking the total number of minority, women, and beginning farmers in the loan portfolio and dividing it by the number of members of those three groups listed in the 2002 Census of Agriculture with at least $10,000 in sales (this sales figure excludes hobby farms, which are not the intended market for FLPs).

- Completeness of Data—Data reported will be considered final as of September 30, 2008.
- Reliability of Data—Data are considered reliable. System enhancements and built-in edits, coupled with comprehensive internal control review programs help ensure data reliability and quality. Census of Agriculture data are considered reliable. However, the resulting percentage reported likely understates the importance of USDA's service to these targeted groups. It does not account for how many of these farmers would meet USDA's test for credit. Given that less than 50 percent of farm operators have any debt, it is unlikely that all of the targeted farm operators identified in the census would meet the credit test. Despite this limitation, these data are the best available for estimating USDA's performance in reaching the targeted groups.
- Quality of Data—FLP data is of high quality. Most FLP data originate from accounting systems, which are subject to OIG audit. FLP data are collected for multiple purposes and gathered throughout the normal lending process. Data derived from the 2002 Census of Agriculture were developed in FY 2006 and will be used until the next census is completed.

Challenges for the Future

The structure of U.S. agriculture continues to change as most farms become larger and increasingly dependent on technology, resulting in increased capital needed to gain entry into farming. The costs of operating a farm continue to increase because of higher input costs. These factors result in significant barriers and challenges for the groups that the USDA farm loan programs are intended to assist. To keep pace, USDA will continue efforts to modernize the program delivery system and refine and adjust program requirements to maximize opportunities for our nation's minority, women, and beginning farmers.

Strategic Goal 3: Support Increased Economic Opportunities and Improved Quality of Life In Rural America

Objective 3.1: Expand Economic Opportunities by Using USDA Financial Resources to Leverage Private Sector Resources and Create Opportunities for Growth

Measure 3.1.1: Jobs Created or Saved

Overview

Key Outcome
Enhanced Capital Formation for Rural Communities

USDA's programs help finance rural businesses and promote opportunities for economic growth as measured by jobs created and saved.

One of USDA's core missions is to ensure that rural residents can enjoy the same economic opportunities other Americans do. This is not a simple mission. Credit limitations and other market imperfections can prevent rural economies from creating jobs and generating incomes sufficient to allow rural families to thrive. These factors also deter rural youth from staying in local communities. To address this issue, USDA programs provide capital enhancement tools for rural America. These programs provide affordable access to funding for investment in businesses and economic infrastructure.

The development of an Internet-based economy provides unique opportunities for rural America. A rural broadband infrastructure can ease many limitations on rural business development caused by geographic distance and a small local customer base. Thus, USDA is providing capital to finance access to broadband service for rural communities. Internet access is critical to enable rural businesses to participate in the developing global economy.

The Department's grant programs provide funds to under-resourced rural communities. The funds help improve local infrastructure or expertise to be more attractive to new businesses and maintain appeal to local residents. For instance, while rural improvements are usually funded by special local business tax assessments, in marginally viable areas, such an assessment may not be affordable. USDA can help. Frequently, companies looking for a new location need special skill sets, and USDA grants can fund small targeted job-training programs.

The USDA Value-Added Producer Grant is designed to help producers expand their customer base for the products or commodities that they produce. It gives rural producers a chance to make more money from their processed products. The program has allowed many agricultural producers to embrace new marketing opportunities for their agricultural commodities.

Whether a grant of $20,000 is used to improve small town lighting or provide targeted training to attract a business, all rural residents benefit from these investments. A USDA loan or grant to a rural business for start-up, expansion or modernization enhances the local job market and tax base. The local economy is stimulated, jobs are created, and the quality of life improves for most citizens.

Renewable energy projects funded by USDA loans and grants improve the local economy through new jobs at the energy plants, enhanced tax base, and local profits. Recent funds allowed many small business owners to decrease their energy consumption, and increasing profit margins.

Analysis of Results

USDA met its goals for this objective. The number of jobs created or saved is linked directly to the amount of total available USDA business program funding, amounts obligated and disbursed to awardees, and local economic conditions. Annual job targets are based on historical program operations, subsidy rates and annual appropriations. The target job numbers assume a level funding horizon and timely allocations of funds without regard to the

potential impact of major natural disasters. Annual budget authorities, subsidy rates, and program levels vary annually. Recently, these factors caused a general decline in annual job numbers. The targets, results and usage of funds for USDA programs fulfilled expectations. Any remaining program funds will be carried over into FY 2009 and continue to provide benefits to rural communities in the next fiscal year.

Selected Results in Research, Extension, and Statistics

Helping Americans to Save for the Future—USDA-funded Cooperative Extension in 21 States has either led or participated in a coalition to offer 31 local Saves campaigns. One finding showed that 16,530 Savers enrolled in 2007 committed to a cumulative savings goal of $1.6 million monthly. The top five savings goals were emergency savings, education, debt repayment, homeownership, and investment/saving.

Exhibit 26: Strengthen Rural Businesses

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
3.1.1 Jobs Created or Saved	80,169	73,328	71,715	72,710	72,373	70,476	Met

Numbers previously reported were adjusted for the new methodology. Newly revised numbers still meet original targets.

Rationale for Met Range: Job projected data is gathered when projects are obligated in Guaranteed Loan System (GLS) based on a formula driven by historical results. Final job counts are verified on closing the loan and grant. A met range of 5 percent is used.

- Data assessment metrics to meet the target allow for an actual number in the range 68,468-75,676.

Data Assessment of Performance Measure 3.1.1

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 they are executed. These data are collected as part of the obligation process. USDA also uses one of its own systems, the GLS, to collect additional information to satisfy reporting requirements, and for management and evaluation purposes. This information includes the number of jobs projected at obligation and verified jobs created or saved at the transaction's closing. Data used to determine the Business and Industry Guaranteed Loan Program's delinquency status are generally reported directly by lenders into GLS. For other programs, USDA staff reports delinquency information.

- Completeness of Data—Business program data are considered final and complete as of September 30, 2008, unless there are any year-end closing adjustments.
- Reliability of Data—Borrower financial performance is reported by many, but not all, lenders semi-annually to the Rural Business Cooperative Service. 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 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. While the percentage of States verifying third-party financial and jobs data have improved each year, further improvements are needed. Rural Development (RD) is testing an economic model to show the impact of business programs in rural areas more accurately and completely.
- Quality of Data—While the percentage of States verifying third-party financial and jobs data has improved each year, further improvements are needed. The economic model described above should lead to these improvements.

Challenges for the Future

Rural economies face challenges different from those of urban and suburban areas. These challenges include:

- Historical dependence on local natural resources and farm commodities, subject to cyclical trends, and changing regulatory standards and oversight;
- Low profit margins on local commodity sales yet strong competition from international commodities;
- Large-scale changes in technology and related efficiency gains; and
- Inaccessibility and low-density populations resulting in limited foot traffic for retail establishments, and limited discretionary budgets for business improvements, upgrades, and modernization.

Additionally, rural areas typically have underdeveloped public services that make it difficult to attract or retain businesses. The lack of public funding for amenities which are common in urban areas, such as dedicated business parks or expanded transportation links, creates additional challenges. Education, health care, and entertainment are perceived to be marginally acceptable in rural areas.

Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities

Measures 3.2.1–3.2.5

- 3.2.1 Number of borrowers/subscribers with new and/or improved electric facilities
- 3.2.2 Number of borrowers/subscribers with new or improved telecommunication services (Broadband)
- 3.2.3 Number of borrowers/subscribers with new/improved service from agency funded water facility
- 3.2.4 Homeownership opportunities provided
- 3.2.5 Percentage of customers who are provided access to new and/or improved essential community facilities

Overview

Key Outcome

Improved Rural Quality of Life Through Homeownership, New and/or Improved Facilities for Water, Waste Disposal, Electric, Telecommunications, and Essential Community Facilities

Basic infrastructure services are essential for rural communities to compete in today's rapidly changing economy. These communities need clean water, effective wastewater systems, and reliable and affordable electricity and telecommunications to survive. These services act as the foundation of economic development.

While the largest number of loans and grants goes to fire, rescue and public safety, historically, the greatest amount of community facilities funding has gone for health care projects. More than $250 million was invested in 139 health care facilities serving 3 million rural residents. During the same period 595 communities received more than $95 million to finance fire, rescue, and public safety facilities, equipment, and vehicles. Overall, more than 12 million rural Americans will enjoy a better quality of life directly attributable to the $500 million investment in essential community facilities.

USDA utilities programs help rural businesses build and maintain cost effective electrical infrastructure. USDA can help businesses achieve favorable interest rates on loans to finance energy saving endeavors. Programs that help rural businesses save on energy costs can also save rural jobs, since keeping energy costs down can mean the difference between success and insolvency.

A New Mexico company used funds from 2 USDA telecommunications loans totaling $70 million to buy and upgrade local telephone facilities. These facilities served portions of Navajo lands in the Four Corners and Canoncito areas of northwestern New Mexico. The company's efforts earned it a USDA Community Connect Grant. The Community Connect Program serves rural communities where broadband service is least likely to be available, but where it can make a tremendous difference in the quality of life for citizens. The grant was used to build and manage an Internet training center and an e-commerce center. More than 2,000 visitors last year used the center's computers for school work, job searches, business research, medical information, and recreation. A retail Web site was created to sell Navajo arts and crafts, benefitting Navajo artisans.

Through its water programs, USDA invested $1.36 billion to finance construction, repairs and upgrades in FY 2008. While an infusion of Farm Bill funds may have contributed to the Department exceeding its goals.

USDA has also marketed its water programs aggressively to rural communities. This marketing has created brand-name recognition for its services and financial assistance. Additionally, upgraded underwriting tools have improved the water programs' performance by helping to identify communities with greater loan potential.

Community Facilities (CF) Programs are designed to develop essential community facilities for public use in rural areas. In one instance, USDA approved a package of loans to finance the construction of a replacement hospital in Michigan. The existing critical-access hospital, built in 1953, lacked adequate space and modern facilities to accommodate changing health care needs. The Department approved a $10.4 million CF direct loan and guaranteed another $26.8 million loan. A capital campaign raised $3 million and the Sault Ste. Marie Tribe of Chippewa Indians contributed a 16.5-acre site valued at $1.2 million. The new 110,000-square-foot facility houses 15 acute care beds, 60 long-term care beds, a primary care rural health clinic, a renal dialysis unit and a tribal clinic for the Sault Ste. Marie Indians. The town's rural residents now have access to modern health care.

Home ownership remains important to strong, vibrant rural communities. Local economies strengthen, crime drops, and incomes rise when families settle. USDA's direct and guaranteed housing programs help fill the gap left by private lenders as affordable home financing–especially in rural and remote areas–has largely disappeared. For FY 2008, loan activity hit record levels. The Department provided more homeownership opportunities for rural families than anytime during the past 25 years. In the early 1980s, the average home financed cost less than $30,000, compared to more than $110,000 in 2008.

USDA's housing programs have surpassed the $100 billion milestone. Since the Department began making and, later, guaranteeing home loans in rural areas, more than 2.5 million families have obtained loans or loan guarantees totaling more than $104 billion. In an effort to adhere to the Administration's homeownership initiative, nearly 18 percent of the housing program customers are minorities, who comprise a little more than 13 percent of the Nation's rural population. The performance measure was exceeded as a result.

Analysis of Results

The electric and telecommunications programs fully utilized their FY 2008 loan-lending authority and exceeded their target performance measures.

The water and environmental programs fully utilized their FY 2008 lending authority and exceeded their target performance measures. Projections for FY 2009 and FY 2010 are 1,418,000 and 1,457,000 subscribers, respectively.

The community facilities program met its goal by emphasizing health care and public safety facilities. Department staff provided outreach at national, State and regional conferences, showing its ability to provide facilities at reasonable rates and terms for rural Americans.

The performance of the housing programs far exceeded goals. FY 2008 showed a greatly increased demand for the guaranteed program and lower-than-expected average home costs for the direct program. Significant improvements in program delivery through Guaranteed Underwriting System (GUS) made USDA's Guaranteed Section 502 loans quicker and easier for lenders to obtain. These loans are designed to provide long-term financing at reasonable rates and terms with no down payment.

Equally important, demand increased significantly for one of the few remaining no-down payment, affordable-housing mortgage programs. A record $6.2 billion in guaranteed loans were provided through USDA's Section 502 Guaranteed Loan Program in FY 2008. USDA anticipates a growing need for increased funding in coming years as demand continues to spiral upwards.

Selected Results in Research, Extension, and Statistics

Healthier Homes—Through USDA's "Healthy Indoor Air for America's Homes," 186,025 participants made behavior changes to improve indoor air quality. More than 55,000 homes were tested for radon and another 9,044 were mitigated. Additionally, 40,980 people stopped exposing their children to second-hand smoke and 29,925 people tested their homes for lead.

4-H Proven to have Positive Effects—The 4-H Study of Positive Youth Development showed that 4-H youth were more than one and a half times more likely to expect to go on to college than non-4-H youth. The former also had higher school grades and were more emotionally engaged in school. They also scored significantly higher on six of eight factors related to civic identity and civic engagement.

Agritourism Opportunities for Farm Operators—While farm-based recreation provides an important niche market for farmers, limited empirical information is available on the topic. Two USDA databases provided researchers with a deeper understanding of who operates farm-based recreation enterprises. These activities include hunting and fishing operations, horseback riding businesses, on-farm rodeos, and petting zoos. Recent data showed that approximately 52,000 U.S. farms – 2.5 percent of all farms – received income from farm-based recreation totaling about $955 million.

Exhibit 27: Improving Rural Quality of Life Through Electric Opportunities

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
3.2.1 Number of borrowers/subscribers receiving new and/or improved electric facilities (thousands)	4,326	2,360	8,184	5,826	7,125	8,093	Exceeded

Rationale for Met Range: Annual targets for this measure are based on historical activity and adjusted according to program level received each fiscal year. Met range represents a 5-percent deviation from target.

- Data assessment metrics to meet the target allow for an actual number in the range 6,768-7,481.

Data Assessment of Performance Measure 3.2.1

RD's electric programs data are collected from various Rural Utilities Service (RUS) documents including RUS Forms 740c and 130, Borrower's Statistical Profile, Information Publication 201-1 and the borrower's loan application.

- Completeness of Data—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 RD electric programs. These data are used to administer USDA loan funds and ensure loan security. The electric program is developing a new loan tracking and data collection system as part of the Community Program Application Processing – Electric Programs.
- Quality of Data—Applications are reviewed to ensure the borrower meets the eligibility requirements for the various loans, guarantees and grants offered by RD's electric programs. 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 28: Improving Rural Quality of Life Through Telecommunication Services

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
3.2.2 Number of borrowers/subscribers receiving new or improved telecommunication services (Broadband) (thousands)	373,813	232,249[1]	297,027	356,440[2]	394,931	755,342	Exceeded

[1] FY 2005 figure was incorrectly reported in the FY 2007 Par as 240,000. It should be 232,249.

[2] The FY 2007 estimate of 1,205,000 reported in the FY 2007 PAR has been replaced with the actual figure of 356,440.

Rationale for Met Range: Annual targets for this measure are based on historical activity and adjusted according to program level received each fiscal year. Met range represents a 7-percent deviation from target.

- Data assessment metrics to meet the target allow for an actual number in the range 367,286-422,575.

Data Assessment of Performance Measure 3.2.2

The county data are collected from each approved loan application. Applicants identify their proposed service territories, including the number of subscribers to be served in the location by county. 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. The data on the number of counties to be served for each loan are derived from applicants' loan applications.

- Completeness of Data—Data are based on third quarter data and fourth quarter projections.
- Reliability of Data—Applicants are required to perform market surveys of their proposed service areas, but the actual counties served may vary if all funds are not used or the borrower later requests a change of purpose from the original loan application. Overall, the data are reliable.
- Quality of Data—All applications are reviewed to determine eligibility. These applications must show feasibility from financial and technical standpoints. Applicants must perform market surveys of their proposed service areas. The data depend on the borrower drawing down loan funds and constructing the system as portrayed in the applicant's loan design. 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, resulting in differences in the number of counties served and the number specified in the plan.

Exhibit 29: Improving Rural Quality of Life Through Water and Waste Disposal Facilities

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
3.2.3 Number of borrowers/subscribers receiving new or improved service from agency funded water facility	965,780	1,325,000	1,637,554	1,332,063[1]	1,380,000	4,361,872	Exceeded

[1] The FY 2007 estimate of 1,457,000 reported in the FY 2007 PAR has been replaced with the actual figure of 1,332,063.

Rationale for Met Range: Annual targets for this measure are based on historical activity and adjusted according to program level received each fiscal year. Met range represents a 5-percent deviation from target.

- Data assessment metrics to meet the target allow for an actual number in the range 1,311,000-1,449,000.

Data Assessment of Performance Measure 3.2.3

The Water and Environmental Programs (WEP) collects data through the Community Programs Application Processing (CPAP) system. CPAP is a non-financial system where agency field staff input data about applicants, borrowers, funding, and services provided. The data obligations flow through the Rural Utilities Loan Servicing System to the Program Loan Accounting System and through a data server to a data warehouse.

- Completeness of Data—CF data are based on third quarter data and fourth quarter projections.
- 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 obligations data, used to measure the number of loans, loan amounts, number of borrowers, and funds advanced.
- Quality of Data—Based on CPAC information, 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 30: Homeownership Opportunities Provided

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
3.2.4 Homeownership opportunities provided							
Guaranteed Loans	31,751	34,251	31,131	32,481	36,363	54,660	
Direct Loans	14,643	11,744	11,041	10,646	10,490	9,474	Exceeded
Total	46,394	45,995	42,172	43,127	46,853	64,134	

Numbers previously reported were adjusted for the new methodology. Newly revised numbers still meet original targets.

Rationale for Met Range: The range of 10 percent is based on the historical variance from the target during the past several years in the number of houses sold in the Guaranteed and Direct Single Family Housing Loan Programs.

- First figure in each column represents guaranteed loans, the second row is direct loans, and the total is listed in the third row.
- Data assessment metrics to meet the target allow for an actual total number in the range 39,150-47,850 for direct and guaranteed loans combined.

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
• Excludes an (estimated) 6,150 hurricane supplemental / natural disaster homeownership opportunities (5,780 guaranteed, 370 direct) and homeownership opportunities funded with natural disaster and hurricane supplemental appropriations: FY 2004–2; FY 2005–0; FY 2006–2,475; FY 2007–3,554; FY 2008–6,150.							

Data Assessment of Performance Measure 3.2.4

Homeownership data is entered in 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. This system obligates funds, establishes closed loans, administers escrow accounts, manages defaulted loans, and performs other administrative functions. Brio, a query and reporting tool, serves as the interface between the data warehouse and RD staff.

- Completeness of Data—Homeownership data are actual, final, and complete.
- 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. 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. Thus, the data on the number of households are auditable. Data represent the population served based on available U.S. census information.

Exhibit 31: Improving Rural Quality of Life Through Community Facilities

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
3.2.5 Percentage of customers who are provided access to new and/or improved essential community facilities							
• Health facilities	n/a	3.5%	3.8%	7.2%[1]	5.7%	4.8%	Met
• Safety facilities	n/a	4.1%	3.8%	6.16%[1]	3.0%	5.7%	

[1]The FY 2007 PAR reported 4.25% and 2.87% as third quarter estimates for Health Facilities and Safety Facilities, respectively. They have been updated to reflect the actual percentages.

Numbers previously reported were adjusted for new methodology. Newly revised numbers still meet original targets.

Rationale for Met Range: It is a challenge to measure the range of residents served because each grant may vary widely. One grant for a fire engine could serve 22,000 people whereas the same grant amount for a hospital could serve 22,000. It is difficult, if not impossible, to estimate with any precision a range of residents served. One grant for a fire engine could serve 4,000 people whereas the same grant amount for a hospital could serve 22,000. Therefore, USDA would consider its 2008 goal unmet, if CF serves fewer than 5.0 percent of the rural population with new health care facilities and provides new fire, rescue, and public safety facilities for less that 2.5 percent of the rural population.

- Data assessment metrics to meet the target allow for an actual number in the range 5-6 percent for health facilities and the range 2.5-3.5 percent for safety facilities. The health facilities component of the measure was 0.02 percent short of meeting met range. The health facilities component of the measure exceeded the met range by 2.2 percent. The combined value yields a "met" result.

Data Assessment of Performance Measure 3.2.5

CFprogram data 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 CF guaranteed loans.

- Completeness of Data—CF program data are complete and final.
- Reliability of Data—CF data are entered into GLS by field staff as the program funds are obligated. 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. 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—When 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 and archived nightly at the data warehouse. This manner of developing system plans greatly enhances data reliability since they are integral to program planning.

Challenges for the Future

Challenges related to USDA's electric programs include control of greenhouse gas emissions, addressing State and local support for power plant projects, and legal challenges. Escalating construction and fuel-costs continue to cause economic uncertainty. The demand for increased energy efficiency and conservation will pose both opportunities and challenges.

Modifications to the Rural Broadband Access Loan and Loan Guarantee Program in the 2008 Farm Bill create short-term implementation challenges. Regulations must be revised and telecommunication program staff must develop and conduct outreach on the changes.

More than ever, rural communities must invest in water and wastewater facilities to upgrade aging facilities, meet new environmental quality standards and enhance the security of their operations. As communities increase their investments in water utilities, they must also manage costs better and set appropriate rates to ensure system sustainability. A regional approach to water and waste water service delivery in some rural areas helps address rising costs. Underwriting and meeting funding requirements for these larger regional systems will continue to challenge utilities programs.

USDA is committed to assisting critical-access hospitals in planning, designing, and developing financial packages for renovations or replacement facilities. These facilities are becoming more complex and expensive. The challenge will be to develop a level of expertise that benefits communities the most.

With few other affordable lending products available for rural families, the demand for USDA's direct and guaranteed housing loans have grown and will continue to grow for the foreseeable future. The Department will be challenged to meet the need for rural mortgage funds in times of budgetary constraints.

USDA will also be challenged by further expected increases in the use of guaranteed housing loans by lenders serving rural areas. To meet the increased demand for guarantees without significant increases in overhead, it has developed and introduced the GUS. This automated underwriting system reviews applications and provides commitments electronically. GUS is designed to help mortgage lenders make informed credit decisions on guaranteed rural housing loans. Similar improvements are being studied to streamline the delivery of direct loans.

Strategic Goal 4: Enhance Protection and Safety of the Nation's Agriculture and Food Supply

Objective 4.1: Reduce The Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S.

Measure	
4.1.1:	Reduce overall public exposure to generic *Salmonella* from broiler carcasses using existing scientific standards
4.1.2:	Reduce the overall public exposure to *Listeria monocytogenes* in ready-to-eat products
4.1.3:	Reduce the overall public exposure to *E. coli* O157:H7 in ground beef

Overview

Ensuring the safety of the Nation's food supply requires a strong and robust infrastructure coupled with sound science. USDA uses a scientific approach to food safety, incorporating risk analysis critical to combating the ever-changing threats to public health. The Department works to reduce foodborne illness through testing, risk assessments, partnership with its stakeholders, and science-based policy decisions.

USDA monitors and enforces Federally regulated establishments' compliance with its science-based food safety system, the Hazard Analysis and Critical Control Point (HACCP) system. The establishments must also follow other programs and Sanitation Standard Operating Procedures, procedures an establishment uses to prevent the contamination or adulteration of food products. These programs represent USDA's foundation of preventing and controlling contamination of the food supply during slaughter and processing. By placing the responsibility on the slaughter or processing facility to implement systems for monitoring and controlling contamination, the Department can best use its inspection resources to ensure the safety of the Nation's food supply. USDA audits on-site systems and practices, and inspects carcasses and product.

Routine sampling of product for pathogens known to cause serious human illness is a critical element to monitoring the effectiveness of the establishments' HACCP and supporting programs. These pathogens include:

- *Salmonella* in broilers;
- *Listeria monocytogenes* (Lm) in ready-to-eat (RTE) products; and
- *Escherichia coli* (*E. coli*) O157:H7 in raw ground beef.

On-site inspectors collect samples and send them for testing to USDA's field-service laboratories based on a pre-set schedule. Sampling allows the Department to monitor how well establishments control food safety through HACCP, sanitation and supporting programs. USDA focuses on the percentage of positive tests from all establishments and measures the industry's performance as a whole to form the basis of the Department's food safety performance measures.

If a positive is detected at a plant, USDA performs a series of follow-up activities. If the Department determines that the pathogen's presence threatens public health and product has not been held, it works with the establishment in support of the product's recall. Finally, the Department performs a food safety assessment to determine why contamination occurred and requires the plant to develop an action plan to address any problems.

Analysis of Results

The following three measures provide indications that USDA is reducing exposure to pathogens. USDA met the performance target of reducing overall public exposure to generic *Salmonella* from broiler carcasses. The target was 80 percent of broiler establishments in Category 1 based on data ending August 25, 2008 (USDA categorizes slaughter processing plants as Category 1, Category 2, or Category 3 based on their consistency in process control

for *Salmonella* reduction. Category 1 represents the most consistent). The Department also met its Healthy People 2010 goal for *Salmonella*. Healthy People 2010 is a national effort to promote health and disease prevention.

USDA also met the performance target of decreasing the percentage of RTE meat and poultry products testing positive for *Listeria monocytogenes*. The FY 2008 target for *Listeria monocytogenes* was 0.27 percent of cases per 100,000 people and the actual performance in FY 2008 is 0.19 percent (as of August 31, 2008). The Department also exceeded the Healthy People 2010 goal for human illnesses due to *Listeria monocytogenes* in RTE products of 0.24 percent of cases per 100,000.

USDA did not meet the performance measure of reducing the presence of *E. Coli* in ground beef. The FY 2008 target was 0.23 percent positive while the performance for *E. coli* in ground beef was 0.48 percent. Likewise, the Department did not meet its Healthy People 2010 goal for illnesses for *E. coli* in ground beef of 0.32 cases per 100,000 people. USDA worked with the affected establishments on recalls of contaminated products. It also conducted almost 300 Food Safety Assessments in ground beef establishments. The target for *E.coli* 0157:H7 was not met in part due to a change in sampling methodology. In order to better represent the public-health risk inherent in high-volume establishments, in January 2008, FSIS began taking into account establishment volume when scheduling establishments for *E. coli* sampling. Higher volume establishments may pose a greater risk to the public if a contamination event occurs, because of the potential for greater public exposure to a pathogen.

Selected Results in Research, Extension, and Statistics

USDA Updates Foodborne Illness Costs—USDA researchers updated the cost of foodborne illness from *E. coli* using the Centers for Disease Control and Prevention estimate of annual cases and newly available data. Updating the costs to 2006 dollars, the Department estimates that the annual cost of illness from *E. coli* was $445 million. This figure includes $405 million for premature deaths, $35 million for medical care and $5 million in lost productivity.

Salmonella Contamination of Tomatoes—In the U.S., tomatoes have become the most implicated vehicle for fresh produce-associated *salmonellosis*. While contamination appears to originate from the fields where the tomatoes were grown or their packing sheds, the contamination route remains elusive. USDA scientists evaluated the role of contaminated soil. They found results suggesting that such events as flooding, contaminated compost or fecal contamination by animals could lead to subsequent crop contamination, even though time may pass between the contamination event and planting.

Exhibit 32: Pathogen Reduction (Food Inspection)

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
4.1.1 Reduce overall public exposure to generic *Salmonella* from broiler carcasses using existing scientific standards	n/a	n/a	45% of Category 1 Industry	71% of Category 1 Industry	80% of Category 1 Industry	80% of Category 1 Industry	Met
4.1.2 Reduce the overall public exposure to *Listeria monocytogenes* in ready-to-eat products	n/a	0.28%	0.24%	0.23%	0.27%	0.19%	Met
4.1.3 Reduce the overall public exposure to *E. coli* O157:H7 in ground beef	0.04%	0.21%	0.40%	0.28%	0.23%	0.48%	Unmet

FY 2008 Data reflects the volume adjusted percent positive rate, better estimate population exposure to pathogens, which may differ from the non volume adjusted percent positive rates reported in prior years.

Rationale for Met Range: This measure targets reducing human foodborne illness rates from *E. coli* O157:H7 in ground beef. USDA's FY 2013 goal is 0.17 cases per 100,000. USDA met its Healthy People 2010 goal for *E. coli* illnesses from ground beef as of FY 2007.The Department aggressively set its FY 2013 goal at 50% under the goal. To reach its FY 2013 goal, USDA has set its FY 2008 performance objective as 0.27 cases per 100,000 or a volume adjusted percent positive rate of 0.23. A lower number of cases indicates better performance.

- 4.1.1: Data assessment metrics to meet the target range is 80% of industry in Category 1.
- 4.1.2: Data assessment metrics to meet the target range is 0.27 cases per 100,000.
- 4.1.3: Data assessment metrics to meet the target range is 0.23 cases per 100,000.

Data Assessment of Performance Measures 4.1.1, 4.1.2 and 4.1.3

Through consultations with our stakeholders, USDA continuously examines the Nation's changing food safety system and practices, and articulates a long-term view in regard to the Department's performance and the benefits to public health. The Department also monitors its performance against the Healthy People 2010 goals for these three critical pathogens -- *Salmonella, Lm* and *E. coli* O157:H7. The Department developed an attribution model to determine what percentage of all *Salmonella, Lm*, and *E. coli* O157:H7 illnesses result from Department-regulated contaminated products.

- Completeness of Data—Results are based upon USDA's laboratory results analyzed as of August 31, 2008, for the selected ready-to-eat products at regulated establishments. The results provided as of August 31, 2008, are the best available indication of the FY 2008 fourth quarter results. Quarterly and annual data are based on sampling at a range of establishments from very small to large.
- Reliability of Data—The data are reliable because it is based on testing and verification from the Department's field service laboratories for regulated establishments. Each positive sample is subjected to highly specific verification testing. The primary goal of these sampling programs is to monitor how well each establishment is maintaining control of food safety through its HACCP, sanitation and supporting programs. The percent of these routine, scheduled tests that return a positive (the percent-positives) result across all of the establishments is an important measure of the performance of the industry as a whole to form the basis of the Department's food safety performance measures. If the presence of the pathogen represents a threat to public health and product has not been held, we work intensely with the establishment in support of their recall of the affected product. Finally, the Department performs a Food Safety Assessment to identify the underlying causes of the breakdown in the plant's food safety control programs, and requires an action plan from the plant to address these problems. Performance shortfalls may occur due the Department consistently setting aggressive goals to measure its performance in food safety and its focus on verifying each plant's food safety system. In addition, it has redesigned its sampling and test program to target the establishments that represent the highest risk.
- Quality of Data—The volume adjusted data show that these measures historically correlated with the Centers for Disease Control and Prevention foodborne illness outbreak data.

Challenges for the Future

The Department will continue to verify the adequacy of each establishment's HACCP system and supporting programs and their conformance with those programs, and to monitor the pathogen levels in product destined for consumers. Particular emphasis will continue to be placed on *E. coli* O157:H7. This systemic approach involves all parties in the production chain, through slaughterhouses, processors, retailers, and consumers. The Department will continue to strive in the multitude of activities necessary to protect the Nation's supply of meat, poultry, and processed egg products.

Objective 4.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks

Measure 4.2.1: Number of significant introductions of foreign animal diseases or 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

Overview

Key Outcome

A Secure Agricultural Production System and Healthy Food Supply

USDA provides a secure agricultural production system and healthy food supply for U.S. consumers. This is done by reducing the number and severity of pest and disease outbreaks by:

- Safeguarding animal and plant resources against the introduction of foreign pests and diseases;
- Detecting and quickly responding to new invasive species and emerging agricultural health situations;
- Eradicating or managing existing agricultural pests and diseases and wildlife damage; and
- Developing and applying more effective scientific methods.

The Department has several programs that focus on this goal each with its own set of performance measures. As an indicator of success in FY 2008, one performance measure has been selected to represent the range of activities conducted by its programs–the Animal Health Monitoring and Surveillance (AHMS) Program. It evaluates and

enhances disease control and eradication programs. AHMS monitors surveillance activities to detect incursions of foreign and emerging animal diseases. AHMS also monitors international disease trends and threats, and provides timely and accurate animal health information. This work is designed to prevent the introduction of foreign animal diseases. If such diseases enter the country, AHMS works to prevent their spread. The program seeks to minimize economic and environmental damage, and threats to the health of animals or humans.

Analysis of Results

USDA met its target related to animal disease outbreaks in FY 2008. USDA developed animal-health monitoring and surveillance systems to ensure success in future years. These two systems, the National Animal Identification System (NAIS) and the Comprehensive Surveillance System (CSS), are discussed below.

NAIS is a voluntary, cooperative Federal, State, and industry program designed to enhance the response to highly contagious diseases, especially those that can be transmitted to humans. A fully implemented system will include a 48-hour "trace back" and a "trace forward" capability. Trace back will allow agricultural and public health officials to trace the origin of sick animals and determine if other animals have come into contact with the infected ones. NAIS provides for the registration of animal premises, the identification of animals by standardized devices, and the development of information systems for tracing animal movements.

By the end of June, NAIS had 471,299 premises under registration. USDA authorized 7 manufacturers of animal-identification devices to produce 15 devices for use in the NAIS program. The Department has endorsed technology standards published by the ISO. USDA has developed a single information portal, called the Animal Trace Processing System (ATPS). This system will enable State and Federal animal health officials to obtain information from Animal Tracing Databases (ATDs). Currently, State and private ATDs are coming online and being integrated with the ATPS portal.

To uncover contaminations, USDA uses CSSs. The Department made progress on CSS components for *classical swine fever* (CSF) and *pseudorabies virus* (PRV). (CSF is a highly contagious virus that affects swine. PRV is a contagious herpes virus that causes reproductive and respiratory problems, and occasional deaths in swine.) USDA approved a PRV surveillance plan that will be implemented in FY 2009. Leading up to this milestone, 14 slaughter plants participated in the Department's Market Swine Surveillance System. USDA sampled swine slaughtered at these plants for *Porcine Reproductive and Respiratory Syndrome* (PRRS). PRRS causes reproductive failure in adult female pigs, reduced-growth and pneumonia in nursing pigs, and premature death in swine herds. The disease is an emerging threat to domestic swine populations. The Department also used the Market Swine Surveillance Stream to develop data on other swine diseases.

Additionally, the Department has enhanced and maintained the capability of its personnel. These employees are charged with responding to the threat of a catastrophic animal disease outbreak. USDA conducted a training-needs analysis to assess their knowledge, skills, and abilities to respond to animal-health emergencies. This analysis will be used to identify gaps to be closed.

Two of the most important potential emergencies looming are *Highly Pathogenic avian influenza* (HPAI), or "bird flu," and *foot-and-mouth* disease (FMD). HPAI is an extremely infectious and fatal form of the bird flu for chickens. FMD is a severe, highly contagious viral disease of cattle and swine. Should an outbreak of either of these two occur, USDA will need to collaborate with State and local organizations to respond appropriately. The Department revised its national emergency response objectives and plans for these two diseases. The emergency plans provide specific guidelines, actions, timelines, and checklists to help Federal, State and local responders in the event of an outbreak. USDA conducted a successful National Veterinary Stockpile (NVS) deployment exercise with the State of California. The NVS exists to augment State, and local resources. Under NVS, the Department will deploy sufficient amounts of animal vaccine, antiviral, and therapeutic products within 24 hours of a serious outbreak.

Determining the performance result involves: (1) routine monitoring and surveillance of world animal health problems; (2) investigating reports identifying any new introduction of a significant foreign animal disease (FAD); testing to determine the extent of spread; and (3) evaluating the severity of the damage.

(1) Notice of the need to investigate a FAD may come from a wide variety of sources. USDA veterinarians observe thousands of animals daily for FADs while conducting surveillance and eradication activities for the agency's domestic animal disease programs. USDA also provides specialized FAD training to approximately 60,000 veterinarians working in private practice, State Governments and universities through its National Veterinary Accreditation Program. These veterinarians notify the Department when they observe an animal(s) showing signs of a FAD. All reported animals are quarantined and samples are submitted to the National Veterinary Services Laboratories (NVSL). The National Animal Health Monitoring System (NAHMS) conducts planned surveys of diseases likely to impact production and marketing. Specific causes of loss by age group within each commodity are gathered. Besides conducting domestic surveys, USDA also deploys animal health professionals overseas to collect surveillance information on FADs to prevent them from entering the United States.

(2) Foreign Animal Disease Investigations and Testing: USDA set a target of 700 FAD investigations for FY 2008. When a disease is reported and confirmed, area-wide testing is conducted around the foci of infection. Investigators use statistically significant diagnostic samples. The samples are tested in USDA or USDA-approved laboratories. Testing data are recorded in the Emergency Management Response System (EMRS), NAHMS and the National Animal Health Reporting System. 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, either through the air or by biological or mechanical means. Investigators also consider the anticipated expectations of trading partners regarding testing and surveillance. The anticipated spread rate is based on weather conditions and movements or contacts on and off of the affected premises. Animals that test positive or have known exposure are retested until the quarantine is removed or they are destroyed. 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. This move will allow investigators to perform trace-out investigations and test all animals from the foci herd. Sampling focuses on clinical suspects, fallen stock or casualty slaughter. Censuses are completed or requests made that the public report any sick animals meeting a particular case description. Sampling data is entered into 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: Veterinarians on USDA's emergency management staff receive data and analyze them. They apply criteria to determine if the introductions are significant and have spread. Introductions of agents listed by the World Organization for Animal Health and considered to be foreign to the United States are reported to that body.

Selected Results in Research, Extension, and Statistics

Leading the Way to Prevent *Avian Influenza*—The threat of a pandemic outbreak of the *avian influenza* H5N1 continues. The emergence of *avian influenza* costs the commercial poultry industry millions of dollars annually. These events consist of the low pathogenic strain of the virus which does not threaten humans. Its continued presence in the poultry industry increases the likelihood of a shift to the high pathogenic strain. The National Research Initiative *Avian influenza* Coordinated Agricultural Project brought together 19 States and 23 institutions to tackle this problem. In only three years, the program has made considerable progress in preventing and controlling virus in the U.S. The program has made considerable progress in preventing and controlling virus in the United States. Two new internally available diagnostic tests are available. Two training programs share the latest information with poultry industry and game bird producers. The team developed equipment disinfection methods to inactivate the virus. The project has succeeded in determining interspecies viral transmission and pathogenesis involving wild aquatics to domestic poultry, swine, and turkeys. The team also identified four major wild bird migratory flyways over the United States. All of these steps will provide further protection to mitigate incidences before they become national problems.

Information System Saves Crops and Money—USDA funds the Integrated Pest Management (IPM) Pest Information Platform for Extension and Education (PIPE). This monitoring and early-warning system advises farmers and others of the status of Asian Soybean Rust (SBR). SBR, a recently discovered and devastating soybean disease, entered the continental U.S. in 2004. Two years later, IPMPIPE focused on soybean rust and aphids. It was expanded in 2007 to include pests and diseases of all other legume and pulse crops. The information provided by this highly trusted and widely adopted system (more than a million hits in July 2005) reduced production costs for U.S. soybean farmers by as much as $299 million. It also minimized non-target exposure of pesticide applicators and the environment.

Saving the Nation's Pollinators—USDA learned that queen bees who mate with multiple males produce colonies with genetic diversity. This diversity improves resistance to microbial diseases in their colonies. It also allows these colonies to more effectively survive winter and produce swarms the following season because of improved fitness. This investigation shows the tremendous need to provide virgin queens with a large and genetically diverse population of drones for mating. Queens that cannot find numerous and diverse mates will produce colonies vulnerable to microbial diseases.

USDA Area-wide biological control program to manage *Melaleuca quinquenervia* in Florida is successfully completed—The weedy tree Melaleuca is one of the Florida Everglades ecosystem's worst enemies. The tree causes almost $168 million in environmental losses annually. USDA created the Area-wide Management and Evaluation of Melaleuca project. This project promotes Melaleuca management and integrates biocontrol into other current management strategies. The project deployed three highly effective biocontrol agents in the form of self-perpetuating and self-dispersing insects. Surveys have shown that 85 percent of program participants now use the biocontrol insects. Melaleuca has almost disappeared from public lands because of this effort.

Exhibit 33: Reduce the Number and Severity of Pest and Disease Outbreaks

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
4.2.1 Number of significant introductions of foreign animal diseases or 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	0	0	0	Met

Rationale for Met Range: These foreign animal diseases could have significant economic impact and animal health consequences. USDA seeks to prevent the spread of every single one.

- Data assessment metrics to meet the target is 0 introductions.

Data Assessment of Performance Measure 4.2.1

- Completeness of Data—The data are complete when the scheduled testing is finished; the samples are analyzed and the quarantined animals are tested and released. The cutoff for the data is set at one month before the reporting date.
- Reliability of Data—The 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.

Challenges for the Future

USDA faces many challenges in its efforts to reduce the number and severity of pest and disease outbreaks. Every year, the flow of animals, plants, and host material from abroad increases. This growth creates new pathways into the country. The social and biological environment in which Federal efforts must be coordinated is becoming more complex every year. Agencies must stay informed about new technologies. For each of these challenges, USDA has developed strategies. One of them is to monitor and survey the land in cooperation with States and industry. Another is to gather and update pest and disease information world wide. When learning of a possible threat, the Department conducts science-based, early-detection, and rapid response efforts. It creates and enforces regulations to prevent the entry and spread of invasive species. USDA also develops new networks and tools in collaboration with States, universities, and the private sector.

Measure 4.2.2 Improve the capabilities of animal and plant diagnostic laboratories

Overview

Key Outcome

Improve Animal and Plant Diagnostic Laboratory Capabilities

The National Animal Diagnostic Network and Plant Diagnostic Network Centers ensure timely disease detection. They also maintain a nationally accessible database of pests and diseases. This database allows USDA to identify new pests and diseases, and take all necessary steps should an outbreak occur. Measuring improvements in the capabilities of plant and diagnostic laboratories serves as a representative measure for assessing performance in these fields of scientific research.

Analysis of Results

The performance target was met. Trend data show a steady increase in the number of plant and animal diseases the networks can detect. Additionally, USDA continues to improve the capabilities of plant and diagnostic laboratories. In FY 2008, USDA added Potato Cyst Nematode to its list of plant and insect diseases for which it has developed detection criteria. Potato cyst nematode, a major potato-crop pest, can cause up to 80 percent yield loss. It joins soybean rust, sudden oak death, Ralstonia stem rot, plum pox virus, pink hibiscus mealybug, potato wart, and huanglongbing (citrus greening) on the detection criteria list.

The Department also has animal disease-detection criteria for nine high-consequence diseases. Scientists have added *Rift Valley Fever* to this list. This fever-causing disease affects livestock (including cattle, buffalo, sheep, and goats) and humans. NAHLN personnel participated in training to develop the diagnostic capability for this disease. NAHLN is part of a national strategy to coordinate the Nation's Federal, State, and university laboratory resources.

USDA agencies partner with State agencies and universities to achieve a high level of agricultural biosecurity. This process is completed 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 34: Ensure the Capabilities of Plant and Diagnostic Laboratories are Improved

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
4.2.2 Improve the capabilities of animal and plant diagnostic laboratories:	3	5	6	7	8	8	Met
• Specific Plant diseases labs are prepared to detect							
• Specific Animal diseases labs are prepared to detect	6	7	8	8	9	9	Met

Data Assessment of Performance Measure 4.2.1

- The National Plant Diagnostic Network (NPDN) and the National Animal Health Laboratory Network (NAHLN) work to detect and diagnose disease outbreaks. They study a number of high-consequence pests, bacterial, parasitic and vital pathogens, and disease threats. Their subjects affect animal, plant and human health, and impact the national economy.
- Completeness of Data—The data are based on actual information reported by NPDN and NAHLN.
- Reliability of Data—The data are considered reliable.
- Quality of Data—Data are projected based on historical performance. The target information uses data dependent upon the baseline projections. Any inaccuracies in the projections would impact the accuracy of the value. The following five dimensions are assessed when a high consequence disease/pest qualifies as one that NPDN or NAHLN are prepared to detect and diagnose.

- Is the disease/pest a significant threat to animal, plant or human health and/or impact the national economy?
- Is there a valid diagnostic test or other means of reliable diagnosis for the disease/pest?
- Does the laboratory network have the capability/capacity to perform the valid diagnostic test or other means of reliable diagnosis?
- Does the network have the partnerships in place to generate the samples required to detect/diagnose the disease/pest?
- Does the network have the partnerships and/or autonomous capacity in place to provide necessary outreach regarding the disease/pest?

- USDA assesses the progress/qualification on these five dimensions based on feedback from its partners and stakeholders. This feedback is generated through formal progress reports, meeting minutes, and less formal one-on-one correspondence.

Challenges for the Future

Future challenges to improving laboratory capabilities include making non-Federal funding available. This funding could be used to expand laboratories 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. Improving plant laboratory quality assurance and first-detector training also poses a challenge. Plans are underway to build an advanced quality-assurance system. Improved first-detector training will improve laboratory sample quality and speed initial detection of high-consequence pathogens.

Strategic Goal 5: Improve the Nation's Nutrition and Health

Nutrition is the link between agriculture and the Nation's health. USDA's leadership of the Federal nutrition assistance programs made a healthier diet available for millions of children and low-income families. Additionally, the Department's cutting-edge nutrition promotion efforts harnessed interactive technologies to motivate all Americans to make positive dietary behavioral changes, in line with the *Dietary Guidelines for Americans* and the President's HealthierUS initiative. The Guidelines provide authoritative advice about how good dietary habits can promote health and reduce risk for chronic diseases. The HealthierUS initiative's goal is to help Americans live longer, better, and healthier lives.

Key FY 2008 accomplishments include:

- **Promoting Access to the Food Stamp Program (FSP)**—FSP–which was renamed the Supplemental Nutrition Assistance Program (SNAP) through the 2008 Farm bill–is the Nation's largest nutrition assistance program, serving more than 28 million people monthly. The most current information on the participation rate showed that in 2006, 67 percent of those eligible for FSP participated compared with 54 percent in 2001;
- **Promoting the MyPyramid Food Guidance System**—MyPyramid.gov's Web-based educational tools help Americans assess and personalize their diet and physical activity plans. FY 2008 marked the debut of the MyPyramid Menu Planner. The planner is designed to help individuals and family nutrition "gatekeepers" plan more healthful menus and determine daily, weekly, and monthly consistency with the recommendations of the *Dietary Guidelines for Americans* and the MyPyramid Food Guidance System. Consumers continue to respond enthusiastically to this educational approach. They accessed MyPyramid.gov and used other nutrition–interactive, Web-based tools more than 5 billion times; and
- **Continuing to Ensure That Food Stamp Benefits Are Issued Accurately**—In the most current data available, the FSP payment accuracy rate for FY 2007 reached a record-high 94.4 percent. That number reflects effective partnerships with State administering agencies. It also shows the extensive use of policy options to streamline program administration while improving access for working families.

Objective 5.1: Ensure Access to Nutritious Food

Measure 5.1.1: Participation levels for the major Federal nutrition assistance programs

Overview

Key Outcome
Reduce hunger and improve nutrition

USDA's commitment to the nutrition assistance programs represents the core of the Nation's effort to improve food security and reduce and prevent hunger. The Department looks to ensure that all eligible Americans who wish to participate can receive program services easily and with dignity and respect. The programs' solid performances in FY 2008 reflect their fundamental strengths. They also demonstrate USDA's efforts to promote access and improve service to its clients in cooperation with State partners.

Analysis of Results

As program participation is voluntary, projections are based on economic and other factors that impact the likely behavior of eligible populations. An analysis of the most recent information available follows.

Food Stamp Program—The program served approximately 28 million participants monthly, an increase of about 7.7 percent from FY 2007. USDA executed a range of efforts to support and encourage food stamp participation, including:

- Securing key improvements to food stamps in the 2008 Farm Bill. These improvements include Administration proposals to exclude the value of retirement and educational savings accounts, military combat pay, and all dependent care expenses from food stamp eligibility determination, which increased access for some low-income families;
- Efforts with States to develop outreach strategies. More than 60 percent of States have formal outreach plans or other documented outreach activities in place;
- Support for innovative State practices to promote access by simplifying the application process. The most current data show that 21 States have Internet-based application filing. 25 States allow recertification interviews to be done by telephone while another 18 states have call centers. Additionally, nine states have waivers to allow initial certification interviews to be done by telephone; and
- The debut of a new publication, *Eat Right When Money's Tight*. The publication offers low-income families tips on thrifty shopping, meal preparation, and the availability of food stamps, and other nutrition-assistance programs. It serves as a critical tool for low-income families facing rising food costs.

USDA also measures the number of people eligible for the program to determine the rate at which eligible people are participating. The most recent data show that in 2006, 67 percent of those eligible for FSP participated, a substantial increase from the previous year. Additionally, participants received 83 percent of all food stamps available if every eligible person participated. This number shows that FSP is effectively reaching those most in need.

National School Lunch Program (NSLP)—Program participation levels reached 31.5 million in FY 2008, up slightly from FY 2007. This number continues the trend of increases in recent years. More than 100,000 schools and residential child-care institutions used NSLP in FY 2008.

School Breakfast Program (SBP)—Program participation levels reached 10.8 million in FY 2008, up more than 6 percent from FY 2007. This number continues a trend of increases over the last several years. More than 85,000 institutions used SBP in FY 2008. USDA continues to support and encourage program participation in FY 2008 by:

- Promoting SBP through outreach activities and materials;
- Working with organizations and partners to develop strategies for program expansion; and
- Developing school breakfast outreach materials for schools and parents.

Trend data also indicate that the proportion of all children enrolled in schools who participate in SBP has risen slowly but steadily in recent years. This growth reflects USDA's continuing efforts to encourage schools to operate the program.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) —Approximately 8.7 million participants received WIC benefits. USDA continued to support and encourage WIC participation, and improve benefits and services by:

- Maintaining the Administration's commitment to ensure adequate funding to support participation by all eligible people who seek services; and
- Completing a historic update to the standards for WIC food benefits – the first major changes to the WIC food packages since 1980. These new packages will be aligned with the 2005 *Dietary Guidelines for Americans* and infant feeding practice guidelines of the American Academy of Pediatrics. These important steps will keep the program optimally aligned to meet today's nutrition needs.

Selected Results in Research, Extension, and Statistics

Healthier Food Research—Researchers investigated the effects of post-harvest treatments and storage conditions on antioxidant availability in wheat-based food ingredients. They also studied the effects of food-processing conditions on the availability/bioavailability of wheat antioxidants in functional food, specifically whole-wheat pizza crusts. The research findings suggest the availability of health beneficial antioxidants in wheat-based functional foods may be enhanced by optimizing post-harvest treatments, storage conditions and food formulation, and processing techniques without significant extra effort or cost. These findings provide a scientific basis to promote the production and consumption of wheat-based functional foods in general.

Household Food Security in the U.S.—Food security for a household means that its members have enough food for an active, healthy life. To inform policymakers and the public about the extent to which U.S. households consistently have economic access to food, USDA publishes an annual statistical report on household food security in the U.S. The report and its underlying data are widely used by Government agencies, the media and advocacy groups. The groups use the data to monitor the extent of food insecurity in this country, progress toward national objectives and performance of USDA's food-assistance programs. Results showed that 89 percent of American households were food secure throughout 2006. The remaining 11 percent were food insecure at least some time during that year.

Offset of obesity transmission from mother to infant—The incidence of obesity among children has tripled in the past few decades. Additionally, the role of genes has been hotly debated because not enough time has passed for the genes to have changed. USDA scientists showed in a mouse model that the genetic tendency for obesity increases through successive generations. They add that the rise can be prevented by increasing a combination of the dietary nutrients folic acid, vitamin B12, betaine, and chlorine. The fundamental change was established as epigenetic rather than genetic, meaning that instead of changes in the genetic make-up, other inherited mechanisms affected by diet silenced the gene causing obesity. These results offer an explanation of the inherited tendency to obesity and a way in which proper diet can offset that predisposition.

Exhibit 35: Improve Access to Nutritious Food

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
5.1.1 Participation levels for the major Federal nutrition assistance programs (millions per month):							Met
• Food Stamp Program Avg. (Monthly)	23.9	25.7	26.7	26.5	27.8	28.1	
• National School Lunch Program Avg. (Daily)	29.0	29.6	30.1	30.5	31.6	31.5	
• School Breakfast Program Avg. (Daily)	8.9	9.3	9.8	10.2	10.8	10.8	
• WIC Program (Monthly)	7.9	8.0	8.1	8.3	8.5	8.7	

As of May 31, 2008.

- Rationale for Met Range: Thresholds for 5.1 reflect the margin of error in forecasts of future participation. For food stamp participation, results from 2 independent assessments suggest that predictions of the number of food stamp participants are accurate to within plus-or-minus 7.5 percent (on average). The threshold range for the school meals and WIC participation levels are 5 percent and 3 percent respectively. This reflects the pattern of variance between actual and target performance for both programs over the past five years.
- Data assessment metrics to meet the target allow for an actual number in the range (in millions) 25.7-29.9, 70 for the Food Stamp Program, 30.0-33.2 for the National School Lunch Program, 10.3-11.3 for the School Breakfast Program and 8.2-8.8 million for the WIC program.

Data Assessment of Performance Measures 5.1.1

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. If not, 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.

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result

- Completeness of Data—Figures for FSP and WIC participation represent 12-month fiscal year averages. Figures for NSLP and SBP are based on nine-month (school year) averages. Participation data are collected and validated monthly before being declared annual data. Reported estimates are based on data through April 2008, as available July 25, 2008.
- Reliability of 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 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.

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. Many may not be aware of their eligibility. Thus, efforts to improve access to and promote awareness of these programs are an ongoing challenge. Additionally, USDA must seek improvements in policy and operations to make these programs easier to apply.

The quality of program delivery by third parties—hundreds of thousands of State and local Government workers and their cooperators—is critical to USDA efforts to reduce hunger and improve nutrition. USDA's ongoing efforts in partnership with these entities must always focus on customer service, ease of access to benefits, and efficiency.

The Department and its delivery partners sustained effective program access in FY 2008. USDA saw greater-than-targeted participation in FSP and the WIC. The latter program provides Federal grants to States for supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding and non-breastfeeding postpartum women, and to infants and children up to age five found to be at nutritional risk. SBP posted expected levels of average monthly participation in the States. SBP provides cash assistance for States to operate nonprofit breakfast programs in schools and residential childcare institutions. The NSLP saw slightly lower-than-targeted (but well within expected performance) average participation. NSLP provides nutritionally balanced, low-cost or free lunches to children each school day.

Objective 5.2: Promote Healthier Eating Habits and Lifestyles

Measure 5.2.1: Application and usage level of nutrition guidance tools

Overview

Key Outcome

Promote More Healthful Eating and Physical Activity across the Nation

Good nutrition and physical activity are vital to reducing the risk of death or disability from a wide range of chronic, diet-related illnesses. USDA uses Federal nutrition policy and nutrition education to provide scientifically based information about healthful diets and lifestyles.

The *Dietary Guidelines for Americans*, developed jointly by USDA and the Department of Health and Human Services, provide advice about food choices that promote health and prevent disease. The former's *MyPyramid* food guidance system (mypyramid.gov) provides educational tools to help Americans take the necessary "Steps to a Healthier You." These steps offer a wide range of cutting-edge information tools, including a personalized eating plan.

USDA uses partnerships and "information multipliers" to maximize the reach and impact of its interventions, both within Federal nutrition-assistance programs and the general public. These information multipliers include shopkeepers who post public-service messages in their shops and school teachers who teach their students about nutrition.

Analysis of Results

To meet the needs of the general population, USDA continued its leadership role in the promotion of nutrition guidance through educational tools designed to motivate people to live healthier:

- Distributing more than three billion pieces of nutrition guidance materials via the Web and print. Additionally, registrations continue to increase for the *MyPyramid* Tracker. *MyPyramid* has averaged more than two million active registrations since 2005;
- Launching a groundbreaking, collaborative effort to magnify the communication of dietary and physical activity guidance messages. The new Partnering with *MyPyramid*: Corporate Challenge showcases the role of various industries as partners with Government to encourage healthier eating habits and more physical activity among families. The challenge is designed to empower nutrition gatekeepers by providing easy-to-apply guidance for a healthy lifestyle. It also provides information to help them make healthy food choices for themselves and their families where they prepare foods, work, play and buy groceries; and
- Unveiling the *MyPyramid* Menu Planner. The online menu planner shows whether a given individual's diet is balanced and consistent with the *Dietary Guidelines for Americans*. It also advises ways for individuals to learn and adjust their diets to meet the dietary recommendations. The planner tracks an individual's diet and helps that individual plan meals.

Additionally, the Department advanced a number of important initiatives to promote healthy diets in nutrition assistance programs. Key accomplishments include:

- Continued use of nutrition education in the Food Stamp Program to promote healthy food choices and physically active lifestyles. One educational tool includes the popular Loving Your Family, Feeding Their Future. This comprehensive nutrition education intervention, available in English and Spanish, is for low-income people of limited literacy. The tool is designed to motivate its users to improve their families' eating and physical activity behaviors;
- Expanding and improving the *HealthierUS* Challenge. This program encourages schools to take a leadership role in helping students make healthy eating and lifestyle choices. The challenge establishes guidelines for schools that promote healthy nutrition. USDA recently announced new HealthierUS criteria that have been updated and revised to reflect the *Dietary Guidelines for Americans*. The Department also developed a new Gold Award of Distinction to recognize schools that exceed the regular requirements. USDA recognized more than 90 schools through the challenge this year;
- Engaging an expert panel to recommend updates to requirements for school meal programs. The updates were based on the *Dietary Guidelines for Americans* and related nutrition requirements; and
- Awarding a grant to the National Academies' Institute of Medicine to support the review of the dietary reference intakes for vitamin D and calcium. The Dietary Guidelines Advisory Committee recognized these two nutrients, considered vital for a healthy diet, as a concern for the specific population groups.

Selected Results in Research, Extension, and Statistics

EFNEP Continues to Yield Valuable Results for Participants—The Expanded Food and Nutrition Education Program (EFNEP) is designed to assist limited resource audiences in acquiring the knowledge, skills, attitudes and behavioral changes necessary for nutritionally sound diets. EFNEP continues to be highly effective. Ninety-one percent of adult participants improved their dietary intake, 88 percent of these participants improved at least one nutritional practice and 83 percent reported that they improved at least one or more food resource management practice. Seventy-one percent of youth EFNEP participants now eat a

variety of foods, 71 percent of the youth increased their knowledge of essentials of human nutrition and 64 percent of youth respondents improved practices in food preparation and safety.

Could Behavioral Economics Help Improve Diet Quality for Nutrition Assistance Program Participants?—This study uses behavioral economics, food marketing and psychology to identify possible options for improving the diets and health of participants in Federal food-assistance programs. Findings from behavioral and psychological studies indicate that people regularly and predictably behave in ways that contradict some standard assumptions of economic analysis. Recognizing that consumption choices are determined by factors other than prices, income and information, the study shows that different strategies influence consumers' food choices. These strategies expand the list of possible ideas for improving the diet quality and health of participants in USDA's food-assistance programs.

Exhibit 36: Promoting Healthier Eating Habits and Lifestyles

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
5.2.1 Application and usage level of nutrition guidance tools (pieces of nutrition guidance distributed, Billions)	n/a	n/a	1.5	2.6	2.7	3.2	Exceeded

Rationale for Met Range: Thresholds reflect trends of MyPyramid.gov "hits" and print materials distributed (MyPyramid and the Dietary Guidelines for Americans).

- Data assessment metrics to meet the target allow for an actual number in the range 2.3-2.7 Billion.

Data Assessment of Performance Measures 5.2.1

Data on the application and usage level of nutrition guidance tools are drawn from electronic records associated with http://www.mypyamid.gov/MyPyramid.gov, survey analysis and records at headquarters and inventory control at the distribution center used by USDA's Center for Nutrition Policy and Promotion.

- Completeness of Data—Data related to MyPyramid.gov are collected instantaneously, indicating the number of e-hits to the Web site and registrations to MyPyramid Tracker. For print materials, data from national headquarters and a distribution center are also complete. This information representing the difference between what was distributed versus what remains in the inventory.
- Reliability of Data—The data are highly reliable. The number of hits is instantaneously recorded, the on-line survey is continual and well-tested, and the number of distributed print materials is tracked.
- Quality of Data—The data are used to report on the success of the *MyPyramid* Food Guidance System, and our high quality indicators of the degree to which USDA promotes, and customers respond to, interactive tools and print materials designed to help Americans personalize their diets.

Challenges for the Future

While USDA's goal to address and prevent obesity begins with understanding what constitutes a healthy diet and the appropriate balance of exercise, 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 choices and the relationships between these choices and their attitudes, knowledge and awareness of diet/health links.

The ability of existing nutrition guidance and promotional materials to achieve behavior change may wane over time. Further, the food marketplace has limited resources available for nutrition promotion relative to other messages, products and practices. Additionally, physical activity and other lifestyle issues significantly impact body weight and health.

USDA tracks its annual performance in promoting healthful eating and physical activity by monitoring distribution of nutrition education materials. Over the longer term, the Department assesses the effect of these efforts with its Healthy Eating Index (HEI). HEI measures diet quality to assess conformance to Federal dietary guidance. The index is based on nutrition surveillance data.

Objective 5.3: Improve Nutrition Assistance Program Management and Customer Service

Measure 5.3.1: Increase Food Stamp Payment Accuracy Rate

Overview

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

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

Analysis of Results

While 2008 data will not be available until June 2009, the food stamp payment accuracy rate reached a record-high 94.4 percent in 2007. The number demonstrates the excellent performance by State agencies in administering the program. This combined rate reflects 4.58 percent in overpayments and 1.06 percent in underpayments for a total of 5.64 in erroneous payments.

Twenty-eight States had a payment-accuracy rate greater than 94 percent, including 12 States with rates topping the 96–percent mark. Data on each State's payment accuracy can be found at: www.fns.usda.gov/fsp/qc/pdfs/2007-rates.pdf.

In June, USDA awarded $30 million in high performance bonuses to the 7 States with the best payment accuracy rates and the 3 States with the most improved rates.

USDA's close working relationship with its State partners, along with program changes to simplify rules and reduce the potential for error, has resulted in consistent increases in food stamp payment accuracy. Such Department efforts as an enhanced Partner Web and the National Payment Accuracy Work Group contributed significantly to this success. They both offered timely and useful payment accuracy-related information, tools best practices available across the country. Partner Web is an Intranet for State food stamp agencies. The National Payment Accuracy Work Group consists of representatives from USDA headquarters and regional offices.

The Department will work with States to streamline the program by extending simplified reporting to elderly and disabled households.

Additionally, USDA 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. Regional offices then address these situations in the individual States.

Exhibit 37: Increase Efficiency in Food Management

Annual Performance Goals, Indicators, and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
5.3.1 Increase Food Stamp Payment Accuracy Rate (Baseline: 2001 = 91.3%)	94.1%	94.1%	94.0%	94.4%	94.3%	Not Available	Deferred
FY 2008 data will be available in 2009. Rationale for Met Range: The 95-percent confidence interval around the estimate of payment accuracy is ±.33. • Data assessment metrics to meet the target allow for an actual number in the range 94.0%-94.6%.							

Data Assessment of Performance Measures 5.3.1
Food stamp payment accuracy data are used annually to support the food stamp Quality Control (QC) process, based upon a 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 rates. This rate is composed of over-issuances and under-issuances of FSP benefits. A regression formula is applied to review results 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 one. 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 2007. Analysis of FY 2008 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 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 frequently cited as an important, high-quality indicator of program performance.

Challenges for the Future

Some improper payment risks are inherent to the legislatively mandated program structure. This structure is intended and designed to be easily accessible to people in special circumstances and settings. USDA must make services convenient and accessible to participants. State and local Governments bear direct responsibility for delivering the programs. Thus, the Department must work with these groups through monitoring and technical assistance. This approach requires trained staff supported by a modernized information technology infrastructure to ensure full compliance with national program standards.

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. However, State agencies have, for the most part, risen to the challenge and continue to achieve a high level of payment accuracy. Additionally, State budgets have been and will continue to be extremely tight. This factor could hurt State performance in payment accuracy. USDA will continue to provide technical assistance and support to maintain payment accuracy in the context of this changing environment.

Strategic Goal 6: Protect and Enhance the Nation's Natural Resource Base and Environment

Objective 6.1: Protect Watershed Health to Ensure Clean and Abundant Water

Measure

6.1.1: Comprehensive Nutrient Management Plans applied
- Conservation Technical Assistance
- Environmental Quality Incentives Program

6.1.2: Increase Conservation Reserve Program (CRP) acres of riparian and grass buffers

Overview

Key Outcome
Clean and Abundant Water

Healthy, well-cared for watersheds are essential to ensuring clean and abundant water resources. USDA manages national forests and grasslands to protect watersheds. The Department also offers services to help protect and enhance the Nation's water resources on private lands. The Conservation Technical Assistance Program (CTA) provides technical assistance supported by science-based technology and tools to help people conserve, maintain and improve their natural resources. In 2008, USDA conservation experts assisted people in writing or updating conservation plans on private land covering more than 13.8 million acres of working cropland and 26.8 million acres of grazing and forest lands. Conservation plans provide producers with information on the capability of their soil, condition of their grazing lands and woodlands, irrigation water management, wildlife habitat needs, and measures to improve or protect soil, water and air quality. The Department also assisted agricultural producers with implementing water quality improvement practices on more than 36 million acres. Much of USDA's assistance for water quality is directed towards livestock producers to reduce the risk of livestock waste and nutrients entering waterways.

A third of all ground and surface water is used for agricultural irrigation. USDA helped producers improve their irrigation practices on 3.3 million acres in FY 2008.

USDA also provided producers with financial assistance to help offset the cost of installing riparian and grassland buffers, and other conservation practices. Major programs providing financial assistance for water resources included the Environmental Quality Incentives Program (EQIP) and the CRP. The former provided nearly $560 million in cost share and incentives for water conservation and water quality in FY 2008. EQIP financial assistance is used for capital-intensive, structural practices and the adoption of practices to improve management of working land.

Analysis of Results

USDA made significant progress in protecting watershed health and ensuring clean and abundant water. The Department exceeded its target for CTA and met its target for EQIP by helping livestock producers apply comprehensive nutrient management plans. These systems include conservation practices implemented for waste collection and storage, nutrient management, land treatment practices for erosion control, and vegetated buffers to protect bodies of water. As animal agriculture has become more concentrated, public concern about potential environmental damage has increased. USDA focuses on helping producers comply with State and local regulations to minimize the potential for damage to water or air resources from livestock operations.

Selected Results in Research, Extension and Statistics

A New Remote Sensing Technique To Estimate Nutrient Uptake By Cover Crops—While cover crops can reduce nitrogen losses from agricultural fields, they are difficult to monitor at the watershed/landscape scale. USDA researchers in Beltsville, Maryland, developed a remote sensing technique. The technique estimates the amount of nitrogen sequestered in cover crop biomass on farms enrolled in State cover crop cost share programs. The pilot study was conducted in the Choptank River watershed in Maryland, which is part of USDA's watershed research network. The technique will allow managers to optimize and efficiently monitor this important best management practice at watershed and regional scales.

Extension Program Reduces Contamination and Saves Money—Excess nitrogen runoff from agriculture pollutes in the Nation's waterways. USDA funded North Dakota Extension programs to reduce nitrogen application rates with no crop yield or quality consequences. The programs are designed to increase grower profits and reduce water contamination. The work reduced nitrogen application by 20 pounds per acre on 500,000 acres of dry bean, canola and flax. At 40 cents per pound of nitrogen, growers saved $4 million in North Dakota.

Riparian and grass buffers intercept sediment and nutrients before they reach surface waters. To measure performance in achieving its strategy, USDA monitors acreage of agricultural lands to be enrolled as buffer zones in CRP. During the past five years, the number of acres set aside as buffer areas under the CRP program has increased steadily. CRP exceeded its performance target of 1.92 million acres for the measure by more than 100,000 acres. For FY 2008, producers have set aside approximately 2.02 million acres as CRP buffer areas.

Exhibit 38: Healthy Watersheds, High Quality Soils and Sustainable Ecosystems

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
6.1.1 Comprehensive Nutrient Management Plans applied (number of plans)							
• Conservation Technical Assistance	2,372	2,421	2,269	1,911	1,550	1,745	Exceeded
• Environmental Quality Incentives Program	1,055	2,032	2,774	2,490	2,300	2,520	Met
6.1.2 Increase Conservation Reserve Program (CRP) acres of riparian and grass buffers (Million acres, cummulative)	1.65	1.75	1.86	1.95	1.92	2.02	Exceeded

Actual performance as of September 30, 2008.

Rationale for Met Range:

- 6.1.1: 1) Conservation Technical Assistance. Data assessment metrics to meet the target allow for an actual number in the range 1,395 – 1,705. 2) Environmental Quality Incentives. Data assessment metrics to meet the target allow for an actual number in the range 2,070 – 2,530.
- 6.1.2: Data assessment metrics to meet the target allow for an actual number in the range of 98%-102% of 1.92.

Data Assessment of Performance Measures 6.1.1

- Please refer to goal 6, Objective 6.4.1

Data Assessment of Performance Measures 6.1.2

The data source for this measure is the FSA National CRP Contract and Offer Data Files.

- Completeness of Data— CRP targets and actual data are cumulative. Data is based on estimated results through September 30, 2008. 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. There are no known data limitations.
- Reliability of Data— FSA considers the data to be reliable. CRP is authorized through FY 2012.
- Quality of Data— While current information only provides the number of acres in these buffers, ongoing research will show models that estimate sediment and nutrients intercepted by these buffers. When available, these estimates may be used as performance measures.

Challenges for the Future

The demand for ethanol has lead to an increase in corn acreage. As a result, there may be increased demand for the collection and removal of crop residues/biomass for annually planted crops, in addition to perennial crops such as switchgrass. The changes in crop rotation, tillage, residue management, and nutrient and pesticide use on cropland could threaten water quality if not managed carefully.

If markets support increased production, agricultural producers may continue to plant crops on environmentally sensitive land rather than establishing long-term conservation covers or buffers. CRP enrollment continues to be influenced by high commodity prices. These prices have reduced the attractiveness of retiring cropland from production and enrolling it in CRP. Also, the 2008 Farm Bill reduced the maximum CRP enrollment to 32 million acres beginning in FY 2010.

USDA uses the multi-agency Conservation Effects Assessment Project (CEAP) to quantify the environmental benefits of conservation practices. Private landowners are cooperating with USDA in the CEAP effort. Watershed-based assessments are directed at evaluating interactions among practices and hydrology in the landscape. There is also a focus on the impacts of livestock, irrigation and drainage management, and conservation practices with significant watershed level impacts.

Objective 6.2: Enhance Soil Quality to Maintain Productive Cropland Base

Measure

6.2.1 Cropland with conservation applied to improve soil quality (millions of acres)

- **Conservation Technical Assistance Program**
- **Environmental Quality Incentives Program**

Overview

Key Outcome
Enhanced Soil Quality

High-quality soils support the efficient production of crops for food, fiber and energy. Proper soil management maximizes agricultural production and improves the environment. USDA helps producers install conservation practices and systems that meet established technical standards and specifications. In FY 2008, the Department assisted in applying conservation practices on 16 million acres of cropland. USDA also provides financial assistance to encourage producers to adopt land treatment practices proven to provide significant public benefits. In FY 2008, financial assistance for practices applied primarily to address soil quality issues included $187 million in EQIP cost-shares or incentives for adopting structural measures or management practices to reduce erosion and protect cropland.

The voluntary Conservation Security Program (CSP) provides financial and technical assistance to promote conservation on agricultural lands. CSP supports natural resource stewardship by identifying and rewarding those farmers and ranchers meeting the highest standards of conservation and creating incentives for other producers to meet those same standards.

USDA mapped or updated 35.2 million acres of soils, including Federal lands. Soil surveys provide information on the capabilities and conservation-treatment needs of soils. The Department provides the scientific expertise to enable a uniform system of mapping and assessing soil across the Nation. Historically, USDA has produced soil surveys along geo-political boundaries. Future efforts will be directed toward developing seamless national soil survey coverage. The soil survey program is initiating an effort to collect soil property data that vary with land use and management. These data will better enable planners to assess soil quality for a given land use and management

level. This will allow conservation practices to be tailored to address the greatest soil quality concerns and more accurately reflect the operator's conditions.

Analysis of Results

USDA exceeded its target for helping producers apply conservation practices on cropland for CTA and met its EQIP target. Farmers frequently change crops, equipment, and management practices; thus, they need help in adjusting conservation systems, even on land well-protected under the previous system. USDA also met its CSP targets for enhanced soil management.

Selected Results in Research, Extension, and Statistics

Preventing Soil Erosion—Supported by Small Business Innovation Research, researchers have investigated the use of WoodStrawTM for erosion control. WoodStrawTM is a wood-based erosion control material that is weed-free, long-lasting and superior to agricultural straw in watersheds, forestlands and road construction. Its production supports rural jobs and improves independent veneer mill sustainability through value-added outlets for low grade veneer.

"Green Payments" in Agriculture—USDA's *Integrating Commodity and Conservation Programs: Design Options and Outcomes* and a related *Amber Waves* article address the potential advantages and disadvantages of linking commodity and conservation programs into a single policy tool. The research examined the distribution of income support and environmental gains from various approaches to combining that objective of existing commodity programs and environmental objectives. Policy makers who attempt to join commodity and conservation policy may face a difficult trade-off between environmental gain and the existing distribution of farm income support. Program scenarios included existing commodity programs with enhanced conservation requirements (extensions of existing compliance requirements) and payments based on environmental performance ("performance-based" payments). This move would encourage "production" of environmental quality along side of traditional agricultural commodities.

Effects of Elevated Carbon Dioxide (CO_2) on Soil Carbon in Conventional and Conservation Cropping Systems Evaluated—USDA researchers in Auburn, Alabama, evaluated the contribution of agricultural management and rising atmospheric carbon dioxide to soil carbon sequestration. They also studied the ability of these systems to help ease gas' higher atmospheric levels. Soil carbon was measured for 10 years in a cropping systems study. Researchers compared the effects of elevated atmospheric carbon dioxide CO_2 in a conventional (standard tillage with no cover crops) management system with that of a conservation (no-till with three cover crops). The researchers found that conservation management can improve soil quality, and that the improvements are enhanced under elevated atmospheric carbon dioxide conditions.

Exhibit 39: Enhanced Soil Quality

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
6.2.1 Cropland with conservation applied to improve soil quality (millions of acres)							
• Conservation Technical Assistance	NA	6.0	6.4	7.3	7.0	8.3	Exceeded
• Environmental Quality Incentives	NA	2.2	3.4	5.3	5.5	5.6	Met
• Conservation Security	1.3	7.2	1.4	0.14	1.4	1.3	Met

Actual performance as of September 30, 2008.

Rationale for Met Range: This measure was new for the Department in FY 2007, but relates to the prior measure for Cropland Soils Protected from Excessive Erosion. This measure was designed to provide a better indicator of soil quality and includes all cropland and hay land on which USDA assisted producers to apply conservation measures to maintain or enhance soil quality and enable sustained production of a safe, healthy, and abundant food supply. Performance data for FY 2006 and FY 2005 have been provided to indicate prior year performance had this measure been employed at that time.

- Conservation Technical Assistance: Data assessment metrics to meet the target allow for an actual number in the range of 6.3–7.7.
- Environmental Quality Incentives: Data assessment metrics to meet the target allow for an actual number in the range of 5.0–6.1.
- Conservation Security: Data assessment metrics to meet the target allow for an actual number in the range of 1.3–1.5

Data Assessment of Performance Measures 6.2.1

Please refer to goal 6, Objective 6.4.1

Challenges for the Future

Economics and weather can impact producers' willingness to adopt conservation measures. In addition to an increase in demand for corn to make ethanol, demand is expected to increase for the collection and removal of crop residues/biomass for annually planted crops and perennial crops such as switchgrass, for cellulosic ethanol. Natural disasters and prolonged unfavorable weather conditions could also reduce the opportunities for producers to implement conservation practices. USDA continues to evaluate the effects of short-term and long-term conservation practices on soil quality, including impacts on organic matter and carbon sequestration.

The Department will face challenges associated with soil data collection and dissemination. Economic constraints in partnering with other agencies and universities could reduce the number of acres mapped and the total number of soil surveys updated. USDA will seek to strengthen partnerships and form new ones with entities having common interests. It will also use technology to improve data-collection efficiency.

Objective 6.3: Protect Forests and Grazing lands

	Measure
6.3.1	Number of acres of hazardous fuel treated that are in the wildland urban interface
6.3.2	Number of acres of hazardous fuel treated that are in condition Classes 2 or 3 in Fire Regimes I, II or III outside the wildland-urban interface
6.3.3	Number of acres in condition classes 2 or 3 in Fire Regimes I, II, or III treated by all land management activities that improve condition class
6.3.4	Grazing and forest land with conservation applied to protect and improve the resource base: • Conservation Technical Assistance • Environmental Quality Incentives Program

Overview

Key Outcome
Sustainable Forest and Grassland Ecosystems

Forests and grasslands comprise nearly 55 percent of the Nation's total land area of 2.3 billion acres. These lands provide timber and livestock forage. Additionally, healthy forests and grazing lands contribute to the health and well-being of the Nation's soil, water, air and wildlife. USDA looks to reduce fire danger, minimize the threat of invasive species, and help producers apply conservation practices that reduce erosion and improve water quality.

The Department manages more than 192 million acres of national forests and grasslands. It also acts as a technical-assistance provider on non-Federal forests and grasslands. These areas comprise almost half the continental U.S. On Federal lands, USDA protects and sustainably manages national forests and grasslands so they support multiple uses. Using technical and financial assistance, the Department also helps landowners and operators address the risks on privately owned land using conservation practices. These practices include prescribed grazing, integrated pest management, brush management, forest stand improvement, and tree planting. USDA assisted producers in applying conservation practices on 31.4 million acres of non-Federal grazing lands and forest.

Several serious threats pose risks to public and private forestland and grassland. They include wildland fire, invasive species, loss of open space and unmanaged outdoor recreation. In many areas, especially in the West, most watersheds and landscapes include public land managed by several Federal agencies and private, State and Tribal lands. Protecting the natural resources in these areas requires cooperation among a large number of stakeholders,

with a focus on the whole landscape. USDA's forest protection performance measure focuses on reducing the risks of catastrophic wildland fire. Its performance measure for grazing land and non-Federal forestland focuses on increasing the acreage managed under conservation systems that will sustain or improve long-term vegetative condition.

Approximately a million acres of national forestlands burned during the 2008 fire season. Nationwide, wildfires affected approximately 5 million acres of public and private land. USDA and the Department of the Interior (DOI) are using tools and authority provided by the President's Healthy Forests Initiative and the Healthy Forests Restoration Act of 2003 to reduce fire hazards and restore forests and grasslands. The USDA-DOI projects consist largely of removing excess vegetation and prescribed burning (collectively, "hazardous fuel reduction") to reduce the risk from wildfires.

The USDA-DOI projects improve firefighter and public safety. Since the inception of the National Fire Plan in 2001, USDA has treated more than 16 million acres to remove excess vegetation through a combination of hazardous fuels reduction funds and other vegetation management program efforts. Unplanned ignitions, or those that occur through such natural causes as lightning, are also used as an ad-hoc tool to manage hazardous fuels. Natural fire reduces fuels, recycles nutrients and provides a host of other functions necessary to maintain healthy ecosystems. In 2008, management objectives were achieved on approximately 170,000 acres using naturally ignited fires.

USDA's efforts to reduce the risks of wildfire are conducted in collaboration with its stakeholders to develop and implement Community Wildfire Protection Plans (CWPPs). CWPPs identify wildland fire hazards in areas within and surrounding communities. They also identify high-priority hazardous fuels for treatment. Additionally, CWPPs help private citizens understand the role fire plays in ecosystem health, promote positive interactions with Federal land managers, and create local business opportunities.

Hazardous fuel reduction accomplishments in 2008 include:

- Investing more than 60 percent of the dollars available for hazardous fuel treatments in the wildland urban interface near communities;
- Developing a scientific methodology to evaluate acres burned by unplanned ignition as acres approaching desired conditions, if the outcomes are consistent with management objectives;
- Creating and implementing a process to document and display fuel-treatment effectiveness where on-the-ground treatments have been tested by wildfire; and
- Deploying the Fire Program Analysis system to analyze initial response, fuels, and large fire-suppression activities relative to risks, impact, benefits, and cost. The system will provide managers decision-support and analysis tools to inform their allocation of fire preparedness resources and funding at both the local and national levels.

Several key USDA programs contribute to management efforts that protect communities and restore forests and grasslands to sustainable conditions. The hazardous fuel reduction program is a crucial component of this effort. Programs to improve timber and range productivity, wildlife and fish habitat, forest health, and watershed quality also contribute to this effort.

Analysis of Results

USDA met or exceeded all of its performance goals for protecting the health of the Nation's forests and grasslands against the risk of fire. USDA exceeded its 2008 CTA and EQIP targets for conservation applied to protect and enhance non-Federal grazing land and forest land. Nationwide drought conditions, expansion of the wildland urban interface, and densely vegetated forests increase the chances of more severe and damaging wildfires. Approximately 56 percent of all acres managed by USDA have missed 2 or more expected fire cycles. Many acres are at elevated risk from wildland fire. The finer scale data available from LANDFIRE is expected to show an even greater departure from expected conditions in the Nation's forests and woodlands.

Selected Results in Research, Extension, and Statistics

Investing in the Future—A USDA program allowed 65 forestry schools and colleges to participate in environmental research. The study addressed the production, protection and utilization of forest resources and associated rangelands. Nearly 1,000 scientists work on projects from the molecular to the landscape level. Knowledge and technologies developed are worth billions of dollars in direct and indirect benefits. Funding has supported 22,500 years of graduate student forestry studies, leading to 7,500 masters and 2,200 doctoral degrees.

Major economic and environmental disruptions by wildfires in Western States—The lack of information on the impacts of grazing on post-fire environments has limited the effectiveness of post-fire management strategies to simultaneously meet ecological and economic goals. USDA researchers in Burns, Oregon, evaluated plant community recovery after prescribed fire and the application of spring and summer grazing in a local rangeland ecosystem. They found that moderate grazing after fire did not limit the recovery of plant communities and productivity of herbaceous plants when compared with ungrazed treatments. This information enhances the ability of land managers to prescribe post-fire grazing practices that restore ecological health while reducing income loss for livestock producers.

Exhibit 40: Trends in Treatment of Hazardous Fuel, Private Forests and Grasslands

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
6.3.1 Number of acres of hazardous fuel treated that are in the wildland urban interface (in thousands)	1,311	1,094	1,045	1,139	1,110	1,110	Met
6.3.2 Number of acres of hazardous fuel treated that are in condition classes 2 or 3 in Fire Regimes I, II, or III outside the wildland-urban interface (in thousands)	492	470	409	528	515	515	Met
6.3.3 Number of acres in condition classes 2 or 3 in Fire Regimes I, II, or III treated by all land management activities that improve condition class (in thousands)	758	1,058	1,093	1,301	1,268	1,268	Met

Rationale for Met Range:

- 6.3.1: Data assessment metrics to meet the target allow for an actual number in the range of 1,055–1,166.
- 6.3.2: Data assessment metrics to meet the target allow for an actual number in the range of 489–541.
- 6.3.3: Data assessment metrics to meet the target allow for an actual number in the range of 1,205–1,331.

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
6.3.4 Grazing and forest land with conservation applied to protect and improve the resource base, millions of acres							
▪ Conservation Technical Assistance	n/a	7.5	11.8	14.2	12.0	16.0	Exceeded
▪ Environmental Quality Incentives Program	n/a	8.0	12.2	16.5	12.3	16.9	Exceeded

[1] Actual performance as of September 30, 2008.

- The FY 2007 PAR included performance figures from the Conservation Stewardship Program. It was removed this year from the measure so the focus would be on soil and water quality.

Rationale for Met Range: This measure was re-defined and expanded in FY 2007 to include all private grazing or forest land on which the Department assisted producers to apply conservation measures to maintain or improve long-term vegetative condition and protect the resource base. Lands on which conservation measures may be applied include grazed range, grazed forest, native and naturalized pasture, and forest. Performance data for FY 2005 and FY 2006 have been provided to indicate prior year performance had this measure been employed at that time.

- 6.3.4: 1) Conservation Technical Assistance. Data assessment metrics to meet the target allow for an actual number in the range 10.8–13.2.
  2) Environmental Quality Incentives. Data assessment metrics to meet the target allow for an actual number in the range 11.1–13.5.

Data Assessment of Performance Measures 6.3.1, 6.3.2, 6.3.3, 6.3.4

The following applies to measures 6.3.1, 6.3.2, and 6.3.3: 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.

[1] Please refer to Goal 6, Objective 6.4.1 for the data assessment of measure 6.3.4.

- Completeness of Data—The data used in conjunction with performance information are based on those reported through the end of the third quarter. To provide the response to the initial data call, the Forest Service projects the results for the fourth quarter of the fiscal year based on year-to-date and prior year performance. That projection is replaced with end-of-year actual data after the end of the fiscal year.
- Reliability of Data—All data for hazardous fuels were reported through the National Fire Plan Operations System. USDA and Department of Interior land-management agencies co-developed the system. Its data are collected, compiled, and analyzed by program managers, and certified by the respective line officer.
- Quality of Data—Data quality has been assessed at about 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. Data are projected based on historical performance and year-to-date actual accomplishments. If information is not entered into the systems of record immediately upon completion of the project, the quality of the projection will be compromised.

Challenges for the Future

The cost of managing wildfires is staggering. Where feasible, use of excess vegetation for biomass and biobased products may lower costs. A barrier to expanding forest-biomass utilization is the limited market for this material and the rising cost of transportation from the source to scarce processing facilities. Where processing capacity exists, use is limited because much of the excess material is too small for its removal to be economically feasible. USDA and DOI are developing a strategy to encourage greater biomass utilization.

With regard to private land, producers' willingness and ability to implement conservation measures are affected by economic conditions, climate variability, drought and invasive species. USDA, in cooperation with other Federal, State, Tribal, and local agencies will work to provide producers information and other necessary resources to adopt needed conservation measures.

Objective 6.4: Protect and Enhance Wildlife Habitat to Benefit Desired, At-Risk and Declining Species

Measure: 6.4.1 Wetlands Created, Restored or Enhanced

- Conservation Technical Assistance Program
- Wetlands Reserve Program
- Conservation Reserve Program

Overview

Key Outcome

Improved Wildlife Habitat Quality While Supporting Desired Species and Species of Concern (At-Risk and Declining Species)

USDA addresses the needs of wildlife in managing national forests and grasslands. USDA also provides technical and financial assistance to landowners and managers to improve habitat on private lands. On non-Federal land, USDA conservationists provide on-site assistance to assess the quality of wildlife habitat. They also develop management plans that consider wildlife needs for shelter, nesting areas, and access to water and food during critical periods. These plans are designed to sustain and enhance wildlife habitat.

The Department helped individuals and groups apply conservation management to maintain or improve habitat on 13.5 million acres of non-Federal land. The land treated included 13.1 million acres of upland wildlife habitat and nearly 400,000 acres of wetland wildlife habitat. Several USDA programs encourage participants to enter into

contracts to improve and restore grassland, rangeland, forest ecosystems, wetlands, and adjacent upland buffers. Easement acquisitions and agreements help ensure the long term viability of these habitat areas. These actions are designed to create productive, diverse, and resilient habitat.

Analysis of Results

USDA exceeded its targets for the creation, restoration or enhancement of wetlands. This performance measure set targets for three USDA programs: the CTA, the Wetlands Reserve Program (WRP) and CRP. The performance measure for wetlands includes land on which USDA provided technical and/or financial assistance in FY 2008.

CTA provides technical assistance supported by science-based technology and tools to help people conserve, maintain and improve their natural resources. On wetlands where USDA provided technical assistance through CTA, no financial assistance was provided by Department programs. In some cases, financial assistance may have been provided through non-USDA sources.

WRP is a voluntary conservation program that offers landowners the means and opportunity to protect, restore and enhance wetlands on their property. WRP participants sign an easement or agreement with USDA.

The CRP performance target of 50,000 acres was exceeded by 30,103 acres, a 60 percent increase over the projected number of acres. This was due to the adoption of several initiatives, including the 100,000-acre Duck Nesting Habitat Initiative, the 500,000-acre Bottomland Hardwood Timber Initiative and the 250,000-acre non-floodplain Wetland Restoration Initiative. These restored wetlands and buffers have increased prime wildlife habitat and water storage capacity. They have also led to a net increase in wetland acres on agriculture land.

The Duck Nesting Habitat Initiative was designed to increase duck populations by an estimated 60,000 birds annually and to restore 100,000 wetland acres. The Bottomland Hardwood Timber Initiative was designed to improve flood plains through the restoration of primarily bottomland hardwood trees. The Wetland Restoration Initiative was designed to restore up to 250,000 acres of wetlands and playa lakes that are located outside of the 100-year floodplain.

In April, the Council on Environmental Quality (CEQ) announced that the goals established in the President's Wetland Initiative had been achieved a full year ahead of schedule. WRP, CRP and CTA served as the primary USDA contributors to this effort. They have restored, created and enhanced more than 1.3 million acres of wetlands, and protected more than 400,000 acres since Earth Day, 2004. CEQ coordinates Federal environmental efforts and works closely with agencies and other White House offices in developing environmental policies and initiatives.

USDA uses the acreage of wetlands created, restored or enhanced as an indicator of progress toward improved habitat for many species. The Department is participating in cooperative efforts to quantify the results of its conservation practices for wildlife habitat. The results will be used to manage agricultural landscapes for environmental quality.

Numerous species have benefitted from USDA's projects. A recent study by the Fish and Wildlife Service (FWS) examined the effect of CRP in North Dakota, South Dakota and northeastern Montana. FWS estimated that the duck population grew by an average of 2 million annually between 1994 and 2004, a 30 percent increase compared to the same area without CRP. The program is also credited with enhancing the population of several bird species considered endangered. The Washington Department of Natural Resources found that a severe decline in an eastern Washington sage grouse population has been reversed in an area with substantial CRP enrollment. A *Journal of Wildlife Management* study credits CRP with a sharp rebound in Henslow's Sparrow populations.

In FY 2008, USDA and FWS evaluated the benefits of WRP to mid-continental migrating waterfowl. This collaborative effort was part of a CEAP Wildlife Component assessment. This assessment quantifies the effects of USDA conservation practices and programs on fish and wildlife in landscapes influenced by U.S. agriculture. The

project, which took place in the Rainwater Basin Region of south central Nebraska, evaluated the value of WRP wetland projects. This region is important for waterfowl migration in the Central Flyway of North America. The findings revealed that the 3,000 acres of WRP restored wetlands in the Rainwater Basin provided up to 12 percent of the food energy needs of the estimated 12.4 million ducks and geese that traveled through this area during spring and fall migration.

Selected Results in Research, Extension, and Statistics

Controlling Invasive Species Protects Wildlife—Rapid response resulting from rangeland monitoring has allowed for early control of invasive species on 8,156 acres and protecting an additional 10,000 adjacent acres. Thanks to USDA funding, this Washington State University program treated more than 16,000 acres of Spartina infested tidelands in Willapa Bay and Puget Sound with a new, safer, more cost effective and more successful herbicide. Spartina populations have dropped to less than 1,000 acres (from 16,000). Shorebird populations utilizing these mudflats have increased from near zero to several thousand per hectare.

Exhibit 41: Improved Wildlife Habitat

Annual Performance Goals, Indicators and Trends	2004	2005	2006	2007	Fiscal Year 2008		
					Target	Actual	Result
6.4.1 Wetlands created, restored or enhanced (acres)							
• Conservation Technical Assistance	59,293	53,498	65,345	62,093	51,300	72,806	Exceeded
• Wetlands Reserve Program	123,363	180,358	181,979	149,326	100,000	128,860	Exceeded
• Conservation Reserve Program	57,036	50,934	61,279	68,834	50,000	80,103	Exceeded

Actual performance as of September 30, 2008.

- Conservation Technical Assistance: Data assessment metrics to meet the target allow for an actual number in the range 46,170 – 56,430.
- Wetland Reserve Program: Data assessment metrics to meet the target allow for an actual number in the range 90,000 – 110,000.
- Conservation Reserve Program: Data assessment metrics to meet the target allow for an actual number in the range 45,000 – 55,000 acres.

Data Assessment of Performance Measures 6.4.1

The chief sources of data for this performance measure are the National Conservation Planning Database (NCP), the Program Contracts Database (ProTracts) and the Performance Results System (PRS). The CRP data source for this measure is the FSA National CRP Contract and Offer Data Files. This applies to the data for Measures 6.1.1, 6.2.1, 6.3.4.

- Completeness of Data—The performance reported for these measures is based on actual data reported for FY 2008. Numerous data quality mechanisms within PRS ensure the completeness of each performance record entered in the system. There are no known data limitations.
- Reliability of Data—For FY 2008, the data reported for these performance measures were calculated within PRS based on information validated and retrieved from the NCP and ProTracts. Conservation practices are developed in consultation with the customer and included in conservation plans stored in the NCP. Periodic reviews are conducted to assess the accuracy of reported data.
- Quality of Data—Overall quality of the data is good. Field staffs, trained and skilled in conservation planning and application suited to the local resource conditions, report performance where the conservation is occurring. Error checking enhancements and reports within the PRS application maintain data quality by allowing users at local, State and national levels to monitor data inputs. Data on the linkage of programs and conservation practices applied are accurate because the conservation program responsible for applying each practice is documented in the conservation plan developed in Toolkit. The same land unit may benefit from the application of more than one conservation practice. Where more than one program is used to apply practices on the same land unit, each program is credited under the performance measure.

Challenges for the Future

Commodity prices, economic conditions, weather, and developmental pressures can impact the ability and willingness of agricultural producers to restore, improve and protect habitat areas. Given the current high prices for agricultural commodities, producers may be less willing to make long-term commitments regarding the use of their land. This could impact wetland restoration of prior converted cropland. Due to expiring CRP contracts and favorable commodity prices, USDA projects a slight decrease in the program's cumulative enrolled acreage. Some of

that land could return to crop production, which would reduce habitat for grassland bird species. Grassland birds are declining faster than any other type of North American birds.

USDA works with other agencies and private organizations to provide producers with information and other resources to adopt conservation measures and management practices. Many wildlife projects are supported by a combination of Federal, State, local, and private funds. State and local budget constraints could impact project implementation.

Program Assessment Rating Tool (PART) Evaluations

The Program Assessment Rating Tool (PART) assesses and improves program performance to allow the Federal Government to achieve better results. The PART is designed to look at all factors that affect and reflect USDA program performance. These factors include 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. It also allows comparisons between similar programs. The summaries below represent programs PART'ed in Fiscal Year 2008. The programs are summarized by Strategic Objective. Further detail on USDA's PART'ed programs can be found at: http://www.whitehouse.gov/omb/expectmore/.

Strategic Objective 1.1	Expand and Maintain International Export Opportunities
Program Name	Cochran Fellowship Program
Current Rating	• Adequate
Lead Agency	• Foreign Agricultural Service (FAS)
Major Findings/ Recommendations	• The Cochran Fellowship Program has a role in the overall effort to enhance technical capacity throughout the international agricultural sector. The program is designed to facilitate international trade and reduce the limiting factors in the economic development of middle-income countries and those in transition. Despite its work, it is unclear to what extent the program's agricultural training can be linked to specific significant results. FAS should continue to improve upon its efforts to address deficiencies in tracking the impact of training and the activities of Cochran alumni.
Actions Taken/Planned	• FAS is developing outreach to Cochran's alumni and improving information management tools to better monitor the impact of alumni within their respective countries. In addition, FAS is improving Cochran's cost-efficiency performance by reducing costs related to orientation, translation and staffing.

Strategic Objective 2.3	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	Agricultural Credit Insurance Fund – Guaranteed Loans
Current Rating	• Moderately Effective
Lead Agency	• Farm Service Agency (FSA)
Major Findings/ Recommendations	• The Guaranteed Loan Program provides access to agricultural credit for farmers temporarily unable to obtain credit from private lenders at reasonable rates and terms. Historic economic uncertainties of production may have made agricultural credit hard to achieve. Despite these uncertainties, low loss rates and low delinquency rates over the last several years may make it feasible for private lenders to risk taking on more of these loans.
Actions Taken/Planned	• FSA is developing an independent evaluation process for the program. It is also establishing a new, long-term performance goal for loan losses that benchmarks against the performance of commercial agricultural lenders.

Strategic Objective 2.3	Provide Risk Management and Financial Tools to Farmers and Ranchers
Program Name	Direct Crop Payments
Current Rating	• Adequate
Lead Agency	• Farm Service Agency (FSA)
Major Findings/ Recommendations	• While program management has devised performance goals designed to improve the delivery of benefits to farmers, program design could be improved. Direct payments are provided to only 36 percent of U.S. farmers, 60 percent of whom have annual sales of at least $50,000.
Actions Taken/Planned	• FSA is reviewing and implementing the new Farm Bill, including developing rules and regulations for direct crop payments. The agency also continues to work to decrease the number of improper payments.

Strategic Objective 3.1	Expand Economic Opportunities by Using USDA Financial Resources to Leverage Private Sector Resources and Create Opportunities for Growth
Program Name	Rural Development
Current Rating	• Adequate
Lead Agency	• Rural Business-Cooperative Service (RBS)
Major Findings/ Recommendations	• Due to a lack of demand, the program has not fully obligated funds for the last two years and has extensive levels of carryover. RBS has agreed to extremely ambitious targets for their long-term measures. By 2013, they hope to have 95 percent of their business/loan recipients existing five years after the loan closes. This program has had problems in the past approving and executing loans. In 2006, it took an average of 59 days to process a loan – much higher than the 30-day average in the private sector.
Actions Taken/Planned	• RBS is rewriting program regulations to address identified concerns and deficiencies. They include lender performance and eligibility, borrower eligibility, priority goals and underwriting requirements. RBS is also rewriting program regulations and any Notices of Funding Availability to target the program more effectively. Finally, RBS is implementing internal efficiencies to decrease the amount of time it takes to approve and execute a loan.

Strategic Objective 4.1	Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S.
Program Name	Plant and Animal Health Monitoring Programs
Current Rating	• Adequate
Lead Agency	• Food Safety and Inspection Service (FSIS)
Major Findings/ Recommendations	• FSIS has a clear program purpose and mission and works effectively with other Federal and State agencies to protect the food supply. While the agency has developed new methodologies to better estimate the population's exposure to the three pathogens–*E.coli 0157:H7*, *Salmonella* and *Listeria monocytogenes*–only two years of data exist using the new volume-based methodology for those measures. In addition, while budget requests are aligned with program goals and objectives in the strategic plan and corporate measures designed to protect public health, it is unclear how changes in funding, legislation or policy will impact FSIS' ability to meet the targets.
Actions Taken/Planned	• FSIS is conducting independent assessments of its programs to evaluate their scientific basis and effectiveness. They are developing a new information infrastructure to enable real-time data collection, data analysis, improve program effectiveness and allow greater information sharing among external agencies. The agency is also implementing effective, multi-year budget planning to establish closer links between budget and performance goals.

Strategic Objective 4.2	Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks
Program Name	Plant and Animal Health Monitoring Programs
Current Rating	• Adequate
Lead Agency	• Animal and Plant Health Inspection Service (APHIS)
Major Findings/ Recommendations	• While the programs do protect the agricultural sector from the impacts of pests and diseases, only one annual performance measure had ambitious targets. In general, the programs were ineffective in meeting both long term and annual targets.
Actions Taken/Planned	• APHIS is developing more ambitious performance targets. The agency also is enhancing infrastructure for surveys to protect against pests, pathogens and noxious weeds and for biotech permit holders to manage the safe movement and release of genetically engineered organisms. Finally, APHIS is reviewing and implementing published documents -- including significant regulations and the National Animal Identification System Business Plan -- to maximize benefits and minimize incremental costs.

Strategic Objective 6.1, 6.2	Protect and Enhance the Nation's Natural Resource Base and Environment
Program Name	Conservation Security Program
Current Rating	• Results Not Demonstrated
Lead Agency	• Natural Resources Conservation Service (NRCS)
Major Findings/ Recommendations	• It is difficult to estimate the environmental benefits from Conservation Security Program's enhancement activities that provide incentives for producers to achieve benefits greater than the minimum standards.
Actions Taken/Planned	• NRCS is developing outcome measures to assess program effectiveness related to its goals.

Program Evaluations of Performance Information

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
1.1.1	General Accountability Office (GAO) Report, November 7, 2007, GAO-08-59 – International Trade: An Analysis of Free Trade Agreements and Congressional and Private Sector Consultations under Trade Promotion Authority	Findings: While this report contains no direct recommendations for USDA, the Secretary is expected to work on recommendations made to the office of the U.S. Trade Representative (USTR). Actions: Both USDA and USTR have indicated that they will improve the trade advisory committees' membership listings to clearly state which interest group each member represents. USDA will acknowledge USTR's lead in the advisory committee re-chartering and member appointment processes. It will also work closely with USTR in whatever action it proposes to ensure that committee charters are not allowed to lapse.	Report is available at http://www.gao.gov/new.items/d0859.pdf
	Summit Consulting LLC in collaboration with Bearing Point and Nineteen, Inc.	Findings: Foreign Agricultural Service (FAS) contracted a detailed actuarial study of historical recovery rates under the export credit guarantee program GSM-102. Actions: USDA adjusted the credit subsidy rate used in budget formulation and reduced subsidy needs by approximately 60 percent.	Please contact the FAS Office of Trade Programs
1.1.1, 1.2.1, 1.2.2, 1.3.1	USDA Foreign Agricultural Service Customer Satisfaction Survey 2008, September 2008, CFI Group	Findings: FAS tailored an American Customer Satisfaction Index survey to generate baseline data on customer satisfaction with the agency's abilities to achieve agency strategic goals and objectives. The results show FAS above the Government-agency average in customer satisfaction. The study recommended that improvements in operational excellence would have the most impact in improving customer satisfaction. Actions: FAS will generate specific management initiatives to address survey results.	Please contact the FAS Office of Administrative Operations
1.2.1	Comparative Evaluation of the Rockefeller G&D Borlaug Women in Science Fellowship Programs by Zenda Offir, Evalnet South Africa (USAID: January 2008)	Findings: United States Agency for International Development (USAID) recommended that the Borlaug Women in Science Program establish measures for a monitoring and evaluation system to track progress and accountability and improve program outreach. Actions: FAS is establishing a monitoring and reporting system that facilitates the tracking of progress, accountability and information sharing amongst program stakeholders.	Please contact the FAS Office of Capacity Building and Development
1.2.1, 1.2.2	GAO Report, May 29, 2008, GAO-08-680 – International Food Security: Insufficient Efforts by Host Governments and Donors Threaten Progress to Halve Hunger in Sub-Saharan Africa by 2015	Findings: GAO recommends that USAID collaborate with USDA, State and Treasury to develop an integrated Government-wide U.S. strategy. That strategy would define actions and resources, enhance collaboration with host Governments and donors and improve measures to monitor progress. It also recommended that the Department report annually to Congress on the strategy's implementation. Actions: Other than the above collaboration, this report contains no recommendations for the Secretary and it is likely that no further action is required.	Report is available at http://www.gao.gov/new.items/d08680.pdf
	USDA/OIG Report, July 22, 2008, 07601-2-Hy – Export Credit Guarantee Program	Findings: The Office of the Inspector General (OIG) found that FAS needs to develop a new guarantee fee structure for the GSM-102 program. That structure should include the financial risk of both the country and bank itself. It adds that FAS also needs to develop and implement a records management system that complies with USDA DR-3080.	Report is available at http://www.usda.gov/oig/webdocs/07601-2-HY.pdf

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
		Actions: FAS is currently conducting a review of the major factors to be considered when determining risk premiums and will implement a revised premium structure after the completion of this review. FAS already has brought the GSM-102 claim files into compliance with DR-3080.	
1.4.1	OIG-50401-16-FM, Financial Statements for Fiscal Years 2007 and 2006	Findings: Deloitte reports that the financial statements present fairly, in all material respect, USDA's Risk Management Agency's (RMA) financial position as of September 20, 2007, and 2006, its net costs, changes in net position and budgetary resources for the years then ended, in conformity with generally accepted accounting principles. No weaknesses related to internal controls or noncompliance with laws and regulations are reported. Actions: No further action is required.	Report is available at http://www.usda.gov/oig/rptsauditsrma.htm
	OIG-05099-111-KC, Improved Financial Management Controls over Reinsured Companies	Findings: To further strengthen its procedures and policies, OIG recommended RMA formalize written procedures for its operational analyses of reinsured companies. RMA also needs to continue coordination with NAIC and individual State insurance departments to identify what specific supplemental information still needs to be addressed among the agency and individual State insurance department regulators. Actions: RMA developed written procedures for the analysis process including scheduling, planning and follow up.	Report is available at http://www.usda.gov/oig/webdocs/05099-111-KC.pdf
	OIG-05099-112-KC, Contracting for Services Under the ARPA of 2000	Findings: OIG did not find any improprieties during the audit. They did identify management controls that could be strengthened relative to RMA's procedures for documenting, monitoring and administering the Agricultural Risk Protection Act (ARPA) contracts and partnership agreements. Additionally, the training for RMA officials responsible for managing these ARPA research and development projects could also be strengthened. Actions: RMA developed two repository Web sites to manage contracts and partnerships. The sites will be linked to a tracking system to monitor their status. RMA will conduct contracting officer training.	Report is available at http://www.usda.gov/oig/webdocs/05099-112-KC_2.pdf
3.2.1	EPA Clean Watersheds Needs Survey 2000 and the EPA 1999 Drinking Water Infrastructure Needs Survey	Findings: The U.S. Environmental Protection Agency (EPA) Clean Watersheds Needs Survey 2000 showed that small communities of 10,000 people or less have documented needs of $16 billion for wastewater systems. Needs for drinking water are significantly higher. The EPA 1999 drinking water survey showed $48.1 billion in needs for communities of 10,000 people or less and $31.2 billion in needs for communities of 3,300 people or less. Investments in new, high-quality, environmentally safe water and wastewater infrastructure or in replacing aging infrastructure reduce reductions and the migration of young people and attract new businesses. Actions: The Water Programs have developed a measure to track annually the number of borrowers, subscribers (customers) receiving new or improved services from water systems and facilities.	Available at: http://www.whitehouse.gov/omb/expectmore/detail/10000458.2005.html
3.2.5	Distance Learning and Telemedicine	Findings: Grantee performance information is collected and made available to the public. Actions: Grantee performance review was conducted in April-May 2007 and results published on the agency's public Web site. Annual reviews are planned.	The report is available at http://www.usda.gov/rus/telecom/publications/pdf_files/dltperformance-reportstudy.pdf

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
4.1	Automated Targeting System (ATS) Evaluation	Findings: The USDA Food Safety Inspection Service (FSIS) Office of Program Evaluation, Enforcement and Review (OPEER), Program Evaluation and Improvement Staff (PEIS) evaluated data from the ATS pilot conducted at the ports of Philadelphia and Houston to test the targeting and handling of FSIS-regulated shipments potentially at high risk from intentional contamination. The final report, issued May 29, 2007, contains recommendations for improving the accuracy and efficiency of the ATS. Actions: FSIS has implemented the Import Alert Tracking System that enables better coordination in enforcement actions through quicker access to information collected on illegal entries. The agency has also initiated the electronic transfer of certificate data elements from the New Zealand Food Safety Authority into the FSIS Automated Import Information System (AIIS). The transfer will be expanded to Australia upon completion of the testing phase. Additionally, FSIS coordinated a public meeting with local, State and Federal health partners and consumer groups and industry to share best practices and challenges for effective coordination during multi-jurisdictional foodborne outbreaks.	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
4.1.3	FSIS Notice 65-07 Implementation Evaluation	Findings: The FSIS Program Evaluation and Improvement Staff (PEIS) evaluated the development and implementation of Notice 65-07, which directed establishments to reassess their Hazard Analysis and Critical Control Point (HACCP) plans regarding control of *E. coli* O157:H7. PEIS also evaluated the development and implementation of a checklist and worksheet circulated with the directive to collect data on establishments' controls for *E. coli* O157:H7. PEIS found that the response rate to the checklist and worksheet was very high, yielding copious data. PEIS also made a number of recommendations for improving the collection of such data in the future. It will focus on data collection instrument design and associated training. Actions: FSIS expects to implement a mechanism for inspection-program personnel to identify specific production records upon which such information is based. The agency will also provide the establishment management an opportunity to review the collected information. Collection of such information in this manner provides FSIS a means to verify the source and accuracy of the information.	http://www.usda.gov/oig/webdocs/24601-07-HY.pdf
	OIG Report No. 24601-4-KC: Audit Memorandum - Food Safety and Inspection Service Sampling and Testing for *E. coli*	Findings: OIG concluded FSIS plans for improving the sampling and testing procedures for *E. coli* O157:H7, "if timely and effectively implemented, will strengthen FSIS' verification activities and have a positive impact on identifying and mitigating food safety risks." OIG made no recommendations. Actions: FSIS announced a number of actions to improve its *E. coli* sampling and testing program based on the significant increase in positive test results, related illnesses and recalls of potentially contaminated raw ground beef product. Microbial testing is one of several activities FSIS uses to verify that meat process establishments have designed their food safety systems to prevent hazards.	http://www.usda.gov/oig/webdocs/24601-04-KC.pdf

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
	OIG Report No. 24601-09-Hy: Food Safety and Inspection Service Recall Procedures for Adulterated or Contaminated Product	Findings: OIG concluded that "FSIS has taken strides to strengthen and improve its investigative and recall procedures and took full advantage of its current authority to address recalls, such as the Topps Meat Company (Topps) recall." OIG recommended that FSIS: 1) develop a science-based sampling protocol to collect and analyze a representative quantity of intact samples to submit for testing during an outbreak investigation; and 2) finalize and implement the new directive for investigating foodborne illnesses and the revised directive for handling recalls. Actions: FSIS will develop and implement a science-based sampling protocol to collect a more representative sample of a product at an establishment during epidemiological investigations. The protocol will take into consideration the amount of relevant product available for testing. FSIS will also finalize and implement new directives for investigating foodborne illnesses and handling recalls.	
	GAO High Risk List Item	High Risk Issue: Almost 76 million people contract a foodborne illness in the U.S. annually. Another 325,000 require hospitalization and almost 5,000 die. Fragmented systems among Federal agencies have caused inconsistent oversight, ineffective coordination, and inefficient use of resources.	http://www.gao.gov/new.items/d07310.pdf
	GAO High Risk List Item Goal 1: Reduce illness caused by contamination of the food supply	Actions (Findings): Prevent or deter intentional and unintentional contamination of food supply through risk-based, cost-effective allocation of resources. Milestone (Actions): Implement the Salmonella Initiative Program to provide incentives for meat and poultry plants whose processes control foodborne pathogens. Focus inspection activities in FSIS-regulated establishments to enhance its inspection personnel's ability to comprehensively evaluate food-safety systems and take action to minimize consumer exposure to foodborne pathogens. Initiate internal review of CBP food agriculture inspection requirements for the next decade.	
	GAO High Risk List Item Goal 2: Reduce illness caused by contamination of the food supply	Actions (Findings): Early detection of contamination of the food supply. Milestone (Actions): Build a quality public health infrastructure with readily accessible data for key decision-makers and front-line personnel. Improve FDA detection systems and improve risk based annual import activities. Conduct real time surveillance of high-risk shipments of meat, poultry and egg products coming into the U.S. and vulnerability assessments focused on imports with FDA, USDA and the Bureau of Customs and Border Patrol.	
	GAO High Risk List Item Goal 3: Reduce illness caused by contamination of the food supply	Actions (Findings): Protect human health and mitigate impact of food supply contamination by responding rapidly in the even to food supply contamination through risk-based, cost-effective allocation of resources. Milestone (Actions): Enhance the Food Emergency Response Network to ensure better geographic coverage. Implement Supply Chain Source Verification Requirements to accelerate both the response and return to normalcy. Initiate development of new rapid response teams built on the California Food Emergency Response Team model.	

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
4.2.1	GAO Report, July 2007, GAO-07-592 – National Animal Identification System: USDA Needs to Resolve Several Key Implementation Issues to Achieve Rapid and Effective Disease Trace-back	Findings: GAO recommended that the Secretary of Agriculture direct the Administrator of Animal and Plant Health Inspection Service (APHIS) to re-establish participation benchmarks to gauge progress in registering premises and identifying and tracking animals; monitor participation. If participation does not meet the benchmarks, further action will be necessary. In addition, GAO recommended that the Administrator of APHIS take seven other specific actions, as listed in the report, to implement National Animal Identification System (NAIS) more effectively and efficiently and achieve the program's goal of rapid and effective trace-back. Actions: On September 23, 2008, USDA published an updated version of *A Business Plan to Achieve Animal Disease Traceability* (available at www.usda.gov/nais). APHIS collaborated with Species Working Groups, State animal health officials and the National Animal Identification System (NAIS) Subcommittee to establish species-specific participation objectives and benchmarks that emphasize options to expand and more fully utilize existing animal disease programs. This business plan outlines actions that address all but one of the GAO recommendations for NAIS. USDA will address the remaining recommendation–requiring that participants submit more information than what is currently required in NAIS animal identification and tracking databases–once more data are collected and USDA can analyze how well the current requirements meet animal health officials' need.	Report is available at http://www.gao.gov/cgi-bin/getrpt?GAO-07-592
5.1	Pennsylvania SFSP Rural Eligibility Pilot Evaluation	Findings: Examines the impact of reducing the Summer Food Service Program (SFSP) eligibility threshold for poor economic areas in rural Pennsylvania from 50 percent to 40 percent of the children eligible for free and reduced-price school meals. The study found a 15-percent growth in SFSP sites during the pilot. Actions: No recommendations for action.	Available on the Food and Nutrition Service (FNS) Web site at: http://www.fns.usda.gov/oane/MENU/Published/CNP/FILES/PASFSPRuralPilot.pdf
	The Nebraska Rural Area Eligibility Determin`ation Pilot for the CACFP	Findings: Examines the impact of reducing the Child and Adult Care Food Program (CACFP) area eligibility threshold in rural areas in Nebraska. Found that previously participating providers stayed in the program for longer periods under the pilot, resulting in an increase in the number of rural family day care homes. Actions: No recommendations for action.	Available on the FNS Web site at: http://www.fns.usda.gov/oane/MENU/Published/CNP/FILES/neraed.pdf
5.2	School Nutrition Dietary Assessment III	Findings: Examines the nutrient content of school meals, other foods sold in school and children's diets. Actions: No recommendations for action.	Available on the FNS Web site at: http://www.fns.usda.gov/oane/MENU/Published/CNP/FILES/SNDAIII-SummaryofFindings.pdf
	Food Stamp Program: Options for Delivering Financial Incentives to Participants for Purchasing Targeted Foods, July 2008	Findings: Examined ways to encourage food stamp participants to purchase healthy foods. It also described key factors to consider when designing such a program and possible options for implementing incentives. Actions: No recommendations for action.	Available on the GAO Web site at: http://www.gao.gov/new.items/d08415.pdf
5.3	Access, Participation, Eligibility and Certification Study, November 2007	Findings: Estimates the level of program errors and related improper payments in the school meals programs. Roughly $1.8 billion in payment errors, including both overpayments and underpayments, were made in the school meals programs during the 2005-2006 school year. Actions: While the report has no recommendations for action, USDA is addressing improper payments in these programs.	Available on the FNS Web site at: http://www.fns.usda.gov/oane/MENU/Published/CNP/FILES/apecvol1.pdf

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
	School Lunch and Breakfast Meal Cost – II, April 2008	Findings: Estimates the level and types of costs to produce school meals and the level and sources of revenues used to cover them in school year 2005-06. In general, the study found that little had changed since meal costs were last examined (SY 1992-1993). Actions: No recommendations for action.	Available on the FNS Web site at: http://www.fns.usda.gov/oane/MENU/Published/CNP/FILES/MealCostStudy.pdf
	Electronic Payments: Many Programs Electronically Disburse Federal Benefits and More Outreach Could Increase Use	Findings: Describes the extent to which Federal benefit programs are using electronic payments, factors agencies consider for their use and options for increasing use of electronic payments. Food Stamp and Women Infant and Children Program (WIC) experiences with electronic benefit payments are discussed throughout. Actions: No recommendations for action by USDA.	Available on the GAO Web site at: http://www.gao.gov/new.items/d08645.pdf
6.1	OIG Report No. 50601-12-KC issued October 2007. Hurricane Relief Initiatives: Emergency Watershed Protection Program and Disposal of Dead Animals	Findings: Initial Allocations of Emergency Watershed Protection (EWP) Funding Not Directed to the Highest Priority Projects across the Disaster Impacted Area. Recommendations: For future major disasters, evaluate the use of program funding across the multi-State disaster area to ensure that available funding can be put to the highest priority or best use. Actions: As of April 8, 2008, A National Bulletin 390-14, was sent to State Conservationists Stating that Damage Survey Report will be used to prioritize sites within a State and to prioritize sites for funding during multi-state disasters. The EWP Program Manual at 502.14 B identifies the funding priorities for recovery measures. These priorities are established in regulation (7 CFR 624.8(c)(3)) and, in order of importance, are: (i) Exigency situations; (ii) Sites where there is a serious, but not immediate threat to human life; and (iii) Sites where buildings, utilities or other important infrastructure components are threatened. Findings: In the aftermath of the hurricanes, Natural Resources Conservation Service (NRCS) also provided a process whereby producers with dead poultry could receive assistance to help with the costs of removal and disposal of dead birds. The assistance rate paid by NRCS, for producer costs associated with the removal and disposal of dead poultry, was established in relation to the number of poultry houses subject to clean out, rather than the number of dead birds subject to disposal/burial. Thus, the assistance rate was not commensurate with the activity for which assistance was being provided and payments to producers were not always reasonable, based on the amount of work to be performed. Additionally, the assistance rate was not limited to reimbursement of actual cost incurred by producers. While producers were certified to the completion of required work, they were not required to submit invoices supporting actual expenses incurred in the disposal of dead poultry. Evaluate whether producers who received assistance at the onset of the payment process for the removal and disposal of dead poultry received reasonable amounts of assistance based on the required work performed. Initiate appropriate corrective actions for all cases where the amount of assistance was not reasonable based on the number of poultry subject to disposal/burial. Actions: An analysis was conducted.	http://www.usda.gov/oig/webdocs/50601-12-KC.pdf

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
6.1, 6.2, 6.3, 6.4	GAO-08-755T report issued May 2008. Management of Civil Rights Efforts Continues to Be Deficient Despite Years of Attention	Findings: GAO findings were in regards to weaknesses described in resolving discrimination complaints and providing minorities access to programs. NRCS' Civil Rights Division (CRD) has not completed nor been required to complete any evaluations that would impact the Department's Assistant Secretary for Civil Rights (ASCR) planned actions to address the audit's findings. Thus, the response to the findings and recommendations/actions would be provided by the Department's ASCR. Actions: NRCS' CRD continues to support the Department's ASCR wherein employment and program information is noted in the agency's strategic plan; all employees have a Civil Rights and Equal Employment Opportunity critical-performance element; timely submission of the Section 10708 (program outreach) report; and efficient processing of program and employment complaints party contractor, selected competitively to examine the effectiveness of its program-allocation formula, concluded that NRCS needs to (1) develop better outcome-based performance information and integrate the information into its allocation formula; (2) improve the analytical soundness of the allocation formulas, factors, weights and data particularity through the elimination of redundant factors; and (3) improve the transparency of the allocation formulas. Thus, recommendation 5 is closed. Recommendations 6 and 7 submitting for change of management decision.	http://www.gao.gov/new.items/d08755t.pdf
6.1, 6.3, 6.4	OIG 50099-11-SF report issued August 2007 Natural Resources Conservation Service and Farm Service Agency: Crop Bases on Lands with Conservation Easements in California	Findings: OIG recommended NRCS provide training for field office staff in California on their responsibilities for notifying the Farm Service Agency (FSA) of recorded easements. Actions: To ensure that this recommendation was completed, NRCS placed it as an action item in the agency's business plan and individual performance plans. As of January, 31, 2008, the Easement Programs Division conducted training with California State and field office staff regarding their responsibilities of notifying FSA of recorded easements. A program review was also conducted in January 2008. NRCS continues to conduct monthly programmatic and administrative training via teleconference with its State and field office staff nationwide. Actions: Management decision reached on all NRCS recommendations. The Office of the Chief Financial Officer accepted final action and closed this audit for NRCS in April 2008.	http://www.usda.gov/oig/webdocs/50099-11-SF.pdf
6.2, 6.3	GAO-07-1054 report issued September 2007. Agricultural Conservation: Farm Program Payments Are an Important Factor in Landowners' Decisions to Convert Grassland to Cropland	Findings: GAO recommends that USDA (1) track the annual conversion of native grassland to cropland to provide policymakers with more comprehensive and current information on such conversions; and (2) the Secretary of Agriculture direct the Economic research Service and FSA administrators and the NRCS chief to jointly study the extent to which farm program payments and conservation programs may be working at cross purposes and report findings to the Secretary and Congress. Actions: FSA adjusted its reporting system to provide information from its crop acreage reports to produce an annual report. The report identified the acres of crops planted on non-cropland, the greater part of which consists of rangeland that has not previously been cropped. Additionally, to the extent possible, FSA will also identify in the annual report those newly reported acres that were converted from native grasslands.	http://www.gao.gov/new.items/d071054.pdf

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
		ERS, FSA and NRCS will convene a working group to explore data availability and approaches to producing a report covering farm program payments and conservation programs that may be working at cross purposes. The multi-agency group will present a report plan to the Secretary of Agriculture. ERS has drafted one and is circulating it at the agency level for comments with the expectation it can be presented for the Secretary's review.	
6.2, 6.4	OIG Report No. 50601-13-KC issued June 2008. Natural Resources Conservation Service Status Review Process	Findings: OIG evaluated changes to the status review process based on prior audit recommendations it made with GAO. The changes were related to tract selection for status reviews, steps for performing the status review process and the reporting of status review results. Actions: The report contains no recommendations. NRCS satisfactorily implemented key improvements regarding the sampling methodology and the process by which status review results are summarized, analyzed and reported.	http://www.usda.gov/oig/webdocs/50601-13-KC.pdf
6.3.1 6.3.2 6.3.3	OIG Audit 08601-52-SF, August 2008, *FS Renewable Energy Program*	Findings: The OIG found that FS needs to establish national and regional renewable energy goals. IG added that, while Forest Service (FS) does have a national strategy for woody biomass, the plan does not include annual performance measures for using woody biomass for renewable energy purposes, nor does it establish quantifiable performance measures for FS' regions. Actions: When FS updates its national strategy plan, it will add objectives and strategies on renewable energy resources, as appropriate. Meantime, FS will use the climate change strategic framework and the woody biomass strategy for national renewable energy planning. Findings: OIG found that FS did not implement the woody biomass renewable energy program consistently. While FS made each of its regions responsible, it gave no direction about what staff resources to allocate and how to execute the program. Thus, some regions were noticeably less productive than others at fostering collaborative efforts to increase the supply of renewable energy. Actions: FS will continue to assess staffing needs to meet multiple goals, including renewable energy resources. The regions, stations and Northeast area will identify key individuals for other aspects of renewable energy resources. FS will also develop standardized position descriptions as much as possible. If regional woody biomass renewable energy coordinator positions are established, the position description will be standardized. Findings: OIG found that FS does not track information pertaining to its renewable energy program adequately. Specifically, hazardous fuels reduction work in FS' forests produces green tons of biomass materials (e.g., underbrush) that are renewable energy resources. However, FACTS does not contain a field for these green tons. Instead, it has a checkbox that only allows the user to mark whether or not any biomass materials were produced during the fuels reduction, without a choice for the quantity produced. This practice denies FS the opportunity to: (1) track any green tons used for renewable energy purposes; and (2) ascertain the amount of potential renewable energy available nationwide from biomass materials harvested. even if they are not used. IG also found that policies and guidelines in the FS handbook/manual that establish tracking and reporting procedures for the improved automated database system(s) are needed.	Report is available at: http://www.usda.gov/oig/webdocs/08601-52-SF.pdf.

Perform. Measure	Title	Findings and Recommendations/Actions	Availability
		Actions: FS began collecting woody biomass data (green ton) during Fiscal Year 2007 from all vegetation management activities that utilize woody biomass removed from National Forest System (NFS) lands for energy purposes. All other wood products removed from NFS lands are accounted for and tracked though the same processes and databases. FS will continue to use and modify current data base systems. It has developed and issued policy and guidelines using a policy letter to field units for woody biomass tracking. The policy letter will be added to the manual/handbook.	
6.4	GAO-08-130 report issued December 2007. Coastal Wetlands: Lessons Learned from Past Efforts in Louisiana Could Help Guide Future Restoration and Protection	Findings: While GAO's review closed with no issuance of recommendations, it emphasized the need for agencies to carefully consider the lessons learned from the Coastal Wetlands Planning, Protection and Restoration Act program as they propose significantly larger efforts to restore Louisiana's coast. GAO received technical comments from the U.S. Department of Commerce and the U.S. Environmental Protection Agency, which have been incorporated as appropriate. Actions: Audit closed October 14, 2007. Letter sent to GAO dated December 19, 2007, from Under Secretary of Natural Resources and Environmnet mission area addressing two incorrect items in the report.	http://www.gao.gov/new.items/d08130.pdf
	OIG Report No. OIG/10099-4-SF issued August 2008. Wetlands Reserve Program – Wetlands restoration and Compliance	Findings: Management decision reached on recommendations 1, 2, 3, 4, 5, 6, and 8 in late August 2008. OIG Recommendation 7: Direct the NRCS Arkansas State Office to collect the $578 cost share or provide supporting documentation to substantiate in-kind contribution from the landowner. Actions: NRCS is working with the landowner to collect the $578 of cost-share. This transaction is scheduled to be completed in 2008.	http://www.usda.gov/oig/webdocs/10099-4-SF.pdf