

# **DEPARTMENT OF AGRICULTURE**

## **PART ASSESSMENTS<sup>1</sup>**

<sup>1</sup>This document contains details of the most recent program assessments as of the date the 2005 Budget was published (February 2004). Programs originally assessed for the 2004 Budget were reassessed only where evidence showed an agency's rating was likely to change. Programs not reassessed are presented in this document in the form of reprints of the original worksheets and are footnoted "FY 2004 Budget".

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## Program Assessment Rating Tool (PART)

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

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

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

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

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

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

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

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

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Answer: YES

Question Weight: 11%

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

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

**3.5 Does the program collaborate and coordinate effectively with related programs?**

Answer: YES

Question Weight: 11%

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

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

**3.6 Does the program use strong financial management practices?**

Answer: YES

Question Weight: 11%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1	2	3	4	Moderately
100%	63%	100%	67%	Effective

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

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

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

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

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

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

**Program Assessment Rating Tool (PART)**

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

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

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

Answer: SMALL  
EXTENT

Question Weight: 20%

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

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

## PART Performance Measurements

**Program:** Agricultural Credit Insurance Fund - Guaranteed Loans  
**Agency:** Department of Agriculture  
**Bureau:** Farm Service Agency

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**Measure:** Maintain a low loss rate on guaranteed loans

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002	2%	1%	
2003	1%	1%	
2004	<1%		
2005	<1%		

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

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002		32%	
2003	34%	33%	
2004	35%		
2005	35%		

**Measure:** Decrease in loan average processing times (days)

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002		16	
2003	15.5	14	
2004	14		

## PART Performance Measurements

**Program:** Agricultural Credit Insurance Fund - Guaranteed Loans

**Agency:** Department of Agriculture

**Bureau:** Farm Service Agency

**Measure:** Decrease in loan average processing times (days)

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2005	14		

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

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2000	35%	33%	
2001	34%	32%	
2002	33%	33%	
2003	33%		
2004	33%		

## Program Assessment Rating Tool (PART)

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

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

- 1.1 Is the program purpose clear?** Answer: yes      Question Weight: 20%  
 Explanation: The Animal Welfare Act (AWA) clearly defines the program purpose: to ensure the humane care and treatment of animals covered under the AWA.  
 Evidence: The Animal Welfare Act of 1966 as amended (7 U.S.C. 2131-2159).
- 1.2 Does the program address a specific interest, problem or need?** Answer: yes      Question Weight: 20%  
 Explanation: Need for protection of animals used in research, exhibitions and elsewhere is an ongoing endeavor.  
 Evidence: Evidence of inhumane treatment of animals (research and exhibitions).
- 1.3 Is the program designed to have a significant impact in addressing the interest, problem or need?** Answer: yes      Question Weight: 20%  
 Explanation: Program uses a combination of performance standards, guidance documents, education and outreach, combined with the inspection of regulated facilities, as well as a risk based inspection system to concentrate attention on facilities where animal welfare concerns are the greatest.  
 Evidence: In recent years the program has added inspectors, improved its computer technology with all field personnel using laptop computers, easy-to-understand inspection reports, and introduced the use of digital cameras to improve effectiveness. In addition, we have increased our training efforts for our field inspectors and supervisors to provide the tools for more efficient and uniform inspections.
- 1.4 Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?** Answer: yes      Question Weight: 20%  
 Explanation: State, local and private standards/regulations address animal welfare. However, there is no uniform standard that applies to all animals covered under the AWA. No other Federal agency conducts on-site inspections of regulated entities.  
 Evidence: ACUC, ILAR result in standard setting for laboratory animals. Various State and local laws apply to the handling of some animals.
- 1.5 Is the program optimally designed to address the interest, problem or need?** Answer: no      Question Weight: 20%  
 Explanation: Due to the difficulty in assessing the well-being of animals, the transition from prescription "command and control", one size fits all regulation has been difficult for both inspectors and the regulated entities. The agency has attempted to use guidance documents to provide greater clarity, but the guidance have met with uneven success.  
 Evidence: Recent controversy erupted over proposed guidance on Environmental Enhancement for non-human primates. Industry and others questioned whether the guidance was too prescriptive.

## Program Assessment Rating Tool (PART)

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

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

- 2.1 Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: Yes Question Weight: 16%
- Explanation: APHIS has one long-term performance goal: to ensure the humane treatment of animals covered under the AWA.
- Evidence: The goal for Animal Welfare is identified in GPRA documents. As it is identical to the purpose of the program, it is not clear whether the agency has attempted to focus their goals in a meaningful manner.
- 2.2 Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?** Answer: Yes Question Weight: 16%
- Explanation: The program has one identified target for Animal Welfare compliance that lead to the long-term goal.
- Evidence: Annual performance goal is "Percentage of facilities in compliance". This is so similar to the long term goal that there is no meaningful distinction. In addition, the annual performance goal does not reference the performance baseline.
- 2.3 Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?** Answer: N/A Question Weight: 0%
- Explanation: Not applicable. The Animal Welfare Act does not allow APHIS to partner in the inspection process -- only APHIS employees can conduct AWA inspections.
- Evidence: See Explanation.
- 2.4 Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?** Answer: N/A Question Weight: 0%
- Explanation: The program collaborates with APHIS-Investigative and Enforcement Services which follows up on alleged violations with prompt and appropriate enforcement action including investigation of violations, collecting evidence, issuing and collecting civil penalties, and developing cases for formal prosecution.
- Evidence: Investigative and Enforcement Services (IES) conducted 276 animal care investigations in FY 2001, resulting in 201 formal cases submitted for civil administrative action. IES also issued 178 letters of warning for animal care, resolved 97 cases with civil penalty stipulations resulting in \$143,400 in fines. Administrative Law Judges resolved another 83 cases resulting in \$365,875 in fines.
- 2.5 Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?** Answer: No Question Weight: 16%
- Explanation: Although the Animal Care program conducts as needed evaluations of its program components to ensure that the goals of these activities are being met and to make changes for improving program performance and effectiveness, there is no evidence that reviews outside of USDA are conducted.
- Evidence: From approximately 1992-1996 the USDA Office of Inspector General conducted independent evaluations of the program. We are not aware of any recent independent evaluations.

## Program Assessment Rating Tool (PART)

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

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

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

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

Evidence: Agency planning and budget documents.

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

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

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

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

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

Evidence: 9 CFR 1-3

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

- 3.REG1 Did the program seek and take into account the views of affected parties including state, local and tribal governments and small businesses, in drafting significant regulations?** Answer: No Question Weight: 11%
- Explanation: Although APHIS consults with State, local, and tribal officials, as well as industry and animal interest and/or humane groups, on an ongoing basis about animal welfare issues of interest to them and is committed to a rulemaking process that provides for full public participation, and routinely requests public comment on significant actions, recent controversies have suggested that the process is flawed.
- Evidence: Portion of the rule involving animals in "swim with dolphin" facilities had to be withdrawn due to misunderstanding during consultation. OMB returned guidance on Environmental Enhancement for non-human primates largely due to the agency's failure to fully consult with federal partners (IRAC).
- 3.REG2 Did the program prepare, where appropriate, a Regulatory Impact Analysis that comports with OMB's economic analysis guidelines and have these RIA analyses and supporting science and economic data been subjected to external peer review by qualified specialists?** Answer: No Question Weight: 8%
- Explanation: Whenever a rule is deemed significant, APHIS prepares a regulatory impact analysis that generally comports with OMB guidelines. As appropriate, analyses receive review within the Department by the Office of the Chief Economist, but not review external to USDA.
- Evidence: See RIA for amending the sections of the AWA regulations and standards regarding marine mammals. Final rule was published on 1/03/01 and became effective 4/03/01.
- 3.REG3 Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?** Answer: yes Question Weight: 8%
- Explanation: APHIS reviews its regulations on an ongoing basis to ensure consistency in accomplishing program goals.
- Evidence: Ongoing review is a part of management responsibilities.
- 3.REG4 In developing new regulations, are incremental societal costs and benefits compared?** Answer: n/a Question Weight: 0%
- Explanation: Overall benefits and costs are examined, though not all benefits and costs may be quantified. Determining benefits for animal welfare programs are extremely difficult.
- Evidence: See RIA for amending the section on AWA regulations and standards regarding marine mammals.
- 3.REG5 Did the regulatory changes to the program maximize net benefits?** Answer: yes Question Weight: 8%
- Explanation: Regulatory changes are designed to maximize the net gains to society and ensure the intent of the AWA is carried out.
- Evidence: Not all benefits and costs may be described in monetary or quantitative terms.

## Program Assessment Rating Tool (PART)

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

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

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

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

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

**4.1 Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?** Answer: Small extent Question Weight: 20%

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

Evidence: Annual performance Report results.

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

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

Evidence: Annual performance Report results.

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

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

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

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

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

Evidence: See Explanation.

Program Assessment Rating Tool (PART)

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

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

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

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

Evidence: Annual performance report results.

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

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

Evidence: See RIAs for Animal Welfare.

## PART Performance Measurements

**Program:** Animal Welfare  
**Agency:** Department of Agriculture  
**Bureau:** Animal and Plant Inspection Service

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

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001		588,961	
2002		371,856	
2003	350,000		
2004	325,000		
2005	300,000		

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

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	61%	58%	
2002	60%	68%	
2003	68%		
2004	68%		
2005	68%		

## Program Assessment Rating Tool (PART)

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

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

**1.1 Is the program purpose clear?**

Answer: YES                      Question Weight: 20%

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

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

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES                      Question Weight: 20%

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

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

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES                      Question Weight: 20%

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

- 3.RG2 Did the program prepare adequate regulatory impact analyses if required by Executive Order 12866, regulatory flexibility analyses if required by the Regulatory Flexibility Act and SBREFA, and cost-benefit analyses if required under the Unfunded Mandates R** Answer: YES Question Weight: 9%
- Explanation: APHIS prepares a regulatory impact analysis that comports with OMB guidelines whenever a rule is deemed significant. Economic analyses always receive peer review outside of the program, for example, from economists of the Policy and Program Development staff, from USDA's Office of Budget and Program Analysis, and Office of the Chief Economist.
- Evidence: RIA (regulatory impact analyses) and CBA (cost benefit analyses) are prepared to all proposed regulations as required.
- 3.RG3 Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?** Answer: YES Question Weight: 9%
- Explanation: APHIS reviews its regulations on an ongoing basis to ensure consistency in accomplishing program goals.
- Evidence: Ongoing review to ensure effective regulation is part of management responsibilities. Recently, for example, the Emergency Management program proposed to update the rule regulating payment of indemnities for foot-and-mouth disease (FMD) to ensure the success of a control and eradication program in the event of an FMD outbreak in the United States. Also, APHIS conducts cyclical reviews of existing significant regulations in accordance with Executive Order 12866, Section 5, to determine whether the regulations are still needed. Based on such a review, we removed certain user fees in connection with the veterinary diagnostic program in 1997.
- 3.RG4 Are the regulations designed to achieve program goals, to the extent practicable, by maximizing the net benefits of its regulatory activity?** Answer: YES Question Weight: 9%
- Explanation: Regulations are designed to achieve program goals by ensuring that the intent of laws enforced by APHIS is carried out. Rule-making aimed at protecting and ensuring the health of U.S. agriculture is guided by benefits and costs of preventing and controlling pest and disease risks. In certain regulations, APHIS provides statistics on industry compliance, burden, and cost. For example, for a proposed scrapie program rule on the interstate movement of sheep and goats, APHIS estimated the costs associated with the rule's identification requirements and the number of hours associated with the record-keeping requirements. This information was included in the proposed rule.
- Evidence: APHIS regulations protect the health and value of U.S. agriculture and help keep consumer costs for food and other agricultural items from rising. The FMD rule mentioned above lists several specific benefits, such as encouraging fully committed participation by affected parties (uncertainty about whether to report one's animals due to indemnity concerns could cause delays in an eradication program).
- 4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight: 20%
- Explanation: The Plant and Animal Health Monitoring programs have demonstrated progress to a small extent in achieving their long-term performance goals. Of the six line items, two met their targets; one was not fully successful. The others were establishing new measures.
- Evidence: Annual Performance Report results and Peer Reviews. For example, the Emergency Management System program estimates that 5 states and territories met the standards in 2002 (evaluations are conducted biannually). Although not all States meet the new standards yet, dramatic progress has been made in increasing state preparedness for animal health emergencies.

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

**4.RG1**      **Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits?**

Answer: YES

Question Weight: 20%

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

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

## PART Performance Measurements

**Program:** APHIS Plant and Animal Health Monitoring Programs

**Agency:** Department of Agriculture

**Bureau:** Animal and Plant Health Inspection Service

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

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2003	1		
2004	0		
2005	0		

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

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	1,320	1,356	
2003	1,383		
2004	1,427		
2005	1,427		

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

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	1,600	1,669	
2003	1,800		
2004	1,850		
2005	1,900		

## PART Performance Measurements

**Program:** APHIS Plant and Animal Health Monitoring Programs

**Agency:** Department of Agriculture

**Bureau:** Animal and Plant Health Inspection Service

**Measure:** Number of foreign animal disease investigations

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	575	837	
2003	575		
2004	650		
2005	650		

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

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002	85%	85%	
2003	95%		
2004	96%		
2005	97%		

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

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	11	9	
2003	18		
2004	19		

## PART Performance Measurements

**Program:** APHIS Plant and Animal Health Monitoring Programs

**Agency:** Department of Agriculture

**Bureau:** Animal and Plant Health Inspection Service

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

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2005	20		

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

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002	199	196	
2003	202		
2004	204		
2005	206		

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

**Additional Information:**

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

## PART Performance Measurements

**Program:** APHIS Plant and Animal Health Monitoring Programs

**Agency:** Department of Agriculture

**Bureau:** Animal and Plant Health Inspection Service

**Measure:** Number of States and Territories that meet animal health emergency preparedness standards

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002	5	5	
2003	30		
2004	40		
2005	42		

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

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2003	0.5		
2004	0.85		
2005	0.95		

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

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term (Efficiency Measure)
2002		20	
2003	25		
2004	25		
2005	26		

## Program Assessment Rating Tool (PART)

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

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

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

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

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

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

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

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

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: NO

Question Weight: 20%

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Evidence:** None.

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

- 3.6 Does the program use strong financial management practices?** Answer: YES Question Weight: 14%  
 Explanation: Disbursement data is collected and reported to financial statements of the Commodity Credit Corporation. These statements are audited every year.  
 Evidence: There are no material findings on the internal controls related to the disbursement process used by CCC.
- 3.7 Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight: 14%  
 Explanation: FSA's final rule made significant improvements to the program. Such improvements include ensuring consistency among eligible commodities and reducing the threat of program abuse. In addition, FSA will be requiring electronic filing for all forms, which will help improve program efficiencies.  
 Evidence: Final Rule, 7 CFR Part 1424; Program application and verification reports.
- 4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight: 20%  
 Explanation: The program is new, therefore, minimal progress has been made in achieving long-term goals. However, the program has, in the past under different authority, achieved its newly established annual goals (annual increases in bioenergy production) which will help achieve the long-term goal of increasing the market share of both ethanol and biodiesel.  
 Evidence: Participants report quarter and year to date production data. This will be compared to published fossil fuel data to verify progress in achieving long-term goals.
- 4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: LARGE EXTENT Question Weight: 20%  
 Explanation: FSA did not establish performance goals for the program prior to FY 2003. However, the 2002 Farm Bill reauthorized the program through FY 2006 and FSA has established annual performance goals for increasing the production of biodiesel and ethanol.  
 Evidence: Despite the fact that annual performance goals were not established for the program before FY 2003, the program has resulted in increased production of Biodiesel and ethanol. The program was responsible for the production of an additional 6.3 million gallons of Biodiesel in FY 2001 and 8.9 million gallons in FY 2002. Regarding ethanol, production increased by 141.3 million gallons in FY 2001 and 219.3 million gallons in FY 2002.
- 4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: YES Question Weight: 20%  
 Explanation: The agency recently made substantial changes in program regulations to reduce the threat of program abuse. Under the previous temporary program, some participants were able to game the program in order to receive higher subsidies by claiming increases in bioenergy production that were not true increases as defined by authorizing legislation. This loophole has been closed, which will result in improved cost effectiveness. In addition, the program has implemented electronic filling of all forms by participants for FY 2004 payments. This will improve efficiency and cost effectiveness over the prior year. Both the time required to complete and submit program forms and the associated costs will be reduced as well.  
 Evidence: 2002 Farm Bill regulations; Final Rule, 7 CFR Part 1424

## Program Assessment Rating Tool (PART)

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

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

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

Answer: SMALL  
EXTENT

Question Weight: 20%

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

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

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

Answer: NO

Question Weight: 20%

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

**Evidence:**

## PART Performance Measurements

**Program:** Bioenergy  
**Agency:** Department of Agriculture  
**Bureau:** FSA-CCC

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

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2006	0.875 % of total	ethanol	
2006	.375% of total	biodiesel	

**Measure:** Increase in production of biodiesel (million gallons)

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	4	6.3	
2002	4	8.9	
2003	4	11.5	
2004	4		

**Measure:** Increase in production of ethanol (million gallons)

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	200	141	
2002	200	219	
2003	200	414	
2004	200		

## Program Assessment Rating Tool (PART)

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

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

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

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

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

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

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

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

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Evidence:** Program sign-up data.

## Program Assessment Rating Tool (PART)

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

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

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

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

**Evidence:** OIG Audit findings and recommendations

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

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

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

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

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

**Evidence:** See evidence in 2.1 and 2.3.

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

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

**Evidence:** Federal Managers Financial Interty Act of 1982.

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

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

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

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

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

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

## Program Assessment Rating Tool (PART)

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

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

**3.5 Does the program collaborate and coordinate effectively with related programs?**

Answer: YES

Question Weight: 14%

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

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

**3.6 Does the program use strong financial management practices?**

Answer: YES

Question Weight: 14%

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

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

**3.7 Has the program taken meaningful steps to address its management deficiencies?**

Answer: YES

Question Weight: 14%

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

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

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

Answer: NO

Question Weight: 20%

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

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

## Program Assessment Rating Tool (PART)

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

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

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

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

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

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

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

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

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

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

**Evidence:** No evidence to cite.

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

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

**Evidence:** GAO and OIG reports.

## PART Performance Measurements

**Program:** CCC Marketing Loan Payments  
**Agency:** Department of Agriculture  
**Bureau:** Farm Services Agency

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**Measure:** Percentage of gross farm income from government payments.  
**Additional Information:** FY 2002 Baseline: 5.15%; Targets FY03-05: 8.44%, 7.26%, 6.08%.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-Term/Annual
2000	New	9.47%	
2001	New	8.39%	
2002	New	5.15%	
2003	8.44%		
2004	7.26%		

**Measure:** Percentage of eligible commodity production placed under marketing assistance loan or loan deficiency payment  
**Additional Information:** Marketing Assistance Loans and Loan Deficiency Payments assist producers in obtaining a minimum effective price for eligible commodities - wheat, corn, grain sorghum, barley, oats, minor oilseeds, rice, and upland cotton. Note: These targets and results pertain to upland cotton.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2000	88%	97%	
2001	40%	99%	
2002	97%	97%	
2003	97%		
2004	70%		

**Measure:** Reduction in late penalty payments (%). FY 2002 Baseline: 2%; Targets FY03-FY05: 1.5%, 1.0%, 0.5%  
**Additional Information:** Timely delivery of program payments is an indicator of FSA's effectiveness in meeting customer needs.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2000	New	3.6%	

## PART Performance Measurements

**Program:** CCC Marketing Loan Payments

**Agency:** Department of Agriculture

**Bureau:** Farm Services Agency

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

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	New	4.09%	
2002	New	2%	
2003	2%		
2004	1%		

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

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2000	New	16,765,000	
2001	New	6,626,000	
2002	New	6,000,000	
2003	5,500,000		
2004	5,000,000		

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

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2000	85%	91%	
2001	75%	76%	

## PART Performance Measurements

**Program:** CCC Marketing Loan Payments

**Agency:** Department of Agriculture

**Bureau:** Farm Services Agency

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

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

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002	82%	82%	
2003	82%		
2004	50%		

## Program Assessment Rating Tool (PART)

**Program:** Community Facilities Program  
**Agency:** Department of Agriculture  
**Bureau:** Rural Housing Service  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	50%	100%	33%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The Community Facilities Direct Loan Program provides direct loan assistance for essential community facilities such as community health facilities, schools, fire department buildings and trucks, and day care centers. Loans are available to public entities such as municipalities, counties, non-profit corporations, and tribal governments.

**Evidence:** The program is authorized in section 306 of the Consolidated Farm and Rural Development Act, as amended (7.U.S.C.1926). The mission statement of RHS is to enhance the quality of life in rural America by creating opportunities for housing and community facilities.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** The Community Facilities program is designed to provide direct loan assistance for essential community facilities. Many rural communities are unable to provide even the most basic services to their residents due to a number of economic factors, including declining population, changes in agricultural economics (movement from family farms to conglomerates), and the loss of small manufacturing operations, which often provided the second income needed to keep the family farm viable. Furthermore, rural areas generally have a higher proportion of elderly persons in their total population and thus may have a greater need for health care services. These factors are coupled with the increased cost of constructing many facilities, such as hospitals.

**Evidence:** Many rural areas have difficulty financing infrastructure such as hospitals, fire departments, day care centers, and schools. USDA analysis has also found that while rural counties tend to exceed metro areas in funds received from income security, funding for community resource development is primarily directed towards metropolitan counties. For example, the per capita supply of physicians is lower than in nonmetro areas: in 1998, 14 percent of primary care physicians practiced in nonmetro areas, substantially lower than the nonmetro share (20 percent) of the total population. In addition, studies have found that African Americans, Hispanics, and Native Americans are more likely to live in counties that fall into the bottom quartile for physician-to-population ratio. Samuels, M.E., and et al. Rural Research Focus: Minorities in Rural America. U.S. Department of Health and Human Services. Rogers, C.C. Rural Health Issues for the Older Population. Rural America, vol. 17 (2) Summer 2002.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: NO

Question Weight: 20%

**Explanation:** There are several federal community development programs and state and local economic development agencies that are designed to serve low-income and rural communities. A recent GAO report highlighted 73 federal agencies that serve the purpose of economic development, with several federal agencies specifically supporting the construction of facilities in low-income rural communities (USDA, Appalachian Regional Commission (ARC), Economic Development Agency, HUD's Community Development Block Grant program, and the Federal Housing Administration). Some programmatic distinctions do exist. For example, ARC serves a limited geographical area and small rural communities may find themselves at a disadvantage with larger communities competing for CDBG funds. In addition, funds may be leveraged with other programs to provide a greater level of support to low-income rural communities. However, without good outcome measures and evaluations it is difficult to assess the extent of overlap and whether it is resulting in inefficient program delivery.

**Evidence:** GAO report 00-220. Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities (September 2000) Catalog of Federal Domestic Assistance

## Program Assessment Rating Tool (PART)

**Program:** Community Facilities Program  
**Agency:** Department of Agriculture  
**Bureau:** Rural Housing Service  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

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

**Explanation:** Direct loans are best for serving the low and very low income populations. The program criteria requires that the community is unable to qualify for credit from private sources.

**Evidence:** The latest OIG review of the Community Facilities Direct Loan program did not cite any concerns with the program. The proposed subsidy rate in the Community Facilities direct loan program for FY 2004 is negative.

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

**Explanation:** The Community Facilities program has clearly stated population and income requirements targeting low-income rural communities which, by definition, have severely limited resources to meet the needs of their residents. Communities with a population in excess of 20,000 are not eligible. Priority is given to communities with populations of 2500 or less and 5500 or less. Priority points are also given to communities where the median household income of the service area is less than the poverty line for a family of four, or less than 80 percent of the Statewide nonmetropolitan median household income.

**Evidence:** The Community Facility Direct loan funds are allocated to the Rural Development State Office based upon rural population and demographic data which effectively targets intended beneficiaries. The formula for allocation is found in 7 CFR, Part 1942, subpart A.

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?**      Answer: NO      Question Weight: 12%

**Explanation:** Community Programs is currently developing long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program. Specifically, measures should identify the need or gap being addressed--for example, measures could target reductions in the percent of the rural population living in medically unserved/underserved communities.

**Evidence:** The goals are being developed under the statutory direction of section 306c of the Consolidated Farm and Rural Development Act.

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

**Explanation:** Community Programs is currently developing ambitious targets and timeframes for its long-term measures.

**Evidence:** The goals are being developed under the statutory direction of section 306c of the Consolidated Farm and Rural Development Act.

Program Assessment Rating Tool (PART)

**Program:** Community Facilities Program  
**Agency:** Department of Agriculture  
**Bureau:** Rural Housing Service  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	50%	100%	33%	

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

Explanation: The Community Facilities Direct Loan program performance measures are: Number of public safety, education and health care facilities financed Number of rural residents served by community facilities financed by RHS Percent of loans in delinquency While these measures support the long-term goal of the program to enhance the quality of life in rural America, they do not assess the extent to which those with the greatest need are benefiting from the program. However, the development of outcome-oriented long-term measures could help inform program managers of whether annual increases in outputs (such as facilities financed) is having a meaningful impact on addressing the lack of essential community facilities in rural areas. RHS is using its portfolio delinquency rate to measure the program's efficiency. Higher delinquencies increase the likelihood of loss and the cost of the program. Delinquencies are largely dependent on strong oversight of lender servicing and loan making.

Evidence: Annual Performance Plan

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

Explanation: Community Program assumes increased efficiency in outreach and leveraging funds in the development of its performance measures. Baselines were established from 2002 actual performance. Targets for the number of facilities financed and residents served are ambitious given that targets increase substantially although funding is expected to remain at near the same level. To achieve such targets the agency will need to enhance outreach efficiencies and increase the leveraging of funds. However, the targets for percentage of loans in delinquency are weaker as the agency has not sought any decreases in this measure between 2002 and 2005.

Evidence: Community Programs projects increased outcome levels for the Community Facilities Direct loan program measures while the proposed funding remains constant over the long-term.

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

Explanation: Through program regulations, the Agency/lender/borrower mutually agree to both creditworthiness standards and reporting requirements to document the goals and objectives of the program.

Evidence: Agency regulations, primarily 7 CFR, Part 1942, Subpart A.

Program Assessment Rating Tool (PART)

**Program:** Community Facilities Program  
**Agency:** Department of Agriculture  
**Bureau:** Rural Housing Service  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	50%	100%	33%	

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

Explanation: Program evaluations are largely focused on loan making and servicing activities and do not assess whether the program is achieving its desired long-term outcomes. OIG periodically reviews aspects of the program to identify potential areas of improvement, but reviews are largely focused on the financial integrity of the portfolio and to ensure that funds are spent for authorized purposes. In addition, the Agency performs Management Control Reviews and State Internal Reviews and these evaluations have been used to improve program management (see answer to question 3.7). However, the development of long-term goals and measures will help the agency track performance and identify impediments to achieving the program's desired outcomes.

Evidence: USDA Office of Inspector General Midwest Region Audit Report. Rural Housing Service Community Program Loans to River Valley Health System, Columbus OH (June 2001).Management Control Reviews; State Internal Reviews

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

Explanation: Budget requests are not currently tied to the accomplishment of long-term performance goals, which are currently under development. Funding requests are largely determined by the demand for community facilities in rural areas. However, the program is unable at this time to determine the level of resources necessary to meet key outcomes (e.g., reducing the number of rural areas that lack access to essential facilities such as fire facilities and hospitals).

Evidence:

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

Explanation: The Agency has undertaken a complete rewrite of program regulations to address identified concerns and deficiencies. Community Programs is also revising its performance measures to include new long-term measures. Work on a new automated loan and grant processing system (GLS) is nearing completion. GLS will allow more comprehensive monitoring of program accomplishments.

Evidence: RHS is revising program regulations (7 CFR, Part 1942, Subpart C). GLS is undergoing final testing and corrections.

## Program Assessment Rating Tool (PART)

**Program:** Community Facilities Program  
**Agency:** Department of Agriculture  
**Bureau:** Rural Housing Service  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	50%	100%	33%	

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

**Explanation:** The Agency tracks use of funds by the States and pools funds at least once per year to ensure that funds are directed to those with the most needs. It also monitors delinquency on a monthly basis. Borrowers are required to submit financial and other operational information each year. Agency staff consult frequently with HHS and HUD staff, periodically meet with them, and frequently participate in conferences and meetings together. Data/information collected from these sources is used to plan direction of the field, assistance visits, training, and other actions needed to manage the program and improve performance. For example, recent servicing reports show a significant number of total delinquencies are in health care facilities. Staff members are currently studying these cases and compiling a checklist of warning signals to look for in processing these loans. This information will be provided in training to field office staff.

**Evidence:** Agency delinquency reports and servicing reports. Monthly reports and other obligation information. See "Explanation" for a more detailed example.

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

**Explanation:** Program Directors are rated on maintaining a low delinquency rate. Contractors are subject to requirements of the contract documents that include quality and schedule components. Contract documents typically specify the quality and quantity of components to be used in construction (e.g., restroom fixtures to be American Standard or equivalent).

**Evidence:** Guidance in 7 CFR Part 1942, Subpart A and standard contract documents.

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

**Explanation:** All appropriated funds are obligated each year. Field staff monitors the use of funds through project completion.

**Evidence:** Guidance in 7 CFR, Part 1942, Subpart A.

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

**Explanation:** The agency has shown increased efficiencies in program delivery. While funding levels have remained the same or decreased, the number of facilities being financed has increased. To accomplish such goals, the agency has achieved greater outreach efficiencies and increased the leveraging of funds. In addition, RHS is using its portfolio delinquency rate to measure the program's efficiency. Higher delinquencies increase the likelihood of loss and the cost of the program. Delinquencies are largely dependent on strong oversight of lender servicing and loan making. The agency also opens all construction costs to competition with the majority of such costs being competitively bid.

**Evidence:** Guidance in 7 CFR, Part 1942, Subpart A; Annual Performance Plans The program currently has a negative subsidy rate and the default component of the subsidy rate has remained low. It was .12% in FY 2002, .28% in 2003 and .23% in 2004.

## Program Assessment Rating Tool (PART)

**Program:** Community Facilities Program  
**Agency:** Department of Agriculture  
**Bureau:** Rural Housing Service  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

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

**Explanation:** RHS has several Memorandums of Understanding (MOUs) with federal agencies such as HHS, ARC, and EDA. Such MOUs set forth the cases in which supplementary grant funding may be combined with CF loan financing, what the maximum percentages may be, how those funds will be transferred and managed, and how responsibility for oversight will be shared between the Agencies. The agency also frequently consults and participated in conferences and meetings with HHS and HUD staff.

**Evidence:** Agency has MOU with Health and Human Services (HHS) for cases where communities are eligible for financing from both agencies--for example, RHS agrees to provide financing for the construction of the facility and HHS financing (through the Office of Rural Health) is used for technical assistance and capacity building. A MOU with the Appalachian Regional Commission (ARC) allows RHS field staff to administer ARC funding in cases where ARC does not have a field presence (similar agreements have also been established with the Economic Development Agency).

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

**Explanation:** Proper underwriting practices are reflected in the delinquency rate that is usually maintained at approximately 2 percent. The FY 2004 Community Facilities Direct Loan program proposed subsidy rate is negative. Work on a new automated loan and grant processing system (GLS) is nearing completion. GLS will allow more comprehensive monitoring of program accomplishments.

**Evidence:** RHS accounting system requirements, borrower management reports, and the annual IG audit of Agency financial statements.

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

**Explanation:** Management control reviews and state internal reviews are conducted periodically. Assistance visits are made to a number of states each year. Common deficiencies, such as display of civil rights signage or the provision of adequate handicapped parking (to name two recent issues) are addressed to program personnel nationwide through training sessions, teleconferences, or issuance of Administrative Notices, as deemed appropriate. Program regulations, which are more than 20 years old, are being revised to reflect current conditions in the rural environment, as well as the field staff structure which now exists.

**Evidence:** Compliance with MCR requirements and documentation on state internal reviews.

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

**Explanation:** Proper underwriting practices are reflected in the delinquency rate that is usually maintained at approximately 2 percent. Periodic management control reviews and state internal reviews are conducted periodically. USDA Office of Inspector General also conducts periodic reviews to ensure funds are spent for intended purpose and that proper loan-making and servicing procedures are used.

**Evidence:** Guidance in 7 CFR, Part 1942, Subpart A. USDA Office of Inspector General Midwest Region Audit Report. Rural Housing Service Community Program Loans to River Valley Health System, Columbus OH (June 2001).

## Program Assessment Rating Tool (PART)

**Program:** Community Facilities Program  
**Agency:** Department of Agriculture  
**Bureau:** Rural Housing Service  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	50%	100%	33%	Demonstrated

- 3.CR2 Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight: 11%
- Explanation: An annual subsidy rate is calculated using an audited cash flow model. This computes the risk of the loan program for the Federal government. The FY 2004 Community Facilities Direct Loan program proposed subsidy rate is negative. The Agency monitors delinquency rates on an ongoing basis.
- Evidence: Federal Credit Supplement; OIG audits of credit subsidy model
- 4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight: 20%
- Explanation: The Agency is currently developing long-term performance goals.
- Evidence:
- 4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: SMALL EXTENT Question Weight: 20%
- Explanation: Annual measures for this program have been revised due to improved efforts regarding budget and performance integration. Little data has been generated under these revised measures, although past performance under previous measures shows that the Agency has typically met performance goals.
- Evidence: Annual performance measures and Agency Accounting Information systems.
- 4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: LARGE EXTENT Question Weight: 20%
- Explanation: Annually, the program finances essential community facilities serving over 10 million rural residents. Although the program is facing decreased funding levels and deteriorating economic conditions in rural areas, annual goals are still being met. To accomplish such goals, the agency has achieved greater outreach efficiencies and increased the leveraging of funds.
- Evidence: Annual Performance Plans and Reports. The FY 2004 Community Facilities Direct Loan program proposed subsidy rate is negative.

Program Assessment Rating Tool (PART)

**Program:** Community Facilities Program  
**Agency:** Department of Agriculture  
**Bureau:** Rural Housing Service  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	50%	100%	33%	

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

Answer: SMALL  
EXTENT

Question Weight: 20%

Explanation: By and large the program does a good job providing financing for the construction of essential community facilities and leveraging funding from other sources where appropriate. For example, RHS funding is used to finance the construction of rural hospitals and health care facilities, while HHS funding is focused on improving rural health care technical capacity and quality. The financial performance of the portfolio is also strong as the program's subsidy rate has been negative over the last couple of years. However, the lack of long-term outcome measures and adequate performance evaluations makes it difficult to assess the extent to which the program is having an impact on reducing the lack of essential community facilities in rural America, how specific performance compares with other agencies, and whether the structure of this program and others is the most efficient (particularly in instances where multiple sources of funding are available).

Evidence: USDA's Strategic Plan 2002-2007; FY 2004 Annual Performance Plan; FY 2004 Congressional Justification materials; HHS Strategic Plan 2003-2008; HUD FY 2004 Annual Performance Plan Federal Credit Supplement: subsidy rates are -0.90% for the Community Facilities Program as compared to 3.52% for HHS's Health Facilities Construction Loans and 2.30% for HUD's Community Development Loan Guarantees (Section 108).

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

Answer: SMALL  
EXTENT

Question Weight: 20%

Explanation: No evaluations based on program performance are conducted (see answer to question 2.6). However, periodic reviews conducted by the OIG have evaluated the financial performance of the portfolio and lender servicing activities. Recent audits have not identified any areas of concern regarding the expenditure of funds or the financial integrity of the portfolio. Management Control Reviews and State Internal Reviews have been used to improve program management and the agency is currently revising its regulations based on such evaluations (see answer to question 3.7).

Evidence: OIG audits, Management Control Reviews and State Internal Reviews.

## PART Performance Measurements

**Program:** Community Facilities Program  
**Agency:** Department of Agriculture  
**Bureau:** Rural Housing Service

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**Measure:** Millions of rural residents served by community facilities financed by the Rural Housing Service  
**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002		6.8	
2003	6.8		
2004	7.5		
2005	10		

**Measure:** # of public safety, educational, and health care facilities financed  
**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002		570	
2003	570		
2004	600		
2005	800		

**Measure:** Percentage of loans in delinquency  
**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	2%	2%	
2003	2%		
2004	2%		

## PART Performance Measurements

**Program:** Community Facilities Program

**Agency:** Department of Agriculture

**Bureau:** Rural Housing Service

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**Measure:** Percentage of loans in delinquency

**Additional  
Information:**

Year

2005

Target

2%

Actual

**Measure Term:** Annual

## Program Assessment Rating Tool (PART)

**Program:** Conservation Technical Assistance  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The broad purpose of Conservation Technical Assistance (CTA) is to provide help to people by providing technical assistance on private lands to protect the nation's natural resource base utilizing science-based technology. To accomplish this, the program provides direct and individualized conservation planning and implementation assistance to land users. Beyond this broad goal, however, CTA funds NRCS's management activities, resource assessments at the local and regional levels, conservation technology development, and conservation standards development. Because of these multiple missions and purposes, however, it will be important for the program to devise management and performance measurements strategies that cover the full spectrum of the program's activities.

**Evidence:** Section 1 of P.L. 74-46--the Soil Conservation Act of 1935 & additional legislative authorities; Conservation Operations Regulation, 7 CFR Part 610, Subpart A; America's Private Land - Geography of Hope; The NRCS Strategic Plan, 2000-2005; Draft CTA Program Policy; A Grazing Lands Conservation Initiative-For Private Grazing Lands.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** The CTA Program addresses national, natural resource concerns at the local level utilizing local leadership through conservation districts. Further, the program provides help to people who are the individuals, groups of individuals, units of governments and Tribes and are connected mostly to private lands in the U.S. Technical assistance is provided for the land to protect the Nation's natural resource base which refers to treating local, natural resource concerns that are national priorities such as soil erosion, non-point source pollution, animal feeding operations, water shortage management, grazing lands, wildlife habitat (including wetlands) and reducing/avoiding emissions. Science-based technology guidelines refers to development and dissemination of national conservation practice standards, specifications and other technical support materials. The problems the program was created to address still exists and are well documented.

**Evidence:** NRCS Strategic Plan, 2000-2005; Resources Conservation Act (RCA) Report-The Interim Appraisal and Analysis of Conservation Alternatives; 2001 National Workload Analysis (WLA)-highlights estimated CTA funds & percent of CTA time by major resource concern category; the Electronic Field Office Technical Guide (e-FOTG) description; National Resource Inventory (NRI) selected information; and other WLA grazing data.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

**Explanation:** The CTA Program provides comprehensive natural resource planning and implementation assistance that addresses resource concerns at the local level. The program and the activities it funds overlaps to a great extent, however, with local units of government, the soil conservation districts. For many conservation needs, the purposes, long-term goals, and targeted beneficiaries of CTA and the local districts are the same or similar. CTA is unique, however, in that it is designed to be synergistic and complementary with the local soil conservation districts. And in many conservation districts, it is appropriate that there is more than one technical assistance delivery system. NRCS, state governemnts, and the local soil districts have signed Mutual Agreement that allows the federal employees to provide technical assistance on private lands.

**Evidence:** RCA Report - The Interim Appraisal and Analysis of Conservation Alternatives, 2002; copy of a Mutual Agreement; document entitled: "Balancing Federal & Local Investments in CTA, 2000"; Conservation Operations Regulation - 7 CFR Part 610, Subpart A

## Program Assessment Rating Tool (PART)

**Program:** Conservation Technical Assistance  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

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

**Explanation:** It is designed to respond to land user and units of government requests for technical assistance. The soil and water conservation technology development and dissemination system continues to be the envy of the world and produces high annual public benefits. The CTA Program has provided a basis for cooperation between federal, state and local interests and provides the infrastructure and foundation to deliver other federal, state and local financial assistance programs, train field staffs, and respond to natural resource emergencies. However, many different activities are funded within CTA's budget and the overall structure and funding allocation process is not transparent. In addition, the program's flexibility to respond to changes in regional and national conservation priorities is also questionable--once field staff is deployed to a local soil district or to a state, NRCS has difficulty adjusting its field staff structure to repond to changing needs. The lack of transparency makes it difficult to determine whether the program is free of major design flaws that impacts its effectiveness and efficiency.

**Evidence:** NACD & NASCA Conservation Delivery Systems Task Force Report; Public Benefits Study on CTA Science and Technology; and CTA Program Evaluations, 1985

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

**Explanation:** In order to change the answer in this question to a "yes," NRCS needs to better explain how resources are prioritized and targeted. Many different activities are funded within CTA's budget and the overall structure and funding allocation process is not transparent. In addition, CTA also subsidizes other NRCS programs. The lack of transparency makes it difficult to determine whether the program is effectively prioritized and targeted. Also, the program's flexibility to respond to changes in regional and national conservation priorities is also questionable--once field staff is deployed to a local soil district or to a state, NRCS has difficulty adjusting its field staff structure to repond to changing needs. The program addresses local, natural resource concerns that provide public benefits such as soil erosion, nonpoint source pollution, water shortage management, wildlife habitat and reducing/avoiding emissions.

**Evidence:** RCA Report - The Interim Appraisal and Analysis of Conservation Alternatives, 2002; NRI Report; C0-01 Allocation Formula, NRCS Strategic Plan, 2000-2005; Geography of Hope; and 2001 National Workload Analysis data

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: NO Question Weight: 12%

**Explanation:** The CTA Program has difficulty developing a concise list of long-term measures for the PART exercise because it funds many activities beyond providing field-level technical assistance (e.g., training, technology and conservation practice standards development, resource assessments). The program does not have adequate outcome-based performance measures that appropriately evaluate many of these activities. In addition, the measures counted as long-term measures as part of this review are largely annual measures. The program also does not have an efficiency measure. NRCS is developing a "Logic Model" that will move the program towards better long-term outcome measures. The model is proposed for implementation in FY 2004 will utilize shared outcomes, including the CTA Program.

**Evidence:** PRMS FY 2002 Performance Reports; National Resource Inventory (NRI) Background and Highlights, 2000; Electronic Field Office Technical Guide (e-FOTG) Website and information; the Logic Model Spreadsheet with explanation.

## Program Assessment Rating Tool (PART)

**Program:** Conservation Technical Assistance  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

- 2.2 Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight: 12%
- Explanation: Because the long-term measures have not been finalized and are not yet in use by program managers, according to PART guidance the answer to this question must be "no."
- Evidence: PRMS Business Rules; PRMS Website Information Sheet; and NRCS Strategic Plan, page 46, 2000-2005
- 2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight: 12%
- Explanation: The CTA Program has a limited number of annual measures that track the annual work output of the program. Several of the output measures are appropriate as indicators of CTA's work and how the program contributes to NRCS's overall mission. Other measures may not be as appropriate, however, such as the number of acres of wetlands CTA funding helped to restore--USDA has at least five programs that create or restore wetlands and it is difficult to parcel out CTA's unique contribution to wetland conservation. Finally, as stated above in Question 2.1, CTA funds a number of activities beyond field-level technical assistance. NRCS did not provide annual measures for these important activities.
- Evidence: PRMS Business Rules; PRMS Description of Practices; Interview with a State CTA Program Manager on Goal Establishment; 2004 Explanatory Notes-FY 2002 goals; and NRI Background & Highlights, 2000
- 2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: YES Question Weight: 12%
- Explanation: The CTA Program has a limited number of annual measures that track the annual work output of the program. Several of the output measures such as the acres of cropland that are treated against soil erosion and the number of acres of wetlands created are appropriate as indicators of CTA's work and how the program contributes to NRCS's overall mission.
- Evidence: NRCS Strategic Plan, 2000-2005-page 12.; and NRCS Explanatory Notes-FY 2002 goals.
- 2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight: 12%
- Explanation: The programs warrants a "yes" to this question because the technical assistance portion of CTA is specifically designed to work in conjunction with the state and local units of government to protect and conserve resources. The federal, state, and local conservation agencies share common missions and goals, and this integration is central to the CTA Program's purpose. The CTA Program is coordinated through a Mutual Agreement and other agreements with the conservation districts, our major partner. The agency has a number of working relationships and/or cooperative agreements with other partners such as with GLCI Steering Committee, Wildlife and environmental organizations and commodity groups that assist with the conservation effort on private lands.
- Evidence: Locally-led National Policy; and Mutual Agreement; GLIC Cooperative Agreement; Articles of Association for the National Grazing Lands Conservation Initiative Steering Committee (October 1997), and Winter Grazing Successes on Montana Ranches

Program Assessment Rating Tool (PART)

**Program:** Conservation Technical Assistance  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	63%	100%	34%	

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

Explanation: From the evidence provided, the audits by independent entities do not appear to be regularly scheduled. The USDA OIG audits have focused on relatively small aspects of the CTA Program's overall activities. The program warrants a "yes" to this question, however, because of a relatively recent audit by GAO in 2000 that reported on CTA's financial and programmatic accountability. NRCS has responded to the 2000 GAO report and worked to improve its management and oversight activities. NRCS has also used a number of internal Oversight and Evaluation (O&E) reviews that assessed the program's effectiveness.

Evidence: GAO Audits; USDA OIG Audits; and NRCS Oversight & Evaluation Reviews

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

Explanation: The CTA Program's budget does not have adequate transparency. It funds a number of activities beyond field-level technical assistance and it is difficult to track and connect the budget requests with agency performance and results.

Evidence: AFO/CAFO Analysis, Cost Estimate Package; FY 2004 Explanatory Notes-FY goals and targets; Cost of Programs Data-example; and copy of Logic Model

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

Explanation: A Oversight & Evaluation Review of the NRCS Integrated Accountability System was completed in 2001 and a number of actions have been and are being taken to correct strategic planning activities in the agency. The major initiative in FY 2004 is the update of the Strategic Plan with more performance measure analysis and very serious look at some Index tools to derive outcomes. Again, the Logic Model is planned for FY 2004 which will serve as a framework for costing out measures and assigning more measurable outcomes for the CTA Program. NRCS has also made efforts to respond to the 2000 GAO report to improve its accountability.

Evidence: O&E Review-Integrated Accountability System, 2001; Logic Model copy; and FY03 GLCI Work Plan - South Central Region, West Virginia Grazing Lands Strategic Plan

## Program Assessment Rating Tool (PART)

**Program:** Conservation Technical Assistance  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	63%	100%	34%	Demonstrated

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

**Explanation:** The CTA Program collects performance goal accomplishments in number or acres at the field office on a daily basis and is updated nightly. Some progress is also collected at the state and national levels, such as number of requests for PLANTS Data Base or Review of National Conservation Practice Standards. Performance data is identified by NRCS or conservation partner. Progress is also identified by status (white, black, Asian, Native American etc.). The (PRMS) has business rules, performance measure definitions and specific automated queries to check for erroneous data entries. Results are analyzed bi-weekly and quarterly for credible data and progress toward meeting goals. While we cant make partners input progress data, our policy is to invite their data entry and even provide flexibilities for state and local reporting and tracking of their program data.

**Evidence:** O&E Review Report, 2001; PRMS Field Performance Measure descriptions and Business Definitions; NRCS Strategic Plan, 2000-2005; NRCS Draft CTA Policy document; Chief's Annual grazing Lands Conservation Initiative Letter, grazing Lands Conservation Initiative FY 1999-2002 Progress Reports.

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

**Explanation:** Regional and State Conservationists are responsible by policy for ensuring that progress data is entered on a timely basis, daily as performed. Additional requirements for progress entry and accomplishments are included in business performance plans. Corrective actions are taken to correct deficiencies. Failure to meet target goals is identified in Individual Performance Plans. State Conservationists and District Conservationists have performance reporting requirements in their Individual Performance Plans. Performance results are provided to managers weekly at headquarters who take actions to correct deficiencies. Local, state and national reports of progress are accessible by program managers. There are no funding grants in the CTA Program. Financial reimbursements are tracked through the FSIS system and audited periodically for cooperative agreements with partners. Program managers at headquarters and state offices monitors deliverable agreements and takes action on deficiencies. The CIS provides provides on-line status review of financial obligations and outlays.

**Evidence:** PRMS performance summary reports; NRCS Accountability System policy, CIS Fact Sheet and example reports; FSIS Financial Obligation and Outlay Reports; CTA Draft Policy document; and a copy of State Conservationist and District Conservationist-Individual Performance Plans

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

**Explanation:** Funds are tracked through CIS accountability system and the FSIS system by line officers and program managers. It is the policy of the agency to obligate all of the funds within a fiscal year. Carryover has averaged less than 2% in the last 5 years. Spending, fund obligation guidance and CIS training has been provided to CTA national and state program managers in past six months. The agency has received a FFIS "clean opinion" again and never have reported an anti-deficiency for CTA funds in 65 years+.

**Evidence:** CIS Fact Sheet; CIS reports; FSIS Reports; CTA Allowance Formula; CIS Financial Management Training Agenda; GLCI & AFO/CAFO's state; GLCI Budget Allocations

Program Assessment Rating Tool (PART)

**Program:** Conservation Technical Assistance  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	63%	100%	34%	

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

Explanation: Civil engineering technicians, mail handlers, cartography and mapping functions, over 1300 FTE, are being studied in 2003 and 2004 for A-76 Competitive Sourcing as part of the President's 2005 Budget initiative. A number of IT initiatives have been developed to significantly increase efficiencies. They include the Conservation Toolkit, the Integrated Accountability System (IAS), Included in the IAS, is the PRMS, launched also in 1998 and updated in 2001. The Total Cost Accounting System (TCAS) was launched in 1999. The electronic Field Office Technical Guide (FOTG) was launched in 2002. All agency Manuals, Handbooks and bulletins are now automated and "online". The Workload Analysis (WLA) and the Conservation Information System (CIS) were also implemented. The program should develop efficiency measures, however.

Evidence: Competitive Sourcing Goals by Function Areas, website information on competitive sourcing; Example of CTA average costs-staff, Toolkit Website Information; IAS Website Information; CIS Website, reports and CIS Informational Fact Sheet.

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

Explanation: The CTA Program assists land users in developing natural resource plans that may use technical or financial cost share assistance for accessing other federal, state or local programs. The CTA establishes the conservatin practice standards that are maintained within the Field Office Technical Guide for use by field staffs to plan and design practices for all NRCS programs. The CTA maintains and updates other technical tools, such as the Engineering Field Manual, Agriculture Waste Management Handbook--tools used by engineers and technicians to plan and design practices. All of these technical guide materials are used by private consultants worldwide. The Chief has made a decision to collaborate and coordinate the first seven of the nine steps in the conservation planning process with all mandatory conservation programs. Managers have collaborated among all the programs to draft a "Logic Model" which is propped for FY 2004, to allocate outcomes between other technical and financial assistance programs in the agency.

Evidence: Copy of the Proposed Logic Model; Chief's FY 2003 Allocation Letter; 2000 NRCS and District Program Analysis on Costs and Strengths; Draft CTA Program policy; 2002 EQIP Payments for 1997-2002 Grazing Land Practices.

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

Explanation: Internal control mechanisms are established by the Financial Management Services Division of NRCS. The CTA Program Manager does not receive these audit reports unless there is an error or a discrepancy. The CTA Program allocates funds to the states (staff technical services) based on full annual costs and expenditures that are tracked through the National FSIS by state. Allocations to entities above the state level (management and IT) are tracked separately based on full cost for administration and support of program. NRCS is taking additional actions to improve its accountability by: Accepted and implemented the 2000 GAO evaluation on financial management practices which includes a.) improve integration of financial management and the accountability approach by revising the agency's strategic planning and accountability policy and to make financial management an integral part; and b.) developing a plan with methodology and time frame to incorporate no alternatives and taking actions to account for costs reported by its financial management systems.

Evidence: GAO Report-"NRCS-Additional Actions Needed to Strengthen Program and Financial Accountability", Average Staff Costs for CTA FTE

**Program Assessment Rating Tool (PART)**

**Program:** Conservation Technical Assistance  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	63%	100%	34%	

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

**Explanation:** The CTA Program uses strong financial management practices and procedures. It records budgets, commitments, obligations and payments in the USDA FFIS (an agency wide accounting system.) This system reports variances in budget by expense classifications and corresponding obligation monthly. It records and reports all other accounting transactions such as cash, receivables, payments, collections etc. All these reports are to the various levels of the NRCS organization. The FFIS audit opinion of 2002 was "clean". The auditors found no material weaknesses in the CTA program. NRCS has reported no financial management weaknesses in the FMFIA report.

**Evidence:** FFIS Reports

**4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight: 25%

**Explanation:** The program does not have adequate long-term performance measures in place. They are currently under development.

**Evidence:** National Resources Inventory (NRI): Background and Highlights, 2000; Customer Satisfaction Index Survey Fact Sheet; RCA Conservation Report, 2002; Grazing Land Resources & the Grazing Land Conservation Initiative.

**4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: LARGE EXTENT Question Weight: 25%

**Explanation:** Federal, state, and local conservation agencies share common missions and goals, and this integration is central to achieving the CTA Program's annual work output performance. The CTA Program is coordinated through a Mutual Agreement and other agreements with the local conservation districts, our major partner.

**Evidence:** 2004 Explanatory Notes- FY 2002 goals and accomplishments; National Resources Inventory (NRI): Background and Highlights, 2000

**4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: LARGE EXTENT Question Weight: 25%

**Explanation:** The CTA Program is demonstrating improved efficiencies or cost effectiveness in several number of CTA areas. National indicators such as soil erosion have continued to show improvements in performance. Major components of the CTA is presently undergoing A-76 competition for civil engineering technicians, mail handlers and cartographic and mapping functions--all total in excess of 1,300 FTE's are being considered. Another one is the implementation of the Toolkit which is estimated to reduce conservation plan documentation time requirements by 50%. The e-FOTG and the Electronic Directives System have also improved efficiency and eliminated printing and mailing costs.

**Evidence:** Competitive Sourcing functions/website; NRCS Toolkit Website information; e-FOTG and Electronic Directives System Website and information.

Program Assessment Rating Tool (PART)

**Program:** Conservation Technical Assistance  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	63%	100%	34%	

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

Explanation: To change the answer to this question to a "yes," NRCS needs to provide evidence as to how CTA performs relative to other conservation technical assistance programs, such as those operated by the local soil conservation districts. Comparing CTA with other technical assistance funding provided by NRCS's mandatory programs in not a valid comparison.

Evidence: CIS Printouts --showing cost of various components of conservation planning and implementation for CTA vs. other programs.

**4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: NO Question Weight: 25%

Explanation: The CTA Program is large enough (in terms of funding) and important enough to warrant independent performance evaluations. There are not recent, independent analyses that evaluate the program's effectiveness. While a number of independent evaluations have been conducted in recent years (such as GAO reports), they have focused on financial management and not on the program performance or effectiveness of the CTA program. To change the answer to this question to a "yes," NRCS needs to provide evidence of these performance quality evaluations.

Evidence: Oversight & Evaluation Survey Report, 2000-Conservation Planning Effectiveness; O&E Survey Report, 2001-Quality Conservation Planning; American Society for Public Administration award presentation; and American Customer Satisfaction Index Survey

## PART Performance Measurements

**Program:** Conservation Technical Assistance  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service

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**Measure:** Erosion Reduction Applied On Cropland (in thousands of acres)  
**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	3,177	3,390	
2003	3,390		
2004	3,221		
2005	3,100		

**Measure:** Total Irrigation Water Management (acres)  
**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	491,500	798,616	
2003	799,000		
2004	759,000		
2005	760,000		

**Measure:** Nutrient Management Applied (in thousands of acres)  
**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	2,195	2,674	
2003	2,674		
2004	2,540		

## PART Performance Measurements

**Program:** Conservation Technical Assistance  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service

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**Measure:** Nutrient Management Applied (in thousands of acres)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2005	2,054		

**Measure:** Wetland Creation, Restoration, or Ehnancement Applied (acres)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	42,900	62,593	
2003	63,000		
2004	59,000		
2005	59,460		

**Measure:** National Conservation Practice Standards Reviewed To Ensure They Are Current & Reflect Best Available Technology (number)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	38	38	
2003	36		
2004	36		
2005	36		

## PART Performance Measurements

**Program:** Conservation Technical Assistance

**Agency:** Department of Agriculture

**Bureau:** Natural Resources Conservation Service

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**Measure:** Soil Surveys Available In Digital Form (cumulative number)

**Additional  
Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	1,368	1,404	
2003	1,600		
2004	1,820		
2005	2,170		

## OMB Program Assessment Rating Tool (PART)

### *Direct Federal Programs*

Name of Program: Crop Insurance

#### Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	The purpose of the program is to provide a risk management tool and protect the income of farmers, which ultimately should result in improving the stability of the agriculture economy and reduce the need for ad hoc government farmer related relief.	The Federal Crop Insurance Act, as amended (7 U.S.C. 1501 et. seq.), and the crop insurance program regulations at 7 C.F.R. 400, et. seq.	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	Without this program, risk management through insurance would be prohibitively expensive, and in effect, non-existent. This is due to the fact that catastrophic losses are the norm rather than the exception with crop losses. For instance, when drought strikes it will generally impact a large geographic area. The regular widespread loss areas common to agriculture industry prevented the commercial development of crop insurance.	The fact that only rain and hail policies were commercially available to the general farming community prior to the introduction of crop insurance in the 1930's. The devastation from the dust bowl that resulted for many in the agriculture community has not been replicated as a result of a variety of programs. Collectively these programs create the farm safety net. Crop insurance is a large part of that net.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	The program is available on 80 commodities, and has an overall average participation rate of 77%. Additionally, the amount of coverage levels farmers are opting has increased in recent years.	FCIC web site provides crops covered and levels of coverage available. The annual performance plan includes number of eligible acres covered using National Agriculture Statistical Service data and the Risk Management Agency's Summary of Business Data base. Data on total number of acres of a particular crop and total number of acres covered are used in this calculation.	20%	0.2

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	FCIC is restricted by the FCIA from offering insurance available in the private sector. There is no other like product to crop insurance at either the Federal, state or local level.	Common measure for disaster insurance participation rates used benchmarking for comparison due to the fact that there were no other comparable programs.	20%	0.2
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	No	Crop insurance had not resulted in allowing the Federal Government to point to the program in times of natural disasters as the main source of risk management for the agriculture community at large. Since the program was redesigned in the mid-90s, the government has continued to provide large disaster assistance payments to the agriculture community, regardless of the amount of crop insurance they have purchased. Additionally, there are still commodities that do not have policies in place to allow for any risk management, such as livestock. Crop insurance provides many farmers the ability to manage their risk through the purchase of insurance. Additionally, use of the private sector equals low administrative costs for the government. And the private sector shares some of the risk of loss on the policies. But an optimal design should allow the federal government the ability to minimize or discontinue disaster relief.	Various Disaster Relief Bill from 1994 through 2000.	20%	0.0
<b>Total Section Score</b>					<b>100%</b>	<b>80%</b>

<b>Section II: Strategic Planning (Yes,No, N/A)</b>						
	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	RMA's strategic goal is to strengthen the safety net for agricultural producers. As participation and the levels of coverage increase the overall stability of the agriculture economy is assured, however, general "strengthening" of the agriculture economy is not strategic and difficult to measure.	RMA's strategic plan.	17%	0.0
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	RMA's annual performance plan includes 5 objectives along with associated performance measures that show progress toward the strategic goal. Including participation rates and the average level of coverage purchased.	RMA's annual performance plan.	17%	0.2
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	RMA's primary partners are the private sector insurance companies that sell and service the crop insurance nationwide. By their acceptance of the Standard Reinsurance Agreement, and through their ongoing discussions with RMA, they are involved with and committed to the long-term goals of the program.	RMA's Standard Reinsurance Agreement	17%	0.2
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	N.A.	FCIC is restricted by the FCIA from offering insurance available in the private sector. There is no other like product to crop insurance at either the Federal, state or local level.	OMB's 2004 Budget Common Measure for disaster insurance participation rates used benchmarking for comparison due to the fact that there were no other comparable programs.		

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	The Crop Insurance program is annually audited (typically by a big six accounting firm) to assure that the program projection and business are fiscally sound. Additionally, the USDA's OIG performs ad hoc reviews. RMA also does an internal assessment of its risk sharing agreements and reimbursement rates when preparing its justification for the renegotiations of the Standard Reinsurance Agreement. That analysis is directly linked to the performance of the program in that, without the willingness of the private sector to sell and service these policies, RMA could not achieve increased participation or increase the amount of coverage that the farmers are purchasing. RMA relies upon this contract, that reflects the risk sharing agreements fairly between the gov't and the insurance companies.	Annual Audit Report. Various OIG reports and USDA-RMA renegotiation documents.	17%	0.2
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	This is a mandatory program, so projections take into account current law along with proposed policy changes. When the Agriculture Risk Protection Act of 2000 was enacted the average premium subsidy for the farmer increased from 37% to 60%. The effect of this legislation was realized immediately. For the 2004 budget cycle, RMA is linking its annual budget with performance measures.	RMA's summary of business for 2000 and 2001. The Federal Crop Insurance Act. The Appendix of the Budget of the United States. The 2004 annual budget submission. The Standard Reinsurance Agreement.	17%	0.2
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	No	RMA is currently reevaluating its mission, vision, and goals, both strategically and tactically. However, this new strategic plan and resulting organization structure have no defined date of completion. Additionally this change is more a result of legislated changes over the past few years rather than because of recognized deficiencies with the current long-term goal.	Internal RMA memoranda from the Administrator to all RMA staff instructing them to participate fully in the re-evaluation of RMA's mission, vision and goals.	17%	0.0
<b>Total Section Score</b>					<b>100%</b>	<b>67%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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**Section III: Program Management (Yes, No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	Participation information, such as policies sold, liability, acres, and premium are some of the performance indicators in RMA's strategic plan. RMA's delivery partners provide this information to RMA on a daily basis at a producer level.	The SRA and Manual -13 provide specifications for the type and timing of required data reporting. Current information received from the companies includes, price and coverage level, insured acres, premium, actual production history data, subsidy and indemnity amounts. Data received is validated through the Data Acceptance System and accepted data is used as the basis for payment of expense reimbursement to companies, as well as for analytical and statistical reporting within RMA. For example these current and historical actual data sets are used by the agency in subsequent years to establish premium rates.	14%	0.1
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2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	RMA enters into a financial arrangement with the reinsured companies, called the Standard Reinsurance Agreement (SRA). The SRA contains specific language regarding types of data to be reported and timeliness of reporting. Requirements of timely reporting center around critical policy and administrative dates associated with the crop insurance cycle. Penalties are imposed for late reported data. In extreme cases, companies may be disbarred.	In accordance with the SRA and the Federal Crop Insurance Act (FCIA), reinsured company expense reimbursements are reduced if sales or acreage information is not reported within specified time periods based on when they should have received the information from the producer (e.g., Individual crop policy provisions require producers to apply for insurance by specified sales closing dates and report acreage planted by certain acreage reporting dates).	14%	0.1
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	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Section 516(a) of the FCIA authorizes RMA to be appropriated such sums as are necessary to cover administrative and operating expenses of the Corporation for sales commissions of agents and premium subsidies, including the administrative and operating expenses of an approved insure provider.	Section 516(b) identifies the types of expenses such as premium subsidies and indemnities, and all administrative and operating expenses of agents commissions, and approved insurance providers. In accordance with the SRA, amount of premium sold is the basis for administrative expense reimbursement. Producer premium data is electronically audited by RMA and used to calculate the amount of expense reimbursement and premium subsidy due. Payments are made on a monthly basis. Indemnity payments are made by the companies to producers in accordance with policy terms (e.g., within 60 days of signature date on the claim). On a daily basis, and as companies issue checks to the producers, indemnity information is also submitted to RMA to fund escrow accounts. Accepted indemnity information is funded and paid on a daily basis.	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	Internally, RMA utilizes competitive outsourcing for IT contracts, and to develop new products. However, from a program standpoint, there are no other private programs that provide products encompassing the variety of programs that RMA regulates; therefore, there are no meaningful cost comparisons that can be done on the program as a whole.	Since Fiscal Year 2000, RMA has been in a contractual relationship with GSA/FEDSIM to provide IT integration services to RMA. The prime contractor was competitively selected through the Millennia contract process based on cost and technical expertise. Although a sole contractor is the lead on this support, they also employ several sub-contractors that provide various services. With the exception of oversight and testing functions, RMA contracts for the majority of its IT needs. RMA also conducts competitive outsourcing of its new product development functions through various contractual vehicles. Many of these contracts will provide new products to areas of the country currently underserved by risk management programs as required by the FCIA, as amended	14%	0.0
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	RMA estimates and budgets for the full costs of operating the Federal Crop Insurance Program. There are no changes in a fiscal year funding level unless new legislation is enacted or additional funding is needed to cover unforeseen circumstances (e.g., drought) that increase the estimated funding needs to cover losses.	The Federal Crop Insurance Fund Projections included in the Annual Federal Budget. RMA's summary of business data, which is available by year on their website. Annual Apportionments for Fund that reflect the estimated "such sums" anticipated for the year.	14%	0.1
6	<i>Does the program use strong financial management practices?</i>	Yes	RMA follows departmental, OMB, Treasury circulars regarding financial management practices.	Each fiscal year an audit is conducted of FCIC by a CPA firm who has been contracted by OIG. RMA has received a clean opinion each year and the consolidated financial statements present fairly, in all material respects, the financial position of the FCIC each year.	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	RMA is currently doing a study of the current structure of the risk sharing agreement (SRA) they have with the private companies. It will identify areas where direct costs may be reduced, determine a reasonable rate of return for the private sector, and will allow FCIC to set new, more meaningful terms for more equitable allocation of risk. This study will impact the 2004/2005 SRA.). RMA compiled state-level NASS data for 1995-2001 by crop and State for the 28 crops for which NASS publishes data and compared this with RMA data by crop and State, and by crop plan. RMA is resolving differences between NASS and RMA data. This new process will enable year-to-year tracking of progress in a straight-forward and easily explainable format. Additionally, a number of new programs are being developed especially for underserved producers. Underserved producers produce a crop that is not currently insured under the Federal crop insurance program, or are located in one of the 15 identified underserved States.	As a result of the Presidents 2002 Management Initiatives, RMA identified 4 areas of the program that can be improved. These initiatives have been included in RMA's annual performance plan for FY 2002.	14%	0.1

<b>Total Section Score</b>					<b>100%</b>	<b>86%</b>
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**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
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	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	Crop insurance had not resulted in allowing the Federal Government to point to the program in times of natural disasters as the main source of risk management for the agriculture community at large. The government has continued to provide large disaster assistance payments to the agriculture community, regardless of the amount of crop insurance they have purchased. Additionally, there are still commodities that do not have policies in place to allow for any risk management, such as livestock. Crop insurance provides many farmers the ability to manage their risk through the purchase of insurance, but the agriculture community is not stabilized completely in times of natural disasters as a result of crop insurance.	All of this data is derived from RMA and other USDA databases and is reported in the USDA 2004 Annual Performance Plan.	25%	0.0
<p>Long-Term Goal I: Expand the level of risk management readily available and suitable for agricultural producers to use in managing their risks.  Target: See annual performance goal data  Actual Progress achieved toward goal: Progress is being made toward the goal, as measured by annual target achievements.</p>						
2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Yes	Annual indicators such as number of insurance plans available are being achieved.	This data is available in the USDA 2004 annual performance plan.	25%	0.3
<p>Key Goal I: Percent Participation-percent of planted acres of principal crops as reported by NASS that are insured .  Performance Target: 2001 target: 69.9%  Actual Performance: 77%</p>						
<p>Key Goal II: Number of crop insurance and other risk management plans available to American agricultural producers.  Performance Target: 2001 target: 149  Actual Performance: 155</p>						
<p>Key Goal III: Total  Performance Target: 2001  Actual Performance: This goal</p>						

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Small Extent	The passage of ARPA resulted in greater participation rates and higher levels of coverage being purchased by farmers. Additionally, RMA has just published the proposed rule that implements specific provisions regarding double insurance and prevented planting, which will improve program integrity. RMA went beyond these ARPA mandated changes in the rule by including certain restrictions on Actual Production History to correct for abuses that have occurred in the past. This rule should reduce fraud, waste and abuse, and improve the efficiency and effectiveness of Crop Insurance.	Agriculture Risk Protection Act of 2000. Subpart T-Federal Crop Insurance Reform, Insurance Implementation Regulations for the 1999 and Subsequent Reinsurance Years; Group Risk Plan of insurance and Common Crop Insurance Regulation, Proposed Rule: September 2002.C13	25%	0.1
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	N.A.	FCIC is restricted by the FCIA from offering insurance available in the private sector. There is no other like product to crop insurance at either the Federal, state or local level.	OMB's 2004 Budget Common Measure for disaster insurance participation rates used benchmarking for comparison due to the fact that there were no other comparable programs.	0%	
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Yes	Annual audits confirm that the program is effective and achieving results.	USDA OIG Annual Crop Insurance Audit Report: Report # 05401-9-FM, February 2002	25%	0.3
<b>Total Section Score</b>					<b>100%</b>	<b>58%</b>

## Program Assessment Rating Tool (PART)

**Program:** Direct Crop Payments  
**Agency:** Department of Agriculture  
**Bureau:** Farm Service Agency  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

**1.1 Is the program purpose clear?**

Answer: Yes

Question Weight: 20%

**Explanation:** To remove the link between income support payments and farm prices by providing production flexibility contracts (PFC) , whereby producers on farms enrolled during the one-time signup receive annual fixed but declining PFC payments for FY 1996-2002. From 2003 to 2007, the purpose is to provide direct payments to provide a minimal level of income support to keep land in farm uses (including idle).

**Evidence:** Federal Agriculture and Reform Act of 1996, P.L. 104-127 (1996 Act) and Farm Security and Rural Investment Act of 2002, P.L. 107-171.

**1.2 Does the program address a specific interest, problem or need?**

Answer: No

Question Weight: 20%

**Explanation:** The program is designed to provide a minimum level of income support to keep land in farm uses. However, the program provides support to 36% of farmers, 60% of whom have annual sales of at least \$50,000.

**Evidence:** ERS/USDA Agricultural Outlook, October 2000, p.10-14. "A Safety Net for Farm Households" USDA/ERS Agricultural Economic Report No. 788. 44 pp, Dec 2000.

**1.3 Is the program designed to have a significant impact in addressing the interest, problem or need?**

Answer: No

Question Weight: 20%

**Explanation:** If program would have had a significant impact, producers would have been weaned off of direct government support. Conversely, a number of supplemental AMTA payments were made to producers, and the 2002 Farm Bill re-instituted fixed direct payments. Direct payments are designed as part of a safety-net for farmers, but direct payments go to about a third of all farmers, the majority of which have annual sales of at least \$50,000 (not necessarily needing a safety-net).

**Evidence:** 2002 Farm Bill. For FY02, PFC payments of over \$4 billion of assistance was made to producers. For FY03, as direct payments begin, payment amounts have not been determined but we anticipate similar payment amounts. ERS/USDA Agricultural Outlook, October 2000, p.10-14. "A Safety Net for Farm Households" USDA/ERS Agricultural Economic Report No. 788. 44 pp, Dec 2000.

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

Answer: Yes

Question Weight: 20%

**Explanation:** PFC payments provided a base level of guaranteed income for farmers from the implementation of the 1996 Act until 2002, which was designed to be phased out, reducing producers reliance on government support. The 2002 Act authorizes direct payments to replace the PFC payments, which also provided income support regardless of commodity production or prices. Both types of payments are very minimally production/trade distorting, compared to other farm program payments.

**Evidence:** 1996 Act and 2002 Farm Bill. No other program provides farmers a minimum level of guaranteed income for keeping land in agricultural uses, regardless of market prices, and no other agricultural payment program has been designed to reduce producer reliance on financial support.

## Program Assessment Rating Tool (PART)

**Program:** Direct Crop Payments  
**Agency:** Department of Agriculture  
**Bureau:** Farm Service Agency  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

- 1.5 Is the program optimally designed to address the interest, problem or need?** Answer: No Question Weight: 20%
- Explanation: Limited Department discretion in program administration reduces effectiveness. As a program transitioning farmers off of support it failed, and as a safety-net it is not well targeted. Less than 50% of farmers receive payments and more than half of the payments go to farms with sales of at least \$50,000.
- Evidence: "U.S. Farm Program Benefits: Links to Planting Decisions & Agricultural Markets." USDA/ERS Agricultural Outlook, October 2000. "A Safety Net for Farm Households" USDA/ERS Agricultural Economic Report No. 788. 44 pp, Dec 2000.
- 2.1 Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: Yes Question Weight: 16%
- Explanation: Long-term goal of PFCs was to reduce producer support, weaning them from payments. The Strategic Plan will be revised to replace PFC's with Direct Payments and to update the long-term goal to reflect the statutory changes in the program. PFC payment levels were determined by legislation which was intended to reduce producers dependence on payments.
- Evidence: Long-term goal of PFCs was to reduce producer support, weaning them from payments (USDA Annual Performance Plan).
- 2.2 Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?** Answer: Yes Question Weight: 16%
- Explanation: None currently are included in the FSA Annual Performance Plan for PFCs. However, the annual goals listed in Section IV will be added to next year's performance plan for Direct Payments.
- Evidence: The annual performance goals will be(1) to eliminate fraudulent payments, and (2) to reduce interest penalty payments.
- 2.3 Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?** Answer: N/A Question Weight: 0%
- Explanation: Program criteria and funding levels determined through legislation. FSA is dedicated to deliver the program.
- Evidence: FSA does not have any partners in this program.
- 2.4 Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?** Answer: Yes Question Weight: 16%
- Explanation: Direct payments in combination with counter-cyclical payments and the marketing loan program provide a comprehensive safety net for farmers while remaining in compliance with international trading rules.
- Evidence: All these programs are delivered through a field office structure and share data related to eligible producers. The programs are described in the legislation and in FSA documentation.

Program Assessment Rating Tool (PART)

**Program:** Direct Crop Payments  
**Agency:** Department of Agriculture  
**Bureau:** Farm Service Agency  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

**2.5 Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?** Answer: Yes Question Weight: 16%

Explanation: At Agency level, County Office Reviews are scheduled and other evaluations are done on an ad-hoc basis. Every county office is reviewed on average once every four years. The Office of the Inspector General also monitors the payment system and conducts annual audits of the Commodity Credit Corporation (CCC), and GAO monitors as well.

Evidence: The County Office Review Program and compliance reviews are scheduled throughout the fiscal year, OIG schedules and conducts reviews, and other ad-hoc reviews are conducted.

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

Explanation: In terms of the PFC program, budget outlays were linked to the goal of reducing producer support. As budget outlays are linked to stable participation levels, any changes could be closely determined because of the linkage. As this is a mandatory program, budget projections take into account proposed policy change (such as the move from PFC's to direct payments).

Evidence: Budget keeps program staff routinely informed of funding levels and outlays in daily and monthly reports.

**2.7 Has the program taken meaningful steps to address its strategic planning deficiencies?** Answer: No Question Weight: 16%

Explanation: The only area that the Agency really controls is the delivery of the program. The Agency does have a strategic plan in the delivery of the program each year. Some deficiencies noted relate to the timeliness of getting payments to producers. The strategic plan will be modified to address the deficiencies.

Evidence: Deficiencies in the timeliness in program delivery are identified by increased prompt payment interest being paid by the Agency related to the program. When payments are determined to be unearned, receivables are established and collections made. Receivable are reported by program for control purposes. The Agency plans to implement a yearly sign up program that should minimize the number of unearned payments.

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: No Question Weight: 16%

Explanation: Data collected can not be used to measure performance. Internal audits, reviews, and compliance checks are performed, which improves efficiency of program, minimizes fraud, waste and abuse.

Evidence: The County Office Review Program produces an annual report that identifies areas in need of improvement. Based on recommendations from this report the Agency has taken action to re-enforce instructions and resolve problem areas.

## Program Assessment Rating Tool (PART)

**Program:** Direct Crop Payments  
**Agency:** Department of Agriculture  
**Bureau:** Farm Service Agency  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

**3.2 Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?** Answer: Yes Question Weight: 16%

**Explanation:** Agency managers are responsible for implementing and monitoring program activities. Program managers are introducing electronic delivery features into the program and E-Forms to improve overall program efficiency. The number of offices used to service customers continues to be reduced further reducing the cost of delivering the program. The Agency plans to implement a yearly sign up for the program which will further improve performance results, by further reducing the number of unearned payments that are made.

**Evidence:** Federal Managers Financial Integrity Act of 1982

**3.3 Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: Yes Question Weight: 16%

**Explanation:** Strict accounting and participant compliance are included in individual participants contracts.

**Evidence:** Accounting records are maintained. CCC obligates these funds as they are expended until fiscal year end where CCC will accrue the payments still due and payable on 9/30.

**3.4 Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: Yes Question Weight: 16%

**Explanation:** In terms of compliance with program rules and requirements. Agency has procedures to measure the efficiencies of the program through the prompt payment reports and EFT versus paper checks reports.

**Evidence:** The Agency reports the number of prompt payment penalties paid and the ratio of Electronic Funds Transfer (EFT) payments versus payments issued via Treasury Check. To achieve further efficiencies the Agency is introducing more E-forms to improve the data collection process and reduce data input time and errors. The Agency is recommending a yearly sign up for the program to reduce unearned payments and the Agency has implemented more stringent guidelines for funds control and will have a web-based funds control process available for Fiscal Year 2003.

**3.5 Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?** Answer: N/A Question Weight: 0%

**Explanation:** On County basis. For budget purposes, a program level and outlay amount is estimated and tracked each fiscal year. However, the direct payments are not required to be apportioned.

**Evidence:** Budget estimates are based on forecasts provided by the Economic Policy and Analysis Staff. Actual outlays are obtained from the accounting system.

**3.6 Does the program use strong financial management practices?** Answer: Yes Question Weight: 16%

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

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

## Program Assessment Rating Tool (PART)

**Program:** Direct Crop Payments  
**Agency:** Department of Agriculture  
**Bureau:** Farm Service Agency  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

- 3.7 Has the program taken meaningful steps to address its management deficiencies?** Answer: Yes Question Weight: 16%
- Explanation: New procedures developed to improve program management efficiency (e.g. direct deposit and consolidated payments). To achieve further efficiencies the Agency is introducing more E-forms to improve the data collection process and reduce data input time and errors. The Agency is recommending a yearly sign up for the program to reduce unearned payments and the Agency has implemented more stringent guidelines for funds control and will have a web-based funds control process available for Fiscal Year 2003.
- Evidence: The Agency reports the number of prompt payment penalties paid and the ratio of Electronic Funds Transfer (EFT) payments versus payments issued via Paper Check.
- 4.1 Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?** Answer: Small Extent Question Weight: 20%
- Explanation: Producers are no less dependent on Government support than they were prior to the 1996 Act. However, payments have been made in a timely fashion.
- Evidence: The 2002 Farm Bill includes direct payments at a fixed level from 2002 to 2007.
- 4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: large extent Question Weight: 20%
- Explanation: Over time, the PFC program decreased fraudulent payments and interest penalty payments. However, the annual goals did not help meet the long-term goal for the PFC program. The Direct Payment program should further reduce fraudulent payments, as an annual sign-up is required, reducing the number of payments going to people that have left farming.
- Evidence:
- 4.3 Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?** Answer: Yes Question Weight: 20%
- Explanation: The Agency reports the number of prompt payment penalties paid and the ratio of Electronic Funds Transfer (EFT) payments versus payments issued via Treasury Check. To achieve further efficiencies the Agency is introducing more E-forms to improve the data collection process and reduce data input time and errors. The Agency is recommending a yearly sign up for the program to reduce unearned payments and the Agency has implemented more stringent guidelines for funds control and will have a web-based funds control process available for Fiscal Year 2003.
- Evidence: Paper Check and 2002 Farm Bill regulations.
- 4.4 Does the performance of this program compare favorably to other programs with similar purpose and goals?** Answer: large extent Question Weight: 20%
- Explanation: Less market distorting than Loan Deficiency Payments (LDP). In times of low prices, counter-cyclical payments will supplement direct payments (after 2002).
- Evidence: LDPs are paid based on current production, This has resulted in an increase in acreage planted to program crops and has contributed to a reduction in crop prices. USDA/ERS Agricultural Outlook, October 2002, p. 12-13.

## Program Assessment Rating Tool (PART)

**Program:** Direct Crop Payments  
**Agency:** Department of Agriculture  
**Bureau:** Farm Service Agency  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
40%	83%	83%	60%	

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

Answer: Small Extent

Question Weight: 20%

**Explanation:** Outside sources have reviewed the PFC program and determined that it has provided support in maintaining farm income but has not been effective in reducing the need for Government payment support. Direct Payments authorized under the 2002 Farm Bill will not be implemented until FY03 and cannot be assessed at this time. However, like in the PFC program, only a small portion of farmers will be eligible for direct payments and the majority of those farmers will earn at least \$50,000 farming.

**Evidence:** "U.S. Farm Program Benefits: Links to Planting Decisions & Agricultural Markets." USDA/ERS Agricultural Outlook, October 2000. "A Safety Net for Farm Households" USDA/ERS Agricultural Economic Report No. 788. 44 pp, Dec 2000.

## PART Performance Measurements

**Program:** Direct Crop Payments  
**Agency:** Department of Agriculture  
**Bureau:** Farm Service Agency

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**Measure:** Percentage of gross farm income from government payments (%)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2003		8.44%	
2004	7.26%		
2005	6.08%		

**Measure:** Reduction in erroneous payments (%)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2003	0.05%	<.05%	
2004	0.05%		
2005	0.05%		

**OMB Program Assessment Rating Tool (PART)**  
**Competitive Grant Programs**

**Name of Program: Farmland Protection Program**

**Section I: Program Purpose & Design (Yes, No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Is the program purpose clear?</i>	Yes	The statutorily stated purpose of the Farmland Protection Program (FPP) is to protect topsoil by limiting the nonagricultural uses of the land. The FPP is a voluntary program that helps farmers and ranchers keep their land in agriculture. The program provides matching funds to state, tribal, or local governments and non-governmental organizations with existing farmland protection programs to purchase conservation easements. Grants can also be used to purchase easements to protect historical or archaeological resources.	<b>Legislation:</b> Farm Security and Rural Investment Act of 2002 (P.L. 107-171). <b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program.	20%	0.2
2 <i>Does the program address a specific interest, problem or need?</i>	Yes	The problem is the conversion of farmland to non-agricultural uses, such as housing and non-agricultural commercial development. Between 1960 and 1990 metropolitan-area population grew by 50 percent while the acreage of developed land increased 100 percent. About 45 percent of new construction in 1994 -1997 occurred in rural areas, with nearly 80 percent being land bordering urban areas. Overall this translates to over 2.8 million acres being converted per year, with 2 million devoted to housing. According to USDA's National Resources Inventory (NRI), urban and built-up areas increased from 65.3 million acres in 1992 to 79 million acres in 1997, equaling an area approximately the size of Ohio. From a natural resource standpoint, this conversion of farm and forest land produces fragmentation in wildlife habitat, causing a decrease in flyways and species diversity; increases air pollution, due to more automobile travel and a probable decrease in vegetation; creates groundwater contamination and shortages resulting from increases in rural septic systems and wells; and increases stormwater runoff from roads, parking lots, etc.	<b>Resource Inventories, Policy and Economic Reports.</b> Natural Resources Inventory (USDA, 1997). "Development at the Urban Fringe and Beyond: Impacts on Agriculture and Rural Land." (USDA, Economic Research Service, 2001). "Maintaining Farm and Forest Lands in Rapidly Growing Areas." (USDA, Policy Advisory Committee, 2001). <b>Funding Waiting List.</b> NRCS estimated an FPP funding waiting list in FY 2001 of approximately \$91 million, or over 500 percent more than was available from program dollars.	20%	0.2
3 <i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	Since FPP's inception in 1996, 28 States have received nearly \$51 million for financial assistance from FPP funds. Approximately 108,000 acres on 543 farms with estimated easement value of more than \$184.9 million, are being permanently protected from conversion to nonagricultural uses. For every Federal dollar, an additional \$3.68 has been contributed by the participating State and local government entities and nongovernmental organizations.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. <b>NRCS Documents:</b> FPP Financial Management Report (September 2002). FPP Easement Acquired Report (July 2002).	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4 <i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	No	NRCS's FPP does not make a unique contribution towards addressing the problem. While there are no other Federal programs that specifically protect farmland, there are numerous state, local, and non-governmental programs around the country that specifically do protect agricultural lands. For example, the California Department of Conservation administers the California Farmland Conservancy Program, a grant program that provides funding to local governments and non-governmental entities to purchase conservation easements on farmland. There are also other urban growth/land conversion tools available to state and local governments, such as land use zoning, establishing agricultural districts, and enhancing or revitalizing urban centers.	<b>Other Conservation Programs:</b> Other USDA conservation programs, such as the Wetlands Reserve Program, Conservation Reserve Program, Grassland Reserve Program, and Forest Legacy Program purchase conservation easements or enter into rental contracts to protect resources and prevent conversion of land. In addition, there are numerous state and local government programs, as well as non-governmental organizations (both private and non-profit) that operate similar programs. The Land Trust Alliance estimated in 1998 that there were over 1,200 land trusts in the U.S. and U.S. territories protecting land from development by purchasing development rights. <b>Other Tools:</b> In addition to purchasing development rights, there are numerous other tools used by federal, state, and local governments to protect agricultural lands from development, such as agricultural protection zoning, preferential and differential taxation for farmland, and right to farm ordinances.	20%	0.0
5 <i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	The current cost-shared, competitive grant program design has proved to be a logical method for conserving agricultural land and maintaining open space areas while ensuring accountability and performance. The FPP: (1) leverages significant financial assistance dollars (over 3 non-federal dollars for every 1 federal dollar), (2) utilizes ranking criteria to evaluate applications that incorporate both national and local conservation priorities, (3) provides flexibility at the state level to evaluate and award contracts, and (4) reduces federal oversight costs through cooperative agreements with applicants to monitor and enforce the conservation easements.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. <b>NRCS Documents:</b> FPP Financial Management Report (September 2002). FPP Easement Acquired Report (July 2002).	20%	0.2
<b>Total Section Score</b>				<b>100%</b>	<b>80%</b>

Section II: Strategic Planning (Yes, No, N/A)					
Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	NRCS has set an FPP acreage goal of enrolling an additional 1.2 million acres by the end of FY 2007. This total acreage goal, however, is based on budget authority of \$597 million over the six years of the new Farm Bill. While it is important to set acreage goals to chart the progress of the program, these goals are based on the average cost of an easement and cannot be influenced or controlled by NRCS management of FPP. Instead, these costs are influenced by the market prices for land and the types of applications the agency receives. Furthermore, this long-term acreage goal is an <i>output</i> goal, not an <i>outcome</i> goal. Finally, while NRCS tracks the average FPP cost per acre, the agency has not yet developed an efficiency performance goal for FPP.	NRCS recognizes this and has contracted with several universities and USDA's Economic Research Service to conduct studies evaluating the environmental benefits of FPP and to derive outcome-oriented performance goals. The first of these products are due in December 2002.	14%	0.0
2 <i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	FPP has annual acreage enrollment targets based on its annual budget authority provided by the new Farm Bill. These annual acreage enrollment targets contribute to the agency's long-term performance goal of enrolling 1.2 million acres by the end of FY 2007.	<b>NRCS Annual Acreage Target:</b> In FY 2002, FPP received \$50 million. From this budget authority, NRCS estimates it will enroll 100,503 acres into the program. FPP's long-term goal is to acquire conservation easements to protect 1.2 million acres of agricultural land from development.	14%	0.1
3 <i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	FPP grants are awarded according to ranking criteria that evaluate a number of elements, including the amount of non-federal dollars that are leveraged, the per-acre cost of projects, and the applicants commitment and capacity for maintaining the conservation easements over the long term. Once FPP funding is awarded to an applicant, NRCS signs a cooperative agreement with the entity. The cooperative agreement: specifies the parcels to be protected, sets a deadline for FPP funding liquidation, stipulates the conservation easement requirements, and outlines the responsibilities of both parties (applicant and NRCS) for maintaining the conservation easement. These responsibilities include reporting on the status of the easement acquisition and monitoring the parcel of land on an annual basis to ensure the requirements of the easement are being met. Failure to monitor or report to NRCS results in a violation of the cooperative agreement.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. <b>NRCS documentation:</b> Template FPP Cooperative Agreement. The New Hampshire and Ohio FY 2002 State FPP Plans.	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4 <i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	To ensure FPP success, coordination at all stages of the program is essential. These stages include: development of the application ranking criteria developed in consultation with state technical committees; development of the State FPP plan by NRCS offices where non-federal cooperators contribute data and conservation prioritization recommendations; evaluation of applications where both cooperating entities and projects are evaluated; and reviewal of FPP awards to ensure that conservation easement projects meet FPP objectives and requirements. State FPP plans are developed to ensure that FPP works collaboratively with state and local farmland protection programs. The NRCS state FPP plan contains not only a coordinated strategy within the state to protect farmland, but also state ranking criteria to evaluate parcels. NRCS State Program Managers are required to meet with their State Technical Committee to ensure that NRCS is not duplicating efforts made by its farmland protection partners.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. <b>NRCS Documentation:</b> FPP Request for Proposals (Fed. Register, Vol. 64, No. 104). The New Hampshire and Ohio FY 2002 State FPP Plans.	14%	0.1
5 <i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	In 2001, FPP underwent two separate evaluations. One audit, conducted by the Office of Inspector General, reviewed state FPP implementation. The other review, conducted by the General Accounting Office, evaluated the effectiveness of Farm Bill conservation programs, such as FPP. Aside from these two audits, NRCS has also circulated and received evaluations from state and local purchase of development right (PDR) managers on how to more efficiently manage the program. Recommendations from the PDR manager feedback evaluations, as well as recommendations from both evaluations were incorporated into FPP's manual guidance, CPM Part 519, which was issued in June 2002. NRCS has also scheduled an Oversight and Evaluation Review of FPP in fiscal year 2003.	<b>GAO Report:</b> Agricultural Conservation: Survey of USDA State Technical Committee Members. GAO-02-371SP March 1, 2002. <b>USDA OIG Report:</b> "NRCS's Farmland Protection Program," #10601-5-Te, August 5, 2002. <b>NRCS response to OIG report:</b> letter dated July 1, 2002. <b>PDR Surveys:</b> Surveys of purchase of development right (PDR) managers conducted the American Farmland Trust	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6 <i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	This is a qualified "yes." Since FPP is a mandatory program, the funding allocation processes at the national and state levels determine the program's cost-effectiveness. The national NRCS office makes FPP funding allocations to states based on the quality of NRCS state FPP plans. At the national level, NRCS assesses the quality of state FPP plans developed by NRCS state offices. Allocation decisions are made partially based on a state's performance from the previous year, and also partially based on the leveraging ability and timeliness of use of funds by FPP partners. Other measures provide insight into the relative need for FPP funds in a state, such as the rate of development or farmland conversion, or the ratio of requested funding to available funding as an indicator of demand. There are no efficiency measures, however, that reward states for enrolling more acres in FPP conservation easements at less cost. For example, the percentage of NRCS technical assistance that was required to acquire X acres of conservation easements on agricultural land should ideally decrease through time.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. <b>NRCS Documentation:</b> FPP Request for Proposals (Fed. Register, Vol. 64, No. 104). The New Hampshire and Ohio FY 2002 State FPP Plans.	14%	0.1
7 <i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	FPP program managers at the national and state levels have adopted the finding and recommendations of the USDA OIG audit and revised NRCS's Conservation Program Manual in order to tighten the financial controls over the program. The OIG audit did not note deficiencies in FPP's strategic planning. Based on the findings from the OIG report, an NRCS Oversight and Evaluation (O&E) team will conduct a program review of FPP during FY 2003. Once the O&E team report is completed, any additional findings and recommendations will be adopted by FPP program managers. These O&E evaluations will be periodic after the 2003 assessment to ensure that FPP continues to be optimally managed.	<b>USDA OIG Report:</b> "NRCS's Farmland Protection Program," #10601-5-Te, August 5, 2002. <b>NRCS response to OIG:</b> Letter dated July 1, 2002.	14%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>86%</b>

**Section III: Program Management (Yes,No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	FPP managers regularly collect performance information at both the state and national levels. At a minimum, collection is done on a quarterly basis. NRCS requests the following information on each easement acquired using FPP funds: easement name and location, total acreage, total easement value, FPP's easement contribution (\$), entity's easement contribution (\$), and easement status (whether the easement is acquired or pending easement closure). After the state collects this information, state program managers submit this information to the national office. Through this quarterly update, NRCS is able to report on acreage acquired, the amount of FPP dollars spent, and the amount of a cooperator's financial contribution. The financial system (FFIS) is used to monitor financial progress. The National Program Manager receives reports on a regular basis to determine agency progress in obligating and disbursing funds. This information is used to monitor cooperating entity's progress and ascertain whether the entity's should receive funding in subsequent years.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program--Appraisal Policy and Monitoring Policy. <b>NRCS Documents:</b> FPP Easement Acquired Report (July 2002). The New Hampshire and Ohio FY 2002 State FPP Plans. <b>IT Proposal:</b> Environmental Easements Software Tool under development.	9%	0.1
2 <i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	The cooperative agreement signed between NRCS and the FPP partner entity is the primary means for holding project managers accountable. With FPP cooperating entities, the state NRCS offices track and evaluate their past performance (total project cost, cost per acre, dollar leveraging, and timeliness of funding obligation). State offices award FPP grants based on entities' past performance. While NRCS specifically identifies state FPP managers, most managers have other program management responsibilities. Field managers are not specifically identified for FPP. Managers are held accountable through quarterly performance appraisals. The NRCS national office periodically reviews state program efficiencies and provides training where needed. NRCS conducted the last national FPP training in November 2001.	<b>NRCS Documents:</b> Template FPP Cooperative Agreement. The cooperative agreement dictates roles and responsibilities of NRCS and the FPP partners, including but not limited to: the responsibilities of both entities to ensure a conservation plan is implemented; the pending offers must be acquired using the specified funds; and the conservation easements must be acquired within a specified timeframe, typically not to exceed two years.	9%	0.1
3 <i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	FPP funds are Commodity Credit Corporation funds. The absence of language within the legislation for rolling over prior year funds into new fiscal years prevents a delay in obligating funds. Prior to the end of the fiscal year, all funds are obligated to the cooperating entity. If the funds are not obligated, the funds are returned to the Treasury. To ensure that the funds, once obligated, are disbursed to the landowner within a timely manner, the cooperative agreement stipulates that all easements are to be acquired within two years of signing the cooperative agreement. Cooperative agreement extensions have been granted; however, such extensions are limited in scope.	<b>NRCS Documents:</b> Financial Management Report for FPP.	9%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4 <i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	Since the program's inception, FPP has used ranking criteria to give higher points to entities and parcels that require less FPP financial resources. The more leveraging, the higher ranking the parcel would receive, thus making the federal dollar go farther. In addition to ranking criteria, NRCS has adopted information technology tools to monitor the program's efficiency. These procedures include tracking FPP progress through NRCS's on-line Performance Results Measurement System and monitoring easements through the Conservation Easement Toolkit. Finally, the program requires state offices to submit annual State FPP Plans, and allocations of FPP dollars from the national level are largely determined by the quality of these plans. This state planning process instills competition among the state offices to generate continually improving FPP plans.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program--Appraisal Policy and Monitoring Policy. <b>NRCS Documents:</b> FPP Easement Acquired Report (July 2002). The New Hampshire and Ohio FY 2002 State FPP Plans. <b>IT Proposal:</b> Environmental Easements Software Tool under development.	9%	0.1
5 <i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	NRCS has created a cost of programs model that estimates the full cost of delivering FPP on an annual basis. This model incorporates the direct and indirect costs needed to deliver FPP, including: salaries, benefits, rent, utilities, and travel.	Cost of programs model estimates the average hours needed to deliver an FPP project, disaggregated by tasks. The model then multiplies the number of projected FPP projects (based on total program budget authority) by the average task hours to arrive at a total technical assistance workload estimate for the year.	9%	0.1
6 <i>Does the program use strong financial management practices?</i>	Yes	FPP uses the FFIS system to track payments made. FPP payments are issued through the Kansas City Financial Office, operated by the Farm Services Agency. The Federal Financial Management Improvement Act established a statutory requirement for agency heads to assess, on an annual basis, whether their financial management systems comply with Federal financial management system requirements; applicable Federal accounting standards; and the Standard General Ledger at the transaction level. The agency Financial Management Director certified that the NRCS financial management system is in compliance.	<b>USDA OIG Report:</b> "NRCS's Farmland Protection Program," #10601-5-Te, August 5, 2002. <b>NRCS response to OIG report:</b> letter dated July 1, 2002.	9%	0.1
7 <i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	NRCS's recent response to the Office of Inspector General report indicates how NRCS has taken steps to address its management deficiencies in the areas of title assurance, easement appraisals, monitoring, and financial accounting. Prior to USDA OIG report, NRCS established a full-time program manager to handle program deficiencies. NRCS has also scheduled an Oversight and Evaluation team assessment of FPP to be conducted during FY 2003. The NRCS national office periodically reviews state program efficiencies and provides training where needed. NRCS conducted the last national FPP training in November 2001.	<b>USDA OIG Report:</b> "NRCS's Farmland Protection Program," #10601-5-Te, August 5, 2002. <b>NRCS response to OIG report:</b> letter dated July 1, 2002.	9%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
(Co) <i>Are grant applications independently reviewed based on clear criteria (rather than earmarked) and are awards made based on results of the peer review process?</i>	Yes	NRCS's FPP ranking criteria are developed in consultation with the State Technical Committees. Many of the FPP partners, such as state governments and non-governmental organizations, are participants in the NRCS state technical committees where the state conservation priorities and FPP ranking criteria are developed. In addition, when FPP funds are available, NRCS publishes a Request for Proposals (RFP) in the Federal Register. This RFP announces the availability of funds and details the procedures and elements needed to submit an FPP funding request. Entities submit proposals to NRCS state conservationists where proposals are evaluated based on the criteria outlined in the RFP and the additional state ranking criteria that are developed in consultation with the state technical committees.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. <b>NRCS Documents:</b> The New Hampshire and Ohio FY 2002 State FPP Plans with example ranking criteria. FPP Request for Proposals (Fed. Register, Vol. 64, No. 104).	9%	0.1
(Co) <i>Does the grant competition encourage the participation of new/first-time grantees through a fair and open application process?</i>	Yes	Since the program's inception, the number of States participating has increased from 19 to 35 (based on 2002 funding). The increase in the number of participating states can attributed to the authorization of non-governmental organizations as eligible entities through the Agriculture Risk Protection Act of 2000. Expansion can also be attributed to a public outreach campaign conducted by NRCS. This public outreach campaign has consisted of contacting and spreading the word through not only state and local governments (i.e. conservation districts and RC&Ds, local planning bodies and state agencies), but also through partnerships with the American Farmland Trust, Land Trust Alliance, The Nature Conservancy, and other interested entities that have extensive list serves and public mailings.	<b>NRCS Documents:</b> FPP Request for Proposals (Fed. Register, Vol. 64, No. 104).	9%	0.1
(Co) <i>Does the program have oversight practices that provide sufficient knowledge of grantee activities?</i>	Yes	NRCS oversees the practices of grantees through a variety of ways, including the appraisal review processes outlined in the response to question III.1 and an update on easement status also outlined in the response to question III. 1. Aside from these measures, NRCS also uses the cooperative agreements to ensure proper oversight of FPP projects. These FPP parcels are spot-checked and reports are submitted annually to NRCS. To track conservation plan progress, NRCS reviews these parcels every three years, in addition to random spot-check reviews conducted in accordance with National Food Security Act Manual guidance. In addition to NRCS oversight, the Internal Revenue Service also conducts oversight of non-governmental organizations, labeled as non-profit organizations, as well as tracking charitable donations.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. CPM, Title 440, Part 509: Quality Assurance. <b>NRCS Documents:</b> FPP Cooperative Agreement Template.	9%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
(Co Does the program collect performance data on an annual basis and make it available to the public in a transparent and meaningful manner?	Yes	FPP collects grantee performance data, including easement status and monitoring results on an annual basis, as outlined in the cooperative agreement. The process utilized to collect this information is outlined in III.1. This information is provided to Congress annually.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. CPM, Title 440, Part 509: Quality Assurance. <b>NRCS Documents:</b> FPP Cooperative Agreement Template.	9%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>100%</b>

**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?	No	Because funding in the past for FPP was unpredictable and periodic prior to the 2002 Farm Bill, NRCS did not establish performance goals for FPP prior to FY 2002. Therefore, there are no baseline performance data. NRCS has set a long-term goal of enrolling 1.2 million acres into FPP by the end of FY 2007. These goals are output goals, however, and not outcome in nature (see explanation in Question II.1). Furthermore, performance goals for cost-efficiency and acreage enrollment could have been set prior to Farm Bill reauthorization (for example, the 1996 Farm Bill authorized a total of \$35 million for FPP).	<b>NRCS Documents:</b> FPP Easements Acquired Report (July 2002). Long-term and annual acreage goals stated in agency's response to the PARTs exercise.	25%	0.0

Long-Term Goal I: From FY 2002 through 2007, FPP will purchase conservation easements covering 1.2 million acres of agricultural land.  
 Target: FY 2002 = 100,503 acres (8.3 percent of the long-term target of 1.2 million acres)  
 Actual Progress achieved toward goal: New acreage target for FY 2002, and actual acreage enrolled not available yet.

2 Does the program (including program partners) achieve its annual performance goals?	Large Extent	NRCS did not establish performance goals for FPP prior to FY 2002, so there are no baseline performance data on an annual basis. NRCS has set annual acreage enrollment goals (for example, NRCS estimates FPP will enroll 100,503 acres in FY 2002). Because there is no baseline and goals were not established prior to FY 2002, there is no way to measure progress.	<b>NRCS Documents:</b> FPP Easements Acquired Report (July 2002). Long-term and annual acreage goals stated in agency's response to the PARTs exercise.	25%	0.2
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Key Goal I: Purchasing maximum number of acres of conservation easements given mandatory budget authority.  
 Performance Target: FY 2001 = 34,000 acres (8.3 percent of the long-term target of 1.2 million acres)  
 Actual Performance: Total Progress = 34,900 acres (103 percent of target)

Key Goal II: From FY 2002 through 2007, FPP will purchase conservation easements covering 1.2 million acres of agricultural land.  
 Performance Target: FY 2002 = 100,503 acres  
 Actual Performance: New acreage target for FY 2002, and actual acreage enrolled not available yet.

Footnote: Performance targets should reference the performance baseline and years, e.g. achieve a 5% increase over base of X in 2000.

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3 <i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Large Extent	NRCS acquires program efficiencies by requiring cooperating entities to hold, manage, and enforce easements. This, in addition to relying on entities to "weed out" non-eligible or unsuitable parcels prior to FPP ranking, ensures that NRCS is reducing the federal administrative workload associated with land acquisition. In addition to external efficiencies, NRCS has also made the program more efficient through internal measures. These measures include requiring the state NRCS offices to submit state FPP plans and compete for FPP funds. This competition has allowed NRCS to maximize federal dollars expended and acquire the quality farmland. Furthermore, in FY 2001, the agency authorized NRCS State Conservationists to make award decisions based on project ranking criteria. By shifting the decision making to the State level, NRCS has trimmed the application processing time by 30 days.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 519: Farmland Protection Program. <b>NRCS Documents:</b> FPP Easement Acquired Report (July 2002). The New Hampshire and Ohio FY 2002 State FPP Plans.	25%	0.2
4 <i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	N/A	Although there are other state and federal programs that acquire conservation easements on agricultural lands, we did not identify specific analyses that compared FPP with other programs.		0%	
5 <i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Small Extent	In-depth, quality evaluations of FPP have not been conducted. NRCS has contracted with universities and non-governmental organizations to evaluate FPP, and several reports are due at the end of 2002. In 2001, the General Accounting Office surveyed State Technical Committee members on how USDA could better address environmental concerns. Overall, members viewed FPP as effective at preventing urban sprawl and moderately effective at achieving environmental objectives. Specifically, over 65 percent of those interviewed found FPP to be moderately to extremely effective in addressing environmental concerns, such as improving and protecting water quality, protecting native species, improving and protecting wildlife, reducing soil erosion, and preventing urban sprawl. In the Northeast, where FPP activity is the most prevalent, 57 percent viewed FPP as "very or extremely effective." In a separate survey conducted by the American Farmland Trust, state purchase of development rights program managers found FPP to be very effective.	<b>GAO Report:</b> State Advisory Committees' Views on How USDA Program Could Better Address Environmental Concerns (February 2002). <b>American Farmland Trust Survey:</b> AFT Survey of Purchase of Development Rights Managers (June 2001).	25%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>42%</b>

## OMB Program Assessment Rating Tool (PART)

### Credit and Competitive Grant Programs

Name of Program: Food Aid Programs

Section I: Program Purpose & Design (Yes, No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score	
1	Is the program purpose clear?	Yes	USDA Food Aid programs assist developing countries meet their food security needs, and also reflect USDA's domestic commodity interest in its programs. <u>PL 480 Title I</u> - Commercial market development and sustainability through the use of long-term concessional sales. Food for Progress (FFP) - Enterprise development for developing countries and emerging democracies expanding free enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement. Section <u>416(b) Commodity Donations</u> - Program of food security assistance using CCC-owned commodities exceeding U.S. supply needs. <u>Bill Emerson Humanitarian Trust (BEH)</u> - A commodity reserve available for release in response to unanticipated, emergency food aid needs, and in tight U.S. commodity supply situations.	<u>PL 480 Title I</u> - Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480, Title I, secs. 2, 101; FAS Fact Sheet; U.S. Food Aid Programs - <a href="http://www.fas.usda.gov/excredits/pl480/pl480ofst.html">www.fas.usda.gov/excredits/pl480/pl480ofst.html</a> ; Report on the Food Agriculture, Conservation, and Trade Act of 1990, Senate Committee on Agriculture, July 6, 1990, p. 167; GAO Report GAO/GGD-95-68, Food Aid (June 1995); GAO-02-801T pp9-12; FFP - Food for Progress Act of 1985, sec. 1110; US International Food Assistance Report 2001 (USAID Annual Report), p. 27; FY 2002 Programming Considerations (1.2),(1.3) <a href="http://www.fas.usda.gov/excredits/pl480/fy2002.html">www.fas.usda.gov/excredits/pl480/fy2002.html</a> - Section 416(b) of the Agricultural Act of 1949; BEH Trust - Title III of the Agricultural Act of 1980, as amended .	20%	0.2
2	Does the program address a specific interest, problem or need?	Yes	Global statistics on the level of hunger, malnutrition, and agricultural production failures indicate a compelling need for USG food aid programs. <u>PL 480 Title I</u> - A vehicle for countries not able to fully support their food security needs but which are not necessarily in humanitarian crisis, the program serves as a bridge to agricultural sustainability through long-term repayment at concessional interest rates. <u>FFP</u> -Private sector development and expansion of a free-enterprise agricultural economy in emerging democracies and developing countries. <u>§416(b)</u> - The donation of CCC inventory to help improve food security in developing and friendly countries. <u>BEH Trust</u> - The Trust was established to provide emergency food assistance to developing countries that cannot be met under normal means in a timely manner or when the domestic supply of the commodity is limited.	Declaration of the World Food Summit, FAO (6/02); State of World Food Security, Undernourishment and The Way Ahead (FAO 2001); Feeding an Urban World (FAO 6/02); A Millennium Free From Hunger, Interagency Working Group on Food Security (IWG) (2000); U.S. Action Plan on Food Security, Appendix A (3/00); <u>PL 480 Title I</u> - Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480, Title I; <u>FFP</u> - US Food Aid Programs Description; <u>§416(b)</u> - World Agricultural Supply and Demand Estimate (WASDE) Tables; Determination of Availability of CCC Commodities for Donation Overseas Under <u>§416(b)</u> ; Testimony of U.S. Rep.McGovern (6/02); <u>BEH Trust</u> - Title III of the Agricultural Act of 1980, as amended	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	<u>PL 480 Title I</u> - Title I encourages economic development, improving food security in developing countries by focusing on countries that are currently experiencing balance of payment shortages or not meeting all of their food security needs. By establishing grace periods of up to 7 years and credit terms of up to 30 years, a country can build up its foreign exchange earnings, reduce its food insecurity and develop markets for U.S. agricultural commodities. <u>FFP</u> - FFP has significantly helped in developing infrastructure/marketing channels and encouraging private enterprise assistance. <u>§416(b)</u> - Program assistance helped to avert famine in numerous countries. The program has a demonstrable impact in bringing CCC owned commodity stocks down. <u>BEH Trust</u> - A significant amount of commodity can be released to meet emergency food needs. In a fiscal year, up to 500,000 metric tons of a commodity can be released. An additional 500,000 tons of commodity can be released if it was not released in previous years.	<u>PL 480 Title I</u> - Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480, Title I; Report House Bill 2646, House Committee on International Relations, September 10, 2001, p. 15; GAO Report GAO/NSIAD-93-168, Food Aid (July 1993); <u>FFP</u> - Sample Logistics and Monetization (LOGMON) Reports - Kyrgyzstan 11/15/2001 & Tajikistan 3/27/2002 (MCI); <u>§416(b)</u> - FAO/WFP Special Reports (July 29, 2002) and (October 26, 2001); FAO Special Alert, Horn of Africa (April 18, 2000); Report on Senate Bill 1191, Senate Committee on Appropriations, July 18, 2001, p. 71; Relief Web, www.reliefweb.int , DPRK, 6/10/02, p. 1, USAID, 6/7/02, p. 1, WFP 4/4/02, p. 1; Am. Butter Inst. Mkt. Situation, 2nd Qtr. 1998; <u>BEH Trust</u> - Title III of the Agricultural Act of 1980, as amended	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	Food Aid Programs provide humanitarian assistance in the forms of direct feeding, extraordinary relief of famine, malnutrition, hunger and mortality, economic development, sound environmental practices, skills development, economic growth and community development. Some of the programs make a unique contribution to agricultural development. The President's Food Aid Management Reform initiative is aimed at minimizing program areas where there is similarity or duplication with USAID programs.	<u>PL 480 Title I</u> - Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480, Title I <u>FFP</u> - FY 2002 Programming Considerations (1.1 a) <u>§416(b)</u> - FAS Fact Sheet; Programs Description; Food Aid Tables - showing amount of commodities provided to FFP derived from Title I and §416(b) [listed under "CCC Purchases"] authorities <u>BEH Trust</u> - Title III of the Agricultural Act of 1980, as amended; Bill Emerson Humanitarian Trust Background Paper	20%	0.2

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	No	The programs move tonnage, but can require a long time frame with shipments moved late in the process increasing transport costs. While food aid moves commodities and reduces current inventories, long-term supply and prices remain captive to other market forces. The lack of an integrated database of food aid information, shipments, dates, deliveries, etc., makes record keeping, reports and performance measurement difficult. More use of e-commerce and applications of technology is needed and planned for development in the coming budget cycle. Larger strategic, systemic changes, such as agency administration consolidation and co-location, cargo preference reform, or pre-positioning, await longer term, legislative decisions. The Administration's Food Aid Review concluded that food donations under Section 416(b) should be limited to commodities in CCC inventory. The study also recommended increasing Title II appropriations and a greater reliance on the Emerson Trust for emergency food assistance.	Brandegge Report on USDA/USAID Export Food Aid Operations (12/1999), Appendices A, D & G; Bush Administration Food Aid Review/Summary of Conclusions (3/8/02)	20%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Total Section Score</b>				<b>100%</b>	<b>80%</b>

**Section II: Strategic Planning (Yes,No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	Goal I: Allow the U.S. to contribute to the reduction of undernourished people by half by 2015 through the administration of food aid. Goal II: Support and promote sustainable long-term agricultural and economic development internationally.	FAS Strategic Plan: 2001-2005 - Goal II, Objectives 2.1 and 2.2; U.S. Action Plan on Food Security, Executive Summary, p. 1; GAO Report GAO/NSIAD-99-15, Food Security, (March 1999), p. 1; US International Food Assistance Report 2001 (USAID Annual Report), p. 7	14%	0.1
2 <i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	No	Current food aid planning strategy rotates around the annual GPRA evaluation process. GPRA goals are the levels of programming supported by approved appropriations and statutory authorities/limitations. Program performance goals are more tactical affirmations of appropriations, statutory limitations and current market conditions rather than comprehensive strategies designed to reach USDA's long-term outcome goals of food security. While GPRA strategy occurs at the agency level, more detailed performance planning can be undertaken for each respective program.	FY 2002 Agency Estimates and GPRA Quarterly Performance Reporting for FY 2002, p. 4, GPRA Code 2.2.1 [reflecting match between agency estimate of \$159.7 million of FY 2001 commodity loan appropriated for PL 480 Title I and the GPRA FY 2001 target for PL 480 Title I]; Annual program budget justification.	14%	0.0
3 <i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	Program partners directly commit to program goals through their contractual obligations. USDA's Foreign Agricultural Service (FAS) monitors and enforces compliance of in-country, Private Voluntary Organization (PVO) and intergovernmental concessional programs with the contractual provisions contained in the agreements. Contractual provisions, which must be agreed and adhered to by program partners, are designed to specifically address and adhere to the agency's food security and sustainability goals, and the law. Program partners and the agency share a long history of partnership in program planning. An annual FAS/cooperating sponsor Food Aid Forum ensures two-way communication of mutual expectations and responsibilities. FAS has a new Food Aid Information system (FAIS) that allows direct electronic information exchange of proposals, budgets and amendments, as well as incorporating partner input in process development, improvement and idea exchange.	Evaluation & Compliance Checklist: Food for Progress/Section 416(b) Agreements; Food Aid Forum Brochure; Brandegee Report - Appendix D; XL Report on Business Process Reengineering (BPR) in Export Credits Food Aid Programs (03/2002); Sample FFP Food Aid Application Program Evaluation Package, including - (i) Signed Agreement (USG and Int'l Orthodox Christian Charities, June, 1998), with Plan of Operation, Commodity Specifications and Program Budgets, (ii) Evaluation & Compliance Checklist, (iii) Evaluation of Compliance and Performance of Completed Programs, (iv) Closure Letter, and (v) PVO Evaluation Sheets, 09/02 and -8/00	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	U.S. Food Aid is coordinated through the interagency councils of the Food Assistance Policy Council (FAPC) and the Policy Coordinating Committee on Food Aid (PCCFA), coordinating food aid action between USDA, USAID, OMB, and the State Department. As food aid is also a foreign policy tool of the U.S. Government, interagency operations must be coordinated to achieve consistent foreign policy goals and effectively marshal various independent agency resources of management and overhead. Information on cooperating sponsor qualifications are shared among the food aid operating agencies. USDA's Farm Service Agency (FSA) is the procurement agency of CCC-supplied commodities used by all U.S. food donation governmental agencies.	Executive Order 12752, Implementation of the Agricultural Trade Development and Assistance Act, Secs. 3, 4 (02/25/1991); FAS/EC/ODA Internal Description of FAPC; Examples of intra-agency FAPC deliberations - on FFP and McDIFE-CNP, 9/02, on BEH Trust, 8/02, and on §416(b), 5/01; Interagency Role in P.L. 480 Program Decisionmaking, OGSM, 5/24/1977	14%	0.1
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	USDA requires regular reporting on all programs, including extensive independent evaluations. Programs undergo frequent and regular audit and evaluation by the GAO, OIG and other USDA agencies, Congress and various independent consultant groups. Within FAS, the Compliance Review Staff (CRS) and the Evaluations Branch (ESPB) conduct site visits. Program partner performance is audited pursuant to OMB Circular A-133 by an independent auditor.	PVO sample audit - Int'l Orthodox Christian Charities, Financial Report, 12/31/00; 7 C.F.R. 1499.17; OMB Circular A-133; GAO reports - GAO-02-328, Foreign Assistance: Global Food for Education Initiative (Feb. 2002), GAO/NSIAD/AIMD-00-329, Foreign Assistance: Russia (September 2000), GAO/NSIAD-00-175 Foreign Assistance: N. Korea (June 2000), GAO/NSIAD-00-91, Foreign Assistance: Russia Seed (March 2000), GAO/GGD-95-68, Food Aid (June 1995); Food Security Assessment, ERS, GFA-13 (3/02); CRS Issue Brief, Agricultural Export and Food Aid Programs (02/21/2002); Report to Congress on Food Aid Monetization (08/2001); XL Report; Brandegeer Report; EDS Report on Export Operations Tracking System (EOTS) Business Process Study (1995); Mendez England Report Comparing Title I, Title II and § 416(b) Program Requirements; Office of Inspector General (OIG) Audit, FAS FFP PVO Grant Fund Accountability, Evaluation Report No. 50801-6-At (3/99); Bush Administration Food Aid Review/Summary of Conclusions (3/8/02); Site Evaluation Reports, N. Korea (8/02), Vietnam/Indonesia (3/02), Guatemala (2/02)	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	No	The budget is not aligned in a manner whereby the goal values are responsive to changes in funding, policy and legislation. In GPRA terms, FAS's annual goals for food aid programs are strict output measures (dollar value of activity vs. the funding authorized).		14%	0.0
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	No	The President's food aid reform agenda is a management reform effort to maximize the performance outcome of all USG food aid resources. This effort should result in coordination of strategic planning between USDA and USAID; however steps have not been taken to accomplish this yet. A significant business process reengineering (BPR) study was completed in 2002, designed to provide strategic focus, performance measurability and process efficiency to all agency food aid programs. A major goal of this BPR exercise is to streamline and make more efficient the application process, thereby reducing time-constrained process bottlenecks, spread shipments earlier in the process and reduce time between the proposal and the commodities arrival in-country. The results of this study need to be incorporated into USDA's strategic plan for FY 2002-2007.	Summary of President's Management Review of Foreign Food Aid Activities (March 8, 2002); USDA Strategic Plan 2000 -2005 and Draft USDA FY 2003 Annual Performance Plan. Summary of President's Management Review of U.S. Food Aid Programs; XL Report; Farm Security and Rural Investment Act of 2002, sec. 3106(i)(1); Food for Progress Act of 1985, 7 U.S.C. 1736(j)(1); Agreement Between USG and the Vishnevskaya-Rostropovich Foundation for the Supply of Agricultural Commodities under FFP (September 2000)	14%	0.0
<b>Total Section Score</b>					<b>100%</b>	<b>57%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section III: Program Management (Yes,No, N/A)</b>					

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	USDA FAS monitors the effectiveness of in-country/Private Voluntary Organization (PVO) programs, through a system of checks and balances that involve logistical, monetized and financial reporting mechanisms. A performance based review system has been incorporated into the review process. The lack of an integrated database of food aid information makes record keeping, reports and performance measurement difficult. For the future, the new FAIS system will incorporate a number of real-time and historic performance measures directly into the evaluations database for instant, regular progress assessments. These will include total number/percentage of proposals/agreements existing, approved, executed and closed; time to signature and delivery; amendments required; ratio of tonnage shipped to tonnage programmed; number of late logistics and monetization reports; number of delivery difficulties; etc. The new database will significantly improve project evaluation and the accuracy of reported data.	Office of Inspector General (OIG) - Audit, FAS FFP PVO Grant Fund Accountability, Evaluation Report No. 50801-6-At (March 1999); Sample Logistics and Monetization (LOGMON) Reports - Kyrgyzstan 11/15/2001 & Tajikistan 3/27/2002 (MCI); XL Report - Appendices 2 and 3, which enumerate performance measures to allow for timely and credible monitoring, tracking and evaluation of proposal processing, commodity deliveries and, through freeing up Evaluation Branch resources, individual project successes.	7%	0.1
2 <i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	FAS uses a performance based review system to evaluate grant and contract renewals using past performance data measured against performance criteria. PVOs must provide FAS with quarterly financial reports, and semi-annual logistics and monetization reports. Using this system, FAS has issued reprimands, suspensions, program disbarments and sought recovery of funds when agreements were violated. USDA food aid agreements are subject to "usual marketing requirements" (UMRs) to ensure that food aid will not unduly disrupt agricultural commodity prices and normal patterns of commercial trade in the recipient country. Food Aid proposals are not awarded if analysis shows that the commodities would undercut the market, a determination made for each specific recipient market. Program managers receive annual personnel performance evaluations tied to job performance in meeting program goals.	Sample FFP Food Aid Application Program Evaluation Package; Sample Usual Marketing Requirement (UMR) Program Justifications - Guatemala Soybean Meal (2003) and Niger Vegetable Oil (2003); Sample Bellmon Analyses - Bolivian FFP Agreement (2003) and Bangladeshi §416(b) Agreement (2003); Performance Appraisal and Worksheet, Form AD-435; Agreement Between Foreign Agricultural Service (FAS) and American Federation of State, County and Municipal Employees Local 3976 (AFSCME) (1997, Renegotiated 1999), Art. 23, Performance Appraisal	7%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	PVO-partners must expend any funds advanced by CCC within 180 days from date of advancement. Any unexpended advanced funds not utilized within this timeframe are returned to USDA along with the interest earned. All programs require a Plan of Operation or development plan which includes a plan and schedule for the use of sales proceeds and program commodities. Agreements also include objectives and timelines for program implementation. All agreements are signed during the fiscal year. Procurements then proceed in a timely fashion with only limited late-cycle purchases carried over into the next fiscal year.	Farm Security and Rural Investment Act of 2002, Sec. 3106 (Food for Progress), Sec. 3201 (Section 416(b)); Sample Plan of Operation (Attachment A); Evaluation & Compliance Checklist: Food for Progress/Section 416(b) Agreements; Compliance Report for Food Aid Agreements; Regulations 7 CFR 1499.7(f), (g), (h), and 1499.12(c)	7%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	Improvements are being made in this area particularly evidenced by the FSA/FAS process for the procurement of commodities and freight on a lowest-landed cost basis, including through a competitive invitation-for-bid (IFB) process. The PVO application approval process has been streamlined, and the new FAIS system will further improve the business processes by integrating data and incorporating the efficiency measures and targets described above at II.1.	FSA Commodity Operations, Procurement and Donations Division - <a href="http://www.fsa.usda.gov/daco/pdd/eob/">www.fsa.usda.gov/daco/pdd/eob/</a> ; Commodity IFB and Freight tender on-line information at <a href="http://www.fas.usda.gov/excredits/Title%201/default.htm">www.fas.usda.gov/excredits/Title%201/default.htm</a> ; XL Report - Performance Measure Implementation; Appendices 2 and 3; Cost/Benefit Analysis; FAS Information Technology Capital Planning and Investment Committee (CPIC) Initiative Proposal for the Food Aid Information System (FAIS)	7%	0.1
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	No	Administrative costs for FFP and §416(b) programming have not been considered in establishing annual programming levels. For §416(b), program levels are directly tied to the availability of USDA CCC owned commodities in inventory, such as non-fat dried milk (NFDN). For Title I and FFP, FSA uses cost-based accounting based on the annual approved funding levels. With these programs, budgeting is responsive to programming levels. P.L. 480 Title I administrative funding levels are estimated in the annual USDA budget process.	FAS Budget Office budget estimates (Statement from FAS Budget Director); Revised FY 2001/2002 Annual Performance Plans, pp. 14, 23 (showing budgeted salary and expense figures)	7%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Does the program use strong financial management practices?</i>	No	In OIG audits of CCC Financial Statements conducted in FY 2000 and 2001, material internal control weaknesses were found. The audits disclosed material errors in multiple versions of the financial statements provided. The audits found CCC not to be in compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA). On the internal financial control of program partners, however, PVO's are required to submit quarterly financial statements when CCC funds are an approved component of their agreement. Also, they must provide a detailed Plan of Operation that includes a section that outlines the use of sales proceeds when applicable. There is a requirement that the PVO's must utilize funding within 180 days of advancement or they are subject to be returned to USDA. Inter-agency coordination of financial management information needs to be improved.	USDA - OIG - Financial and IT Operations Audit Reports: FY 2000 Audit Report No. 06401-14-FM (June 2001) and FY 2001 Audit Report No. 06401-4-KC (Feb. 2002); Sample Plan of Operation (Attachment A); Evaluation & Compliance Checklist: Food for Progress/Section 416(b) Agreements; Compliance Report for Food Aid Agreements; Regulations 7 CFR 1499.7(f), (g), (h), and 1499.12(c); FSA Annual Performance Plan, FY 2003, pp. 17-18	7%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	A business process reengineering (BPR) study was conducted to improve food aid delivery and the management practices implicated. The report specifically recommended: that food aid shipments move up earlier in the delivery process cycle, additional front-line management authority delegation, and planning for personnel succession and additional training. Steps have been taken to delegate decision authority downward, and an employee orientation training regimen has been implemented. Additional process improvements, such as database integration, web-enabled client interfacing, and proposal prescreening have yet to be implemented. FAS implemented a new evaluation system, based on a checks and balance system recommended by the USDA Office of Inspector General, during their audit of grant fund accountability.	XL Report; Office of Inspector General (OIG) - Audit, FAS FFP PVO Grant Fund Accountability, Evaluation Report No. 50801-6-At (March 1999)	7%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
8 (Cr 1.) <i>Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely and reporting requirements are fulfilled?</i>	Yes	Freight payment disbursements for P.L. 480 Title I, FFP, and Section 416(b) are timely. For Section 416(b) and FFP, authorization for payment is made within 10 days of receipt of required documentation, after which the payment transfer is made within 1-3 days. For Title I, the freight payments are made within three business days of receipt of required documentation. All P.L. 480 debt is summarized in a FAS total exposure report, broken down by country listing the amounts of principal, rescheduled arrears, and interest. Regarding the collections process for Title I, if a country defaults on a payment, USDA reflects the amount as an arrearage. A monthly exposure report is prepared and sent to FAS for programming decisions. Arrear notices with late interest calculations are sent on a quarterly basis to all applicable countries. As Title I debts are sovereign, loan rescheduling can only be done through the Paris Club.	7 C.F.R. 1499.8 - Ocean Transportation; P.L. 480 Federal Regulations, Sec. 17.8 - Ocean Transportation; Total Exposure Report	7%	0.1
9 (Cr 2.) <i>Does the program consistently meet the requirements of the Federal Credit Reform Act of 1990, the Debt Collection Improvement Act and applicable guidance under OMB Circulars A-1, A-34, and A-129?</i>	No	According to the OIG audits of FY 2000 and 2001, CCC has been advised since the 1998 audit of systemic problems and pervasive errors in credit reform accounting procedures related to the foreign loan program (P.L. 480 Title I). Although some improvement has been made, there are still problems. Different accounting processes are followed by the budget and accounting units. There is a general inability to follow established accounting standards, and proper supervisory controls are not in place. In addition, the FY 2001 audit indicated that little progress has been made in accomplishing substantial compliance with the Debt Collection Improvement Act of 1996.	USDA - OIG - Financial and IT Operations Audit Reports: FY 2000 Audit Report No. 06401-14-FM (June 2001) and FY 2001 Audit Report No. 06401-4-KC (Feb. 2002)	9%	0.0
10 (Cr 3.) <i>Is the risk of the program to the U.S. Government measured effectively?</i>	Yes	The P.L. 480 Title I program takes into account the level of country risk. The subsidy levels for Title I countries are calculated from subsidy factors, which are based on the Interagency Country Risk Assessment System (ICRAS) grades of the recipient countries. These grades are based on projected economic, financial and political conditions in countries. The lower the ICRAS grade of a particular country, the higher its subsidy factor.	Title I Program Summary: FY 2000, 2001, 2002	7%	0.1
11 (Co 1.) <i>Are grant applications independently reviewed based on clear criteria (rather than earmarked) and are awards made based on results of the peer review process?</i>	Yes	Grant applications for FFP and §416(b) are reviewed by country analysts whose recommendations are subject to approval by criteria listed for a series of items which are required to be ranked and scored. These recommendations are then discussed with other USG agencies and approved by senior USDA management.	Proposal Evaluation Form (application checklist)	7%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
12 (Co2) <i>Does the grant competition encourage the participation of new/first-time grantees through a fair and open application process?</i>	Yes	A cooperating sponsor must register annually with USAID as a Private Voluntary Organizations (PVO) in order to be considered in the initial application process. Regulations establish eligibility requirements for registered PVOs and other entities that have the financial and technical ability to implement programs. The process is the same for both new and existing PVOs. An annual meeting with PVOs solicits proposals with stipulated deadlines. Invitations are open to all through a broadly published press announcement. FAS ensures that all organizations expressing an interest in the program receive an invitation to provide proposals. The agency web site offers sample proposal and plan of operation guidelines, as well as the relevant regulations involved. Program access to both new and existing partners will be greatly enhanced upon completion of the new FAIS system, including electronic application submittal.	Guidelines for Proposal Package, <a href="http://www.fas.usda.gov/excredits/pl480/propguid.html">www.fas.usda.gov/excredits/pl480/propguid.html</a> ; sample proposal, <a href="http://www.fas.usda.gov/excredits/pl480/propform.html">www.fas.usda.gov/excredits/pl480/propform.html</a> ; sample Plan of Operation, <a href="http://www.fas.usda.gov/excredits/pl480/propexam.htm">www.fas.usda.gov/excredits/pl480/propexam.htm</a> ; 7 C.F.R. 1499.3	7%	0.1
13 (Co3) <i>Does the program have oversight practices that provide sufficient knowledge of grantee activities?</i>	Yes	FAS requires semi-annual logistics and monetization reports, quarterly financial reports and conducts site visits, sometimes with other USDA officials, to projects in progress. FAS provides further assistance in the evaluation process by performing random reviews of on-site PVO projects. All FFP and Section 416(b) agreements require annual audits which must be undertaken in accordance with OMB Circular A-133. The audits must meet CCC standards.	Sample Logistics and Monetization (LOGMON) Reports - Kyrgyzstan 11/15/2001 & Tajikistan 3/27/2002 (MCI); Evaluation & Compliance Checklist: Food For Progress/Section 416(b) Agreements; Compliance Report for Food Aid Agreements; FFP/§416(b) General Reporting Instructions - <a href="http://www.fas.usda.gov/excredits/reportin.html">www.fas.usda.gov/excredits/reportin.html</a>	7%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
14 (Co4) <i>Does the program collect performance data on an annual basis and make it available to the public in a transparent and meaningful manner?</i>	No	In accordance with 7 C.F.R. 1499.7, a PVO will submit a report bi-annually to FAS and to the USDA Agricultural Counselor/Attache or the designated representative at the U.S. Mission in the recipient country. FAS prepares monetization reports, issues program announcements, and posts food aid tables available on the Internet web site to provide transparency of the resources provided. Further, with implementation of the PVO-Reporting (PVOR) module of the FAIS system, cooperating sponsor performance data captured throughout the process will be readily available for electronic publication.	Instructions for Submitting a Quarterly Financial Report - <a href="http://www.fas.usda.gov/excredits/pl480/qtr_inst.htm">www.fas.usda.gov/excredits/pl480/qtr_inst.htm</a> ; Food Aid Tables; FAS ESPB Table of Active Food Aid Monetization Projects FY 2001	7%	0.0
<b>Total Section Score</b>				<b>100%</b>	<b>79%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Small Extent	PL 480 Title I, FFP and §416(b) are only a portion of the USG tools available to address world hunger. They are just part of the means, among many and varied, that contribute to the overall strategic goals.	GAO Report GAO/NSIAD-99-15, Food Security, (March 1999); Report to Congress on Food Aid Monetization (08/2001); Food Aid Tables; Revised FY 2001/2002 Annual Performance Plans; FAS Strategic Plan: 2001-2005; Annual Performance Reports 2000 & 1999; FAS Presentation on USDA Food Aid Programs, March 1, 2002; Dr. Jacques Diouf, Director-General, United Nations Food and Agriculture Organization (FAO) World, Food Summit Interview; World Food Programme (WFP), In Depth - Sudan (June 2001); FAS/EC/PAD/FAB Title I Transition Examples Prepared for the U.S. Trade Representative (USTR), 2002; FAS Success Stories; FAS/EC Explanatory Notes "Success Stories," FY 2001 - 2003; FAO/WFP Special Reports (July 29, 2002) and (October 26, 2001); FAO Special Alert, Horn of Africa (April 18, 2000); Relief Web, www.reliefweb.int , DPRK, 6/10/02, USAID, 6/7/02, WFP 4/4/02; Testimony of U.S. Rep. James P. McGovern, on Impact of Excluding Surplus Commodities, June 4, 2002	25%	0.1
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<p>Long-Term Goal I: Reduce the number of undernourished people (841 million estimated) -  Target: - by half (to 420 million) by 2015  Actual Progress achieved toward <u>U.S. Agricultural Exports - 2002</u> (expected): PL 480 Title I, \$120.6 million, below a target of \$139.4 million; FFP (Total), \$150.5 million, surpassing a goal: target of \$53.9 million; and §416(b), \$611.6 million; 2000: PL 480 Title I, \$302.1 million, surpassing a target of \$227.9 million; FFP (CCC-funded), \$68.5 million</p>					
<p>Long-Term Goal II: Support and promote sustainable long-term agricultural and economic development internationally  Target: <u>2002</u> Target: 13% of PL 480 Title I and FFP programs allocated to support expanded private sector activities in recipient countries; 190 FFP and §416(b) agreements, over 180 targeted; Donations under FFP and §416(b) totaled nearly 3.5 mmt to over 40 countries; In 2000, 959,000 mmt of food aid was allocated to Sub-Saharan Africa in response to severe drought conditions, with 3/4ths of the provided commodities monetized to support small business financing, women's credit funding, and bakery and mill construction projects.</p>					

2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	No	See Section II, Question 2. Annual goals are budget-related, as opposed to long-term strategically focused. Annual goals measure food aid donations and agreements against funding availabilities.	Annual Performance Reports 1999 & 2000; FAS Presentation on USDA Food Aid Programs, March 1, 2002	25%	0.0
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Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score	
<p>Key Goal I: Annual U.S. food aid exports under PL 480 Title I, FFP and §416(b), respectively -  Performance Target: - of \$175 million, \$100 million and an amount to be determined by commodity availability, respectively, by 2005  Actual Performance: <u>U.S. Agricultural Exports - 2002</u> (expected): PL 480 Title I, \$120.6 million, below a target of \$139.4 million; FFP (Total), \$150.5 million, surpassing a target of \$53.9 million; and §416(b), \$611.6 million; <u>2000</u>: PL 480 Title I, \$302.1 million, surpassing a target of \$227.9 million; FFP (CCC-funded), \$68.5 million, below a target of \$100.7 million; and §416(b), \$501.5 million, far surpassing a target of \$139.7 million; <u>1999</u>: PL 480 Title I, \$656.2 million, below a target of \$830; FFP (CCC-funded), \$71.9 million, surpassing a target of \$50.5 million; and §416(b), \$793.6 million, surpassing a target of \$610.8 million</p> <p>Key Goal II: Reduce the proportionate number of "food insecure" people worldwide -  Performance Target: - by 100 million people by 2005  Actual Performance: The U.S. is the largest global food aid donor, contributing 64% in 2000 and 63% in 1999 of all food aid assistance; U.S. food aid in 2001 of 6.3 mmt fed &gt; 30 million people "food insecure" people</p>						
3	Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?	Yes	In the past four years, FAS has processed, executed and evaluated a 100% increase in the number of proposals and agreements with the same amount of full-time equivalents (FTE) in staff resources. Operational efficiencies are evident in the program proposal and application processes, which have been significantly revised to facilitate initial proposal screening and improve the quality of proposals received. FSA's competitive invitation for bid and freight tender system has created a more transparent and competitive process resulting in significantly increased number of supply and freight bids.	Guidelines for Proposal Package, <a href="http://www.fas.usda.gov/excredits/pl480/propguid.html">www.fas.usda.gov/excredits/pl480/propguid.html</a> ; sample proposal, <a href="http://www.fas.usda.gov/excredits/pl480/propform.html">www.fas.usda.gov/excredits/pl480/propform.html</a> ; sample Plan of Operation, <a href="http://www.fas.usda.gov/excredits/pl480/propexam.htm">www.fas.usda.gov/excredits/pl480/propexam.htm</a> ; Proposal Evaluation Form (application checklist); XL Report; Commodity IFB and Freight tender on-line information at <a href="http://www.fas.usda.gov/excredits/Title%201/default.htm">www.fas.usda.gov/excredits/Title%201/default.htm</a>	25%	0.3
4	Does the performance of this program compare favorably to other programs with similar purpose and goals?	N/A	There has been no involvement of USDA with USAID in development of common measures to compare the performance of similar programs, such as P.L. 480 Title II, and USDA's 416b humanitarian donations. Also, other program performance metrics lack common measures with USAID, such as a common assessment of PVO performance requirements.	A USAID-sponsored comparison study - Mendez England Report Comparing Title I, Title II and § 416(b) Program Requirements, pp. 1-5	0%	
5	Do independent and quality evaluations of this program indicate that the program is effective and achieving results?	Small Extent	A succession of process improvement studies, culminating in a BPR report, provided the agency with greater understanding of its processes and areas for improvement, and offered tangible steps to improve IT resources, management and training. Nevertheless, there is currently a great need for database integration, food aid reporting capabilities and electronic interface with stakeholders. Implementation of the new FAIS system will remedy most of these shortfalls. Finally, there is need for improvement in credit reform accounting procedures, standards, supervisory controls and debt collection .	Mendez England Report; USDA - OIG - Financial and IT Operations Audit Reports: FY 2000 Audit Report No. 06401-14-FM (June 2001) and FY 2001 Audit Report No. 06401-4-KC (Feb. 2002); EDS EOTS, Brandegee and XL Reports; GAO Reports - GAO-95-68; GAO-00-91; GAO-00-329; Compliance Review Staff Reviews, International Orthodox Christian Charities, Georgia (5/02) and Feed the Children, Armenia (7/01)	25%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>42%</b>	

## OMB Program Assessment Rating Tool (PART)

### Regulatory Based Programs

Name of Program: Food Safety and Inspection Service

#### Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	Is the program purpose clear?	Yes	The mission of Food Safety and Inspection Service is to ensure that the Nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and accurately labeled and packaged.	Federal Meat Inspection Act (FMIA) 21 U.S.C., Chapter 12, P.L. 59-242 as amended through P.L. 107-1; Poultry Products Inspection Act (PPIA) 21 U.S.C., Chapter 10, P.L. 85-172; Egg Products Inspection Act (EPIA) 21 U.S.C Chapter 15, Section 1034, P.L. 106-170	20%	0.2
2	Does the program address a specific interest, problem or need?	Yes	The Centers of Disease Control and Prevention (CDC), DHHS, estimate that foodborne diseases cause approximately 76 million cases of gastrointestinal illnesses, 325,000 hospitalizations, and 5,200 deaths in the U.S. each year. Further the Economic Research Service, USDA, estimates that the costs associated with five major pathogens alone amount to at least \$6.9 billion annually. These costs include medical costs, productivity losses from missed work, and an estimate of the value of premature deaths, but exclude travel costs in obtaining medical care, lost leisure time, etc.	CDC, "Food-Related Illness and Death in the United States," Paul S. Mead et.al., <i>Emerging Infectious Diseases</i> , Vol. 5, No. 5, 1999; ERS, <i>Food Safety Efforts Accelerate in the 1990's</i> , Stephen R. Crutchfield, Tanya Roberts, 2000; GAO-02-902, <i>Meat and Poultry-USDA Oversight and Enforcement of Safety Rules Needed to Reduce Risk of Foodborne Illnesses</i> ; OIG-24001-3-AT, <i>FSIS: Implementation of the Hazard Analysis and Critical Control Point System</i> .	20%	0.2
3	Is the program designed to have a significant impact in addressing the interest, problem or need?	Yes	The CDC combined estimated incidence of infections caused by <i>Campylobacter</i> , <i>E. coli</i> O157, <i>Listeria</i> , and <i>Salmonella</i> in 2001 was 21% lower than in 1996. According to CDC, the declines in the incidence of these foodborne infections occurred in the context of several control measures, including implementation by USDA/FSIS of the PR/HACCP systems regulations in meat and poultry slaughter and processing plants. The decline in the rate of <i>Salmonella</i> infections in humans coincided with a decline in the prevalence of <i>Salmonella</i> isolated from FSIS-regulated products to levels well below baseline levels before HACCP was implemented.	CDC, <i>Preliminary FoodNet Data on the Incidence of Foodborne Illnesses-- Selected Sites, United States, 2001</i> , MMWR, April 19, 2002.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	Principal Federal regulatory organizations responsible for providing food safety consumer protection are the FSIS and FDA (HHS). FSIS has the sole regulatory responsibility for ensuring that meat, poultry, and egg products are safe, wholesome, and accurately labeled and packaged. The FSIS role is unique but not conducted in a vacuum. Other Federal agencies, such as ARS, APHIS, AMS, CSREES, EPA, ERS, and CDC play a significant role in food safety research, education, prevention, surveillance, standard-setting, and outbreak response activities (see 2.4). FSIS has agreements with 27 States to ensure that these delgated inspection programs are "equal to" Federal inspection conducted in the other 23 States.	<i>A Description of The U.S. Food Safety System</i> , interagency paper prepared as the U.S. March 2, 2000 submission to the Organization for Economic Cooperation and Development; FMIA 21 U.S.C., Chapter 12, Section 301; PPIA 21 U.S.C., Chapter 20, Section 5. EPIA 21 U.S.C., Chapter 15, Section 1034; A list of agreements with States is available upon request.	20%	0.2
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	No	Within the constraints of underlying statutory requirements for carcass by carcass visual inspection, FSIS is tied to a certain inspection protocol that makes it impossible to compare the allocation of inspection resources to the level of inspection resources used at FDA. Within the constaints of the traditional model, the PR/HACCP rule began a new era of meat & poultry inspection and there is no evidence that another approach that would be more effective in achieving the reduction in foodborne illnesses. Under HACCP, plants identify and evaluate the food safety hazards that could affect the safety of their products and institute controls necessary to prevent these hazards from occurring or to keep them within acceptable limits. However, HACCP inspection does not apply to the slaughter process. The HACCP-Based Inspection Models Project (HIMP) is an effort to improve online slaughter inspection, and to maximize the reduction and/or elimination of defects that pass through traditional inspection.	National Academies of Science Reports dating from 1986; PR/HACCP Rule, 9 CFR Part 304, et. al.; HIMP June 1997, Fed Reg 62 FR 31553, FSIS requested public comments on the design and development, Fed Reg Notice: <i>HACCP-Based Meat and Poultry Inspection Concepts: Diseases and Conditions Identifiable During Post-Mortem Inspection</i> , Notice of availability July 29, 1998; Memorandum of Understanding between FSIS and NJC, May 19, 1999; RTI data presented to the National Advisory Committee on Meat and Poultry Inspection June 2002;	20%	0.0
<b>Total Section Score</b>					<b>100%</b>	<b>80%</b>

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section II: Strategic Planning (Yes,No, N/A)</b>						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	The current strategic goal for the Agency is to protect the public health by significantly reducing the prevalence of foodborne hazards from meat, poultry, and egg products. Through various GPRA documents, the Agency and USDA have attempted to measure this reduction; first through the use of CDC foodborne illness data and currently through the use of <i>Listeria</i> data on ready-to-eat products and <i>Salmonella</i> data on broiler chickens, market hogs, and ground beef. This latest measure was established in consultation with OMB and is currently incorporated into a performance measure for both the Agency and USDA. The four strategic objectives, and corresponding outcome measures, are based on the risk analysis model; a well recognized scientific approach. They include risk assessment, risk management, risk communication, and the infrastructure to support the model. This framework was constructed in conjunction with food safety partner agencies throughout the government. USDA is currently producing a new Strategic Plan.	USDA Strategic Plan 2000-2005; USDA Annual Performance Plan (APP) 2002-2003; USDA Annual Program Performance Report (APPR) 2001; FSIS Strategic Plans for Fiscal Years 1997-2002, 2000-2005 May 2001; FSIS APP for FY 2002 -2003, FSIS APPR for FY 2001, Most FSIS Strategic Plans, APPs and APPRs are available on the FSIS Web site.	26%	0.3
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	FSIS Annual Performance Plans contain four strategic objectives converted to performance goals and outcome measures that have annual targets. As with the Strategic Plan, it is based on a risk analysis model that includes risk assessment, risk management, risk communication, and the infrastructure to support the model. Outcome measures, and corresponding annual targets, demonstrate progress made towards achieving both the annual and long term goals. USDA is producing a new Strategic Plan that will impact the FSIS Strategic Planning process. This evolving planning process will incorporate: current science on the causes of foodborne illnesses, estimated severity and likelihood of harm to human health, policy alternatives to protect public health in view of risk assessments, and information exchange among all stakeholders.	FSIS APP 2002-2003; FSIS APP 2001-2002; FSIS APP 2000-2001; FSIS APPRs FY 2001, 2000, 1999; FSIS Strategic Plan 2000-2005, May 2001	26%	0.3

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	N/A	There is no concrete evidence to support or rebut the answer to this question. State inspection programs must be equal to those of Federal inspection programs so these States do play a role in reducing the incidence of foodborne illnesses. FSIS currently reviews approximately 22% of State inspection programs each year.	FMIA 21 U.S.C., Chapter 12, Section 301; PPIA 21 U.S.C., Chapter 20, Section 5; FSIS had 27 grants with cooperative State meat and poultry inspection programs in 2001. A list is available upon request.	0%	0.0
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	The framework for the current FSIS Strategic Plan was designed in consultation with related programs. FSIS has over 70 MOUs and Interagency Agreements with food safety partner agencies to cooperate on research, education, prevention, surveillance, and outbreak response. An example of effective food safety partner coordination is the <i>Fight Bac</i> education campaign that involves State, local, Industry, and Federal agency collaboration. Another is the recent APHIS and FSIS risk assessment on Bovine Spongiform Encephalopathy (BSE). The Food Threat Preparedness Network (PrepNet) ensures effective coordination of food security efforts across Federal departments. FSIS coordinates with the Agricultural Research Service (ARS) for food safety research, with APHIS to prevent diseased animals from entering the food system, and with FDA to share information. FSIS contributes to the CDC FoodNet and PulseNet, a national network of public health laboratories.	USDA APPR FY 2001 contains information on USDA food safety partners; Source documents for the Fight Bac campaign can be found on the FSIS Website; CDC and FDA data incorporated into FSIS APPs and APPRs; MOU example includes 12-37-379 with FDA for exchange of information regarding establishments and operations that are subject to dual jurisdiction; Interagency Agreement 12-37-2-032 with ARS for research, 12-37-2-058 with CDC for FoodNet surveillance; A listing of Interagency Agreements, MOUs, and Cooperative Agreements will be furnished upon request.	4%	0.0
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	Independent and quality evaluations have been conducted by GAO, OIG, Logistics Management Institute (LMI), and Research Triangle Institute (RTI). Through the RTI, FSIS is conducting a comprehensive evaluation of the impact of the HACCP rule. This multi-year project, started in FY 1999, is in addition to internal FSIS assessments of HACCP impact and implementation. For information regarding LMI evaluations of financial controls, see Section 3.6.	The list of reviews is available upon request. Samples include: RTI Study, <i>Effects on PR/HACCP on Biological Hazards: PreHACCP Study</i> , Dec. 2000; GAO--02-59, <i>Food Safety-Weakness in Meat and Poultry Inspection Pilot Should Be Addressed Before Implementation</i> ; OIG-50601-3CH <i>Assessment of APHIS and FSIS Inspection Activities to Prevent the Entry of Foot and Mouth Disease Into the U.S.</i> ; OIG-24001-3-AT, <i>FSIS: Implementation of the Hazard Analysis and Critical Control Point System</i> ; OIG-24601-CH, <i>FSIS: Laboratory Testing of Meat and Poultry Products</i> .	10%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	No	The Agency has attempted to use output measures for new initiatives that have illustrated funding, policy, and legislative changes. However, not all have always tied to the budget as some did not require additional resources but were discussed within the Plan without clear performance measures. FSIS can cross walk 2004 budget with the Strategic Plan and performance data will be incorporated into the 2004 budget justification. Currently, FSIS is looking into its planning and budget formulation activity to strengthen performance-based budgeting and reviewing operating accounts to determine what needs to be accomplished to gather and enhance performance data.	FSIS APP FYs 2002-2003; FSIS APP FYs 2001-2002; FSIS APPR FY 2001; Prior year FSIS APPs and APPRs.	10%	0.0
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	No	FSIS is updating its Strategic Plan to synchronize with that of USDA; however, integration in the strategic planning process with other Federal food safety partners (FDA, CDC) and external stakeholders is insufficient. FSIS has taken steps to design an outcome measure, for which data is available on an <i>annual</i> basis, that reflects the unique contribution of FSIS inspection of meat, poultry, and egg products to reducing the incidence of foodborne illness (Strategic goal).		12%	0.0
8 (Reg 1.)	<i>Are all regulations issued by the program/agency necessary to meet the stated goals of the program, and do all regulations clearly indicate how the rules contribute to achievement of the goals?</i>	Yes	All regulations issued by FSIS are considered necessary to reduce the incidence of foodborne illness and the meet the mission of the Agency. (Need to mention reg reform here - where are old regs being revised or withdrawn if not consistent with HAACP?)	Examples include: PR/HACCP rule 9C.F.R. Part 304, et.al.; HACCP related rules, Advanced Meat Recovery System; Performance Standards for the Production of Processed Meat and Poultry Products.	12%	0.1

<b>Total Section Score</b>					<b>100%</b>	<b>78%</b>
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**Section III: Program Management (Yes,No, N/A)**

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	FSIS data sources include the Microbiological and Residues Contamination Information System (MARCIS) and the Pathogen Reduction Enforcement Program (PREP). MARCIS is an automated system that provides information on microbiological, chemical, and pathological analyses of domestic and imported meat, and poultry and their processed products. PREP is an automated system that is used for scheduling and recording Salmonella compliance data. FSIS has, through its RTI and LMI contracts (see sections 2.5 and 3.6), collected credible program and management performance data. FSIS also contributes to ARS research, CDC FoodNet data collection activities, and FDA FoodCode data. These data are used to monitor and improve performance.	Cite APP and APPR	10%	0.1
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	FSIS annually conducts reviews of approximately 22% of State inspection programs funded in part through the Agency. FSIS implemented new SES personnel performance standards pertaining to GPRA accountability that went in to effect July 1, 2002. The process for middle managers will begin as their standards are updated in October of this calendar year.	A list of public meetings is available upon request. Some data also contained in the FSIS Strategic Plan, APPs and APPRs.	5%	0.1
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Funds control reports from the FFIS accounting system are issued monthly to meet OMB and Treasury requirements for reporting information. Monthly status of funds reports, that separately identify major Agency initiatives, are also delivered to the appropriate Agency program managers. FSIS will intensify its efforts to integrate performance measures into the reports produced by its financial management system in FY 2003.	FSIS Financial Statements to USDA and Treasury; FSIS Budget Explanatory Notes to Congress.	5%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	FSIS does not have tangible incentives or procedures in place to <u>measure</u> cost effectiveness. However, over the last few years, FSIS has undertaken several initiatives to improve resource management efficiencies and cost effectiveness. Some examples include the prior reorganization which removed one level of field management and consolidated policy development activities, the LMI contract discussed in Section 3.6, FAIM, HIMP, and FACTS. The Agency also has recently reviewed its District offices to determine and adjust the number and structure of field offices needed to achieve maximum efficiency. A parallel review was conducted of field administrative support functions to improve the alignment and responsiveness to Agency programs. The new organizational structure implemented internally August 11, 2002, emphasizes accountability in all FSIS activities. Another recent example includes the Office of Program Evaluation, Enforcement and Review (PEER). This office was established to provide internal review of FSIS programs and assess the effectiveness of regulatory activities.	Cite the FACTS initiative here?	5%	0.0
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	No	FSIS is analyzing ways in which programmatic costs can be associated within the financial management system to each performance measure. FSIS has incorporated into its financial management system a cost allocation module to distribute, as each month is closed in FFIS, overhead costs to direct program activities. Overhead is distributed to each direct budget activity, and within each activity, each division.	FSIS Financial Statements to USDA and each Treasury; FSIS Budget Explanatory Notes to Congress.	5%	0.0

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
6	<i>Does the program use strong financial management practices?</i>	No	FSIS contracted with the Logistics Management Institute (LMI) to evaluate financial business processes and make recommendations to enhance them. This relationship has been ongoing for the last three years. FY 2003 is the target year for implementing most major changes. As a result of this activity, FSIS financial management practices have improved significantly. LMI has provided recommendations to the Agency for improvements and FSIS has begun implementation. There remain some deliverables currently pending.	The improvements to the FSIS financial management practices are illustrated in Agency responses to the following: <i>USDA Consolidated Financial Statement for FY 2001</i> , <i>OIG-50401-43-FM</i> ; <i>Review of FSIS Inspector Staffing Shortages and Anti-Deficiency Act Violations</i> , <i>OIG-24601-1-FM</i> ; LMI Report, <i>FSIS's Accredited Laboratory Program Review of Financial Functions</i> , May 2002; LMI Report, <i>Improving Financial Management at the Food Safety and Inspection Service</i> , Oct. 2001; LMI Report, <i>FSIS's Financial Management and Accounting System: Recommended Improvements and Implementation Strategy</i> , Sept, 2000.	5%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	According to OIG, the major management challenge faced by FSIS is addressed in four audits issued in FY 2000 on the FSIS implementation of HACCP, laboratory testing of meat and poultry products, imported meat and poultry inspection process and the district enforcement operations compliance activities. The Agency has taken corrective action on many of the recommendations and plans to complete the remainder within FY 2003. GAO issued an audit on the HIMP program in December 2001. FSIS has completed some activity to address the issues raised, and plans to complete all corrective actions recommended during FY 2003. FSIS has established an internal controls staff unit, to identify and analyze problems, and to oversee implementation of management improvement actions as necessary.	GAO audit entitled <i>Food Safety: Weaknesses in Meat and Poultry Inspection Pilot Should Be Addressed Before Implementation</i> ; <i>in addition the Agency regularly conducts Internal Control Reviews and Assessments of management practices.</i>	5%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
8 (Reg 1.) <i>Did the program seek and take into account the views of affected parties including state, local and tribal governments and small businesses, in drafting significant regulations?</i>	Yes	As part of the HACCP implementation, FSIS began a comprehensive outreach effort to build consensus among large, small, and very small plants, the National Advisory Committee on Microbiological Criteria for Foods, <i>Codex Alimentarius</i> , and the National Advisory Committee on Meat and Poultry Inspection. Since 1995, FSIS has conducted an extensive public outreach effort, with more than 145 meetings with constituencies; held conferences on a variety of topics on proposed or draft regulations (an example being the action plan for control of <i>Listeria monocytogenes</i> ) and plans more on topics such as the <i>Listeria Summit</i> , and <i>improving the recall process</i> . In addition, conferences are held with State governments in conjunction with other food safety agencies.	A list of public meetings is available upon request. Some data also contained in the FSIS Strategic Plan, APPs and APPRs.	10%	0.1
9 (Reg 2.) <i>Did the program prepare, where appropriate, a Regulatory Impact Analysis that comports with OMB's economic analysis guidelines and have these RIA analyses and supporting science and economic data been subjected to external peer review by qualified specialists?</i>	Yes	The Agency has prepared regulatory impact analyses (RIA) which incorporated a statement of need or market failure argument. Reasons for rulemaking ranged from a lack of information to consumers to regulatory reform. All RIAs have shown that the rulemaking maximized net benefits, e.g. the Performance Standards for the Production of Processed Meat and Poultry Products, and Advanced Meat Recovery System. In addition, this RIA and others were subjected to peer review by other government agencies like the FDA and ERS, and by State agencies.	Examples include the Performance Standards for the Production of Processed Meat and Poultry Products; Advanced Meat Recovery.	10%	0.1
10 (Reg 3.) <i>Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?</i>	No	FSIS has undertaken, but not completed, an effort to ensure that regulations are converted to performance standards to support the new HACCP system. Regulations are also reviewed on a systematic basis such as the 610 Review process for small Business compliance. Regulations are reviewed on an ongoing basis in an attempt to minimize the regulatory burden on industry and ensure consistency with HACCP goals. During HACCP implementation, FSIS actively reviewed all of its regulations to either delete, rewrite, or adjust to ensure that the older regulations were in keeping with the PR/HACCP rule.	Examples include the 610 Review: Standards and Labeling Requirement for Mechanically Separated Species and Products in Which It is Used; Performance Standards for Bacon; Food Standards: Guiding Principles and Food Standard Modernization.	10%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
11 (Reg 4.) <i>In developing new regulations, are incremental societal costs and benefits compared?</i>	Yes	In many of the FSIS rulemaking endeavors, the Agency conducts a preliminary cost and benefit assessment to determine incremental costs and benefits. For those rulemakings deemed economically significant, a RIA to assess the costs and benefits of alternatives is conducted.	Examples include the Food Standards: Guiding Principles and Food Standards Modernization; Performance Standards for the Production of Processed Meat and Poultry Products; Advanced Meat Recovery.	10%	0.1
12 (Reg 5.) <i>Did the regulatory changes to the program maximize net benefits?</i>	Yes	FSIS conducts regulatory impact analysis to determine whether proposed changes maximize net benefits. Not all benefits can be quantified; and in some cases qualitative benefits were determined to justify the costs. In some cases FSIS determines that regulatory changes are the most cost effective, given the constraints of time.	Examples include: Food Irradiation; Retained water in Raw Meat and Poultry Products; Poultry Chilling Standards; and Nutrition Labeling of Ground or Chopped Meat and Poultry Products and Single-Ingredient Products.	10%	0.1
13 (Reg 6.) <i>Does the program impose the least burden, to the extent practicable, on regulated entities, taking into account the costs of cumulative final regulations?</i>	No	In all instances, the regulatory impact analysis takes into account the costs of a regulation, especially on small entities, and attempts to impose the least burden on industry. Rulemakings that require industry to make reports to the Agency, in terms of information collection, are kept to a minimum in order to reduce the paperwork requirements on these establishments, in most cases.	Examples include: Retained Water in Raw Meat and Poultry Products; Poultry Chilling Performance Standards; Food Irradiation.	10%	0.0
<b>Total Section Score</b>				<b>100%</b>	<b>65%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Large Extent	FSIS has achieved this but with difficulty. The problem has been with a long term goal and measurement selection and 1) availability/applicability of data to internal program activity and the 2) FSIS budget correlation with the Strategic Goal has been a troublesome relationship over the years. It remains so today. Current thinking is to design a new strategic outcome measure that is based on those risk analysis activities that specifically focus on industry compliance with food safety standards that reduce preventable illnesses and outbreaks. While this would not be a direct indication of reduction of foodborne illness, it would allow FSIS to illustrate its activities that impact the long-term outcome. The first FSIS Strategic Goal was designed when the Agency was being its HACCP implementation strategy to arrive at an approximate 25% reduction in foodborne illness.	CDC, <i>Preliminary FoodNet Data on the Incidence of Foodborne Illnesses</i> , 2002; RTI reports <i>Changes in Levels of Three Biological Hazards in Ready-to-Eat, Processed Meat and Poultry, and Raw Ground Beef Products Since the 1996 PR/HACCP Rule</i> , Aug. 02-draft; <i>Changes in Identification and Control of Physical Hazards Since the 1996 PR/HACCP Rule</i> , Aug. 2002 draft; and FSIS internal reports.	30%	0.2
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<p>Long-Term Goal I: Reduction in the prevalence of foodborne illness from meat, poultry and egg products.  Target: In 1997 there were 76 million illnesses related to foodborne hazards. The target is to reduce the prevalence by 25% by 2005.</p> <p>Actual Progress achieved toward goal: 21% reduction in 2000 and 23% reduction in 2001.</p>					
<p>Long-Term Goal II:  Target:  Actual Progress achieved toward goal:</p>					
<p>Long-Term Goal III:  Target:  Actual Progress achieved toward goal:</p>					

2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Large Extent	In its FY 2001 APPR, FSIS illustrated that it had met or exceeded most of its outcome measures for its performance goals.	FSIS FY 2001 APPR	30%	0.2
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<p>Key Goal I: The prevalence of Salmonella on raw meat and poultry products as illustrated by: Prevalence of Salmonella on ground beef (%).  Performance Target: Presence of Salmonella in ground beef-Target for FY 2001-3.5%  Actual Performance: 2.6% in 2001.</p>					
<p>Key Goal II: Percentage of ready-to-eat meat and poultry products testing positive for Listeria monocytogenes (Listeria is a common bacteria that when ingested can cause flu-like symptoms. The bacteria can result in miscarriages and stillbirths.)</p>					



Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6 (Reg 1.) <i>Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits?</i>	Large extent	Total FSIS FY 2002 costs amount to \$2.98 per capita. This compares favorably with other health related preventative actions such as an annual flu shot. As cited in Section 1.2, ERS estimates that the costs associated with five major pathogens alone amount to at least \$6.9 billion annually or \$24.14 per capita. When considering the fact that foodborne illnesses can cause death and seriously disrupt a family, the cost of \$2.98 per capita seem small in comparison to the maximum benefit of reducing the incidence of foodborne illnesses by 21%. While these costs seem small, further changes to modernize the inspection processes could result in lower overall costs with the same or improved food safety benefits.	U.S. Census Bureau, monthly national population estimates for resident population plus Armed Forces overseas for the month of October, 2002; FSIS budget for FY 2002; ERS, <i>Food Safety Efforts Accelerate in the 1990's</i> .	15%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>60%</b>

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The mission of the ARS National Program on Food Safety (NP 108) is to conduct research that provides the tools to ensure that the food supply is safe for consumers, and that food and feed meet foreign and domestic regulatory requirements. To decrease the hazards of both introduced and naturally occurring toxicants in foods and feed, including pathogenic bacteria, viruses and parasites, chemical contaminants, mycotoxins produced by fungi growing on plants, and naturally occurring toxins produced by plants.

**Evidence:** The ARS Food Safety Research Program was authorized under Title VII Section 1402 part 8 of the Farm Bill which states "maintain an adequate, nutritious, and safe supply of food to meet human nutritional needs and requirements." The mission of NP 108 is explicitly stated on the NPS Web site [www.nps.ars.usda.gov/programs](http://www.nps.ars.usda.gov/programs)

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** According to the CDC, there are 76 million cases and 5,000 deaths due to foodborne illness annually. This is considered unacceptable, and a major public health concern. USDA estimates the medical costs and productivity losses for the seven major foodborne pathogens ranges between \$6.5 and \$34.9 billion annually. The costs for all foodborne illnesses are likely to be much higher. These estimates do not include the total burden placed on society by chronic sequelae caused by foodborne illnesses. The major emphasis is to reduce the incidence of foodborne illness and deaths, and lessen food safety as a public health concern. ARS contribution is to develop methodologies to detect, quantify, and reduce pathogens and toxic chemicals in plant, animal, and seafood products; provide critical information for regulatory/action agencies (FSIS/FDA), industry, and consumers; and develop techniques to help producers and the food industry produce a safer product. The Program addresses needs from production to processing, transportation, storage, and consumption.

**Evidence:** The CDC data can be found in Mead et al, 1999 Emerging Infectious Diseases, 5:607-25. Federal and State regulatory agencies, food industry (e.g., the American Meat Institute (AMI), and the National Cattleman's Beef Association (NCBA)); and consumer organizations continue to request ARS research to address specific issues involving the safety of the U.S. food supply. Industry strongly lobbies Congress to provide increased funding for ARS food safety research. The Programs long-term objectives include the means to ensure that the food supply is safe for consumers and that food meets foreign and domestic regulatory requirements, thereby decreasing the risk of foodborne illness which enhances public confidence, thus minimizing disruptions in normal, healthy eating patterns. Goals for the current and next Fiscal Year are articulated in the Annual Food Safety Report available on CD, and at ([www.nps.ars.usda.gov/programs](http://www.nps.ars.usda.gov/programs)) or ([www.nal.usda.gov/fsrio/fsresearch.htm](http://www.nal.usda.gov/fsrio/fsresearch.htm)).

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	40%	100%	53%	Demonstrated

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**      Answer: YES      Question Weight: 20%

**Explanation:** NP 108 is uniquely designed/structured to successfully address both current and long-term food safety issues through a combination of research approaches. ARS ensures close coordination of all research efforts through a series of annual meetings, workshops, and conferences designed to elicit specific stakeholder needs and concerns. ARS intramural research program allows it to conduct long-term, innovative, strategic core basic food safety research that would not normally be conducted by any other agency or industry. Research funded by competitive grants may limit the ability to sustain a continuous and focused research program. ARS, as an intramural agency, has the unique ability, the authority, and the expertise to respond quickly and effectively to critical National and/or international food safety issues. The Program is effectively coordinated with other food safety research efforts conducted across the Federal Government, including (FSIS, CSREES and FDA), academia, and industry. The goal is to maximize complementarity while minimizing unnecessary duplication of effort.

**Evidence:** USDA, with other Federal food safety agencies formed a variety of groups to improve coordination among agencies. These include the Joint Institute for Food Safety Research (JIFSR); Risk Assessment Consortium (RAC) and the National Food Safety System (NFSS). NP 108 specifically conducted the following National and international meetings for the specific purpose of identifying stakeholder needs and coordinating research activities to best address those needs. Annual ARS-meetings with FSIS and FDA; Aflatoxin Workshop ; annual meetings with industry (AMI, NCBA, Pork Producers); U.K. Food Standards Agency; Institute of Food Research-Norwich U.K.; the EU-DG12 (European Food Safety); and TEKES (National Research Agency of Finland). Quarterly meetings are held with FSIS, FDA, and CSREES to ensure close coordination of effort. ARS leadership in coordinating efforts to meet FDA food safety research needs was recognized by FDA-Center for Food Safety and Nutrition, when they gave the 2002, Center Director's Award to Dr. Robens and Dr. Lindsay, the National Program Leaders for NP 108.

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

**Explanation:** The overarching goal of NP 108 is to protect public health by reducing the incidence of foodborne illness to the greatest extent feasible. Scientific information which enables the detection of pathogens and other foodborne hazards, subsequent to allowing the development of effective strategies for reducing hazards on the pathway from farm to table is critical to reduce further the incidence of foodborne illness. NP 108 produces research results that are disseminated to regulatory action agencies and industry either directly through scientific literature, and national and international society research meetings. The research and its impact is also provided to the consumer through the NP 108 and the ARS/NAL Food Safety Research Information Office (FSRIO) web sites, the general press, and consumer media.

**Evidence:** NP 108 is uniquely designed so as not to limit its effectiveness and efficiency to respond to current and emerging critical needs. This design has been validated by various mechanisms: including stakeholder meetings; in-depth, external Program reviews, and rigorous external peer review of research projects conducted by the Office of Scientific Quality Review (OSQR). NP 108 is effectively coordinated, and this has led to a track record of collaborative efforts with other Federal Agencies, industry and academia. For example, in 2002 the joint resources of NP 108 and FDA were leveraged to evaluate a method to determine the presence of GMO-StarLink corn, ensuring the safety of the food supply.

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

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

**Explanation:** The Program actively seeks, and is very responsive to the needs of its customers, stakeholders, and partners. The research program is developed after extensive discussions to set priorities, and progress towards fulfilling these needs is constantly evaluated. In June 2003, the Office of the Under-Secretary for Research, Education, and Economics (REE) conducted a Stakeholder Listening Session to gain input on ARS food safety research. Program results are available to the public through a number of sources.

**Evidence:** The target populations for ARS research are numerous and varied and include Federal, State, and local regulatory and action agencies; producers and processors; consumers and consumer organizations; and the scientific community in general. Research information and benefits are effectively articulated through various means, including active transmission, websites, scientific and lay publications and presentations; reports; meetings, conferences, and workshops; and annual reports to Congress. Examples of materials available include the Food Safety Annual Reports available on the NPS web site ([www.nps.ars.usda.gov/programs](http://www.nps.ars.usda.gov/programs)); on CD; through the Food Safety Research Information Office (FSRIO) ([www.nal.usda.gov/fsrio/fsresearch.htm](http://www.nal.usda.gov/fsrio/fsresearch.htm)); through Agricultural Research Magazine ([www.ars.usda.gov/is/](http://www.ars.usda.gov/is/)); and through press releases.

**2.1**      **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?**      Answer: NO      Question Weight: 10%

**Explanation:** The long-term outcome goal of NP 108 is to provide the means to other Federal agencies and industry to ensure that the food supply is safe for consumers, and that food meets domestic and foreign regulatory requirements. Providing these means is a mechanism whereby a significant reduction in both foodborne illnesses, chronic sequelae and/or deaths due to foodborne illnesses can be attained. No performance measures that could be tracked over time for this program were included.

**Evidence:** With the uncertainty of outcomes and the years it takes to achieve and recognize them, it is difficult to provide long-term efficiency measures. It is not possible to directly quantify any reduction of foodborne illnesses as a result of NP 108 research. However, it is possible to indirectly determine the effect, where research was implemented by industry, or used to form the base for regulation by other Federal agencies. NP 108 research directly led to 1. FSIS/FDA implementing regulations for irradiating food to eliminate pathogens; 2. Verifying FSIS/consumer concerns about cooked ground beef, showing a cooked color was not an indicator of safety, specifically for E. coli O157:H7; 3. FDA approved for industry use of a NP 108 chlorine based protocol for decontaminating bean-sprouts-seeds. 4. FSIS/FDA developing risk assessments for E. coli O157:H7 and Listeria; 5. Providing both large and small processors methods to decontaminate beef carcasses of pathogens during processing; and 6. Methods for FSIS/FDA to monitor the food supply for pathogens and chemical residues.

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

**2.2 Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight: 10%

**Explanation:** NP 108 is broadly recognized as having the resources, knowledge, and experience to address and make significant contributions in efforts to continually reduce the level of foodborne illness observed within the U.S. The Program must be very ambitious in nature since food safety is both a critical National and international issue. NP 108 has and will continue to respond to numerous challenges to ensure the safety of the U.S. food supply. USDA has set targets for a 50% reduction of foodborne illnesses in the U.S. by 2005, associated with the bacterial pathogens *Listeria*, *Salmonella*, and *Campylobacter*. NP 108's role in this ambitious Departmental initiative is to provide tools, methods, and technologies to effectively assist FSIS, FDA, etc. and industry in attaining these targets. ARS has not developed measures to determine whether the goal of the program was achieved.

**Evidence:** The [ambitious] targets to be achieved within a 5-year timeframe are articulated within the NP 108 Action Plan. This Plan was developed and reviewed through interactions with our customers, stakeholders, and partners before it was finalized and implemented. Priority issues identified as having a major impact on public health include: development of methods for field and laboratory use for sampling, isolation, identification, and quantification of pathogens in animal fluids, tissues, manure, and the environment; determine the ecology, epidemiology, assessment of risk factors of pathogens in animals and plants; and develop intervention strategies to reduce pathogens and chemical contaminants. Meeting these ambitious targets has and will continue to provide regulatory agencies and industry with the tools and improved strategies necessary to effectively reduce and/or eliminate pathogens and chemical contaminants in foods thereby increasing the safety of the food supply. Progress on these priority issues is regularly monitored and reviewed by both internal and external mechanisms.

**2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: NO Question Weight: 10%

**Explanation:** Both NP 108, and each individual research project within the Program have annual performance measures. At the Program and project levels these measures are reported through the NP 108 Annual Food Safety Progress Report. The Agency reports the NP 108 accomplishments to the measures in the GPRA Annual Performance Report (APR) to its customers, stakeholders, and partners, which includes Congress. These reports are designed to measure and quantify progress towards attaining the Department's long-term goals. However, ARS still needs to reduce the annual measures to a more manageable number that can be tracked.

**Evidence:** In 1998, OMB granted a waiver to ARS to use the GPRA alternative narrative approach to reporting its accomplishments. This was done because research does not easily lend itself to numerical metrics. However, ARS established specific performance measures, the achievement of which clearly indicates progress toward meeting the NP 108 goals. In FY 2002, NP 108 had 9 specific annual performance measures. From these performance measures 26 significant accomplishments were achieved, as explained in detail in the Tab Add(Perf.Measure Analysis). With the projected funding for FY 2005, the number of performance measures is targeted at 14 in order to achieve the goals outlined in Question 2.1. The targets for FY 2005 are outlined in the GPRA Annual Performance Plan available on file.

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

**2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: NO Question Weight: 10%

**Explanation:** The number of baseline measures has increased from 9 in FY 2002 to 14 in FY 2005. This ambitious increase is designed to both challenge the Program, increase its efficiency and effectiveness in addressing the targeted critical issue of improving the safety of the U.S. food supply, and meet the Department's goal. Determining baselines for annual performance measures is a dynamic process. The baseline for any fiscal year is based upon funding level, number of scientists, and number of research projects, taking into account any emerging or critical unanticipated issues. However, there are no specific measures to determine that the 50% reduction was achieved.

**Evidence:** In FY 2002, NP 108 achieved 25 accomplishments within 9 annual performance measures. This target was based upon an analysis of available funds, available scientists, and number of projects within the Program. There are two components within NP 108: microbial pathogens and toxic chemicals. Microbial pathogens is the largest component and is divided into pre-harvest and post-harvest in the research action plan. Microbial pathogens was targeted to achieve 19 accomplishments for 6 performance measures. Toxic chemicals was targeted to achieve 6 accomplishments for 3 performance measures. In FY 2005, an increased target of 14 annual performance measures has been set to further challenge the Program. The increased targets focus on microbial pathogens, which is the highest priority issue for the Department, our external stakeholders, and consumers.

**2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: NO Question Weight: 10%

**Explanation:** Stakeholders and partners provide input towards long-term goals through National Program Workshops. The research methods by which the goals are attained are defined by NP 108. Critical stakeholders, such as the USDA-FSIS, the FDA-Center for Food Safety and Nutrition (CFSAN), and industry groups regularly meet with NPS to discuss and coordinate on-going projects.

**Evidence:** NP 108 provides some Congressionally mandated pass-through (ear-marked) funds to external research entities (Universities) through Specific Cooperative Agreements, to work cooperatively in support of NP 108 research goals. As appropriate, these research partners are involved in National Program Workshops, and in planning research activities. Accomplishments are reported in the GPRA APR process. Reports of annual meetings, workshops, OIG reviews, quarterly and annual reports with stakeholders and collaborators are available on file, or at the NPS web site ([www.nps.ars.usda.gov/programs](http://www.nps.ars.usda.gov/programs)).

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
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Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

**2.6**      **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**      Answer: YES      Question Weight: 10%

**Explanation:** The research agenda for NP 108 is established by the National Program Leaders after consultation with a broad cross section of customers, stakeholders, and partners. This process ensures the relevancy of the research program. All research projects undergo review every 5 years through the independent, Congressionally mandated Office of Scientific Quality Review (OSQR) before implementation. The Peer Review Process conducted by OSQR involves independent and expert scientific peer review of NP 108 project plans. Members of the review panel are external to ARS. The OSQR review process is a critical component for evaluating research project quality and effectiveness. In this way, OSQR contributes to the quality of the National Program. Additionally, projects undergo review by NPS midway through the 5-year program cycle to assess for continued relevancy, progress, and performance. Project Annual Reports are carefully reviewed by their Area Office and NPS. Projects also undergo periodic external review organized by their Area Office.

**Evidence:** The NP 108 Peer Review schedule is available on the OSQR web site ([www.ars.usda.gov/osqr](http://www.ars.usda.gov/osqr)). Documentation describing the type of evaluation and criteria for selecting peer reviewers is also available on the OSQR web site. After an extensive review of ARS, the Government of Canada has found both NPS and the OSQR review process to be models for the reorganization of their National research agenda. The French research agency, INRA, and EMBRAPA, the Brazilian research agency, are also considering implementing an OSQR-type review process. Reports on other reviews by NPS and Area Offices are available on file.

**2.7**      **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?**      Answer: NO      Question Weight: 10%

**Explanation:** The new NP 108 Budget Performance Integration Plan (BPI) is linked directly to both the Agency's and Department's Strategic Plans. The BPI plan makes clear the impact of funding on performance. However, there has been no documented linkage between performance and budget requests.

**Evidence:** Requests for additional NP 108 funding are directly tied to performance measures outlined in the BPI Document. 3.1.1: Develop new on-farm preharvest systems, practices, and products to reduce pathogens and toxin contamination of animal and plant derived foods; and 3.1.2: Develop and transfer to USDA agencies and the private sector, systems that rapidly and accurately detect, identify, and differentiate the most critical and economically important foodborne pathogenic bacteria and viruses. For example, NP 108 annually requests the action agencies (FSIS/FDA) to provide their priority research needs which are used as a basis for requests for increased funding.

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

**2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight: 10%

**Explanation:** A National Institute of Medicine - National Research Council Advisory Committee reviewed all Federal food safety research in 1998. This NRC Report indicated the need for an independent body to coordinate planning and priority setting for food safety research among all Federal agencies. As a result of this Report, the Joint Institute for Food Safety Research (JIFSR) was formed by Executive Order, under the joint authority of the DHHS and the USDA. The NRC also reviewed all agricultural research in 2002.

**Evidence:** Evaluations of USDA and subsequent recommendations to correct deficiencies were encapsulated in the NRC 1998 Advisory Committee Report, "Ensuring Safe Food" and the NRC 2002 Advisory Committee Report ([www.nap.edu](http://www.nap.edu)), "Frontiers in Agricultural Research." JIFSR reviewed all Federal agencies conducting food safety research or having a food safety portfolio. ARS NP 108 was found to have no deficiencies in either program planning or priority setting. The NRC report addressed the issue of strategic planning at the Department level and recommended that USDA adopt top-down strategic planning process. This is reflected by having a limited number of mission oriented, long-term and annual performance goals assuring cohesiveness with the Department and other agencies planning efforts. In June 2003, the Under Secretary for REE held a Stakeholder Listening Session to gather priority needs of customers, stakeholders, and partners on food safety. Input gained from this activity will be evaluated and compared to the existing program to identify any gaps or needs that must be addressed in the future.

**2.RD1 If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals?** Answer: YES Question Weight: 10%

**Explanation:** NP 108 is continually coordinated through NPS with similar programs across the Federal Government, with academia, industry, producers, processors, and consumer groups to ensure scientific relevance. Relevance to the USDA mission is regularly evaluated by NP 108, and coordinated with other Federal, industry and academic food safety programs.

**Evidence:** Program reviews and interagency joint program planning documents are available on file, and at ([www.nps.ars.usda.gov/programs](http://www.nps.ars.usda.gov/programs)). Stakeholder input on relevance and priorities is regularly sought and documented. The Annual ARS-FSIS Research Program Planning Meeting, the Annual ARS-CFSAN Research Program Planning Meeting, the Annual Aflatoxin Elimination Workshop, and annual meetings with industry stakeholders (including AMI, NCBA, Pork Producers, the Regional Dairy Management Alliance, etc.); U.K. Food Standards Agency; the Institute of Food Research-Norwich U.K.; the EU-DG12 (European Food Safety); and TEKES (the National Research Agency of Finland). Additionally, regular quarterly meetings are held with FSIS, FDA, and CSREES to ensure close coordination of effort. In June 2003, the Under Secretary for REE held a Stakeholder Listening Session to gather priority needs of customers, stakeholders, and partners on food safety. Input gained from this activity will be compared and evaluated to the existing program to identify any gaps or needs that must be addressed in the future.

**2.RD2 Does the program use a prioritization process to guide budget requests and funding decisions?** Answer: YES Question Weight: 10%

**Explanation:** The new NP 108 Budget Performance Integration Plan (BPI) is linked directly to both the Agency's and Department's Strategic Plans. The BPI plan makes clear the impact of funding on performance. As part of the BPI, the Under Secretary for REE held a Stakeholder Listening Session to specifically gain input of food safety priorities and needs for the next 5 years. The goal is to use the information to evaluate, prioritize, and implement a mission oriented national food safety research program that is tied to guiding budget requests and funding decisions.

**Evidence:** This is not a publicly available document, it is however, available on file at NPS.

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?**      Answer: YES      Question Weight: 13%

**Explanation:** NP 108 regularly solicits input from customers, partners, and stakeholders. An Action Plan is developed following a National Program Planning Workshop that includes customer, partner, and stakeholder input, which is held every 5 years. All research plans are evaluated through the OSQR Peer Review Process by a panel of internationally/nationally recognized, non-ARS scientists to ensure the highest quality research program. Regularly scheduled program evaluations are undertaken. Each research project submits an Annual Report which is reviewed by their Area Office and NPS to determine if they are meeting their annual milestones in their Project Plan. NP 108 reports are available in various formats, and are widely disseminated for review and comment. NP 108 projects/programs at specific research locations are also subject to realignment at the Unit and Center level. Proactive approaches by NPS, or via external Unit review may suggest that a research program be enhanced or eliminated based upon various criteria, including, relevance, quality, changes in funding, and staffing level.

**Evidence:** NP 108 Action Plan, Annual Reports, and Internal Review documents are available on file. Program realignments and redirections (Program Adjustment Decision Item (PADI)) are conducted to maintain focus and efficiency. For example in 2001, the Eastern Regional Research Center, in Wyndmoor, PA underwent a complete review of the food safety program, which ultimately led to the realignment and subsequent elimination of one research Unit. This realignment impacted personnel, fiscal, and facility resources, which resulted in a refocusing and more efficient use of resources to fit the NP 108 objectives outlined within the NP 108 Action Plan. Similar reorganizations also occurred at the Western Regional Research Center, Albany, CA, and The National Center for Agricultural Utilization Research, Peoria IL. A NP 108 PADI is pending for the Richard Russell Research Center, Athens, GA for implementation in FY 2004.

**3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?**      Answer: YES      Question Weight: 13%

**Explanation:** NPLs (the Program managers) are held strictly accountable through an annual evaluation process. In addition, the impact of NP 108 is regularly evaluated to ensure that the goals of the Program are being met, and that the results are meeting Program objectives in a timely manner. All collaborative research agreements are continuously monitored by NP 108 NPLs to ensure that the research activities meet the needs of the Program in a timely, and fiscally responsible manner.

**Evidence:** Both scientists and managers are subject to annual performance reviews. ARS scientists are subject to an in-depth peer review on a 3- to 5-year cycle Research Position Evaluation System (RPES). The Annual Reports from each research project are reviewed by both the Area Office and NPS.

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

**3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?**      Answer: YES      Question Weight: 13%

**Explanation:** Research plans have specific goals and objectives that must be conducted within a period not to exceed 5 years. As part of the annual performance appraisal, scientists and NPLs are held accountable for both research progress and the timely and appropriate use of resources. NPLs and scientists have the incentive of performance awards if their performance exceeds the stated expectations, as outlined in their Annual Employee Performance Plan. In FY 2002, ARS converted to the Foundation Financial Information System (FFIS) accounting system to enhance accountability. With the FFIS system the Agency received a passing grade on financial management from the USDA-OIG.

**Evidence:** The FFIS accounting system is used to process and manage financial data to meet stringent budget and funds control needs, as well as complex multifund and reporting requirements. NP 108 does not have carry over authority, therefore, all funds are expended or obligated by the middle of the 4th quarter of each fiscal year. ARS, as an agency, uses its own local obligation tracking system in conjunction with FFIS to ensure funds are obligated up to the assigned funding level without exceeding this level. Traditionally, ARS obligates more than 99.6% of its assigned funds. In FY 2002, the ARS obligation rate was 99.71%. Scientists and managers are subject to annual performance reviews in which they are held responsible for financial management and compliance of their assigned fiscal resources.

**3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?**      Answer: YES      Question Weight: 13%

**Explanation:** Recent scrutiny of the ARS including NP 108 exposed IT structure deficiencies specifically in cyber security, network connectivity, and e-mail configurations. In FY 2002, ARS analyzed the costs and benefits of alternative solutions for improving e-mail and web hosting services; recommended the e-mail and web hosting solutions that best met the Agency's needs; and developed an IT Consolidation Project Plan for efficiently and cost-effectively implementing the infrastructure for supporting those solutions. The Agency has implemented competitive sourcing strategies (A-76) as required by OMB.

**Evidence:** The IT Consolidation Project was implemented in FY 2003 and will be completed in FY 2005. Major milestones include: unifying the 52 different ARS e-mail systems; consolidating web hosting in the Agency; updating ARS infrastructure (i.e., telecommunications network, security, organizational configuration) to support ARS new e-mail and web hosting design; and providing a plan for building the enterprise architecture and estimating the related costs and staffing. The benefits of the IT Consolidation Project will provide ARS with a secure, scalable, robust network, enterprise e-mail, and web hosting capabilities for ARS customers at the enterprise level. These measures will greatly improve the efficiency of the computer technology that supports ARS operations, thereby decreasing redundancy, overlap of activities, and unproductive use of scientific staff time, and will help create a premier Most Efficient Organization. Approximately 10% of NP 108 is currently being reviewed for competitive sourcing opportunities.

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

**3.5 Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight: 12%

**Explanation:** NP 108 is well coordinated with other food safety Programs across the Federal Government: for example, USDA-CSREES, USDA-FSIS and FDA-Center for Food Safety and Nutrition (CFSAN), NIH, CDC, National Academy of Sciences (NAS), National Science Foundation (NSF), with academia, National Alliance for Food Safety (NAFS), and industry groups funding and/or conducting food safety research. Customers, stakeholders, and partners also include State and local governments, consumer organizations (Center for Science in the Public Interest), and professional societies (American Society for Microbiology, Institute for Food Technology, American Dietetic Association).

**Evidence:** NP 108 holds annual Research Workshops with FSIS, FDA, CSREES to ensure close coordination of effort. Program reviews and interagency joint program planning documents resulting from these meetings are available on file, and at ([www.nps.ars.usda.gov/programs](http://www.nps.ars.usda.gov/programs)). In June 2003, the Under Secretary for REE held a Stakeholder Listening Session to gather priority needs of customers, stakeholders, and partners on food safety in order to obtain information for both short- and long-term planning guidance (1-5 years). This collaborative effort through REE continues to assure close coordination of management and resource allocations eliminating program overlap and duplication.

**3.6 Does the program use strong financial management practices?** Answer: YES Question Weight: 12%

**Explanation:** NP 108 is currently and continuously tracked using the Agricultural Research Information System (ARIS) and the Foundation Financial Information System (FFIS) to follow scientific and fiscal progress. ARIS is a new Web-based system which replaced the agency-wide Research Management Information System (RMIS).

**Evidence:** ARIS allows centralized tracking and multi-point entry of scientific effort, funding, objectives, milestones, progress and accomplishments across NP 108. The system also initiates approvals for all research program implementations and adjustments, and all NP 108 research documentation and publications. FFIS is used to process and manage financial data to meet stringent budget and funds control needs as well as complex multifund and reporting requirements. Implementation of FFIS and its associated data warehouses provided the integration and capabilities needed to improve the delivery of timely and meaningful financial management information and allows compliance with legislation, including the CFO Act of 1990. FFIS enabled ARS to achieve a clean USDA-OIG audit opinion of its financial statements for FY 2002.

**3.7 Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight: 12%

**Explanation:** The two NP 108 NPLs, in consultation with customers, stakeholders, and partners establish the National Program research agenda, ensuring that Program goals are achieved. Area Directors are responsible for ensuring that performance and scientific excellence are achieved. ARS completely revised the way it manages its research portfolio by establishing the National Program structure, which strengthened the Agency's ability to manage coherent and relevant research in each National Program. NP 108 was strengthened by the implementation of the OSQR Peer Review Process, which provides significant scientific credibility to the Program's research agenda. The matrix management structure of NPS periodically undergoes an organizational review and diagnosis, and is modified as needed.

**Evidence:** Establishment of ARS and NPS. Source is Congressional Publication L 104-127, Title VIII, Section 801, April 4, 1996, 110 Statute 1156. Program realignments and redirections (PADI) are conducted as a meaningful step to address and correct any Program management deficiencies. For example in 2001, the Eastern Regional Research Center, in Wyndmoor, PA, underwent a complete review of the food safety program, which ultimately led to the realignment and subsequent elimination of one research unit. This realignment impacted personnel, fiscal, and facility resources, which resulted in a refocusing and more efficient use of resources to fit the NP 108 objectives outlined within the NP 108 Action Plan. Similar reorganizations also occurred at the Western Regional Research Center, Albany, CA, and The National Center for Agricultural Utilization Research, Peoria, IL. A PADI is pending for the Richard Russell Research Center, Athens, GA for implementation in FY 2004.

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

**3.RD1 For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality?** Answer: YES Question Weight: 12%

**Explanation:** NP 108 allocates funds to specific research projects based on identifiable and/or Congressionally mandated research priorities. Each research project must be reviewed and approved by an external peer panel of leading experts (OSQR Peer Review Process) to ensure that the plans are of the highest quality. The results of the review are made available to the scientists. Research plans are revised to reflect the review panel's input. Projects that are required to make major revisions are re-reviewed by OSQR. The panel may indicate that a project is untenable and should not be continued. Under such circumstances both NPS and the Area Office jointly consider whether the project should be completely revised or discontinued, and the scientist and funds redirected into a more appropriate research area. Scientists conducting research projects are required to prepare an Annual Report that is used to ensure that focused and timely progress is being made to complete the tasks identified within each project. Area Offices and NPS carefully review each Annual Project Report (AD-421).

**Evidence:** Detailed information for the OSQR Review Process and AD-421 Annual Report guidelines are available on the ARS website (www.ars.usda.gov). The OSQR review process is a management tool whose goal is to assure the highest level of Program quality. OSQR panels review, and grade projects into 1 of 5 categories: no revision (NR score 8), minor revision (MNR score 6), moderate revision (MDR score 4), major revision (MJR score 2), not feasible (NF score 0). NP 108, as a whole, was the first NP to be reviewed under the OSQR process. Seventy-seven research projects underwent OSQR review through 4 independent review panels, held within a one-year period during FY 2001-2002. The 4 panels were: preharvest food safety; post-harvest food safety; toxic chemicals; and intergrated food safety. Overall, 74% (57/77) of projects reviewed scored moderate revision or higher with an average score of 4.2/8 (NR 4%, MNR 34%, MDR 36%, MJR 25%, NF 1%). All projects scoring either not feasible or major revision were rewritten, resubmitted, and re-reviewed through OSQR, and all were subsequently approved.

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

**Explanation:** The long-term outcome measure of NP 108 is to provide the means for other Federal agencies and industry to ensure that the food supply is safe for consumers, and that food meets domestic and foreign regulatory requirements. Providing these means is a mechanism whereby a significant reduction in both foodborne illnesses, chronic sequelae and/or deaths due to foodborne illnesses can be attained. There is currently no data on agency accomplishments.

**Evidence:**

**4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: NO Question Weight: 20%

**Explanation:** NP 108 achieved its targeted goals in FY 2002. However, the program received a "no" because of the answer to questions 2.3 and 2.4, including the large number of annula goals and the lack of baseline data.

**Evidence:**

## Program Assessment Rating Tool (PART)

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	40%	100%	53%	

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

**Explanation:** A major objective of ARS is to keep overhead costs to a minimum, thereby maximizing the resources devoted to its research activities. The Agency's overhead represents approximately 10% of appropriations. NP 108 demonstrates efficiency and cost effectiveness by collaborating and/or collocating with university partners: through purchasing shared laboratory equipment, the formation of core facilities, and the sharing of support staff. NP 108 periodically reviews its program operations for opportunities to further improve performance and efficiency.

**Evidence:** Each year the Agency reports its overhead which consistently has been at 10% or less. NP 108 collocates with North Carolina State, U. Arkansas, Purdue U., U. Georgia and others. Several Research Centers, including the Eastern Regional Research Center (ERRC), Wyndmoor, PA, restructured the research and management functions to maximize efficiencies and reduce costs. At ERRC 4.5 Units that conducted food safety research were consolidated into 3 Units. This led to a significant reduction in personnel, equipment, and overhead costs, combined with increased efficiency and focus of the research program.

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

**Explanation:** ARS is an intramural research Agency. NP 108 compares favorably with other Federal agencies, for example, FDA-CFSAN, which has an intramural food safety program.

**Evidence:** The ARS 2002 GPRA showed that NP 108 had a number of accomplishments for use by Federal agencies, such as FSIS and FDA, State laboratories and industry, including: development of baseline levels of E. coli O157:H7 prevalence in cattle and Yersinia in swine; identification of new critical control points (HACCP) during cattle production and ground beef processing; development of on-line, real time imaging systems to detect feces on beef, poultry and produce; identification of a new compound for control of E. coli O157: H7 in beef production; identification of new strategies for identifying pathogens in shellfish; providing data on E. coli O157:H7 and listeria for use in risk assessment; identification that chlorine dioxide could be effectively used to decontaminate produce; identification of the predisposing agronomic factors for aflatoxin contamination in cottonseed for human consumption; and development of a new cost effective rapid method for detection of pesticide residue.

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

**Explanation:** An independent systematic 2-year review of 20 food safety research Programs across the Federal Government, by JIFSR and its associated Working Groups, indicated NP 108 had the most effective Federal food safety research program. NP 108 was deemed highly efficient at both intra- and inter-agency collaboration and coordination amongst Federal food safety research programs. This evaluation was not necessarily the case for other Federal agencies conducting food safety research. Additionally, ARS leadership in coordinating efforts to meet Federal food safety research needs was recognized by the FDA when they gave the 2002 Center Director's Award to Dr. Robens and Dr. Lindsay, the National Program Leaders for NP 108.

**Evidence:** An independent systematic two year review of 20 food safety research programs across the Federal government by JIFSR and its associated Working Group indicated NP 108 had the most effective Federal food safety program. NP 108 was deemed highly efficient at both intra and interagency collaboration and coordination.

## PART Performance Measurements

**Program:** Food Safety Research  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Research Service

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**Measure:** Measure Under Development  
**Additional Information:**

Year

Target

Actual

**Measure Term:** Long-term

**Measure:** Measure Under Development  
**Additional Information:**

Year

Target

Actual

**Measure Term:** Annual

## Program Assessment Rating Tool (PART)

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service  
**Type(s):** Block/Formula Grant

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

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** To alleviate hunger and improve nutrition by increasing food purchasing power of eligible low-income households, enabling them to obtain a more nutritious diet through normal channels of trade. The Food Stamp Act also refers to the goals of strengthening the agricultural economy, and achieving a fuller and more effective use of food abundances. While these goals help shape program design, they are secondary to the program's primary goals of reducing hunger and improving nutrition.

**Evidence:** Declaration of policy, Food Stamp Act of 1977 (as amended), Section 2.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** Poverty-related hunger remains an on-going problem. USDA classified 1.8 million low-income households as food insecure with hunger in 2001, based on national survey data collected by the Census Bureau. Until the early 1970's, serious nutritional deficiencies resulting from inadequate food consumption were documented among low-income people. Since then, the diets of low-income people have improved substantially. However, USDA's Healthy Eating Index indicates that only 7percent of low income people have a "good" diet, 20percent have a "poor" diet, and the remainder "need improvement." About 30 percent of low-income women and 20 percent of low income men are obese.

**Evidence:** Nord, M., M. Andrews, and S. Carlson (2002) *Household Food Security in the United States, 2001*. U.S. Department of Agriculture, Economic Research Service; Basiotis, P., A. Carlson, S.A. Gerrior, W.Y. Juan, and M. Lino (2002) *The Healthy Eating Index: 1999-2000*. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion. (The Healthy Eating Index consists of 10 components, representing different aspects of a healthy diet, with a maximum score of 100); U.S. Department of Health, Education, and Welfare, National Center for Health Statistics (1974). *Preliminary Findings of the First Health and Nutrition Examination Survey, United States 1971-1972: Dietary Intake and Biochemical Findings*. Washington, DC: U.S. Government Printing Office; U.S. Department of Health, Education, and Welfare (1972). *Ten-State Nutrition Survey 1968-1970*. Atlanta, GA: Centers for Disease Control.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

**Explanation:** The Food Stamp Program is available to nearly anyone with little income and few resources. Other Federal nutrition assistance programs target supplemental benefits to specific populations in specific settings to meet particular needs. While families may participate in more than one nutrition assistance program, most do not: among all households that participate in food stamps, WIC, school lunch, or school breakfast, less than 5 percent participate in all of them, and more than half participate in only one. The amount of food stamp benefits provided to a household is adjusted for cash assistance received from other government programs, family earnings, and other income. There is no State, local or private nutrition assistance effort on a comparable scale: food pantries and emergency kitchens support only one-fifth the number of meals supported by the Food Stamp Program.

**Evidence:** Food and Nutrition Service (2000). *Strategic Plan 2000 to 2005*; Multiple Benefit Receipt Among Food Assistance Households (unpublished tabulations of Wave 12 of the 1996 Survey of Income and Program Participation and March 2002 Current Population Survey prepared by Mathematica Policy Research for the Food and Nutrition Service, USDA); Ohls, J., F. Saleem-Ismail, R. Cohen, and B. Cox (2002) *The Emergency Food Assistance System - Findings From the Provider Survey*. U.S. Department of Agriculture, Economic Research Service.

## Program Assessment Rating Tool (PART)

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service  
**Type(s):** Block/Formula Grant

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

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

**Explanation:** The program is better designed to reduce hunger and malnutrition related to inadequate income, than to achieve further incremental improvements in the dietary status of low-income people. While the program supports state nutrition education activities, these efforts lack a clear national strategy with an emphasis on interventions with proven effectiveness. The Farm Security and Rural Investment Act of 2002 increased program effectiveness by granting states new flexibility to streamline program rules, authorizing state options to better support working families, and restoring eligibility for many legal immigrants. Experimental demonstrations show that the most frequently cited structural alternative--providing benefits in cash--could reduce administrative costs. However, "cash-out" was also shown to reduce household expenditures on food.

**Evidence:** USDA Strategic Plan for FY 2002-2007; Farm Security and Rural Investment Act of 2002, Title IV (P.L. 107-171); Fraker, T., A. Martini, and J. Ohls. (1995) *The Effect of Food Stamp Cash-Out on Food Expenditures: An Assessment of the Findings from Four Demonstrations*, *The Journal of Human Resources*. Vol. 30, No. 4, pp. 633-649; Ponza, M., and J. Ohls (1993) *Effects of Food Stamp Cash-Out on Administrative Costs, Participation, and Food Retailers in San Diego*. U.S. Department of Agriculture Food and Nutrition Service.

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

**Explanation:** Virtually all benefits (96 percent) reach households with gross income less than the poverty guidelines, well below the program's maximum income eligibility level of 130 percent of poverty. In 2002, 6.16 percent of benefits were overissued and 2.1 percent were underissued. Of amounts overpaid, about 80 percent were overpayments to eligible households. Virtually every participating household (98 percent) is eligible for some benefit. Virtually all food stamp benefits are used for their intended purpose: studies show that on average only 2.5 cents of each dollar issued is illegally exchanged for cash. The program served 62 percent of eligible individuals in 2001, a reduction from an all time high participation rate of 75 percent in 1994. Studies of eligible nonparticipants suggest that lack of information about potential eligibility is more important than program design in determining participation. Less than 10 percent of nonparticipants cited concerns with paperwork, small benefits, intrusive questions, or related factors as the most important reasons in one recent study.

**Evidence:** Rosso, R. (2003) *Characteristics of Food Stamp Households: Fiscal Year 2001*. U.S. Department of Agriculture, Food and Nutrition Service; Trippe, C. and M. Bloom (2002) *Food Stamp Payment Errors Based on 2001 Preliminary QC Data* (memorandum to the Food and Nutrition Service, USDA); Macaluso, T. (2003) *The Extent of Trafficking in the Food Stamp Program: 1999-2002*. U.S. Department of Agriculture, Food and Nutrition Service; Ponza, M. et al (1999). *Customer Service in the Food Stamp Program*. U.S. Department of Agriculture, Food and Nutrition Service.

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

**Explanation:** The Food Stamp Program has two long-term performance measures: the participation rate among people eligible for benefits and the payment error rate. The program also contributes to two crosscutting measures: the prevalence of hunger among low-income households and the Healthy Eating Index (a measure of dietary quality) for low-income individuals and children. FNS has not set outcome goals specific to the Food Stamp Program because of the complexity of measuring program impacts on participants. Since households at greater risk of hunger are more likely to seek assistance, assessment of program effectiveness requires more complex analytical methods to account for differences between participants and non-participants.

**Evidence:** USDA Strategic Plan for FY 2002-2007; Nord, M., M. Andrews, and S. Carlson (2002) *Household Food Security in the United States, 2001*. U.S. Department of Agriculture, Economic Research Service.

## Program Assessment Rating Tool (PART)

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service  
**Type(s):** Block/Formula Grant

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

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

**Explanation:** USDA seeks to increase the participation rate among food stamp eligible individuals from 59 percent in 1999 to 68 percent in 2007. USDA seeks to reduce the program's payment error rate from 8.7 percent in 2001 to 7.8 percent in 2004. USDA has committed to set long-term targets for improvement in payment accuracy based on results achieved through 2004. The Farm Security and Rural Investment Act of 2002 included program reforms which are likely to impact the measurement of payment accuracy. Cross-Cutting Measures: USDA seeks to reduce the prevalence of food insecurity with hunger among low-income households to 7.4 percent by 2007 (from 10.9 percent in 2000) and to increase the HEI for children and low-income people from 61 (out of a possible 100) in 1996 to 66 in 2007.

**Evidence:** USDA Strategic Plan for FY 2002-2007

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

**Explanation:** The program's annual performance measures are the same as the long-term measures: participation rates among people eligible for food stamp benefits and payment accuracy rates. Cross-Cutting Measures: USDA prepares annual estimates of the prevalence of hunger in the United States, but only periodic estimates of overall dietary quality among low-income people and children.

**Evidence:** USDA FY 2004 Annual Performance Plan and Revised Plan for FY 2003

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

**Explanation:** The program has baselines and ambitious targets for each annual measure. The baselines are noted in 2.4. USDA seeks to increase the participation rate among eligible individuals to 65.3 percent in 2005 (from 61.6 percent in 2001, the most recent year for which data is available). The food stamp payment error rate was 8.26 percent in 2002. USDA seeks to reduce this to 7.8 percent in 2004, and will set a 2005 target as part of the development of the 2005 President's Budget. Cross-Cutting Measures: USDA seeks to reduce the percentage of low-income households classified as food insecure with hunger to 7.9 percent in 2005. USDA seeks to increase the HEI of Americans with income under 130 percent of poverty to 64 in 2005.

**Evidence:** USDA FY 2004 Annual Performance Plan and Revised Plan for FY 2003; Department Estimates for FY 2005 Budget Request.

**2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: NO Question Weight: 12%

**Explanation:** Not all states commit to and work towards the goal of increasing the participation rate. Just under half of states have formal FNS-approved outreach plans to improve program access. By law, all states with payment error rates above 6 percent are required to develop and implement corrective action plans.

**Evidence:** 7 CFR 275: Performance Reporting System

## Program Assessment Rating Tool (PART)

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service  
**Type(s):** Block/Formula Grant

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

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

**Explanation:** While the program has made effective use of the resources available to it to document and improve program performance, a wide range of information needs are not currently being met. Among these are needs for evaluations to provide current information on the relationship between program participation and impacts on hunger and dietary status, and to assess the impacts of recent program changes on program effectiveness.

**Evidence:** Rossi, P. (1998) *Feeding the Poor: Assessing Federal Food Aid*. Washington, DC: The American Enterprise Institute Press; Food and Nutrition Service, Office of Analysis, Nutrition, and Evaluation (2003) *Food Stamp Research: 1988-2003*. Results of FNS-sponsored research and evaluations are posted at www.fns.usda.gov/aone and ERS-sponsored research at www.ers.usda.gov.

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

**Explanation:** Program budget requests routinely estimate the effect of legislative and policy changes on participation and costs. However, requests for additional Federal funding for payment accuracy and nutrition education have failed to tie the level of resources requested with measurable improvements in program performance.

**Evidence:** FNS FY 2003 and 2004 budget submissions to OMB.

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

**Explanation:** The agency has identified as an FY 2004 agency priority the need to improve and expand nutrition education, and is seeking to obtain adequate resources to conduct studies to fill information gaps. FNS has an internal planning system that translates the goals and objectives in the USDA strategic plan into annual operational priorities, work plans, and resource commitments.

**Evidence:** Food and Nutrition Service (2000). Strategic Plan 2000 to 2005; Food and Nutrition Service (2003). *FY 2003 Corporate Priorities: A Brief Description and Guide*.

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

**Explanation:** FNS collects key program data from States on a regular basis. These data are used, in part, to assess program performance, initiate corrective action when necessary, and award high performance bonuses (beginning with 2003). The Food Stamp Program has a Quality Control (QC) system to determine the accuracy of State agency determinations of eligibility and benefits. Liabilities for high error rates are routinely assessed based on these reviews. FNS has paid particular attention to States with the highest error rates to identify their causes and develop corrective actions. FNS also uses information from periodic management reviews of State activities to assess operations and improve performance. Results from program access reviews have led to significant corrective actions in jurisdictions where problems have been identified.

**Evidence:** Food Stamp Quality Control Annual Report; Food Stamp Program State Activity Report; Program Information Report (Keydata)

Program Assessment Rating Tool (PART)

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service  
**Type(s):** Block/Formula Grant

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

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

Explanation: A quality control system requires corrective action plans from States with payment error rates above 6 percent, and imposes sanctions on States above a national threshold for two or more consecutive years. Beginning with 2003, States will share \$48 million in bonuses for the best and most improved performances in payment accuracy, negative error rates, program access, and application timeliness. Program regulations allow FNS to recover costs due to State agency negligence or fraud. Regulations also authorize FNS to suspend or disallow State administrative funds if FNS determines their administration of the program is inefficient or ineffective. FNS has invoked the process of warnings, suspensions, and disallowance to bring operations into compliance with program rules. The agency's work planning process identifies senior managers responsible for achieving key program results. Performance standards for senior executives include elements to ensure accountability for cost, schedule, and results.

Evidence: Implementing Information and Instructions: Food Stamp High Performance Bonuses/Questions and Answers on the Performance Measures for the High Performance Bonuses; 7 CFR 275--Performance Reporting System; 7 CFR 276--State Agency Liabilities and Federal Sanctions

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

Explanation: Food Stamp Program funds are obligated in a timely manner. The overwhelming majority of obligations are food stamp benefits made available to qualified participants each month. Allotments for state administrative expenses and Employment and Training (E&T) funds are based on the quarterly Projected Funds Document and, for E&T funds, on State plans of operations and budgets. With improved payment accuracy and reduced trafficking of benefits, obligated funds are being spent for their intended purpose as well. In fiscal year 2002, 8.26 percent of benefits were issued in error, the lowest error rate achieved in the program's history. Food stamp trafficking (the selling of food stamp benefits for cash) has been reduced by approximately two-thirds since FNS started measuring it in 1993, to 2.5 cents of every benefit dollar issued.

Evidence: Financial Status Report (SF-269); Report on Budget Execution (SF-133); Food Stamp Quality Control Annual Report; Macaluso, T. (2003) *The Extent of Trafficking in the Food Stamp Program: 1999-2002*. U.S. Department of Agriculture, Food and Nutrition Service.

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

Explanation: FNS works with States with the highest payment error rates to identify the sources of error and develop corrective actions. FNS uses contract staff to conduct pre-authorization store visits to ensure that authorized retailers are qualified to accept food stamps since 1997. A May-June 2003 review of store eligibility indicates that 99.2 percent of the stores authorized to redeem food stamps meet the program's eligibility criteria. FNS has encouraged State use of the EBT platform to deliver multiple program benefits to minimize costs; 36 states include TANF and 22 include other benefits (including GA, child care, child support, Medicaid, and WIC). FNS works closely with DHHS on oversight of State IT procurements for certification systems that include food stamps, TANF, and Medicaid. Program regulations require States to document a cost-benefit analysis of the proposed system design and alternatives.

Evidence: Food and Nutrition Service (2003) *Store Eligibility Accuracy Rate (SEAR): 2003 Final Report*; 7 CFR 277.14 Procurement Standards; 7 CFR 277.18 - Establishment of an Automated Data Processing (ADP) and Information Retrieval System

Program Assessment Rating Tool (PART)

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service  
**Type(s):** Block/Formula Grant

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

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

Explanation: FNS effectively collaborates and coordinates with ACF, CMS, and SSA to improve delivery of food stamp benefits. In 2002, FNS, ACF, and HCFA issued joint guidance to align policies on citizenship and immigration. Joint development of EBT systems led to shared platforms for multiple benefit delivery in many States. Collaboration with SSA led to demonstrations of a streamlined approach to enroll SSI participants in food stamps in 5 States, with potential expansion to 8 more in 2004. There is also collaboration across nutrition assistance programs. FNS is working with and encouraging States to develop cross-program nutrition education plans that, at a minimum, involve all providers of FNS-programs within a State. FNS will provide training, technical assistance, and web-based resources in 2004.

Evidence: U.S. Department of Agriculture and U.S. Department of Health and Human Services (2000) *Policy Guidance Regarding Inquiries Into Citizenship, Immigration Status And Social Security Numbers In State Applications For Medicaid, State Children's Health Insurance Program (SCHIP), Temporary Assistance For Needy Families (TANF), And Food Stamp Benefits* ; Boussy, C., R. Jackson, and N. Wemmerus (2000) *Evaluation of SSI/FSP Joint Processing Alternatives Demonstration: Final Report* , U.S. Department of Agriculture Food and Nutrition Service.

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

Explanation: The Agency has had no reportable conditions in the Department's consolidated financial statements audit in 2001 and 2002. The program relies on a set of established financial policies that are clearly articulated in program directives, Departmental Regulations and OMB Circulars. FNS is working with States to increase the share of issuances in State systems for recipient claims that meet Federal debt management standards; States constituting 72 percent of benefits issued had clean reports from FNS in this area, ahead of the target set for FY 2003. The program has a highly recognized quality control (QC) system that measures the accuracy of benefit delivery and the incidence of improper payments, based on statistical sampling.

Evidence: USDA OIG audit of Consolidated Balance Sheet as of September 30, 2002; Food and Nutrition Service (2003). *Federal Managers' Financial Management Integrity Act (FMFMIA) Report: Fiscal Year 2003*.

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

Explanation: FNS has made significant progress in addressing identified material weaknesses. The 2001 FMFIA report identified three program-related deficiencies. FNS is making significant progress working with States to strengthen procedures to establish, record, adjust and report on claims, with completion expected in 2005. FNS expects to complete its commitments to address erroneous payments in 2003, with payment accuracy at the highest levels in program history. FNS will continue to monitor levels of payment accuracy and work with States to achieve further improvements. FNS fully implemented proper controls to deter and detect illegal diversion of program benefits by retailers, and trafficking was eliminated as a material weakness in 2002.

Evidence: Food and Nutrition Service (2003). *Federal Managers' Financial Management Integrity Act (FMFMIA) Report: Fiscal Year 2003; Food and Nutrition Service (2002). Federal Managers' Financial Management Integrity Act (FMFMIA) Report: Fiscal Year 2002; Food and Nutrition Service (2001). Federal Managers' Financial Management Integrity Act (FMFMIA) Report: Fiscal Year 2001*.

Program Assessment Rating Tool (PART)

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service  
**Type(s):** Block/Formula Grant

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

**3.BF1 Does the program have oversight practices that provide sufficient knowledge of grantee activities?** Answer: YES Question Weight: 11%

Explanation: Every State agency submits a quarterly report documenting administrative expenditures by category (including, for example, certification, issuance, quality control, ADP, and nutrition education). FNS conducts financial management reviews in all States on a 3 to 5 year cycle to obtain reasonable assurance that the financial information reported by State agencies is correct and complete; that it represents proper expenditures of Federal funds; and that States have complied with applicable financial requirements. Program expenditures may also be reviewed by independent auditors conducting annual Single Audits and periodically by USDA's OIG. States are required to correct identified deficiencies. A priority area for State management reviews in 2003 and 2004 is nutrition education. These reviews examine consistency with the approved plan, the scope of evaluations, allowability of matching funds, and proper documentation and allocation of administrative funds.

Evidence: Food and Nutrition Service Financial Management Review (FMR) Guide; 7 C.F.R. 275 Performance Reporting System

**3.BF2 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: YES Question Weight: 11%

Explanation: FNS collects and publishes a wide range of performance data from States on an annual or more frequent basis. Performance reports made available on the FNS web site include monthly State data on participants, households, and benefits issued; annual reports on participants' characteristics and on participation rates among those eligible for benefits; and special studies and evaluations. An annual Food Stamp Program State Activity Report, containing data on the certification process, program integrity and claims activity, is distributed widely to governmental and non-governmental parties. Quality Control data are collected throughout the year, published annually, and made available to the public upon request.

Evidence: Food Stamp Quality Control Annual Report; Food Stamp Program State Activity Report; Program Information Report (Keydata); www/fns.usda.gov/fns

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

Explanation: The Agency is making steady progress in achieving its long-term goals. Participation rates have increased 3 percentage points in 2 years after falling for 5 consecutive years. Long-term targets for payment accuracy will be set based on 2004 data, to reflect the impacts of the 2002 Farm Bill. However, payment error rates have already fallen for 4 consecutive years, from 10.7 percent in 1998 to 8.26 percent in 2002. Cross-Cutting Measures: Reductions in the rate of food insecurity with hunger were somewhat ahead of target through 2000. Rising unemployment and increased poverty have contributed to a subsequent increase in the rate of food insecurity with hunger in 2001. There was no change in the HEI between 1996 and 1999-2000.

Evidence: Cunnyngham, K. (2003) *Trends in Food Stamp Program Participation Rates: 1999 to 2001*. U.S. Department of Agriculture, Food and Nutrition Service; Food Stamp Program Quality Control Annual Report; Nord, M., and M. Andrews (2002). *Reducing Food Insecurity in the United States: Assessing Progress Toward a National Objective*. U.S. Department of Agriculture, Economic Research Service; Basiotis, P., A. Carlson, S.A. Gerrior, W.Y. Juan, and M. Lino (2002) *The Healthy Eating Index: 1999-2000*. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion.

Program Assessment Rating Tool (PART)

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service  
**Type(s):** Block/Formula Grant

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

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

**Explanation:** The program exceeded its target for payment accuracy in 2002: the combined error rate was 8.26 percent compared to a target of 8.7 percent. 27 States improved payment accuracy rates between 2001 and 2002. Preliminary estimates suggest that the program will also exceed its target for payment accuracy in 2003. Data are not yet available to assess achievement of annual goals for participation rates among eligible individuals. Participation rates did increase from 58.8 percent in September 1999 to 61.6 percent in September 2001. (State data are not yet available for 2001; 29 States showed nominal increases in participation rates between 1999 and 2000, though the margin of error associated with estimates of change are substantial). Average caseloads have grown by an additional 5 million participants since September 2001, but information on growth in the number of people eligible for benefits is not yet available.

**Evidence:** U.S. Department of Agriculture (2003) *Performance and Accountability Report for FY 2002; Program Information Report (KEYDATA)*; Cunyningham, K. (2003). *Trends in Food Stamp Program Participation Rates: 1999 to 2001*. U.S. Department of Agriculture, Food and Nutrition Service; Schirm, A., and L. Castner (2002). *Reaching Those in Need: State Food Stamp Participation Rates in 2000*. U.S. Department of Agriculture, Food and Nutrition Service.

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

**Explanation:** The program has demonstrated improvements in the areas of payment accuracy and reduced trafficking. Claims collections have plateaued in recent years, and declined slightly in the Treasury Offset Program.

**Evidence:** Food Stamp Program Quality Control Annual Report; Cunyningham, K. (2003) *Trends in Food Stamp Program Participation Rates: 1999 to 2001*. U.S. Department of Agriculture, Food and Nutrition Service; Macaluso, T. (2003) *The Extent of Trafficking in the Food Stamp Program: 1999-2002*. U.S. Department of Agriculture, Food and Nutrition Service.

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

**Explanation:** The Food Stamp Program is more effective than the Emergency Food Assistance System in reaching the low-income population with targeted assistance that meets basic food needs. Food stamps ensure a basic level of assistance to all those eligible, target benefits more effectively to lower-income recipients, and enable a more equitable distribution of resources. The evidence demonstrating the effect of program participation on individual nutrient intakes is stronger for WIC and NSLP than food stamps, consistent with the greater control those programs exert over the nutrient content of the benefit they provide. Policy proposals to impose more restrictions on allowable food stamp purchases have been rejected in the past as impractical and ineffective.

**Evidence:** Fox, M. (ed) (forthcoming) *Evaluating the Impact of Food Assistance and Nutrition Programs: Volume IV - Summary of the Literature Review*. U.S. Department of Agriculture, Economic Research Service; Briefel, R., J. Jacobson, N. Clusen, T. Zavitsky, M. Satake, B. Dawson, and R. Cohen (2003) *The Emergency Food Assistance System - Findings From the Client Survey: Final Report*. U.S. Department of Agriculture, Economic Research Service; Ohls, J., F. Saleem-Ismael, R. Cohen, B. Cox (2002) *The Emergency Food Assistance System - Findings From the Provider Survey*. U.S. Department of Agriculture, Economic Research Service.

Program Assessment Rating Tool (PART)

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service  
**Type(s):** Block/Formula Grant

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

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

Answer: LARGE  
EXTENT

Question Weight: 20%

Explanation: Participation has been shown to increase food expenditures and the availability of key nutrients in the household food supply (and provision of an in-kind benefit has been shown to have a greater effect than an equivalent amount of cash). The program has also been shown to reduce the depth of child poverty, and to provide an automatic countercyclical response to changing economic conditions. Participation may contribute to increased nutrient intake, but the evidence is not conclusive, partly the result of limitations in measurement techniques and nutrition standards. Studies of the impact of program participation on hunger have a short history and inconclusive results, although qualitative assessments during the program's early history reported substantial reductions in hunger and clinical malnutrition. Further studies and analysis are required to demonstrate the relationship between program participation and impacts on hunger and dietary status.

Evidence: Fox, M. (ed) (forthcoming) *Evaluating the Impact of Food Assistance and Nutrition Programs: Volume IV - Summary of the Literature Review*. U.S. Department of Agriculture, Economic Research Service; Rossi, P. (1998) *Feeding the Poor: Assessing Federal Food Aid*. Washington, DC: The American Enterprise Institute Press; Fraker, T. (1990) *The Effects of Food Stamps on Food Consumption: A Review of the Literature*. U.S. Department of Agriculture, Food and Nutrition Service; Hanson, K. and E. Golan (2002) *Effects of Changes in Food Stamp Expenditures Across the U.S. Economy. Issues in Food Assistance* (Food Assistance and Nutrition Research Report Number 26-6). U.S. Department of Agriculture, Economic Research Service; Jolliffe, D., C. Gundersen, L. Tiehen, and J. Winicki. (2003) *Food Stamp Benefits and Child Poverty in the United States: An Examination of Food Stamp Efficacy in Alleviating Child Poverty*. U.S. Department of Agriculture, Economic Research Service.

## PART Performance Measurements

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service

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**Measure:** Percent of eligible individuals who participate in food stamps

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001		61.6%	
2004	64.0%		
2005	65.3%		
2006	66.7%		
2007	68.0%		

**Measure:** Combined food stamp payment error rate (overissuance plus underissuance)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term (Efficiency Measure)
2002	8.7%	8.3%	
2003	8.5%		
2004	7.8%		
2005	7.4%		

**Measure:** Percent of eligible individuals who participate in food stamps

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001		61.6%	
2004	64.0%		

## PART Performance Measurements

**Program:** Food Stamp Program  
**Agency:** Department of Agriculture  
**Bureau:** Food and Nutrition Service

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**Measure:** Percent of eligible individuals who participate in food stamps

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2005	65.3%		
2006	66.7%		
2007	68.0%		

**Measure:** Combined food stamp payment error rate (overissuance plus underissuance)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2002	8.7%	8.3%	
2003	8.5%		
2004	7.8%		
2005	7.4%		

## Program Assessment Rating Tool (PART)

**Program:** Forest Legacy Program (FLP)  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Competitive Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	38%	80%	53%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The purpose of the Forest Legacy program (FLP) is clear. The program was designed to identify and protect environmentally important private forestlands that are threatened by conversion to nonforest uses. Land acquisition is conducted to protect important scenic, cultural, fish, wildlife and recreation resources, riparian areas and other ecological values using conservation easements and full fee purchase. Both purchase and donation are used to acquire forestland meeting FLP purposes from willing sellers or donors only.

**Evidence:** 16 U.S.C. 2130c et. seq. authorizes the Secretary of Agriculture to provide financial, technical, educational, and related assistance to States, communities and private forest landowners. Authorized activities include forest land protection and the protection of important scenic, cultural, fish, wildlife, and recreational resources, riparian areas, and other ecological values. 16 U.S.C. 2103c(a). The Secretary is authorized, at the request of a participating State, to make a grant to a State to carry out the FLP in the State, including the acquisition by the State of lands and interests in land. 16 U.S.C 2103c(l). See also Forest Service Handbook (FSH) 6509.11g,24.1 and FY 2004 Budget Justification.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** The FLP was established to help prevent the fragmentation, parcelization and loss of private forestland and to encourage good management of those lands. Forest fragmentation, especially from land use conversion from forest to non-forest uses, can impact sustainable forest management. The pressures to convert private forests to development and other nonforest uses is great across many areas of the country. Expanding settlement into rural areas, changing land ownership dynamics and sprawling development patterns and expanding second home development into wild areas can change management options of those lands, can reduce the amount of forest resources available for the production of forest goods and alter their capacity to deliver associated environmental services.

**Evidence:** The 9.9 million non-industrial private forest landowners control approximately 393,000 acres or 48 percent of the Nation's forests, but less than 10 percent of those owners have written forest management plans. The average ownership is about 20 acres and is projected to be about 16 by 2010 (Birch, 1996). According to Natural Resources Conservation Service's National Resource Inventory over 10 million acres of forestland were converted to development between 1982 and 1997 (NRI, 1997). This equates to over 670,000 acres per year. FLP requires that forest be acquired only in focused areas of private forest, known as Forest Legacy Areas, that are determined through analysis and public input to be the most important forest areas and the ones most threatened (Cooperative Forestry Assistance act of 1978 (16 U.S.C. 2103c et seq.)).

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

**Explanation:** The FLP is a unique federal land conservation program. It is the only federal program that focuses on forest land and aims to ensure that traditional forest uses of private lands and the public benefits are protected for future generations. Although a number of States have land conservation programs that can acquire forestland and many non-profit organizations, including land trusts, acquire forest land, few reach beyond the purchase of forest habitat. The FLP is designed to retain "working forest" areas with requirements toward management of the land. This uniqueness has resulted in FLP being a program that acts as a catalyst for land conservation partnerships between Federal, State and Local governments and non-governmental organizations.

**Evidence:** The FLP fills a niche in land conservation. It is targeted toward the compatibility between maintaining working forests that provide a benefit to the private citizen and to securing public benefits for the long term. Other conservation programs protect forest area and habitats, but do not provide for the maintenance of the working forested landscape.

## Program Assessment Rating Tool (PART)

**Program:** Forest Legacy Program (FLP)  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Competitive Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	38%	80%	53%	Demonstrated

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

**Explanation:** The Forest Legacy Program regional oversight structure is ill-equipped to manage growing project funding and State participation. The current Forest Service strategy for implementing the Forest Legacy Program does not lend itself to nationally prioritizing projects. The Forest Service's financial accounting system provides incomplete obligation and expenditure information on the Forest Legacy Program, resulting in the inability to accurately evaluate the use of Forest Legacy funds.

**Evidence:** Report of the Surveys and Investigations Staff on the Forest Legacy Program to the House Committee on Appropriations, June 2002 (S&I Report). The Forest Service Manual, a central element of the agency's directives system, lacks any reference to the FLP, its objectives, or its goals. See also the FY 2003 conference report to accompany H.J.Res. 2, H.Rpt. 108-10, pps. 1008-1009.

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

**Explanation:** All FLP projects must occur within designated high priority regions of each participating State known as Forest Legacy Areas. These areas are delineated through an analysis of resource and economic data to arrive at Eligibility Criteria used to select target areas. These areas are confirmed through a public participation process. Individual projects are prioritized by the State through an interdisciplinary board known as the State Forest Stewardship Coordinating Committee in accordance with their Assessment of Need plan for the State and are advanced to the Forest Service for selection using national criteria that reflect national program goals. FLP funds for selected projects are provided to willing sellers.

**Evidence:** All FLP projects are done in areas targeted by the State as high priority for private forestland conservation and accomplished through challenge cost-share with multiple partners. Projects must demonstrate significant public benefits exist, are threatened by conversion, are strategic in that they play into a broader conservation plan or initiative and must be sufficiently ready to warrant federal investment. (FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.). Taken together these indicate that a project must link to program purposes and have clearly identified willing sellers.

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?**      Answer: NO      Question Weight: 12%

**Explanation:** The Forest Service needs to establish meaningful performance measures for the Forest Legacy Program. Currently, the only stated goal of the program is to "slow the conversion of private forestland to non-forest uses." However, the FLP is currently developing additional outcome measures focused on assessing the extent to which FLP is protecting public benefits provided by private forests and another to assess the extent to which FLP is aiding in the prevention of parcelization.

**Evidence:** S&I Report, June 2002.

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

**Explanation:** The FLP's absence of outcomes-based performance measures that meaningfully reflects the program means, in effect, that any contribution to the total number of acres acquired is considered a success.

**Evidence:** Agency Strategic Plan sets milestone and indicators to demonstrate progress by 2006.

## Program Assessment Rating Tool (PART)

**Program:** Forest Legacy Program (FLP)  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Competitive Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	38%	80%	53%	

**2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: NO Question Weight: 12%

**Explanation:** Although the FLP annual targets attempt to link to the long-term objectives of the agency strategic plan's milestones, the agency has not established either performance measures or how the addition of FLP acquisitions advances in a measureable way to agency strategic plan milestones.

**Evidence:** Agency Strategic Plan. FY 2003 and FY 2004 Budget Justifications. GAO Report 03-503, Little Progress on Performance Accountability Likely Unless Management Addresses Key Challenges (GAO Performance Accountability Report), May 2003.

**2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: NO Question Weight: 12%

**Explanation:** The FLP lacks specific annual performance measures.

**Evidence:** Agency Strategic Plan. FY 2003 and FY 2004 Budget Justifications.

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

**Explanation:** The FLP is implemented through State agency partners and in collaboration with land trusts and other non-profit organizations such as the Trust for Public land, the Conservation Fund and the Nature Conservancy all working to accomplish their organizational goals and in support of the Agency's annual and long-term goals.

**Evidence:** The FLP authorizing legislation address partnership with states and involvement of other partners. The FLP Implementation Guidelines outline direction to encourage and guide participation by land trusts and other partners. The report to the Committee on Appropriations of the House of Representatives on the FLP indicates the connections and support of land trust organizations to achieve agency program objectives.

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

**Explanation:** Within the last five years, the FLP has had periodic evaluations at all levels and has undergone several independent assessments or investigations. The FLP conducts programs reviews of State programs that includes assessments of program management, financial management and partnership relations. These are conducted by teams of Forest Service, State and other partners. Each review team is composed of members that have oversight responsibility and includes others who are independent of that State's operations. The Forest Service conducts regional program reviews using the same approach for each region at least every five years. The program has undergone an independent survey by OIG in 2000 and an investigation by the Committee on Appropriations of the House of Representatives in 2002.

**Evidence:** Reports are on file for State program reviews. The Forest Service Washington Office conducted a review of Region 6 in 2002 and currently reviewing the program in Region 3 and has scheduled a review of the Northeastern Area in the fall of 2003. USDA OIG review memo dated November 22, 2000. A report to the Committee on Appropriations of the House of Representatives on the U.S. Forest Service Forest Legacy Program, Surveys and Investigations staff, June 2002.

## Program Assessment Rating Tool (PART)

**Program:** Forest Legacy Program (FLP)  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Competitive Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	38%	80%	53%	

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

Explanation: Although it has progressed on important budget and work-plan systems, the Forest Service has not established linkages between these components of a performance accountability system with its strategic goals and performance results. Until this linkage occurs, the agency will be unable to report how its activities were accomplished at a given cost in an integrated, results-oriented manner.

Evidence: GAO Performance Accountability Report, May 2003. FY 2004 Budget Justification.

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

Explanation: The FLP is about to launch the development of a five-year program strategic direction that will articulate national goals, objectives, performance measures and identify issues and trends affecting forests in regions across the country.

Evidence: FY 2003 Appropriations Conference Report

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight: 10%

Explanation: State and Private Forestry collects annual accomplishment data from States and other program implementation partners through a Performance Measurement Accountability System. The FLP also has developed and maintains a Forest Legacy Information System that tracks project status and accomplishment including participation and input by all partners.

Evidence: Output reports for the Performance Measurement Accountability System (PMAS). Forest Legacy Information System database (FLIS)

**3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight: 10%

Explanation: All agency line officer performance standards and evaluation criteria include requirements on GPRA goals and objectives, and the attainment of annual performance targets. States conduct projects via a grant from the agency. The grant agreement outlines performance standards and requires periodic status reporting in order to obtain funding and be reimbursed for expenditures.

Evidence: Line Officer Annual Evaluation and Performance Standards; grant agreement files and status reports

**3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight: 10%

Explanation: FLP grant funds are allocated to the field units in accordance with a Program Direction that articulates specific amounts to be expended on program management and administration and for individual projects. Appropriated funds are allocated to field units as soon as possible.

Evidence: FY 2003 FLP Program Direction; FFIS and Fund Control reports

Program Assessment Rating Tool (PART)

**Program:** Forest Legacy Program (FLP)  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Competitive Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	38%	80%	53%	

**3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: NO Question Weight: 10%

**Explanation:** The FLP does not utilize unit cost comparisons. The agency has contended that total cost/acre acquired is an inadequate efficiency measure, but has not explored other potentially beneficial measures such as timing targets or personnel cost/acre acquired. Current plans for developing other efficiency measures would measure applicant requests for program funding--a measure of demand and not efficiency. Additionally, the agency does not fully utilize the internet in grant-making or GIS-based evaluations.

**Evidence:** FY 2003 Program Direction; Budget Execution Documents; FSM and FSH.

**3.5 Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight: 10%

**Explanation:** The FLP is a cooperative program implemented through partnerships between the Forest Service and State lead agencies along with local governments, private landowners and non-governmental organizations. Almost all FLP projects funded in FY 2003 and those proposed for FY 2004 reflect Forest Service and State partnership with land trusts, community groups or local governments and their agencies. All FLP projects are reviewed and recommended by State Forest Stewardship Coordinating Committees, public-private partnership entities consisting of members who have a stake in forests and forestry in that State. Only projects that are developed and supported by a collaborative process are eligible. The FLP coordinates with other FS programs such as Forest Stewardship, Land and Water Conservation Fund and with other federal programs such as the NRCS Farmland Protection Program and U.S Fish and Wildlife's North America Wetland Conservation Act Program.

**Evidence:** State Assessment of Need documents demonstrate strategic application and contain the State Forest Stewardship members and their affiliation. FLP Project Briefing Sheets contain details about each project and the partnerships that are involved to accomplish the project. As of May 8, 2003 FLP has conserved almost 353,000 acres with an estimated value of about \$199,000,000 through a federal investment of \$94,000,000. This leverage is the result of collaborative participation by states and non-governmental entities. Examples of collaborative projects in FY 2003 include a CT project in which 8 separate landowners, but abutting properties will work cooperatively to jointly protect over 706 acres in a watershed area. A GA project will protect 5600 acres with the participation of a state land protection program and landowner donation that will allow bring a non-federal match 50%. State develop and maintain MOUs with non-profit organizations to conduct monitoring and management functions on the land.

**3.6 Does the program use strong financial management practices?** Answer: YES Question Weight: 10%

**Explanation:** All projects are funded through federal assistance grants. These agreements are guided by regulation and bind each party to specific accomplishments in a discrete time frame. The agency tracks grant activity and expenditures through its Financial Foundation Information System (FFIS). Multiple payment systems are utilized by FS regional offices. The Northeastern Area adopted the Health and Human Services system and contract with them for service. No material weakness has been found with that system. The House Committee on Appropriations Surveys and Investigation Staff found that there were weakness in the FFIS system to provide adequate information to assist program management, but supported the use of this system for financial management functions and directed the agency to better utilize the system for enhanced program management.

**Evidence:** Oversight by grants management and fiscal specialists in regional and national offices. Reports of periodic reviews of State program management and financial management operations. FFIS reports of grant status and expenditures. House Committee on Appropriations report on the U.S. Forest Service Forest Legacy Program, June 2002. FY 2002 GAO Clean Audit Report

## Program Assessment Rating Tool (PART)

**Program:** Forest Legacy Program (FLP)  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Competitive Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	38%	80%	53%	Demonstrated

**3.7 Has the program taken meaningful steps to address its management deficiencies?**

Answer: YES

Question Weight: 10%

**Explanation:** FLP regional program managers develop review teams composed of regional, national and other state participants to conduct program and financial management reviews. The Washington Office conducts regional program and general management reviews with every region on a five-year cycle. The agency has hired dedicated program management staff to increase the oversight and service delivery functions. Regions conduct periodic (semi-annual or annual) meetings with all State program managers to discuss program management issues and policies. An annual national meeting is held to focus on program management issues and policy options to address them. FLP has received extensive program management direction in P.L. 108-7 and the corresponding conference report. The program also received a extensive direction through the finding outlined in the House Committee on Appropriations Surveys and Investigations Staff report.

**Evidence:** State FLP Review reports, Management Review reports, Program managers meeting minutes. The agency has developed a formal response to the House Committee on Appropriations on the S&I Staff report. This report takes an action-oriented approach that outlines the issues raised and actions that the agency has taken and commits to take to address the issues. The agency has already taken action regarding these findings in the areas of project selection, appraisal review, appropriate staffing, program implementation guidelines revision to address issues raised in the report and articulated in appropriations bill language, cost share calculation and grant management procedures. FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.

**3.CO1 Are grants awarded based on a clear competitive process that includes a qualified assessment of merit?**

Answer: YES

Question Weight: 10%

**Explanation:** FLP is a competitive grants program. Projects are submitted to States annually via a request for applications or open application process. State Forest Stewardship Committees review and rank all proposals based on selection factors or criteria. The FS conducts a regional review and projects are selected based on national criteria and additional selection factors used to comply with congressional direction and program goals by a national panel of Forest Service and State members.

**Evidence:** States outline selection factors or criteria in State Assessments of Need. The Forest employs national criteria and additional selection factors derived from the authorizing legislation, congressional direction and program management goals. In FY 2003, 94% of the funds appropriated are allocated to land acquisition projects. Approximately 6% are allocated to program management functions and activities to support the program. OMB direction to develop a list of specific projects detailing the full expenditure of projected budget amounts like in Land and Water Conservation Fund helps to drive a competitive process that has resulted in reduced congressional earmarking. FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.

**3.CO2 Does the program have oversight practices that provide sufficient knowledge of grantee activities?**

Answer: YES

Question Weight: 10%

**Explanation:** Grants management and oversight is conducted by fiscal staff and by program management staff. Every region has dedicated grants and agreement specialists that provide oversight and processing assistance. Program management staff has been expanded to additional dedicated staff in the Northeastern Area, dedicated staff for Region 1 and 4 and another for Regions 5/6/10 and additional staff in headquarters. Grants tracking is conducted via the payment system of the region issuing the grant (HHS or NFC systems). Regions supplement systems with data base records for program management operations. Semi annual activity and progress reports are required for all grants. Program managers conduct field reviews with States and other partners to ensure performance and timely outcomes.

**Evidence:** FFIS reports. Field Review reports. Internal audits. FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.

Program Assessment Rating Tool (PART)

**Program:** Forest Legacy Program (FLP)  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Competitive Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	38%	80%	53%	

- 3.CO3 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: NO Question Weight: 10%
- Explanation: FLP collects annual performance data via its Performance Measurement and Accountability System. This data is compiled, analysis and reported to FS regions and States, but it is not available to the general public. FLP has a Forest Legacy Information System that tracks every funded project's progress. It is available to anyone who requests a password. Data on project and funding details are available. General accomplishment reporting, project selection results and use of funds percentages are distributed widely and are accessible on the web site.
- Evidence: FS grant management database (availability limited). FLIS and PMAS databases. Forest Service web site.
- 4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight: 20%
- Explanation: Additional programmatic long-term goals need to be established and are in development.
- Evidence: GPRA, Agency's Strategic Plan, the Agency's Annual Consolidated Report, FLP National Report for 2001
- 4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: NO Question Weight: 20%
- Explanation: Annual performance goals are established based on budget availability. Projects take an average of 12-18 months to complete. Due to normal real estate transaction time frames a time lag factor exists between appropriation and accomplishment. Increased funding in FY 2001 and FY 2002 are now beginning to demonstrate accelerated acquisitions. Delays in funding allocations to the field (as occurred with meeting FY 2002 fire cost suppression emergencies) result in missed targets. The FLP missed its targets for FY 2001 and 2002 for these reasons.
- Evidence: GPRA, Agency's Strategic Plan, the Agency's Annual Consolidated Report, FLP National Report for 2001, FY 2004 Budget Justification, OIG Review report on the Forest Legacy Program 11-22-2000, A Report to the Committee on Appropriations U.S. House of Representatives on the U.S. Forest Service Forest Legacy Program, Surveys and Investigations Staff, June 2002.
- 4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: LARGE EXTENT Question Weight: 20%
- Explanation: The program has taken a number of actions to improve efficiency and to respond to criticism of program management functions. The program has instituted a project selection process criteria that focuses on the readiness of projects. Readiness is indicated along a gradient from State approval and early negotiations to signed purchase option or agreement to a completed appraisal and easement. This focus on preference to projects that have undergone additional due diligence will continue to and has shortened the time between funding and accomplishment. Also, the FS has expanded its program administration funding to States to allow them the flexibility to conduct due diligence steps with potential projects so as to increase the level of certainty that a selected project will be successfully completed and in a shorter time frame. The program has expanded dedicated staff to maximize attention and oversight on program management and to more quickly address partner's needs and to reduce costs.
- Evidence: FLP project selection criteria. FY 2003 Program Direction. May 2003 FS Response to House S&I Report, June 2002. FLP Project Selection Policy- FY 2004 from S&FP Deputy Chief dated July 31, 2002.

Program Assessment Rating Tool (PART)

**Program:** Forest Legacy Program (FLP)  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Competitive Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	38%	80%	53%	

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

Explanation: FLP performs very well when compared to other land conservation programs. FLP is efficient in getting maximum funds to the field to produce acquisitions. The program has enjoyed excellent leveraging of federal resources to produce acquisitions. In independent evaluations from OIG, GAO, The House Committee on Appropriations and through congressional oversight, FLP compares favorably with other government and private programs.

Evidence: NRCS Farmland Protection Program, NAWCA, LWCF, OIG Review report on the Forest Legacy Program 11-22-2000, A Report to the Committee on Appropriations U.S. House of Representatives on the U.S. Forest Service Forest Legacy Program, Surveys and Investigations Staff, June 2002.

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

Explanation: This program has undergone independent evaluations from OIG, GAO, The House Committee on Appropriations and through congressional oversight. These investigations and surveys have identified issues and needs for improvement in specific areas, but have all come to indicate that the program is valuable and effective. Its effectiveness could be better appreciated with the adoption of adequate performance measures, which could include the percentage of priority forest lands at risk of conversion to non-forest uses maintained in contiguous forest.

Evidence: OIG Review report on the Forest Legacy Program 11-22-2000, A Report to the Committee on Appropriations U.S. House of Representatives on the U.S. Forest Service Forest Legacy Program, Surveys and Investigations Staff, June 2002.

## PART Performance Measurements

**Program:** Forest Legacy Program (FLP)

**Agency:** Department of Agriculture

**Bureau:** Forest Service

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**Measure:** Forest Legacy Priority Acres Protected

**Additional Information:** This measure tracks a basic unit of accomplishment.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	200,000	84,709	
2002	200,000	57,009	
2003	250,000		
2004	300,000		

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The purpose of the Program is clearly articulated in the McIntire-Stennis Cooperative Forestry Research Act of 1962. How this legislative intent is translated into programmatic activities is detailed in the CSREES Administrative Manual for the McIntire-Stennis Cooperative Forestry Program

**Evidence:** Section 7 of the The McIntire-Stennis Act of October 10, 1962 as amended, Public Law 87-788 76 Stat. 806, 16 U.S.C. 582a, et seq. (see Appendix A, pp.1-2) Act is specific in defining forestry research as investigations relating to 1) Reforestation and management of land for the production of crops of timber and other related products of the forest; 2) management of forest and related watershed lands to improve conditions of water flow and to protect resources against floods and erosion; 3) management of forest and related rangeland for production of forage for domestic livestock and game and improvement of food and habitat for wildlife; 4) management of forest lands for outdoor recreation; 5) protection of forest land and resources against fire, insects, diseases, or other destructive agents; 6) utilization of wood and other forest products; 7) development of sound policies for the management of forest lands and marketing of forest products; and 8) such other studies as may be necessary to obtain the fullest and most effective use of forest resources. The Administrative Manual for the McIntire-Stennis Cooperative Forestry Research Program (see Appendix B, pp. 4-8) specifies how CSREES implements this Program for the Department of Agriculture and interprets the requirements of the law for state partners. Each eligible institutional partner is required to submit an annual report.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** The Program addresses the existing and specific need for forestry research as defined in the McIntire-Stennis Act of 1962. Such research is an important resource for citizen owners, industry users, local communities, and consumers of forest products

**Evidence:** In the Administrative Manual, the Program specifically addresses (1) reforestation and management of land for the production of timber and other related products of the forest; (2) management of forest and related watershed lands to improve conditions of water flow and to protect resources against floods and erosion; (3) management of forest and related rangeland for production of forage for domestic livestock and game and improvement of food and habitat for wildlife; (4) management of forest lands for outdoor recreation; (5) protection of forest land and resources against fire, insects, diseases, or other destructive agents; (6) utilization of wood and other forest products; (7) development of sound policies for the management of forest lands and the harvesting and marketing of forest products; and (8) such other studies as may be necessary to obtain the fullest and most effective use of forest resources (see Appendix B: the Administrative Manual, p. 4).

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

**1.3**      **Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**      Answer: YES      Question Weight: 20%

**Explanation:** The Program was created and amended to specifically meet the unique research needs of private, non-industrial forest lands and their owners because no other Federal, state, local or private effort focuses on this problem. There is no redundancy with other Federal, State, local or private sector research. McIntire-Stennis research focuses on privately owned non-commercial forestland and is conducted by land-grant institutions, while Forest Service research focuses primarily on the national forest system, and industry work focuses mainly on large scale, commercial holdings held for timber and pulp production. There is very little overlap with the McIntire-Stennis program research; there is some complementarity in areas of scale-neutral production processes. Private organization research is limited in size and scope, and is heavily dependent on the scientific and management knowledge generated by the McIntire-Stennis Program.

**Evidence:** The uniqueness of this program is its scope and scale of private, non-industrial forests. The combined work of forestry schools, funded through the Act and dissemination of science-based research results through cooperative extension is the unique source of information and practices to these land owners. Consistent with the purpose of the Act, most McIntire-Stennis research is in the problem area of Management of Forest Resources. Other focal areas where McIntire-Stennis exceeds that of Forest Service and industry include Economics of Timber Production, Remote Sensing, Market Development and Marketing Efficiency, Supply Demand and Prices, New and Improved Engineering Systems, Multiple Use of Forestlands, Improving Income Opportunities, and Outdoor Recreation. CSREES uses the Current Research Information System (CRIS) to ensure that the Agency's research activities are complimentary and not redundant with those conducted by other research programs

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

**Explanation:** Program design is mandated by Congress. In 1974, amendments to the McIntire-Stennis Program provided for improvements due to new scientific developments. Even though authorizing legislation strictly prescribes the funding formula, the management of the Program ensures portfolio effectiveness and efficiency through stakeholder input, peer review and program leader assessment. However, there may be alternatives to the current formula approach that may result in a more effective allocation of resources and a more effective use of funds.

**Evidence:** States design their projects to address the existing specific needs of their local or regional area. Reforestation plays a key role in the restoration of ecosystems and research results provide private, non-industrial restoration managers with valuable tools. Annual financial support comes from the Program, along with partnerships from federal, state, and private cooperators. Proposals and budgets are subject to review and approval to ensure relevance (effectiveness) and cost efficiency. Universities maintain the nation's most diverse forestry research and education portfolio. In contrast, the Forest Service focuses on core biological criteria and has a slight plurality of its research FTEs focused on productive capacity. The forest industry focuses on productivity questions relating to large, economically significant industrial holdings (See Appendix C: National Research Council, Board on Agriculture and Natural Resources National Capacity in Forestry Research, 2002, p. 57).

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

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

**Explanation:** By Congressional design, this Program directly benefits 10 million private, non-commercial forest land owners, covering 400 million acres 60% of the Nation's timber lands. By specifically involving the university research community and the private forest land sector, the Program has been carefully crafted and managed to meet the special needs and concerns of the forestry research community that studies these private lands. The program has funded the creation and continuing support of a cadre of university scientists and educators focused on these problems. Delivery to the targeted audience is effectively accomplished through the Cooperative Extension Service at the respective universities, and in collaboration with private land owners associations.

**Evidence:** The Program effectively delivers the benefits of forest research directly to the 10 million private, non-commercial forest landowners who manage 400 million acres of privately held forest land. The highly applied research performed at public research oriented universities all have an effective extension/outreach function. In 2002, active forestry extension programs were in place in 29 states with substantial private forest ownership. These are concentrated in the South and North East where the majority of private, non-commercial lands are located. A 2002 Forest Service survey identified 1,346 full-time equivalents (FTEs) for government, industry and university forestry research; 598 FTEs in teaching; and 243 FTEs in extension. In total, 62% of these FTEs are devoted to research, 27% to teaching, and 11% to extension. Universities have the largest number of FTEs (62%) devoted to all three functions. The university sector also has 78% of all extension FTEs (See Appendix C: National Research Council, Board on Agriculture and Natural Resources National Capacity in Forestry Research, 2002, p. 57, 81). To deliver additional benefits to private, non-commercial forest land owners, a new generation of forest resource managers are receiving integrated and multidisciplinary training to understand and respect private owners diverse goals and help them manage their resources in a sustainable manner and contribute to society as well.

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

**Explanation:** Goals of the Program, as defined by the Act, are a basis for the USDA Strategic Plan FY (2002-2007) and the REE and CSREES Strategic Plans that include a limited number of specific, long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program. Departmental Strategic Goal 5 (consistent across all three plans) addresses protecting and enhancing the Nation's natural resource base and environment. The Act specifies a limited number of major goals and study areas for the Program, which remain the same until the oversight committee sees a need for revision. Specific long-term performance measures for program outcome include: 1) Increased forest management by non-industrial private forest owners; 2) Reduced rate of decline in U.S. forest land acreage; 3) Increased private forest land marketable fiber production and harvest.

**Evidence:** The specific long-term performance measures outlined in the CSREES Strategic Plan include: increase the percent of private forest land owners who have a written management plan for their forest land; reduce the decline of non-industrial private forests; and increase private forest marketable fiber production and harvest. The National Research Council listed five research priorities for forestry: biology of forest organisms, ecosystem function and management, human-forest interactions, wood as a raw material, and international trade, competition, and cooperation. The 1996 American Forest Congress identified research priorities for each major region of the country. The forest industry also developed research priorities through their participation in the Department of Energy Agenda 2020 competitive research process. The Forest Service Forest Experiment Stations have also developed strategic plans that outline research priorities. The goal is to improve the health and productivity of the nation's non-federal forest.

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	60%	100%	40%	

**2.2 Does the program have ambitious targets and timeframes for its long-term measures?**      Answer: YES      Question Weight: 11%

**Explanation:** The Congressional authorization explicitly states eight ambitious, meaningful areas of investigation that apply to privately owned, non-commercial forests: 1) reforestation and management of land for the production of crops of timber and other related products of the forest; 2) management of forest and related watershed lands to improve condition of water flow and to protect resources against floods and erosion; 3) management of forest and related rangeland for production of forage for domestic livestock and game and improvement of food and habitat for wildlife; 4) management of forestlands for outdoor recreation; 5) protection of forestland and resources against fire, insects, diseases, or other destructive agents; 6) utilization of woods and other forest products; 7) development of sound policies for the management of forestlands and the harvesting and marketing of forest products; and 8) such other studies as may be necessary to obtain the fullest and most effective use of forest resources. This program addresses significant national forestry problems on private, non-industrial lands to improve the management and use of forests and their habitats by specifically targeting the eight Congressionally determined areas. CSREES develops base performance levels for this extramural research portfolio along the investment criteria of quality, relevance and performance, subject to rigorous assessment by expert panels on a periodic (5-year) basis to determine progress toward solving national problems. This is consistent with the time frame of the program, including long term objectives, 5-year portfolio appraisals, and the up to 5 year life of each project.

**Evidence:** Baseline data for FY 2002 indicate that: 1) five per cent of private land owners, representing 22% of the acreage, had a written management plan for their forest land; 2) there has been a decline in the acres of America's forests under non-industrial private land ownership (down from 337 million acres in 1999); and 3) private forest marketable fiber production and harvest was at 47% of capacity. The program's targets and timeframes for long-term measures are outlined in the CSREES Strategic Plan (2002-2007). In FY2003, the McIntire-Stennis Program is establishing a new base line and target increments that will be specified throughout the strategic plan. However, CSREES still needs to demonstrate that its targets are ambitious. In each fiscal year, the Program strives to increase the percent of private forest land owners who have a written management plan for their forest land, reduce the decline of non-industrial private forests, increase private forest marketable fiber production and harvest, and increase the information on how agriculture, forest and range production practices impact on the environment. However, data reflecting these measures are not collected annually.

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

**2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?**      Answer: NO      Question Weight: 10%

**Explanation:** The relatively long-term nature of scientific investigation renders short-term measures difficult to quantify, and although useful, they are usually one of a chain of interim outcomes connected to the long-term goals, and they do not demonstrate the interconnectedness of research. McIntire-Stennis research projects typically extend over a 5-year life cycle, and significant performance outcomes (patents, best management practices) sometimes lag by several additional years; and more often add to the overall body of scientific findings that directly or indirectly support future discovery and applied research with even longer time horizons. Interim annual progress toward the ultimate solution of national problems via a long-term and complex researchextensionfield adoption chain is best assessed using the R&D investment criteria in a manner which can provide annual quantitative information (such as the CSREES proposed portfolio assessment tool).The Program includes specific annual performance measures designed to progress toward the accomplishment of long-term goals.

**Evidence:** National Program Leaders manage programs according to the Goals and Objectives in the Department and Agency Strategic Plans. Individual proposals (with 5 year plans and goals) are reviewed, approved and submitted by institutions. Appropriateness and relevance to current strategic plans is a funding criterion. (See Appendix A: McIntire-Stennis Act, Section 7). Measures cannot be annually quantified, and while useful, they do not correlate precisely to long term goals, as data for longer term performance are usually collected on a periodic basis, making annual assessment impossible. A draft assessment tool (in pilot testing) will be used to review portfolio relevance, quality, and performance, assigning a quantitative score to management performance. The procedure, based on OMB's new Research and Development Criteria, is under development in 2003, and baseline measures will be developed in 2004.

**2.4 Does the program have baselines and ambitious targets for its annual measures?**      Answer: NO      Question Weight: 10%

**Explanation:** Both the Departmental and CSREES Strategic Goal 5 address protecting and enhancing the Nation's natural resources base and environment. The Program's baselines and targets for its annual measures are outlined in the CSREES Strategic Plan, based on the benchmark situation in 2002 (specified under 2.2).Proposals and research plans are submitted for review and approval. Annual performance reports and termination reports verify progress and results relative to the annual performance goals under which they were approved. Portfolio of projects funded will be subject to rigorous assessment by expert panels on an annual and periodic (5-year) basis to determine the extent to which they are making progress toward solving targeted national problems. A new draft assessment tool (currently in pilot testing) will be used to review research portfolio relevance, quality, and performance, assigning a quantitative score to its management performance.

**Evidence:** Forestry issues are difficult to quantify on an annual basis. Data on measurements are collected only every 5 years, making retroactive measurement the only option in some cases. The CSREES plan does not include baselines or targets for its annual perormance measure, which is still under development.

Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	60%	100%	40%	

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

**Explanation:** All the major national and regional associations dealing with forestry, such as The National Private Landowners Association (NPLA) and the National Woodlot Association (NWA) are fully supportive of the Program goals and efforts, and take an active part in Program planning. The Forest Research Advisory Council, comprised of experts in the field, is another source of support of the program. The individual research proposals submitted by States reveal their support for, and relevance to, annual program planning efforts, and work toward achieving the long-term and annual goals of the Program.

**Evidence:** The charter of the Forest Research Advisory Council provides it with the authority to make recommendations on funding, planning and coordination of forestry research. The Act, by requiring non-Federal matching funds, provides the opportunity for Federal funds to leverage research and education dollars to support Program planning efforts by encouraging institutions to commit to the annual and long-term goals of the Program. Success of the program and its effectiveness in leveraging state and private-sector funds for forestry research are noted in the report. In FY 1997, total forestry research, extension, and education funding at public colleges and universities totalled \$204 million; of which McIntire-Stennis represented about 10%, other federal funds covered 24% (for a total of 34% of federal funding), States provided 44%, industry contributed 7%, and other non-federal sources (e.g., foundations) about 14%. (See Appendix G: The Role of Research, Education and Extension in Sustaining America's Forest Resources: Why You Should Care, NAPFSC, 1999, p.7.)

**2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight: 10%

**Explanation:** All proposals are reviewed by an expert panel for compliance with Program requirements, such as priorities, timeframe, etc. National Program Leaders annually review research programs, along with individual research project progress and final reports submitted by each institution, to monitor portfolio progress based on the time frame agreed upon during proposal approval. The Forestry Research Advisory Council (FRAC), comprised of external forestry experts, serves as a research area peer review panel and meets annually to review performance and provide future directional guidance to the Program in the up coming Fiscal Year. A FRAC Blue Ribbon Committee comprised of scientists, administrators and other stakeholders monitors and assess work conducted under Forest Service, McIntire-Stennis, and other USDA auspices and evaluate the results in terms of apparent national priorities and need. This Committee will perform regularly scheduled reviews of the Program and recommend standardized program activities. The Administrative Technical Representatives (ATR), as a group, will perform regular reviews of research projects at the institutional level to assure performance based on the timeframe. CSREES, through the newly reorganized Planning and Accountability Unit, is reorganizing the site visit system, scheduled to conduct regular reviews of the Program at participating institutions.

**Evidence:** Specifically relating to individual forest management practices, Bengston (Summary of Economic Evaluations for Forestry Research, October, 1999) and Hyde, Newman, and Sheldon (The Economic Benefits of Forestry Research, Iowa State University Press, 1992) found that forestry research consistently has positive economic rates of return. Returns for improvements in individual forest management practices ranged from 15 to 40 percent per year for most conventional research applications (National Capacity in Forestry Research. Committee on National Capacity in Forestry Research, Board on Agriculture and Natural Resources, Division on Earth and Life Sciences, National Research Council, National Academy Press, 2002). The same evaluation found economic benefits of return: costly ratios for individual management programs from 9 to more than 100 percent.

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

**2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?**      Answer: NO      Question Weight: 10%

**Explanation:** Section 8201 of the 2002 Farm Bill reaffirms the importance of the Program. Nevertheless, increases in the budget requests for the Program have not been solicited over the past decade due to competing and, in some cases, emerging and time-sensitive high priorities such as food and agricultural security, and overall budget limitations. The fact that funding requests for the Program have not significantly varied in recent times of extremely tight budget underscores that the Program has and continues to perform well, given its modest level of funding. There is no historical evidence that the Budget requests are tied to accomplishments of annual and long-term goals relating to specific Strategic Objectives from the Departmental and CSREES Strategic Plans.

**Evidence:** Budget and performance alignment is an evolving process that thoroughly integrates the goals and objectives articulated in the Departmental, REE, and CREES Strategic Plans (See Appendices H and J), and performance measures from the Departmental Action Plan, the Budget Integration Matrix, and the Budget Explanatory Notes (all are in final review and are not attached in the Appendices).

**2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?**      Answer: YES      Question Weight: 5%

**Explanation:** The Forestry Research Advisory Council provides recommendations and advice on forestry plans and needs. A Blue Ribbon Panel, recommended by the Council and comprised of scientists, administrators and other stakeholders, will monitor and assess work conducted under Forest Service, McIntire-Stennis, and other USDA auspices and evaluate results in terms of national priorities. The Planning and Accountability Unit within the Office of the Administrator works with each program area to update their strategic planning efforts. USDA Strategic Goal 5 and the corresponding CSREES Objective 5.1 specifically address forestry research and management including the McIntire-Stennis Program. As in the past, the Program's focus and priorities will be aligned with the new strategic plans as they are finalized (see Appendix H, p. 22 and Appendix I, p. 29).

**Evidence:** The Agency has developed a plan to improve the Program as recommendations are received from FRAC, the Panel, and other stakeholders. This includes the recent reorganization of the Planning and Accountability in 2002 within the CSREES Office of the Administrator. This unit is working with the Program to update its strategic planning efforts, ensuring alignment with Departmental goals as well as individual program clarity, and implementing a more stringent portfolio performance scoring procedure. The Program works closely with the Administrative Technical Representatives (ATR) to standardize forestry research at the institutional level. The Program provides funding based on a formula to assist States to carry out cutting-edge forestry research and education. No recommendations for meaningful steps to be addressed to the Program's strategic planning deficiencies have been made by the FRAC or the Blue Ribbon Panel.

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?**      Answer: YES      Question Weight: 10%

**Explanation:** All programs are required to collect performance information to be used for management. Management has undertaken a major review and upgrade of all these efforts with its 2002 reorganization. The Agency National Program Leader (NPL) maintains close and routine contact with partners to guide, monitor, and assist them in their efforts to ensure their work supports the goals of the Act and that regulations are met. Agency managers ensure that accomplishments are reported and assess the progress being made toward achieving the stated research project goals using the CRIS system.

**Evidence:** The Administrative Manual created by CSREES to administer the Program (Appendix B, part F) Essentials of Project Proposals must be addressed by grantees. Before a project is approved, it is reviewed both by the Administrative-Technical Representative (A-TR) at the eligible Institution and the CSREES National Program Leader to ensure that the objectives to be achieved are clear, complete, and logically arranged to allow the collection of credible performance measures. These are compiled and presented in the Institution's Annual Research Program Report. The agency has compiled and summarized these Annual Reports. These annual summaries are used to respond to Congressional inquiries, as well as to provide the CSREES National Program Leader with an overview of the Program's accomplishments. The annual reports from key Program partners research are posted in the CRIS database used for Department of Agriculture research efforts, and housed in CSREES. This information is regularly compiled for program planning and evaluation both at the State and Federal level.

**3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?**      Answer: YES      Question Weight: 10%

**Explanation:** In addition to statutory requirements, the program manager is subject to Federal Financial Assistance Regulations. Federal funds appropriated for this program each year are allocated on a formula basis and distributed each quarter to the Eligible Institutions. Funds are only released if certain programmatic, administrative, and financial requirements are met. Prior to submission to CSREES, project proposals are subjected to a merit review process at the institutional level.

**Evidence:** Per the Agency Administrative Manual (Appendix B), eligible Institutions are required to report annually on the status of each McIntire-Stennis project through the Current Research Information System (CRIS) by submitting CRIS Forms AD-419, Research Funds and Staff Support and AD-421, Progress Report. These reports are reviewed by the NPL in conjunction with the approval of the Annual Research Program prior to the distribution of funds. By December 31 of each year, institutions also are required to submit a SF-269, Financial Status Report, covering the total McIntire-Stennis Research Program expenditures for that fiscal year which ended September 30.

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

**3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?**      Answer: YES      Question Weight: 10%

**Explanation:** The CSREES internal grants management system, C-REEMS monitors the timely obligation of funds at the Federal level. Once these funds are made available to institutions, CSREES monitors their disbursement through the Department of Health and Human Services Payment Management System, and the review of the quarterly SF-272s (Federal Cash Transactions Reports) and the annual SF-269s (Financial Status Reports). Eligible institutions are subject to provisions of OMB Circular A-133. CSREES also conducts on-site program reviews. Finally, obligations and disbursements are monitored through the Foundation Financial Information System (FFIS). During the last five years, x (USDA to complete) percent of of funds were obligated each year.

**Evidence:** Annually, as soon as the budget is approved and funds are certified, formula calculations are performed for the States. Based on the mandated formula, each State receives \$25,000 in addition to set percentages of the allocated funds relative to timber volume, and timber research, resulting in a reckon factor to be presented to the States. Funds are obligated and disbursed to the States on a quarterly basis, beginning October 1 each Fiscal Year. Unobligated balances are subject to a five per-cent limitation. CSREES also conducts on-site program reviews. Reports and reviews of SF-269s and SF-272s, as well as information provided on the A-133 through the Federal Audit Clearinghouse and reports of Agency on-site reviews illustrate financial oversight of the McIntire-Stennis Program. Reports generated from CREEMS, reviews of both SF-269s and SF-272s, as well as information provided on the A-133 Audit results through the Federal Audit Clearinghouse and reports of Agency on-site reviews illustrate CSREES oversight of the Program. Operating procedures are available on the CSREES intranet website. The CSREES Grants Management System, has been offered by the Agency as a model grants management system for other USDA grant-making agencies.

**3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?**      Answer: YES      Question Weight: 10%

**Explanation:** Each project is required to annually report progress toward achieving its ultimate goals, and provide a termination report to the National Program Leader (NPL) via the Current Research Information System (CRIS). The NPL reviews the annual report in light of the project's plan and, based on project timeframe, suggests corrective measures to any detected deficiencies. At termination, impacts of the project, i.e., results of the investigation, are carefully examined. The Information Systems and Technology Management (ISTM) unit of CSREES is charged with the primary responsibility for developing and implementing a strategic approach to modernizing CSREES information technology resources. CSREES is committed to the goals of achieving efficiency and cost effectiveness in executing its programs through its ISTM e-Government and e-Grants programs.

**Evidence:** The transition to e-Government will result in electronic, paperless submission of proposals and research plans, along with paperless review, approval and authorization of funding. A new draft assessment tool (currently in pilot testing) will be used in annual and 5-year reviews of portfolio relevance, quality, and performance, assigning a quantitative score to its management performance. This information will be used to fine tune the annual direction of the program--within the Congressionally determined limits. CSREES has also made substantial progress in increasing efficiency in soliciting, reviewing, and awarding grants. The soon-to-be-implemented e-Government submission process will save time and money in both the preparation of proposals and in execution of the research. Fiscal efficiency is maintained because funded States are required to report quarterly Federal Cash Transactions Reports and annual financial status each year. CSREES has several new database systems under development which will increase the capability to collect, link, and use annual grant data. A comprehensive data management system, the Research, Education and Economics Information System (REEIS), is becoming fully operational and will allow full integration of data and information from multiple USDA and CSREES databases

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

**3.5 Does the program collaborate and coordinate effectively with related programs?**

Answer: YES

Question Weight: 10%

**Explanation:** The Act states that the total forestry research efforts of the several State colleges and universities and of the Federal Government are more fully effective if there is close coordination between such programs. The Act encourages states to join together in regional efforts to study problems of mutual interest. The Act also earmarks special grants. The Program collaborates and coordinates effectively with related programs that share similar goals and objectives between universities, universities and the Forest Service and Natural Resources Conservation Service of USDA, and universities and the US Geographical Survey of the US Interior department, and coordinates with forestry associations.

**Evidence:** The National Research Council's "National Capacity in Forestry Research" defines the collaboration and coordination of forestry-related research conducted by USDA, Forestry Schools and Colleges, and industry, and "The Role of Research, Education and Extension in Sustaining America's Forest Resources: Why You Should Care" more broadly defines the collaboration and coordination between research, higher education, and extension/outreach in providing relevant, scientifically sound and useful information to the Nation's forest owners and managers (See Attachment C and G.) CSREES encourages institutions to coordinate and collaborate with other organizations and agencies, and demonstrate these efforts in their proposals for funding. As part of the review process, CSREES carefully appraises the proposals to assure coordination and collaboration efforts.

**3.6 Does the program use strong financial management practices?**

Answer: YES

Question Weight: 10%

**Explanation:** Grantees must comply with general Federal financial assistance regulations, as well as specific USDA and CSREES implementing regulations. If an institution fails to submit technical and financial reports by June 15th, the fourth quarter formula funds and subsequent formula allocations are withheld until these requirements have been satisfied.

**Evidence:** Financial management is conducted as per OMB Circulars for Federal financial assistance, USDA regulations and the Administrative Manual, CRIS Instructions, C-REEMS instructions, and Agency records indicating the receipt and approval of financial and technical reports. In addition, CSREES implemented the Federal Financial Information System (FFIS in FY 2002).

Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	60%	100%	40%	

**3.7 Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight: 10%

**Explanation:** The Program has had no identified management deficiencies; however, the Agency has a number of improvement processes underway to upgrade its management efforts. CSREES is in the process of developing guidelines for reviewing officials to use as they review, make recommendations for changes, and approve the project proposals for all formula-funded research. CSREES also has taken action to improve: 1) general administrative, managerial, and fiscal functions; 2) post-award management of its entire grant system, including formula, as well as line-item, and competitive grant mechanisms; and 3) planning and accountability efforts. The Forestry Research Advisory Council (FRAC), the Blue Ribbon Committee, the Administrative Technical Representatives (RTA) work with the Program to monitor and assess work conducted. The newly organized CSREES Planning and Accountability Unit works with the Program to refine and update strategic planning and performance reporting. The new portfolio assessment will also identify deficiencies for NPLs to correct.

**Evidence:** An ongoing CSREES improvement committee (the Program Administration Coordination Effort (PACE)) has addressed management, administrative, and fiscal issues within the Agency for the past several years to increase the effectiveness of the CSREES grant award system. The PACE Committee is nearing completion of a set of CSREES Service Standards that will set temporal guidelines for program planning, awards management and other time-critical Agency administrative and management activities. A similar group is establishing consistent guidelines for post-award management. In the 2002 Agency reorganization, a Planning and Accountability unit was established in the Office of the Administrator which provides guidance, analysis, and policy recommendations for strategic and short-term planning, budget justifications, performance measurement, and evaluation. This unit is contributing to the review and improvement of Agency administrative functions, as well as assisting National Program Leaders and managers to assess the accomplishments of programs and determine programmatic changes to improve performance and efficiency.

**3.BF1 Does the program have oversight practices that provide sufficient knowledge of grantee activities?** Answer: YES Question Weight: 10%

**Explanation:** Grantees are required to submit a proposal fully describing the research and education programs for which funding is requested. Grantees are also required to submit Annual Reports of Accomplishments describing their progress in achieving stated goals. This report is entered into the CRIS system and is available to the public. Expert review panels have also been used to provide an independent assessment of the efforts of grantees.

**Evidence:** The Administrative Manual for the McIntire-Stennis Cooperative Forestry Program contains the Program Monitoring and Reporting requirements. Participating institutions must submit annual Progress Reports on CRIS Form AD-421. A report is required for each project included in the institution's approved Research Program for the Federal Fiscal Year. Also, a Termination Report, CRIS Form AD-421, must be submitted to CSRS for each completed or terminated McIntire-Stennis project (see Appendix O ). Such reports must be submitted in conjunction with progress reports on active projects and must include a brief summary of accomplishments for the entire life of the project. Program staff have compiled into a report the annual Impact Statements for the Active McIntire-Stennis Research Projects (See the report compiled for 1991, Appendix M). A 1999 report of the National Research Council suggested, as one of six major recommendations, that Federal agencies should use expert review to assess the quality of the research they support, the relevance of that research to their mission, and the leadership of that research. The report recommended that such expert review groups must strive for balance between the most knowledgeable and the most independent individuals as members. Each agency should develop clear, explicit guidance with regard to structuring and employing expert review processes. This Program has an expert advisory panel, has utilized other expert review panels in the past, and has planned for a Blue Ribbon review panel in the near future.

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

**3.BF2**      **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?**      Answer: YES      Question Weight: 10%

**Explanation:** Grantees are required to submit an Annual Report of Accomplishments to describe their performance in achieving their stated goals describe their progress. This annual report is entered into the CRIS system and is available to the public.

**Evidence:** The widely used Current Research Information System (CRIS) is a comprehensive repository of performance data for funded projects. These are identified by research problem area and include proposal summaries, annual performance reports, outcomes and impacts, and termination reports. This information is searchable, available to the public, and has the capacity to produce various types of reports according to customer needs. (see Appendix R ). Another CSREES innovation, the Competitive Research, Education, and Extension management System (C-REEMS), makes comprehensive information on proposals, their review and award management available.

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

**Explanation:** CSREES commits itself to the adoption and use of management plans on private, non-industrial forest lands. This responsibility has been assigned to the McIntire-Stennis Cooperative Forestry Program. The Program increases the efficiency and productivity of private forestland by providing "cutting-edge research on productivity, technologies for monitoring and extending the resource base, and environmental quality" (Brown, 2001). Increasing capacity begins with preparing the forestry professionals of the future with a solid educational foundation to assess the status of our forests, finding means to enhance their values for commodity and noncommodity outputs, and implementing improved management or protection of the relevant forest areas. Baseline data for FY 2002 indicate that: 1) five percent of private land owners, representing 22% of the acreage, had a written management plan for their forest land; 2) there has been a decline in the acres of America's forests under non-industrial private land ownership (down from 337 million acres in 1999); and 3) private forest marketable fiber production and harvest was at 47% of capacity. McIntire-Stennis funding consistently supports nearly one-third of graduate students (Master's and Ph.D.) seeking degrees in the various forestry sciences. The research sponsored by Program funding is proportionately higher than that of other fundings in the areas of management, marketing and other topics specific to the needs of private non-industrial forest owners and managers. McIntire-Stennis outputs have helped increase plantings, harvest yields, and sustainability of the growing timber supply on these lands relative to federal and industrial/commercial forest lands. The program has funded the completion of over 7,500 master's degrees and 2,200 doctoral degrees in forest resources fields.

**Evidence:** The research sponsored by program funding is proportionally higher than that of other funding in the areas of management, marketing and other topics specific to the needs of private non-industrial forest owners and managers (History and Evaluation of the McIntire-Stennis Cooperative Forestry Research program, Mississippi State University, 2003.) McIntire-Stennis funding consistently supports nearly one-third of graduate students seeking degrees in various forestry sciences (Integrated Postsecondary Education Data System, National Center for Educational Statistics, various dates.)

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	60%	100%	40%	Demonstrated

**4.2 Does the program (including program partners) achieve its annual performance goals?**      Answer: NO      Question Weight: 20%

**Explanation:** Annual reports indicate consistent progress toward individual project goals; however, progress is sometimes interrupted by external factors, such as weather, fire, diseases/insects, and unforeseeable biotic and abiotic scientific delays. If necessary, no-cost extensions can be justified to ensure completion of research delays by uncontrollable factors. The nature of research and development, especially in forestry with its slower growth and change rates, requires long-range planning and monitoring of accomplishments. In fact, some data upon which this Program must rely for its ultimate outcome performance assessments is only collected every five years by entities outside CSREES. However, progress toward long-term goals is assessed on an annual basis through reviews of the portfolio of work and the progress of institutions and projects in moving toward those goals. However, the program has been unable to provide any annual goals.

**Evidence:** All funded projects in the portfolio are reviewed annually to assess performance, intermediate outputs (referred journal articles, juried papers and presentations, other scholarly accomplishments), and the project's continuing capacity to support the achievement of the Congressional goals in the McIntire-Stennis Act. Projects are reviewed at termination (typically five years post funding) to assess overall performance of the project over its lifetime, accomplishment of stated goals and objectives, and approval of no-cost extensions. CSREES monitors research project benefits after termination, including disclosures, patents, and best management practices emerging directly or indirectly from the research.

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

**Explanation:** This particular research and development effort is funded under legislation requiring the use of a formula to determine funding for federal assistance, therefore, efficiencies are achieved by Agency management initiatives. By shifting to e-Government and its more effective use of information technology for reporting and distributing research results, the Agency is dramatically increasing the efficiency of the administration and management of the Program. CSREES recently completed guidelines to streamline the review process for all Agency formula-funded programs.

**Evidence:** In 2004 the Agency will begin receiving proposals electronically, increasing the speed and accuracy of reviews and expediting approval of grants and the distribution of funding to the States. The Research, Education and Economics Information System provides a linkage to multiple databases that enable the National Program Leader to facilitate Program portfolio review and to better manage the entire portfolio of active research and education projects throughout their life cycle.

## Program Assessment Rating Tool (PART)

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	60%	100%	40%	

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

Answer: SMALL  
EXTENT

Question Weight: 20%

**Explanation:** This is the only Federal forestry research effort focused specifically on the research needs of privately-held, non-industrial forest lands. However, another smaller formula-funded forestry effort is administered by CSREES under the Hatch Act. The Forest Service also conducts research related to federally-held forested lands, and industry research focuses on the needs of the industrial forest production sector. The performance of this Program compares very favorably to other related efforts, as determined by.... (Agency to cite the study under "Evidence," including any comparisons between McStennis and Forest Service of other programs)

**Evidence:** Forestry research has positive economic rates of return for improvements in individual forest management practice, and wood products research. The greatest average rates of return occurred for wood products, ranging from 15 to 40 percent per year for most conventional research applications. Softwood research had large returns, as did wood preservation research. The benefits of forest products research are due to gains achieved and implemented quickly, and application to a large volume of end products. While the proportion of refereed or juried journal articles is less than the Forest Service average forestry research productivity level, the applied nature of the Program also results in non-referred or juried publications and articles aimed at lay audiences (not accounted for in disciplinary literature). Also, the average level of funding for McIntire-Stennis projects is 60 percent less than Forest Service research due to the fact that program funds are also invested directly in support of academic training resulting in undergraduate and graduate degrees.

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

Answer: SMALL  
EXTENT

Question Weight: 20%

**Explanation:** Several evaluations and assessments have shown the program to be meeting the goals of the Act. This is supported by the expert advisory panel (FRAC, which acts as an independent peer review panel of the overall Program efforts), independent evaluations, stakeholder input, and the upcoming Blue Ribbon Committee review. Coordination with other agencies also offers opportunities for external comment on the accomplishments of the Program. The Agency's CRIS research tracking system is used to create a profile of the portfolio of research projects underway, as well as plans and accomplishments. A recent evaluation of the program was done at Mississippi State University, which stated that the program has been effective in solving national forestry problems, and has a history of achieving results toward its goals. During the study period of FY 1997 to 2001 McIntire-Stennis funding supported 35% and 37% of the Nation's forestry MS and PhD graduate degrees. However, there needs to be evaluations that look at performance management as well as program management.

**Evidence:** Over the long term, the McIntire-Stennis program has focused a higher proportion of its funded research on research problem areas associated with the needs of individual private forest landowners, including market development, efficient marketing, supply, demand and pricing, remote sensing, improving income opportunities, multiple uses, and outdoor recreation (Thompson, History and Evaluation of the McIntire- Stennis Cooperative Forestry Research Program, Mississippi State University Press, 2003). Over half of funded research publications focus on management of forestry resources (Unglesbee, Current Research Information System, USDA, 2002). Most recent data show that program funds approximately 36% of MS graduate students and 63% of Ph.D. students seeking degrees in forestry sciences (Integrated Postsecondary Education Data System, National Center for Educational Statistics, U.S. Department of Education, various dates).

## PART Performance Measurements

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES

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**Measure:** External review of portfolio based on relevance, quality and performance.

**Additional Information:** Performance Measure (PM) for Research: combined score (0 to 100) reflecting annual scientific, academic, or expert and stake-holder review of portfolio relevance, quality, and performance. Scores represent the assessment along a continuum.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2003	Develop process		
2004	Develop baseline		
2005	Meets expect.		

**Measure:** External review of portfolio based on relevance, quality and performance.

**Additional Information:** Performance Measure (PM) for Research: combined score reflecting 5-year scientific, academic, expert or stakeholder review of portfolio relevance, quality, and performance. Scores represent the assessment along a continuum from exceeds expectations, to meets expectations, to needs improvement in one or more of the three dimensions.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2003	Develop process		
2004	Develop baseline		
2009	Meets expect.		

**Measure:** Percentage increase in forest management plans by non-industrial private forest owners. Data are collected on a periodic basis only. Annual targets are determined based on actual data and projections, but can only be measured periodically.

**Additional Information:** The McIntire-Stennis Act specifies a limited number of major goals and study areas for the Program, which remain the same until the oversight committee sees a need for revision.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002	5	5	
2003	6		
2004	7		
2005	8		

## PART Performance Measurements

**Program:** Forestry Research Grants  
**Agency:** Department of Agriculture  
**Bureau:** CSREES

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**Measure:** Rate of decline in U.S. forest land acreage. Data are collected on a periodic (5 year) basis only.

**Additional Information:** The McIntire-Stennis Act specifies a limited number of major goals and study areas for the Program, which remain the same until the oversight committee sees a need for revision.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2003	<5%	<5%	
2004	Sustain <5%		
2005	<4%		

**Measure:** Percent increase in private forest land marketable fiber production and harvest. Data are collected on a periodic basis only. Annual targets are determined based on actual data and projections, but can only be measured periodically.

**Additional Information:** The McIntire-Stennis Act specifies a limited number of major goals and study areas for the Program, which remain the same until the oversight committee sees a need for revision.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002	47%		
2003	49%		
2004	49%		
2005	50%		

## Program Assessment Rating Tool (PART)

**Program:** Land Acquisition  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The purpose of the Land Acquisition program is to assist in preserving, developing, and assuring accessibility to all citizens and visitors of the United States of America of present and future generations by providing, through the purchase of lands, outdoor recreation resources, and for acquiring lands and interests therein for wildlife and watershed protection.

**Evidence:** The Organic Act, 16 U.S.C. 473. Land & Water Conservation Fund Act of 1965 (P.L. 88-578, as amended), Wilderness Act of September 3, 1964 (P.L. 88-577), Wild and Scenic Rivers Act of October 2, 1968 (P.L. 90-542), National Trails System Act of October 2, 1968 (P.L. 90-543), Endangered Species Act of December 28, 1973 (P.L. 93-205), the Department of Interior and Other Related Agencies Annual Appropriations Acts, and various Acts designating specific land acquisition authorities (i.e, Boundary Waters Canoe Area Wilderness Act, P.L. 95-495).

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** This program assists in preserving, developing, and assuring accessibility to all U.S. citizens and visitors of present and future generations. Emphasis is placed on acquiring lands to increase national forest outputs, improve efficiencies, respond to community needs, address issues of fragmentation and reduce future management costs.

**Evidence:** There are over 232 million acres of land within the National Forest System, of which 192 million is federally owned and managed by the Forest Service (FY 2002 Report of the Forest Service; Land Areas of the National Forest System--2002)

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: Yes

Question Weight: 20%

**Explanation:** In terms of funding and acres acquired, the L&WCF program is the most significant program that acquires land for National Forest System purposes. Acquisition is focused upon the National Forest System; other Federal land acquisition is reposed in other land management agencies. The L&WCF program utilizes a variety of partners, including state, local, and tribal governments and private entities, with whom acquisition is usually coordinated. The agency provides coordination and assistance in those instances in which private parties make acquisitions for eventual sale or donation to the Forest Service.

**Evidence:** The Forest Service Manual (FSM) 5421.34 sets forth minimum criteria to be considered for land acquisition. Additional guidance is provided in the Forest Service Handbook (FSH) 5409.13 (Land Acquisition Handbook) and "Guidelines for Transactions Between Nonprofit Conservation Organizations and Federal Agencies" published in the Federal Register, volume 48, no. 155, Wednesday, August 10, 1983. See also agency Strategic Plan and FY 2003 and FY 2004 Budget Justifications. In FY 2002, a total of 84,723 acres were added to the National Forest System (FY 2002 Report of the Forest Service; Land Areas of the National Forest System--2002)

## Program Assessment Rating Tool (PART)

**Program:** Land Acquisition  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

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

**Explanation:** Although the current Forest Service strategy for implementing the L&WCF program does not lend itself to nationally prioritizing projects, numerous reviews of the program have indicated that program does not experience major flaws.

**Evidence:** Survey and Investigation Arm of the House Appropriations Committee Report on Forest Service Relations with 3rd Parties; OIG Report No. 08801-7-SF, "Evaluation of the Forest Service Report to the Secretary of Agriculture on the Land Exchange Program Washington, D.C."; The Appraisal Foundations Report "Evaluation of the Appraisal Organization of the USDA, Forest Service" dated March 28, 2000.

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

**Explanation:** The L&WCF program funds are distributed to regions on a largely historical allocation basis. Although the program attempts to ensure benefits are provided to the public through the project selection process and that lands are acquired at market value, it does so absent meaningful national programmatic priorities that would provide optimal reduction of the government's current and future costs associated with land ownership patterns on an agency-wide basis. Rather, emphasis is placed on supporting individual forest plans by acquiring lands that considers the threat of development, potential recreation opportunity, resource values, and management efficiency as criteria in project selection.

**Evidence:** FSM 5421 provides that agency regional units are to determine regional land acquisition priorities annually based upon minimum criteria. Neither FSM 5421 nor FSH 5409 guidance delineates requirement for allocations of program funds on the basis of optimal benefit are determined on the selection of projects that would provide optimal reduction of the government's current and future costs associated with land ownership patterns on an agency-wide basis. See also agency Strategic Plan and FY 2003 and FY 2004 Budget Justifications.

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: NO Question Weight: 12%

**Explanation:** The Forest Service lacks a clearly defined goal and meaningful performance measures for the L&WCF program. Currently, the agency has stated an objective to acquire lands that meet certain criteria, including: enhance goods and services; protect and improve the quality of renewable and historic, cultural, and natural resources; recreation; and improve administrative efficiency and effectiveness of the National Forest System. Additional outcome measures are needed that focus on assessing the extent to which L&WCF program is protecting public benefits provided by acquisitions of private lands for national forests to address program purposes.

**Evidence:** Neither FSM 5421 nor FSH 5409 provides guidance that delineates program goals, priorities, or requirements concerning long-term result-based performance measures that would provide optimal reduction of the government's current and future costs associated with land ownership patterns on an agency-wide basis. See also agency Strategic Plan and FY 2003 and FY 2004 Budget Justifications.

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

**Explanation:** Long-term goals and timeframes for acquiring lands do not exist at the programmatic level. However, land acquisition targets are developed and displayed in each Forest's Land and Resource Management Plan and are monitored and evaluated annually.

**Evidence:** FSM 5421 and FSH 5409. Forest Land and Resource Management Plans, Monitoring and Evaluation Reports, Agency Strategic Plan. See also agency FY 2003 and FY 2004 Budget Justifications.

## Program Assessment Rating Tool (PART)

**Program:** Land Acquisition  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

**2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: NO Question Weight: 12%

Explanation: Although the L&WCF annual targets attempt to link to the long-term objectives of the agency strategic plan's milestones, the agency has not established either annual performance measures or how the addition of land acquisitions advances in a measurable way agency strategic plan milestones.

Evidence: FSM 5421 and FSH 5409. Forest Land and Resource Management Plans, Monitoring and Evaluation Reports, Agency Strategic Plan. See also agency FY 2003 and FY 2004 Budget Justifications.

**2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: NO Question Weight: 12%

Explanation: The program's absence of outcomes-based performance measures that meaningfully reflects the program means, in effect, that any contribution to the total number of acres acquired is considered a success.

Evidence: Annual Performance Plan, Budget Justification, and Program Direction

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

Explanation: The Forest Service works with partners to protect important lands, conserve open space, and preserve forested and coastal areas, primarily through land acquisition. Outsource 3rd Parties, such as the Trust for Public Land (TPL) and Nature Conservancy, support the Agency's annual and long-term goals; State, county and other delegations work with the Forest Service to ensure public benefits are being served.

Evidence: Acquisition projects are coordinated and directed with 3rd parties and delegations; Letters of Intent are submitted to nonprofit organizations outlining acquisition proposals (FSM 5400, Zero Code); GAO Report RCED-94-149, "Land Acquisitions Involving Nonprofit Conservation Organizations". 3rd parties secure properties through financial obligations and actively testify in favor of Forest Service acquisition program.

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

Explanation: The program receives regular independent reviews. Over the past five years, program has undergone multiple independent evaluations concerning performance and management of the program from each OIG, GAO, and congressional committee and subcommittee oversight. In addition, the Appraisal Foundation recently evaluated the agency's appraisal process.

Evidence: Survey and Investigation Arm of the House Appropriations Committee Report on Forest Service Relations with 3rd Parties; OIG Report No. 08801-7-SF, "Evaluation of the Forest Service Report to the Secretary of Agriculture on the Land Exchange Program Washington, D.C."; The Appraisal Foundations Report "Evaluation of the Appraisal Organization of the USDA, Forest Service" dated March 28, 2000.

Program Assessment Rating Tool (PART)

**Program:** Land Acquisition  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	25%	86%	33%	

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

Explanation: Although it has progressed on important budget and work-plan systems, the Forest Service has not established linkages between these components of a performance accountability system with its strategic goals and performance results. Until this linkage occurs, the agency will be unable to report how its activities were accomplished at a given cost in an integrated, results-oriented manner.

Evidence: GAO Performance Accountability Report, May 2003. FY 2004 Budget Justification.

**2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: NO Question Weight: 12%

Explanation: The L&WCF program has not developed a clearly defined program goal or additional outcome measures that focus on assessing the extent to which L&WCF program is protecting public benefits provided by acquisitions of private lands for national forests to address program purposes. However, the program has taken steps to address non-strategic planning deficiencies through amended Forest Plans and the Land Acquisition Priority System (LAPS). In response to the President's Management Initiative, the Forest Service has started listing the specific annual performance objectives that each acquisition project supports in the President's Budget submission.

Evidence: Neither FSM 5421 nor FSH 5409 provides guidance that delineates program goals, priorities, or requirements concerning long-term result-based performance measures that would provide optimal achievement of program goals. See also FY 2005 Strategic Plan Revision; and the FY 2004 Budget Justification Tables A and B

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

Explanation: Annual performance accomplishments are collected and reported through MAR and addressed in the Agency's Consolidated Annual Report.

Evidence: FY 2002 Agency Consolidated Annual Report; Management Attainment Report (MAR)

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

Explanation: All agency line officer performance standards and evaluation criteria include requirements on GPRA goals and objectives, and annual performance plan targets.

Evidence: Line Officer Annual Evaluations and Performance Standards, Federal Acquisition Regulations, Appraisal Compliance Inspections, and DOJ legal requirements for Line Officers and Directors.

## Program Assessment Rating Tool (PART)

**Program:** Land Acquisition  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

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

**Explanation:** Funds are obligated according to primary purpose and the annual Program Direction and immediately expended at the time the options have been accepted. Additionally, the Forest Service has required that project dollars are appropriated solely for the acquisition of land and that associated administrative costs are provided to the Agency only through the acquisition management line item. Both the House and Senate Appropriations Subcommittee staff have indicated that the Forest Service method is the preferred method for how they intended these funds to be expended.

**Evidence:** FY 2003 Program Direction, Primary Purpose Matrix, Budget Formulation & Execution System (BFES) Activity List, FFIS, and Fund Control Reports, House and Senate Subcommittee Staff and Appropriation Reports.

**3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: NO Question Weight: 14%

**Explanation:** The L&WCF program does not utilize unit cost comparisons such as total cost/acre acquired as an efficiency measure, nor has the Forest Service explored other potentially beneficial measures such as timing targets or personnel cost/acre acquired. Additionally, the agency does not fully utilize the internet in establishing priorities or engaging in GIS-based evaluations. The agency indicates that federal administrative costs and administrative work is being reduced due to 3rd parties placing non-federal lands in trust while awaiting federal financing, but has not measured this approach for comparison purposes.

**Evidence:** FSM 5420 and FSH 5400-9 Digests. FY 2003 Program Direction, acquisition management allocation criteria, Options with 3rd Parties, and Budget Execution Documents.

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

**Explanation:** The L&WCF program is commonly implemented through partnerships between the Forest Service and other governments, private landowners and non-governmental organizations. FSM and FSH guidance reflects preference for projects that are characterized by local support and input from other resource areas within the agency.

**Evidence:** Acquisition projects are coordinated and directed with 3rd parties and delegations; Letters of Intent are submitted to nonprofit organizations outlining acquisition proposals (FSM 5400, Zero Code); GAO Report RCED-94-149, "Land Acquisitions Involving Nonprofit Conservation Organizations".

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

**Explanation:** There are no current material weaknesses identified in this program. The agency has addressed and corrected shortcomings that have been identified in previous associated exchange audits and applied them to the acquisition program.

**Evidence:** Annual Report on Management Accountability and Control; FY 2002 GAO Clean Audit Opinion

## Program Assessment Rating Tool (PART)

**Program:** Land Acquisition  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	25%	86%	33%	Demonstrated

**3.7 Has the program taken meaningful steps to address its management deficiencies?**

Answer: YES

Question Weight: 14%

**Explanation:** Management reviews, appraisal compliance inspections and monitoring trips are performed to address and correct management deficiencies. Additionally in response to the OIG Land Exchange Audit and per the Secretary's 10/02/00 memorandum, Forest Service line officers and program managers are required to attend national lands training courses every five years in order to improve accountability and consistency in the land programs. The agency has also hired dedicated program staff to address most immediate management concerns.

**Evidence:** Monitoring Trip Reports, Management Reviews, Appraisal Compliance Inspections, OIG Report No. 08801-7-SF, and Secretary of Agriculture's Memorandum dated 10/02/00.

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

Answer: NO

Question Weight: 20%

**Explanation:** Additional programmatic long-term goals need to be established and are not in development.

**Evidence:** GPRA, Agency's Strategic Plan and the Agency's Annual Consolidated Report.

**4.2 Does the program (including program partners) achieve its annual performance goals?**

Answer: NO

Question Weight: 20%

**Explanation:** The agency has not established either annual performance measures or how the addition of land acquisitions advances in a measurable way agency strategic plan milestones. Moreover, the program has not met its annual acquisition targets: in FY 2002, the agency met 63% of its initial acquisition target and 68% of its adjusted acquisition target.

**Evidence:** GPRA, Agency's Strategic Plan, Agency's Annual Consolidated Report, FY 2004 Budget Justification, FY 2002 Management Attainment Report (MAR).

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

Answer: NO

Question Weight: 20%

**Explanation:** The agency has not implemented L&WCF program unit cost comparisons such as total cost/acre acquired as an efficiency measure, nor has not explored other potentially beneficial measures such as timing targets or personnel cost/acre acquired. Additionally, the agency has not indicate whether or how it will utilize the internet in establishing priorities or engaging in GIS-based evaluations. The agency has not measured reductions to federal administrative costs and administrative work due to 3rd parties placing non-federal lands in trust while awaiting federal financing.

**Evidence:** Acquisition management allocation criteria, FY 2003 Program Direction, FY 2004 Budget Justification

## Program Assessment Rating Tool (PART)

**Program:** Land Acquisition  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	25%	86%	33%	

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

Answer: LARGE EXTENT

Question Weight: 20%

**Explanation:** Unlike the Forest Service, other Federal land management agencies have established processes that provide analyses of integrated spatial data sets on land management units, ecoregions, conservation lands, land cover, and species to identify gaps or needs that in turn highlight priority areas in need of habitat, ecosystems, and biodiversity protection. These analyses will provide information on public benefits provided by acquisitions of private lands for Federal ownership and identify what lands the Federal agency could optimally target for land acquisition. However, independent reviews have indicated that the FS program has made improvements in accountability, program consistency, staffing, and appraisal valuations. Additionally, the program has taken steps to address some non-strategic planning deficiencies through amended Forest Plans and the Land Acquisition Priority System (LAPS).

**Evidence:** Congressional subcommittees, National Forest System Landownership Management program, and State & Private Forestry Legacy Program. Survey and Investigation Arm of the House Appropriations Committee Report on Forest Service Relations with 3rd Parties; OIG Report No. 08801-7-SF, "Evaluation of the Forest Service Report to the Secretary of Agriculture on the Land Exchange Program Washington, D.C."; The Appraisal Foundations Report "Evaluation of the Appraisal Organization of the USDA, Forest Service" dated March 28, 2000; Department of the Interior Interagency Agreement concerning Strategic Growth Modeling, reported in NBII Access, Volume 6, No. 2, Spring, 2003.

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

Answer: YES

Question Weight: 20%

**Explanation:** This program has undergone independent evaluations from OIG, GAO, The Appraisal Foundation, and congressional oversight. These evaluations have indicated that the Forest Service has improved accountability and consistency, and that the program is effective and reflects appropriate values.

**Evidence:** Survey and Investigation Arm of the House Appropriations Committee Report on Forest Service Relations with 3rd Parties; OIG Report No. 08801-7-SF, "Evaluation of the Forest Service Report to the Secretary of Agriculture on the Land Exchange Program Washington, D.C."; The Appraisal Foundations Report "Evaluation of the Appraisal Organization of the USDA, Forest Service" dated March 28, 2000.

## PART Performance Measurements

**Program:** Land Acquisition  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service

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**Measure:** Priority Acres Acquired  
**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	67,820	42,817	
2003	63,115		
2004	15,500		

## OMB Program Assessment Rating Tool (PART)

### *Credit Programs*

**Name of Program: Multifamily Housing Direct Loans and Rental Assistance**

#### Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	The Statute and Agency regulations state that the purpose of the section 515 program is to make loans to eligible entities to provide rental housing for elderly and families of low or moderate income in rural areas. The purpose of the section 521 program is to make assistance payments available so as to make rentals available to occupants of section 515 housing.	Section 515, 42 U.S.C. 1485 and 7 C.F.R. Part 1944, Subpart E. Section 521, 42 U.S.C. 1490a and 7 C.F.R. Parts 1944, Subpart E and 1930, Subpart C	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	Providing access to affordable rental housing to moderate, low and very-low income rural households	Annual Occupancy Survey conducted by the Agency as of January 2002 show that the average adjusted household income is \$8,100, less than half of the poverty line. More than 50% of tenant households are headed by elderly or handicapped members. Approximately 75% of the households are headed by women.	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	No	<p>The program design is flawed because of the amount of annual funding required for the program to have even a 1% effect on the problem. There are potentially 2.4 million rural households that need assistance. At current funding levels, RHS annually provides approximately 1,200 new rental assisted units and 400 non-rental assisted housing units to low and very low income rural households. Additionally, RHS annually renews expiring rental assistance contracts for approximately 460 thousand households. This cost \$749 million in 2002 and by 2007 it is expected to cost \$965 million. Additionally, once the rental assistance contract is made, it must be renewed every 5 years usually at cost plus inflation. While this is viewed as standing commitment by the Federal government on Federally financed properties, it is funded annually through the discretionary budget. To have a 1% decrease in the problem would take a 15% increase in the amount of funding and then have that level of commitment for the 30 year term of the loan.</p>	<p>The United States Federal Budget, the 1999 American Housing Survey, which provides the assessment of needs in housing, and Annual Occupancy Survey conducted by USDA's RHS.</p>	20%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	No	Up until the early 1980's, HUD provided a similar construction plus project based assistance multifamily housing program. HUD discontinued the construction program but continues to fund the project based rental contracts through its Section 8 grant program. USDA's rental assistance grants are interchangeable with HUD section 8 grants, and in fact during the late 1970s and early 1980s, USDA provided loans for approximately 1,500 Section 515 rental housing projects containing 46,000 units of project-based HUD Section 8 contracts. When a HUD voucher or Section 8 is used in a USDA financed multifamily housing unit, the tenants see no difference in delivery from either program and see themselves as having the same benefit regardless of which agency funds it. Additionally, the HOME program provides grants to the states which fund housing in non-metro areas.	Program regulations that require USDA financed properties to accept HUD vouchers. Official OMB/HUD/USDA combined effort to convert the Section 8 project based assistance in USDA financed projects to USDA rental assistance grants in 1996 as part of the 1997 Budget negotiations. Federal Budget, which shows various HUD programs with similar purposes and funding levels.	20%	0.0
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	While vouchers have been shown to be more cost-effective in providing options for low income housing, the common wisdom is that vouchers aren't useful in rural areas because often there is no choice for tenant housing, and without a program to encourage construction of tenant housing, some communities would have no place that accepts vouchers. According to a GAO report, in many markets, production programs are the only sources of new affordable rental units.	2001 GAO report on Costs and Characteristics of Federal Housing Assistance [GAO-01-901R]. Washington Post Article, "Housing Vouchers No Magic Key," August, 5, 2002.	20%	0.2

<b>Total Section Score</b>					<b>100%</b>	<b>60%</b>
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<b>Section II: Strategic Planning (Yes, No, N/A)</b>						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	Providing increased affordable rental opportunities for very low, low and moderate income rural residents. This is not ambitious and it focuses on outputs rather than outcomes...though it has been difficult to overcome this problem in Rural Development because most funding is minimal compared to the amount of funding required to produce a direct macro-economic outcome on a measure such as homelessness.	Statutory direction in Section 515, 42 U.S.C. 1485 OMB's 1998 spring review project, which evaluated the effectiveness of USDA's programs to address the needs of rural America. Results were summarized in the 2000 Budget of the United States on page 133.	14%	0.0
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	Program performance is indicated by the increase in the number of new units added to the portfolio. Units are not provided unless market surveys indicate the need for housing in the area. Therefore the number of new units reduces homelessness by that amount. Additionally, the number of existing units maintained in the portfolio is measured to determine the amount of households that the homelessness rate would be increased by were it not for this assistance.	Rural Housing Service agency performance plans, along with their annual budget request . USDA's Annual Explanatory Notes to Congress, which supports the Annual President's Budget.	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	The multifamily housing program relies on the developers to present potential low income rural sites for new tenant housing. The developers submit applications that will be ranked based on: most rural, most poor and whether there are leveraged funds attached to the project. This is an important function because RHS wants to ensure that they don't build a project where there is no tenant base to fill it, thereby, not reducing homelessness. When the developer takes into consideration the competition for funds, it motivates them to submit applications that achieve the criteria but also cash flow. This benefits the rural low income tenant population because it ensures that RHS is providing needed tenant housing, which ultimately reduces homelessness in rural areas, rather than simply building vacant units.	Agency regulations, 7 C.F.R. Part 1930, Subpart C. Annual Notice of Funds Availability notifying the developers of the competition and the criteria that the competition will be based on.	14%	0.1
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	RHS and HUD have developed cooperative agreements concerning the administration of project based section 8 assistance in properties financed with RHS section 515 loan funds. The IRS and RHS have coordinated development of the Low Income Housing Tax Credit to allow credit monitoring agencies to accept RHS compliance reviews and documents. Additionally, agreements have been reached with state housing finance agencies concerning coordination of development of new subsidized units in communities where competition may be detrimental, coordination of multiple sources of development subsidy in the same property to avoid over subsidy, and acceptance of state or federal asset management inspections and compliance reviews by other funding sources.	MOUs between HUD and RHS, IRS Section 42 regulations, and MOUs between RHS and State Housing Finance Agencies	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	While not scheduled, USDA Office of Inspector General routinely reviews performance of the program. In addition, though not independent, the Agency conducts Management Control Reviews to comply with the Federal Managers Financial Integrity Act.	Agency Management Control Review guidelines.	14%	0.1
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	Appropriations materials submitted by the agency provide the number of units and properties that can be built, rehabilitated, preserved and assisted by rental subsidy based upon the amount of funds requested.	FY 2003 Rural Development Budget	14%	0.1
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	No	Long and short term goals have remained similar from year to year. No major effort to re-evaluate this plan has been undertaken. It should be noted, however, that the performance plan has been approved by USDA and OMB.	USDA's performance annual performance plan	14%	0.0
<b>Total Section Score</b>					<b>100%</b>	<b>71%</b>

**Section III: Program Management (Yes, No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	The Agency tracks the obligation rate of funds appropriated, the delinquency rate for loans made, the number of real estate owned properties, the use rate of rental assistance, and the properties preserved. Additionally, the Agency receives regularly scheduled operating performance reports from borrowers. During the mid-1990's reforms were introduced to counter subsidy layering and equity skimming, which have all but reduced these problems.	Agency monthly delinquency and servicing reports, RD Finance Office monthly reports. Reports required of borrowers by 7 C.F.R. Part 1930, Subpart C	10%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	No	Program managers are held accountable during performance reviews for successfully utilizing program funds, reducing delinquency rates, timely disposing of real estate owned properties, but number of units produced in a year is unlikely to be used to increase accountability.	Agency personnel guidelines	10%	0.0
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Funds under both programs are fully utilized each year	Agency year-end fund usage reports generated by the RD Finance Office.	10%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	RHS and USDA generally will use cost comparisons and competitive sourcing, but an example for the MFH loan and grant program is not available.		10%	0.0
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	The agency formulates its rental assistance needs for 5 year contracts, both for renewals and new constructions. Additional changes to the budget estimate for the loan program are immediately known from the annual recalculation of the subsidy rate..which reflects historical loan performance, current economic predictions, and any legislative or regulatory changes that affect the terms and conditions of the loan program. From the resources available in the Budget, RHS is able to predict how many new units and renewed units it can fund immediately, which indicates what the numerical effect on homelessness will be. The administrative costs for the program are provided through a single account for all RD programs, which will be evaluated in a separate PART.	USDA's annual performance plan, The Federal Credit Supplement and the Federal Credit Reform Act.	10%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
6	<i>Does the program use strong financial management practices?</i>	Yes	Program accounting systems and borrower required reporting were designed with the assistance of the USDA OIG and outside consultants (including GAO for the subsidy model)	Cash Flow model for MFH loans.	10%	0.1
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	RHS has just completed an overhaul of the entire set of regulations that govern the multifamily housing programs. This is expected to improve the management of the program greatly.	Multifamily Housing 3560 Regulation	10%	0.1
8 (Cr 1.)	<i>Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely and reporting requirements are fulfilled?</i>	Yes	Agency regulations provide servicing and monitoring guidelines to program participants and to Agency staff. Annual property inspections, monthly program beneficiary reporting, accounting system collection status and property operating reports are required.	Agency regulations 7 C.F.R. Parts 1944, Subpart E, 1930, Subpart C, 1951, Subpart K, 1965, Subpart B.	10%	0.1
9 (Cr 2.)	<i>Does the program consistently meet the requirements of the Federal Credit Reform Act of 1990, the Debt Collection Improvement Act and applicable guidance under OMB Circulars A-1, A-34, and A-129?</i>	Yes	The subsidy rate is formulated, re-estimated and apportioned within all the guidelines. And, except where program goals necessitate, all circulars are adhered to.	Federal Credit Supplement, apportionments and the Budget Appendix	10%	0.1
10 (Cr 3.)	<i>Is the risk of the program to the U.S. Government measured effectively?</i>	Yes	Data described in the previous comment show the Agency tracks delinquency rates, properties that are troubled, properties taken into government inventory and charge-off amounts. Additionally, an annual subsidy rate is calculated using an audited cash flow model. This computes the risk of the loan program for the Federal government.	Monthly and annual accounting system status reports generated by the RD Finance Office. The Federal Credit Supplement.	10%	0.1
<b>Total Section Score</b>					<b>100%</b>	<b>78%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section IV: Program Results (Yes, Large Extent, Small Extent, No)</b>					

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	Over the life of the program, more decent, safe and sanitary affordable rental housing has been provided in rural America. However, RHS cannot show that this is directly related to their program or the economy as a whole. Additionally, the long-term goal needs to be more strategic and focused in order to allow for better analysis.	Census data on the number of rural residents living in substandard conditions.	20%	0.0

Long-Term Goal I: Reduce homelessness by providing decent , safe and sanitary affordable rental housing in rural areas.  
 Target: see annual goal data  
 Actual Progress achieved toward see answer to question number 1.  
 goal:

2 <i>Does the program (including program partners) achieve its annual performance goals?</i>	Yes	RHS anticipates the number of units it will be able to build and continue helping based on the funding level provided and they routinely meet or exceed this goal.	Annual Performance plan. Agency year-end and monthly accounting system funding an loan status reports.	20%	0.2
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Key Goal I: Number of new and rehabilitated units provided  
 Performance Target: 2001 target: 1,401 new units and 3,429 rehabilitated units  
 Actual Performance: 1,578 new units and 5,511 rehabilitated units

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Key Goal II: Number of households not displaced by loss of rental assistance (number of renewals of rental assistance contracts.).  
 Performance Target: 2001 target: 42,800  
 Actual Performance: 39,159

3 <i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Yes	Additional administrative funds have not been requested. All appropriated funds have been spent within allotted timeframes. RHS also requires that all projects be evaluated for cost using the Marshall and Swift industry standards software. RHS also does cost certification audits on about half of the projects completed during the year.	Agency year-end and monthly accounting system funding and loan status reports.	20%	0.2
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	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	No	Vouchers have been shown to be more cost-effective in providing options for low income housing. However, the common wisdom is that vouchers aren't useful in rural areas because often there is no choice for tenant housing, and without a program to encourage construction of tenant housing, some communities would have no place that accepts vouchers.	OMB's comparative housing measures for tenant based housing.	20%	0.0
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Yes	The program is routinely reviewed by the USDA OIG and GAO, which have all concluded that the program is effective and providing decent, safe, sanitary housing to very low income rural residents.	Periodic USDA OIG audits, January 2002 GAO report, Federal Housing Assistance - Comparing the Characteristics and Costs of Housing Programs, which concluded, "Although production programs cost more than vouchers, all housing programs provide benefits in addition to housing the poor. For example, production programs seek to increase the supply of affordable housing, accommodate special needs, and revitalize distressed communities, while housing vouchers try to promote mobility and neighborhood choice. Accordingly, these benefits must be weighed against program costs."	20%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>60%</b>

## Program Assessment Rating Tool (PART)

**Program:** National Forest Improvement and Maintenance  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Capital Assets and Service Acquisitio

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

**1.1 Is the program purpose clear?**

Answer: Yes

Question Weight: 20%

**Explanation:** The purpose is to improve, maintain, and operate facilities, roads, trails, and infrastructures to facilitate recreation, research, fire, administrative and other uses on FS lands.

**Evidence:** Forest Roads and Trails Act, P.L. 78-412 Department of Ag. Organic Act, Section 205 (16 USC 579 (a)). DOI and Related Agencies Appropriation Acts.

**1.2 Does the program address a specific interest, problem or need?**

Answer: Yes

Question Weight: 20%

**Explanation:** The proper management and upkeep of the FS's infrastructure is in the interest of the public, since many rely on it for recreation. In addition, the program is tasked with upkeep of administrative and fire facilities.

**Evidence:** The multi-billion dollar facilities infrastructure includes 381,000 miles of roads, 133,000 miles of trails, and approximately 50,000 buildings. FS reports there is a current \$13 billion backlog in maintenance and improvements (includes indirect costs).

**1.3 Is the program designed to have a significant impact in addressing the interest, problem or need?**

Answer: Yes

Question Weight: 20%

**Explanation:** There is a clear need for improving and maintaining the safety and economy of roads, trails and facilities on NFS lands. Increasing or decreasing funds has a direct impact on the conditions of NFS roads, trails and facilities.

**Evidence:** Funding for capital improvement and maintenance on NFS lands comes from Capital Improvement and Maintenance (\$546 million) and FHWA's Federal Lands Highway Program (\$162 million). The NFS trails system accommodates millions of annual visitors and all resource and utilization programs depend on the Roads program for access. Over 90 percent of road system use is by recreationists.

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

Answer: Yes

Question Weight: 20%

**Explanation:** This is the only program addressing capital improvement and maintenance within the confines of FS properties, so there is no duplication of other Federal, state, local or private efforts.

**Evidence:** The program has sole responsibility for meeting Objective 4.b of the strategic plan. The outcomes include eliminating 95% of identified safety concerns and a 10% increase in number of facilities maintained to safety standards.

## Program Assessment Rating Tool (PART)

**Program:** National Forest Improvement and Maintenance  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Capital Assets and Service Acquisitio

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

**1.5 Is the program optimally designed to address the interest, problem or need?**

Answer: No

Question Weight: 20%

**Explanation:** The program is very delinquent with capital maintenance and improvements. Work is needed to create a more efficient process for decommissioning obsolete and underutilized facilities. The FS is working to creating a more effective process for prioritizing needs and targeting resources to better reflect budget realities.

**Evidence:** FS is making progress prioritizing based on health and safety needs, though a comprehensive prioritization process is lacking. FS is attempting to address this problem through: (1) Facilities Master Plans--prioritizing projects based on health and safety and mission-critical needs, (2) Roads analysis--aligning road system with available road budget by identifying investments that will reduce future maintenance needs, (3) Value Analysis process--assessing projects for efficiency improvements.

**2.1 Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?**

Answer: Yes

Question Weight: 20%

**Explanation:** Long-term goals emphasize reductions in identified safety and health concerns. As a result the maintenance program has been focused on high priority maintenance and minor improvements, especially the backlog of maintenance projects. While a timeframe has been established (FY 2006), goals could be strengthened by establishing a firm baseline and including an efficiency measure (such as \$/mile maintained) to assess cost-effectiveness. As there is no firm baseline, the FS has had difficulty demonstrating progress achieving their goals because as the backlog continues to grow, all the program is demonstrating is a reduced backlog growth rate.

**Evidence:** FY03 Budget Justification; Forest Service Strategic Plan, specifically Goal 4: Effective Public Service: "Ensure the acquisition and use of an appropriate corporate infrastructure to enable the efficient delivery of a variety of uses" and Objective 4.b "Improve the safety and economy of USDA Forest Service roads, trails, facilities, and operations and provide greater security for the public and employees". See Section IV, Question 1 for a list of long-term performance goals.

**2.2 Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?**

Answer: Yes

Question Weight: 20%

**Explanation:** Currently, performance measures imperfectly link the Capital Improvement and Maintenance (CIM) program to the long term strategic goals. Annual performance goals as defined in budget justification materials (FY 2002 and FY 2003) were based on the Budget Formulation and Execution System (BFES) process, which only yields outputs, not outcomes. For example, BFES tracks number of miles maintained to objective standard and number of projects completed. This information does not provide adequate information on how the program is performing. Furthermore, the information from BFES does not measure or prioritize the deferred maintenance backlog as the agency's long-term strategic goals indicate. There is a disconnect between the performance measures listed in the FY 2002 annual performance plan and the measures used in budget justification materials as the Forest Service has moved towards using the output-oriented measures from BFES. Results-oriented performance measures that are linked to the strategic plan will be used beginning in FY 2004.

**Evidence:** Budget Justification Chapter 8. Examples include the Annual Activity of "miles of road decommissioned", "miles of trail maintained to standard" and "Facility Condition Index". Roads, Trails and Facilities all have respective measures that reflect the agencies goals for that year. In comparison the FY 2002 annual performance plan listed more quantifiable and results-oriented measures that are linked to the strategic plan and meaningful to the field. For example, "Percent of roads under Forest Service Jurisdiction with no critical deferred maintenance needs" and "Percent increase in the number of agency facilities and infrastructure that meet health, safety, and environmental standards."

## Program Assessment Rating Tool (PART)

**Program:** National Forest Improvement and Maintenance  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Capital Assets and Service Acquisitio

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

**2.3 Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?** Answer: No Question Weight: 10%

**Explanation:** While the program has standard contracts with set goals regarding performance and timelines, there is no evidence that contracts are aligned with program goals. Additionally the program follows Federal Acquisition Regulations, and has a Value Engineering performance requirement for large cost projects. However, contracts are not linked to the program's annual and/or long-term goals of the program. Measures should also assess cost-effectiveness by including benchmarks such as \$/miles maintained against which projects could be evaluated.

**Evidence:** Standard Specification Performance Section; FS Manual 7700 Transportation System: Value Engineering clause requirement, Value Analysis requirement. Contracts include basic time and performance requirements, but they do not document how it "ensures that partners support the overall goals of the program and measure and report on their performance as it relates to accomplishing those goals," as called for in the PART guidance.

**2.4 Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?** Answer: Yes Question Weight: 10%

**Explanation:** Although the FS is the only program allowed to operate in this capacity on FS lands, the program does work closely with state and local governments, Native American tribes, and citizens to create Forest Development Plans. FS also collaborates with other agencies such as BLM that may have cross-cutting goals.

**Evidence:** The FHWA has similar goals in that they are focused on providing safe and efficient systems of roads to the public. The FS works hand in hand with the FHWA Division of Federal Lands Highway in support of this goal and execution of contracts to accomplish this. Another example is the collocation of BLM and FS offices in order to provide "one stop shopping" to the public and eliminate the need to maintain two facilities separately. Additionally, through MOUs, the FS partners with Counties to manage overlapping road maintenance requirements.

**2.5 Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?** Answer: No Question Weight: 10%

**Explanation:** This program does not undergo regular, independent evaluations from outside sources such as GAO, OIG, etc.

**Evidence:** Although the FS does not request independent evaluations, the agency does provide internal management reviews for this program. This consists of an overall review from the HQ to field levels in which the entire program execution and effectiveness is evaluated and improved upon.

Program Assessment Rating Tool (PART)

**Program:** National Forest Improvement and Maintenance  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Capital Assets and Service Acquisitio

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

**2.6 Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?** Answer: Yes Question Weight: 10%

Explanation: Through the use of the Budget Formulation and Execution System (BFES), the Forests and Regions develop program budgets and corresponding targets. These targets are directly associated with the output-oriented annual goals and therefore can be adjusted based on changes in funding, policy, or legislation. An annual set of BFES curves are developed based on strategic and annual performance plan documents, which provide information on how much funding is necessary to achieve a desired outcome or output.

Evidence: BFES system is developed such that any change in funds available will readily show the associated change in annual performance goals. The Capital Improvement and Maintenance budget structure was recently realigned to correspond with the goals and work activities of the program. However, given the unattainable goals of the program, there is no way in the foreseeable future that the program would receive enough funds to meet their program goals. Much more effort is needed to align their infrastructure inventory with what can be sustained with available maintenance funding.

**2.7 Has the program taken meaningful steps to address its strategic planning deficiencies?** Answer: Yes Question Weight: 10%

Explanation: Steps have been taken to tier the annual performance measures with the strategic plan. The program has also reviewed the previous annual performance plans and revised it better correlate with the strategic plan. However, performance measures listed in the annual performance plan should be used to document progress rather than the output-oriented activity measures developed in BFES.

Evidence: FS revised the Strategic Plan to incorporate specific objectives and long term goals and conducts annual performance plan reviews. In addition, the agency plans on revising its strategic plan in FY 2003.

**2.CAP1 Are acquisition program plans adjusted in response to performance data and changing conditions?** Answer: Yes Question Weight: 5%

Explanation: The program has updated its priority list of projects based upon changing conditions.

Evidence: In response to the National Fire Plan, project priority lists were updated to place an increased priority on reducing the backlog of maintenance needs of fire facilities. Priorities were also adjusted in FY 2001 to reflect critical health and safety conditions.

**2.CAP2 Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule and performance goals?** Answer: Yes Question Weight: 5%

Explanation: A Roads Analysis is currently being completed to align the open road system with the available road maintenance budget. Road Management Objectives (RMOs) will be established to identify management needs and objectives set forth in Forest Plans. Roads will be operated and maintained to standards necessary to meet RMOs. Facilities Master Plans are also being updated and the program has pilot authority to sell obsolete facilities in some areas and use funds for maintenance needs. Value engineering analysis is also done. However, better asset management is needed so that FS can get rid of underutilized assets and target funds to mission-critical areas and critical health and safety needs.

Evidence: Value Engineering Analysis, Roads Analysis, Facilities Master Plans.

## Program Assessment Rating Tool (PART)

**Program:** National Forest Improvement and Maintenance  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Capital Assets and Service Acquisitio

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: Yes Question Weight: 10%

**Explanation:** Performance information, such as miles maintained to standard, is collected on a regular basis and is used to base decisions for future budget allocations. Protocols are set to distinguish between critical and non-critical health and safety deficiencies. These protocols are followed by the FS when inputting data into the database.

**Evidence:** Management Attainment Reporting (MAR), Infrastructure data base (INFRA), INFRA DM Protocols, GPRA, Road Accomplishment Report, National Scenic and Historical Trail Information Report.

**3.2 Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?** Answer: Yes Question Weight: 10%

**Explanation:** All agency line officer performance standards and evaluation criteria include requirements on GPRA goals and objectives, and annual performance plan targets. Additionally, the Acquisition Management Group provide oversight of all contracts within the CIM program.

**Evidence:** Line Officer Annual Evaluation and Performance Standards. Standard Contract Documentation, Federal Acquisition Regulations.

**3.3 Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: Yes Question Weight: 10%

**Explanation:** While, unobligated balances for construction are large, the nature of the CIM program requires substantial planning and reviews prior to project construction. This imposes a schedule in which funds (averaging approximately \$119 million over the last few years), must be carried over from one fiscal year to the next. Unobligated balances are lower than or comparable to other programs with similar purposes. The Forest Service CIM program uses the Foundation Financial Information System (FFIS) and Acquisition Management (AQM) Staff to ensure that all funds appropriated for capital improvements and maintenance are obligated for intended purposes.

**Evidence:** FFIS and Acquisition Management Systems. In addition, the Budget Justification provides a specific breakdown of the funds request within the CIM program. Additionally, a project list is provided to Congress for large capital improvement projects in the facility program.

**3.4 Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: Yes Question Weight: 10%

**Explanation:** Through the Value Analysis process, each project is reviewed for efficiency, including energy efficiency, cost effectiveness, and possible financial savings. Additionally, contracts include a Value Engineering clause that allows contractors to submit proposals for changes to the contract that will save the Government time and/or money while still meeting performance criteria.

**Evidence:** FS Manual 7721 Value Engineering; FS Manual 7300 Value Analysis. Collocation of Ranger District Offices into one energy efficient, productive office. Also collocation of FS office with BLM office in field for effective public service. Interagency Long Distance Trail Coordinators are established to coordinate work on trails through multiple jurisdictions.

**Program Assessment Rating Tool (PART)**

**Program:** National Forest Improvement and Maintenance  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Capital Assets and Service Acquisitio

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

**3.5 Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?** Answer: Yes Question Weight: 10%

**Explanation:** Field offices develop a budget in line with line officer's priorities based on the Budget Formulation and Execution System (BFES). This system allows for tradeoffs between programs and clearly shows how these tradeoffs affect performance measures which feed the annual plan. Direct and indirect costs are included, such as salaries, rent, contract costs and utilities. However, indirect costs of CSRS employee pensions and FEHBP program costs are not captured.

**Evidence:** FY 2003 budget justification materials, Budget Formulation and Execution System (BFES)

**3.6 Does the program use strong financial management practices?** Answer: No Question Weight: 10%

**Explanation:** The Forest Service has not received a clean audit opinion (actually received a "no opinion") and have material internal control weaknesses. One of the material weaknesses is over general plant, property, and equipment, which relates to this program. In addition, the FS has had problems with collections of timely, reliable, and complete financial data. Specific to this program, BFES (the financial system used by the program) does not connect to the administrative financial system (FFIS).

**Evidence:** FY 2001 Financial Audit (February 2002). The FS is undergoing an OIG Audit on Financial Management in 2001/2002. However, steps are being taken to use FFIS and the INFRA database to clearly track expenditures and manage funds more effectively.

**3.7 Has the program taken meaningful steps to address its management deficiencies?** Answer: Yes Question Weight: 10%

**Explanation:** Through Management Reviews and Monitoring Trips and the INFRA database, staff review all management activities and develop steps to improve the program outcomes. FS is also in the process of reviewing 50% of its Facility Master Plans and setting Roads Management Objectives. FS has established decision-making responsibility at the field level to better inform program management as managers are able to utilize local knowledge of deficiencies. However, further steps are needed to establish comprehensive prioritization processes and goals.

**Evidence:** INFRA (used to track detailed program and infrastructure data), Monitoring Trip Reports, FS Manual 1460: Management Reviews

**3.CAP1 Does the program define the required quality, capability, and performance objectives of deliverables?** Answer: Yes Question Weight: 10%

**Explanation:** Standards for maintenance are listed in handbook. Performance criteria and quality assurance requirements are included in each contract. Specific performance measures are also included in each forest/regional officer's yearly performance evaluations.

**Evidence:** Included in contracts are term limits, quality specifications and performance criteria. Inspectors ensure that contract work is being done properly and, if not, contractors are assessed penalties based on actual damages. The Forest Service also evaluates past performance of contractors, even if the contracts were awarded to a different agency.

Program Assessment Rating Tool (PART)

**Program:** National Forest Improvement and Maintenance  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Capital Assets and Service Acquisitio

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

- 3.CAP2 Has the program established appropriate, credible, cost and schedule goals?** Answer: No Question Weight: 10%
- Explanation: No evidence was provided that would indicate the program established appropriate, credible, cost and schedule goals.
- Evidence: While forest supervisors determine priority lists for the infrastructure they manage and look for projects that will yield the most value, no goals have been established to address cost effectiveness for the overall program. However, projects undergo a "Value Analysis process" where each project is reviewed for efficiency, cost effectiveness, and possible financial savings.
- 3.CAP3 Has the program conducted a recent, credible, cost-benefit analysis that shows a net benefit?** Answer: N/A Question Weight: 0%
- Explanation:
- Evidence:
- 3.CAP4 Does the program have a comprehensive strategy for risk management that appropriately shares risk between the government and contractor?** Answer: Yes Question Weight: 10%
- Explanation: Analysis of risks are performed through several processes and documented, including NEPA documents that evaluate environmental, social and economic impacts of the proposed construction and maintenance project.
- Evidence: NEPA documents, specific contract requirements (bonding/schedule/specifications), value analysis and value engineering processes. Through the Value Analysis process, projects are reviewed for efficiency, including cost-effectiveness. Contracts also include a Value Engineering clause that allows contractors to submit proposals to changes to the contract that will save the Government time and/or money while still meeting performance criteria.
- 4.1 Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?** Answer: Small Extent Question Weight: 25%
- Explanation: To the extent that funds are available, this program has made great strides in achieving its outcome goals. However, due to the lack of funding, the long term goals still remain unattainable and may need to be revised or more clearly defined to more accurately reflect what can reasonably be accomplished given limited resources. As it stands, the Forest Service is only able to demonstrate that it is reducing the growth rate in the deferred maintenance backlog. It is clear that additional efforts are needed to align infrastructure with available resources and to leverage resources from other sources.
- Evidence: GPRA, Forest Service Strategic Plan (FY 2000-FY 2005)

## Program Assessment Rating Tool (PART)

**Program:** National Forest Improvement and Maintenance  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Capital Assets and Service Acquisitio

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

**4.2 Does the program (including program partners) achieve its annual performance goals?**      Answer: Small Extent      Question Weight: 25%

**Explanation:** The FS sets annual performance goals based on the budget available for the year. As the program received a No in Question 2 of Section 2, the program must receive a No answer to this question. As previously mentioned annual performance goals could be strengthened by including efficiency-based targets and by developing annual performance measures that are results-oriented, linked to the strategic plan and are meaningful to the field. There is some confusion as to what performance measures are being used to document annual progress. The Budget Formulation Execution System (BFES) generates a number of outputs based on funding levels, which were subsequently used to document annual progress. However, while an annual performance plan was not submitted with this past year's budget (FY 2003) and BFES outputs were used as annual measures, previous years annual performance plans included measures more aligned with the strategic plan. It is OMB's understanding that new annual performance measures will be used for the FY 2004 budget.

**Evidence:** Annual Performance Plans, Management Attainment Reporting (MAR), Roads Accomplishment Report (RAR), Budget Formulation Evaluation System (BFES); FY 2003 Budget Justification.

**4.3 Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?**      Answer: Large Extent      Question Weight: 25%

**Explanation:** The program has made strides in achieving its annual goals and focusing funds in the areas that will provide the most cost-effective results. The field based budgeting system allows for improved flexibility and cost effective execution. Efforts aimed at prioritizing projects (e.g., Roads Analysis, Facilities Master Plan) will also help to this end.

**Evidence:** Actual performance vs. Targets; FS is currently under going an A-76 outsourcing study for cost effectiveness and efficiency of public works activities.

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

**Explanation:** No other program exists that has similar purpose and goals. No common performance measure exercise completed to evaluate performance against another program.

**Evidence:** N/A

**4.5 Do independent and quality evaluations of this program indicate that the program is effective and achieving results?**      Answer: N/A      Question Weight: 0%

**Explanation:** The program received a "No" in section II, question 5 as no independent and quality evaluations are conducted for this program.

**Evidence:** While monitoring trip reports and management review reports are used to assess the program, no other independent program evaluation has been conducted.

## Program Assessment Rating Tool (PART)

**Program:** National Forest Improvement and Maintenance  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service  
**Type(s):** Capital Assets and Service Acquisitio

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	80%	80%	33%	

**4.CAP1 Were program goals achieved within budgeted costs and established schedules?**

Answer: No

Question Weight: 25%

**Explanation:** No evidence given that program goals were achieved within budget costs and established schedules.

**Evidence:** While cost estimates are given for large projects, OMB has not received any detailed cost or schedule estimates for program goal implementation. As the goals are currently defined, such cost estimates would greatly overwhelm available budget resources.

## PART Performance Measurements

**Program:** National Forest Improvement and Maintenance  
**Agency:** Department of Agriculture  
**Bureau:** Forest Service

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**Measure:** Facilities Condition Index (a ratio of the cost of remedying maintenance deficiencies to the current replacement value, commonly used by private firms to monitor condition of facilities)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2003	0.87	0.87	
2004	0.87		
2005	0.87		

**Measure:** Miles of road reconstruction and capital improvement

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2003	24,579	24,579	
2004	28,965		
2005	35,080		

**Measure:** Miles of trail maintained to standard

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2003	26,301	26,301	
2004	25,592		

## Program Assessment Rating Tool (PART)

**Program:** National Resources Inventory  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	75%	100%	42%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The National Resources Inventory (NRI) is a statistically based survey that has been designed and implemented using scientific principles to assess land use and natural resource conditions on non-Federal lands in the United States. Several pieces of legislation have mandated that NRCS collect data on natural resources. The key statute in authorizing resources inventory activities within NRCS is the Rural Development Act of 1972. It directs the Secretary of Agriculture to implement a land inventory and monitoring program and to issue reports on the condition and trends of soil, water, and related resources. In addition, the objectives for NRCS in conducting natural resources inventories are clearly articulated in the Resources Inventory Policy - General Manual Title 290 Part 400.

**Evidence:** Legislation: Soil Conservation and Domestic Allotment Act of 1935 (Public Law 74-46, 16 U.S.C. 590 a-f), Rural Development Act of 1972 (Public Law 92-419, 7 U.S.C. 1010a), Soil and Water Resources Conservation act of 1977 (Public Law 95-192, 16 U.S.C. 2004). NRCS Policy: General Manual Title 290 Part 400 - Resources Inventory.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** The NRI serves as the Federal Government's principal source of information on the status, condition, and trends of soil, water, and related resources in the United States. NRCS needs scientific data on natural resources and environmental conditions that is valid, timely, relevant, and credible.

**Evidence:** Legislation: Soil Conservation and Domestic Allotment Act of 1935 (Public Law 74-46, 16 U.S.C. 590 a-f), Rural Development Act of 1972 (Public Law 92-419, 7 U.S.C. 1010a), Soil and Water Resources Conservation Act of 1977 (Public Law 95-192, 16 U.S.C. 2004). NRCS Policy: General Manual Title 290 Part 400 - Resources Inventory. NRCS Documents: NRCS Strategic Plan FY 2003-2008, NRCS Performance Results Measurement System (PRMS) documents.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

**Explanation:** The NRI is the most comprehensive database of its kind ever attempted anywhere in the world. No other database on the condition of natural resources has the depth of information as does the NRI, nor the breadth to provide national results. The NRI is unique because 1) it provides a nationally consistent database for all non-Federal lands; 2) it features data on resource trends, gathered and monitored in 1982, 1987, 1992, 1997, and 2001 by thousands of technical and natural resource data collection experts; and 3) it has a direct correlation with soils data, which permits analysis of resources in relation to the capability of the land and in terms of soil resources and conditions.

**Evidence:** NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI), Summary Report 1997 National Resources Inventory (revised December 2000).

**1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?**

Answer: YES

Question Weight: 20%

**Explanation:** The NRI is a statistically based survey that has been designed and implemented using scientific principles. Current NRI statistical procedures are a result of decades of collaborative research between NRCS and Iowa State University's Center for Survey Statistics and Methodology.

**Evidence:** NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

## Program Assessment Rating Tool (PART)

**Program:** National Resources Inventory  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	75%	100%	42%	

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

**Explanation:** The NRI has been implemented specifically to provide natural resources information to the Secretary of Agriculture. The NRI continues to target its efforts at providing updated, pertinent information for USDA by adjusting its annual surveys to meet national information needs and advance the agency's mission over time.

**Evidence:** NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI), NRI budget requests.

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: NO Question Weight: 12%

**Explanation:** The objectives of the NRI are to provide scientifically credible, timely, and relevant information about the nation's natural resources. OMB continues to have concerns, however, with the long-term performance measures included in this analysis.

**Evidence:** NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

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

**Explanation:** Because the answer to Question 2.1 was "no," the PART guidance requires that the answer to this question also be "no."

**Evidence:** NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

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

**Explanation:** Two annual measures are included in this review. They are based on data gathering deadlines and quality guidelines set in the annual NRI Business Requirements Report. This report specifies workload assignments on the number of samples to be completed as well as a time line for identifying the major NRI activities for the reporting period.

**Evidence:** NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

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

**Explanation:** In order for the NRI to meet short- and long-term goals, baseline sample sizes and standards for statistical reliability have been established.

**Evidence:** NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

Program Assessment Rating Tool (PART)

**Program:** National Resources Inventory  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	75%	100%	42%	

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

Explanation: The cooperator on the NRI, the Center for Survey Statistics and Methodology at Iowa State University, provides internationally recognized expertise in theoretical and applied aspects of survey design, survey operations, statistical estimation technique, and statistical analysis. ISU has cost-shared with NRCS on NRI work throughout the entire period of the cooperative agreement to support program goals.

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Cooperative Agreement 68-3A75-108.

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

Explanation: The NRI has regularly been reviewed by independent and/or outside organizations in order to assure the quality of its natural resources data. Program management has used the recommendations from these evaluations as guidelines for making improvements in the NRI. Additionally, the resources inventory program has an active Advisory Group in place for providing guidance on a variety of strategic and operational issues and has initiated an internal Quality Assurance program.

Evidence: NRCS Documents: Data Rich, Information Poor; By the Numbers; Proceedings from NRI Workshop, 2000; Oversight and Evaluation Report, 2002; NRI Advisory Group documentation; Resources Inventory Quality Assurance Plan.

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

Explanation: The NRI budget is directly tied to sample size and workload. The NRI budget spreadsheets delineate specific resource needs for particular program activities. Any changes in sample size due to funding or policy shifts affects the delivery of NRI data and products.

Evidence: NRCS Documents: NRI budget requests, NRI statistical design.

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

Explanation: NRI Policy has instituted the development of 1-, 2-, and 5-year plans, wherein program objectives are enumerated. The NRI provides the basis for specific measures and objectives in the NRCS strategic plan.

Evidence: NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI), NRCS Strategic Plan 2003-2008.

## Program Assessment Rating Tool (PART)

**Program:** National Resources Inventory  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

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

**Explanation:** Performance information is collected on two crucial NRI activities: 1) samples completed for data collection and 2) samples that have passed data review. This information is available in real time, on-line for review by program managers, State Conservationists, State Resources Inventory Coordinators, ICCS leaders, Headquarters staff, etc. In addition, progress reports on the status of data collection were sent to State and Regional Conservationists, ICCS leaders, and State Resources Inventory Coordinators every month during data collection. This information was used by these managers to monitor performance and to allocate resources accordingly.

**Evidence:** NRCS Documents: Monthly progress reports on status of data collection, graphs and maps on status of data collection, maps of status of data review.

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

**Explanation:** NRI staff are expected to complete NRI activities on schedule each year with the funds allotted. NRCS State Conservationists are ultimately responsible and accountable for program implementation, financial integrity, and adherence to schedules. Responsibilities of all involved parties are outlined in the Resources Inventory Policy. Annual goals are articulated in the Business Requirements Report. Specifics on workload/sample size, schedule, and deadlines are distributed to each State. The NRI Quality Assurance Plan provides guidance on maintaining the quality of the data. Financial reimbursements for cooperators are tracked through the FSIS system.

**Evidence:** NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI), NRI Quality Assurance Plan.

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

**Explanation:** NRI funds are obligated and disbursed along with the rest of the Conservation Operations appropriations. Funding is allocated through the Resources Inventory Division to the Budget Allocation Office, which distributes funds to the States. Funding for the NRI partner at Iowa State University is executed through a cooperative agreement.

**Evidence:** NRCS Documents: NRI budget requests, Cooperative Agreement 68-3A75-9-108.

## Program Assessment Rating Tool (PART)

**Program:** National Resources Inventory  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	75%	100%	42%	

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

Answer: YES

Question Weight: 14%

**Explanation:** "Yes" is a valid answer for this question, but the program should develop efficiency performance measures. The IT investments and improvements the program has made in recent years may be increasing efficiency, but OMB is currently not aware of efficiency measures that track these improvements. The majority of NRI data is collected using remote sensing at 21 Inventory Collection and Coordination Sites (ICCS's), located throughout the country. These ICCS's are responsible for front-line management and leadership of data collection activities. Full-time, part-time, temporary, and volunteer employees are used to achieve the maximum utilization of resources in the data collection process. The ICCS's employ cutting-edge technology in program execution, including Web-based instructional systems, high quality analogue and digital imagery, hand-held data collection devices with a computer-assisted survey instrument, military-grade GPS units, and a Web-based data review system.

**Evidence:** NRCS Documents: NRI Data Collection Instructions, NRI Imagery Contract documents, Personal Digital Assistant document, Computer-Assisted Survey Instrument, Data Review System documents.

**3.5 Does the program collaborate and coordinate effectively with related programs?**

Answer: YES

Question Weight: 14%

**Explanation:** Active coordination of resources inventory efforts has been executed between the NRI and other USDA and outside programs. The NRI focuses on private lands and collaborates with the National Agriculture Statistics Service on their enumeration of private agricultural lands. The NRI also coordinates with the Forest Service (Forest Inventory and Analysis) and the U.S. Fish and Wildlife Service on complementary activities on public lands, and with Minnesota Department of Natural Resources on regional studies. NRI Policy directs the coordination of the NRI program with other Federal, State, Tribal, and local government resources inventory programs when feasible, practical, and consistent with NRCS's mission.

**Evidence:** NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: NRI budget line items; joint USDA-DOI release of wetlands data, 2001; MN DNR reports. USDA Document: Integrating Surveys of Terrestrial Natural Resources: The Oregon Demonstration Project.

**3.6 Does the program use strong financial management practices?**

Answer: YES

Question Weight: 14%

**Explanation:** The Federal Financial Management Improvement Act established a statutory requirement for agency heads to assess, on an annual basis, whether their financial management systems comply with Federal financial management system requirements; applicable Federal accounting standards; and the Standard General Ledger at the transaction level. The agency Financial Management Director certified that the NRCS financial management system is in compliance with this Act.

**Evidence:** FSIS System, General Manual Title 250.

## Program Assessment Rating Tool (PART)

**Program:** National Resources Inventory  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	75%	100%	42%	

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

**Explanation:** NRI operating procedures were formalized with the implementation of NRI Policy. The adoption of the NRI policy was a significant step in articulating program objectives, outlining responsibilities, and establishing a schedule for specific management activities. Within the last 2 years, a Quality Assurance effort has been initiated to address management issues. The NRI program has received valuable feedback from several objective, external reviews, most recently from the Oversight and Evaluation Division. NRI managers are currently incorporating many of these suggestions into the program. Additionally, input from the NRI Advisory Group is useful in improving program management.

**Evidence:** NRCS Policy: General Manual Title 290 Part 400. NRCS Documents: Oversight and Evaluation Report--National Resources Inventory, NRI Advisory Group documents, Resources Inventory Quality Assurance Plan.

**4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight: 25%

**Explanation:** Because the answer to Question 2.1 was "no," the PART guidance requires that the answer to this question also be "no." The overriding goal of the NRI is to provide credible, timely, and relevant information about the Nation's natural resources and environmental conditions at national, regional, and State levels.

**Evidence:** NRCS Documents: NRCS Strategic Plan 2003-2008, Performance Results Measurement System documents, Communication Sheet on NRI data use, Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI).

**4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: LARGE EXTENT Question Weight: 25%

**Explanation:** Two of the annual output measures included in this review have performance results reported. Though the program has not meet its target of 100% for the two measures, it has been improving its performance in one measure to near the target level.

**Evidence:** NRCS Documents: Continuous Inventory Business Requirements Report--2002 National Resources Inventory (NRI), Transcripts of Chief's Testimony to Congressional Appropriations Committees.

**4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: SMALL EXTENT Question Weight: 25%

**Explanation:** The NRI program does not have efficiency measures, but the program has implemented a number of meaningful IT improvements in recent years to enhance efficiency and program performance. Increased utilization of technology, such as digital imagery, has resulted in a number of advances in the program. Improvements have been noted in meeting the deadline for data collection, increases in data collection efficiencies, reductions in error rates, and reduced costs for imagery. Until the program can better document its improved efficiencies, however, the score for this question cannot be more than "small extent."

**Evidence:** NRCS Documents: Graph comparing 2001 vs. 2002 data collection production, Data Review System error reports, NRI imagery contract documents.

## Program Assessment Rating Tool (PART)

**Program:** National Resources Inventory  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	75%	100%	42%	Demonstrated

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

**Explanation:** While there are other federal resource inventory programs, such as the Forest Inventory Analysis, Forest Health Monitoring Survey, NASS surveys, and the National Wetlands Inventory, NRCS's NRI program is unique because they do not have the same measurement objectives, they are land and resource assessment programs. The NRI is the only statistically-based national inventory of land use and resource conditions in the country. OMB is not aware of analyses that have reviewed the relative performance of these programs.

**Evidence:** NRCS Documents: Integrating Surveys of Terrestrial Natural Resources: The Oregon Demonstration Project; Data Rich, Information Poor; Summary Report--1997 National Resources Inventory (revised December 2000); NRI Web site.

**4.5**      **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?**      Answer: LARGE EXTENT      Question Weight: 25%

**Explanation:** Independent evaluations have affirmed the value of the NRI, and have made recommendations for improving operations and/or delivery of products. The most recent independent evaluation, Oversight and Evaluation Report--National Resources Inventory (2002), indicated that improvements could be made in the NRI program but agency changes were necessary for these improvements to occur. Actions are underway to address the recommendations.

**Evidence:** NRCS Documents: Oversight and Evaluation Report--National Resources Inventory (2002), By the Numbers; Proceedings of NRI Workshop (2000); Data Rich, Information Poor.

## PART Performance Measurements

**Program:** National Resources Inventory  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service

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**Measure:** Percent of 73,576 Primary Sampling Units collected by deadline.

**Additional Information:** Data collection on NRI sample is completed by the deadline each year.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	100	82	
2002	100	98	
2003	100		
2004	100		

**Measure:** Percent of samples that have passed data quality standards by collection deadline.

**Additional Information:** This measure is contingent on the level of completion of data collection.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	95		
2002	95	85	
2003	95		
2004	95		

**Measure:** Conduct NRI according to statistical principles (percent).

**Additional Information:** Adhere to scientifically developed statistical principles, procedures, and practices.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	100		
2002	100		
2003	100		

## PART Performance Measurements

**Program:** National Resources Inventory  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service

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**Measure:** Conduct NRI according to statistical principles (percent).  
**Additional Information:** Adhere to scientifically developed statistical principles, procedures, and practices.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2004	100		

**Measure:** Reduce the average cost per Primary Sampling Unit data collection (\$/PSU) by X% by 2008.  
**Additional Information:** Baseline average cost per Primary Sampling Unit data collection is \$XXX in FY 2002.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term (Efficiency Measure)
2008	X%		

**Measure:** Provide natural resources information to the scientific community (percent).  
**Additional Information:** Provide data for the development of models, analysis tools, and reports.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001	100		
2002	100		
2003	100		
2004	100		

**Measure:** Agriculture policy is based on scientifically sound information on natural resources provided by the NRI (percent).  
**Additional Information:** The NRI provides key information on natural resources in drafting the Farm Bill, USDA policy, RCA appraisals, etc.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001	100		
2002	100		
2003	100		

## PART Performance Measurements

**Program:** National Resources Inventory  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service

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**Measure:** Agriculture policy is based on scientifically sound information on natural resources provided by the NRI (percent).

**Additional Information:** The NRI provides key information on natural resources in drafting the Farm Bill, USDA policy, RCA appraisals, etc.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2004	100		

**Measure:** Progress on NRCS strategic objectives is tracked accurately (percent).

**Additional Information:** The NRI provides measures of the status of several natural resources that are central to the NRCS Strategic Plan--such as farmland conversion, irrigation, wetlands, forestland, and grazing land.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001	100		
2002	100		
2003	100		
2004	100		

## OMB Program Assessment Rating Tool (PART)

### Block/Formula Grants

**Name of Program: National School Lunch**

**Section I: Program Purpose & Design (Yes,No, N/A)**

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	Is the program purpose clear?	yes	Goal - - safeguarding the health and well-being of Nation's children and encouraging the domestic consumption of nutritious agricultural commodities	National School Lunch Act, Child Nutrition Act	20%	0.2
2	Does the program address a specific interest, problem or need?	yes	The program provides nutrient dense meals to children, including free or low cost meals to low-income children.	National School Lunch Act, School Meal Initiative (SMI) Regulations, Team Nutrition	20%	0.2
3	Is the program designed to have a significant impact in addressing the interest, problem or need?	yes	On a daily basis serves nearly 6 out of 10 children enrolled in over 90,000 schools. Nearly half of all participants (47%) receive free meals. Subsidies amount to 15-25% of the price of meals purchased by upper-income children, who comprise 43% of participants.	The NSLP is available to nearly all children enrolled in public schools and many in private schools. In 2002 the program will serve an average of nearly 28 million meals each school day.	20%	0.2
4	Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?	yes	The NSLP is the sole mechanism for ensuring near universal access for meals to low income children in public and private schools. The NSLP sets national meal standards consistent with dietary guidelines and ensures that meals meet basic nutritional requirements. Reimbursement rates are intended to match the costs of producing meals.	NSLP is available in nearly all public schools. GAO found that reimbursement rates for free meals tie closely to the cost of producing meals. Information on Meal Costs in the National School Lunch Program. RCED-94-32BR December 1, 1993	20%	0.2
5	Is the program optimally designed to address the interest, problem or need?	no	The program is designed to provide access to meals, in particular to low income children, with minimum barriers and administrative costs. However, data suggest that a significant proportion of ineligible children are receiving benefits and USDA is studying alternatives to deal with the issue of over certification.	National School Lunch Act; NSLP Application/Verification Pilot Project: Report on First Year Experience (August 2002)	20%	0.0
<b>Total Section Score</b>					<b>100%</b>	<b>80%</b>

**Name of Program: National School Lunch**

**Section II: Strategic Planning (Yes,No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?	yes	The Agency's Strategic Plan has two primary strategic goals for all FNS' nutrition assistance programs. However, there are specific performance targets for NSLP under these goals. These include 1) rates of eligible populations participating in NSLP; 2) nutritional quality of NSLP meals; 3) accuracy of meal counts; and 4) rate of certification in excess of the estimated number of eligible children.	FNS Strategic Plan 2000 to 2005	14%	0.1
2	Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?	no	Annual measures include the targeted level of State monitoring of local efforts to ensure that NSLP meals meet nutrition standards, however data are not reported. CRE provides an annual mechanism to review meal quality and program integrity for a subset of SFAs.	The annual performance goals are not well linked to long-term goals.	14%	0.0
3	Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?	no	Program partners are generally not asked to report information that supports assessment of outcome goals, except on a periodic survey basis.		14%	0.0
4	Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?	yes	The National School Lunch, School Breakfast and Child are all designed to provide nutritious meals to children in school and child care settings. A single grantee may administer all three programs.	The programs use common eligibility guidelines and reimbursement rates. Procedures are harmonized to reduce grantee administrative burden.	14%	0.1
5	Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?	yes	Studies examining the nutritional quality of NSLP meals are conducted about every five years. CRE reviews are conducted on a regular 5 year cycle; reviews are comprehensive and corrective action is required for deficiencies identified in the reviews.	School Nutrition Dietary Assessment Study (SNDA) I collected data from schools during school year 1991-92 SNDA II collected data during school year 1998-99.	14%	0.1
6	Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?	no	The budget is designed to provide explicit estimates of levels of meal service. However, the linkage between program estimates and ultimate outcomes (e.g., health benefits) are not clearly linked to the budget		14%	0.0

**Name of Program: National School Lunch**

7	Has the program taken meaningful steps to address its strategic planning deficiencies?	yes	The Agency is working toward a consistent approach to developing a shared agenda with State Agencies. It is exploring the balance between administrative data collected and burden placed on partners. It is seeking to obtain adequate resources to conduct studies to fill information gaps.	A FNS-states working group developed strategies to encourage grantee commitment to performance goals. FNS staff are conducting a top-to-bottom assessment of current administrative data collections to eliminate unnecessary items and determine what changes can be made to support performance measurement	14%	0.1
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<b>Total Section Score</b>	<b>100%</b>	<b>57%</b>
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**Section III: Program Management (Yes,No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?	yes	State agencies report annually on the results of program oversight reviews which are conducted in accordance with uniform standards and procedures established by the Agency (Coordinated Review Effort). The agency also collects monthly meal service data structured by income eligibility status of recipient.	CRE Guidance; 7 CFR 218 (CRE regulations); FNS-640 (CRE Data Report); CRE Data Annual Reports	11%	0.1
2	Are Federal managers and program partners (grantees, sub grantees, contractors, etc.) held accountable for cost, schedule and performance results?	yes	State agencies and program operators are reviewed through Management Evaluations (SAs) and the Coordinated Review Effort (School Food Authorities). Identified program deficiencies must be address through corrective action and payments may be withheld if deficiencies are not corrected	Child Nutrition Management Evaluation Guidance; 7 CFR 218 (CRE regulations); CRE Guidance	11%	0.1
3	Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?	no	Funds are obligated consistently with the overall program plan. However, extant information indicates that a significant proportion of benefits are provided to ineligible children.	NSLP Application/Verification Pilot Project: Report on First Year Experience (August 2002)	11%	0.0
4	Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?	yes	Sub grantees are required to use approved competitive sourcing in program procurements. The agency works with State agency partners to identify, develop, and provide funding where available for IT improvements to increase program efficiency	NSLP Regulations	11%	0.1

**Name of Program: National School Lunch**

5	Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?	no	The agency's budget projections cover the cost of meal service and State's administrative expenses. Costs for administrative activities, including nutrition and food safety initiatives as well as oversight within program accounts. However, agency administrative costs are not provided by program activity and are not linked to performance levels.	FNS operates 15 domestic assistance programs but does not budget administrative expenses by program and does not link administrative funding to program outcomes.	11%	0.0
6	Does the program use strong financial management practices?	no	USDA has identified several material deficiencies in the National School Lunch Program including program eligibility and procurement in the child nutrition programs.	FNS has a number of initiatives underway, including demonstrations and regulatory actions to better address the issue of over certification.	11%	0.0
7	Has the program taken meaningful steps to address its management deficiencies?	yes	The agency is conducting pilot programs in over 20 School Food Authorities to test alternative approaches to certification and verification which may reduce the over certification problems, and is working with a contractor to evaluate the results of these pilots. The agency is also developing proposals to be included in reauthorization legislation to address the over certification problem.	NSLP Application/Verification Pilot Project: Report on First Year Experience (August 2002)	11%	0.1
8 (B 1.)	Does the program have oversight practices that provide sufficient knowledge of grantee activities?	yes	Grantee (State agency) activities are assessed annually or biennially through a structured Management Evaluation Process. Sub-grantees (School Food Authorities) are reviewed on a five year rotation using agency established procedures; results of the reviews are reported annually to the agency.	Child Nutrition Management Evaluation Guidance; 7 CFR 218 (CRE regulations); CRE Guidance	11%	0.1
9 (B 2.)	Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?	no	The agency collects annual performance data for program reviews conducted by State agencies, but does not publish information at the grantee level or for the public. The agency has issued a proposed rule to collect verification data for all School Food Authorities nationwide to improve the availability of data on certification and verification.	7 CFR 245 proposed rule <i>Determining Eligibility for Free and Reduced Price Meals and Free Milk in Schools -- Verification Reporting and Recordkeeping Requirements</i>	11%	0.0

<b>Total Section Score</b>	<b>100%</b>	<b>56%</b>
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**Name of Program: National School Lunch**

**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?	large extent	The Agency is making steady progress in achieving its long-term goals.	School Nutrition Dietary Assessment Study I & II; CRE Data Report; NSLP administrative data	20%	0.1
<p>Long-Term Goal I: Improve the diets of children and low-income people            Target: By 2005, NSLP meals should provide ≤30% calories from fat; &lt;10 calories from saturated fat; and 33% of RDAs of calories, vitamins, etc.            Actual Progress achieved toward Nutrient quality of meals improved significantly from SY 1991-92 to SY 1998-99. Proportion of calories from fat dropped from 38% to 33%; goal: proportion from saturated fat dropped from 15% to 12%.</p> <p>Long-Term Goal II: Increase the accuracy of benefit issuance            Target: By 2005, 90% of SFAs report accurate meal counts.            Actual Progress achieved toward Baseline: In 1997, 85.5% of SFAs reported accurate meal counts; In 2000, 86.8% of SFAs reported accurate meal counts.            goal:</p> <p>Long-Term Goal III: Increase rates of eligible populations participating in NSLP            Target: By SY 2004/05 reach 55% of children enrolled in school            Actual Progress achieved toward Baseline: In SY 1995/96, 51% of children enrolled in school participated in NSLP; In SY 2000/01, 52% of children enrolled participated.            goal:</p>						
2	Does the program (including program no partners) achieve its annual performance goals?	no	Annual performance goals are not well linked to long term goals, and focus on outputs or process rather than outcomes.		20%	0.0
<p>Key Goal I: Expand access and benefit delivery for NSLP            Performance Target: 2001 target - 27.6 million            Actual Performance: 2001 actual - 27.4 million</p> <p>Key Goal II: Monitor and support State and local efforts to ensure that USDA food benefits meet national nutritional standards            Performance Target: 2001 target - 2,900 SMI reviews conducted by State Agencies            Actual Performance: 2001 actual - 4,073 SMI reviews conducted by State Agencies indicating a high degree of oversight</p> <p>Key Goal III: Maintain benefit accuracy in NSLP            Performance Target: 2000 target - 87 % of SFAs in compliance with counting and claiming rules            Actual Performance: 2000 actual - 86.8% of SFAs in compliance with counting and claiming rules</p>						
3	Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?	large extent	Program has achieved substantial improvement in meal quality without changes in program reimbursement rates, however, erroneous payments appear to have increased over time, reducing the program's cost effectiveness.	School Nutrition Dietary Assessment Study I & II; analysis of Current Population Survey and administrative data.	20%	0.1

**Name of Program: National School Lunch**

4	Does the performance of this program compare favorably to other programs with similar purpose and goals?	yes	The NSLP serves a high proportion of the eligible population (58% on a daily basis vs. 21% for the School Breakfast Program (SBP)); meals served in schools are nutritionally superior to non-school meals; nutritional impacts are significant when measured over a 24 hour period.	Children's Diets in the Mid-1990s: Dietary Intake and Its Relationship with School Meal Participation - January 2001; NSLP Administrative Data	20%	0.2
5	Do independent and quality evaluations of this program indicate that the program is effective and achieving results?	large extent	Analysis of the CSFII data indicate that NSLP participation is associated with higher mean intakes of food energy and of many nutrients, both at lunch and over 24 hours. NSLP participants are more likely than non-participants to consume vegetables, milk and milk products, meat products, both at lunch and over 24 hours.	Children's Diets in the Mid-1990s: Dietary Intake and Its Relationship with School Meal Participation - January 2001	20%	0.1

<b>Total Section Score</b>					<b>100%</b>	<b>60%</b>
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## Program Assessment Rating Tool (PART)

**Program:** Pesticide Data/Microbiological Data Programs  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Marketing Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The purpose of the Pesticide Data Program (PDP) is to collect pesticide residue data to support implementation of the Food Quality Protection Act (FQPA). The Purpose of the Microbiological Data Program (MDP) is to collect baseline data to address food borne pathogens in the food supply.

**Evidence:** The authority for the PDP program is in title III, section 301 of the FQPA. The authority for the MDP program is in the Agriculture Marketing Act of 1946.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** The PDP program is the main supplier of data to EPA that accurately reflects pesticide residues in the U.S. food supply. This data is used to implement the FQPA and make regulatory decisions that affect agricultural production. The data supplied through the PDP program is tied to FQPA implementation time tables through cooperative agreements with State Departments of Agriculture. MDP baseline data will enable government agencies to develop risk assessment models, and evaluate antimicrobial resistance.

**Evidence:** PDP provided 87 percent of the data used for the cumulative risk assessment of organophosphates which led to regulatory decisions affecting 22 crop protectants. PDP is currently generating data needed for cumulative risk assessment of pyrethroids, conazoles/triazoles, and other pesticide classes. MDP data were sent to CDC and FDA. Cultures are provided to ARS to support the Interagency Taskforce on Antimicrobial Resistance.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

**Explanation:** PDP is the only program in the U.S. that is specifically designed to produce dietary risk assessment data on a national level. The data is representative of over 50 percent of the U.S. population and all geographic regions of the country. The data reflect population exposure to pesticides through dietary intake. MDP baseline fruits and vegetables survey on foodborne pathogens is a first-time national scale effort that is not duplicative of any other federal program.

**Evidence:** PDP is designed to allow national estimates from the data obtained. PDP covers major agricultural producers as well as underserved rural areas. For example, community water systems in the PDP water survey include small water treatment plants that are not being surveyed by any other federal program. Over time MDP data are expected to spot trends in microbial contamination and serve as a basis for risk assessment.

**1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?**

Answer: NO

Question Weight: 20%

**Explanation:** One mechanism to strengthen the effectiveness and efficiency of the program would be to consider charging a fee to industry beneficiaries for partial or full cost of the program.

**Evidence:** OMB Circular A-25, states that, "It is the objective of the United States Government to .... promote efficient allocation of the Nation's resources by establishing charges for special benefits provided to the recipient that are at least as great as costs to the Government of providing the special benefits ....":

## Program Assessment Rating Tool (PART)

**Program:** Pesticide Data/Microbiological Data Programs  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Marketing Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

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

**Explanation:** MDP and PDP sampling plans, developed by NASS statisticians, are designed to collect samples that represent what is available to the U.S. consumer. The States initially chosen for participation in the program are major producers of fruits and vegetables in the U.S., and as such, they already had the sampling and testing infrastructure needed by PDP. In addition, PDP studies are focused on the chemicals and fruits and vegetables identified by EPA as part of its needs to set pesticide tolerances.

**Evidence:** State vouchers are carefully reviewed to ensure that charges are for allowable items and are in agreement with forecasted expenditures. Any discrepancy is quickly addressed with state personnel and corrected, if necessary.

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

**Explanation:** The ultimate outcome of PDP data will be full implementation of FQPA. PDP data output has a significant impact on the FQPA implementation process, and at the same time supports the agricultural industry in making necessary transitions to safer crop protection tools to maintain production. The PDP program has identified the following long-term performance measure as a surrogate for an outcome measure: Provide EPA pesticide residue data on targeted food commodities based on established timeframes and requirements of the FQPA of 1996.

**Evidence:** The FQPA of 1996 requires that all tolerances established by EPA (over 10,000) be revised for conformance with the new standards set by the Act. EPA published a Federal Register Notice (August 4, 1997; volume 62, No. 149) which described the Agency's timetable for reassessing food tolerances for the next 10 years. PDP plans data collection activities in accordance with EPA's established timetables and timeframes for pesticide tolerance reassessment. AMS timeframes are established by the statutory requirements of the EPA.

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

**Explanation:** PDP plans data collection activities in accordance with EPA's established timetables and timeframes for pesticide tolerance reassessment.

**Evidence:** PDP data are used for evaluation of newly registered pesticide uses such as conazoles and pyrethroids. PDP data collection plans for 2003 and 2004 for pyrethroid compounds are based on regulatory activities (cumulative risk assessment of pyrethroids) that EPA has scheduled for 2005. MDP plans for 2003-2004 include complete migration to new and more efficient technologies and to demonstrate equivalency of data across laboratories.

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

**Explanation:** Annual performance goals are measured by the number of samples and analyses performed in a fiscal year.

**Evidence:** GPRA performance goals are expressed as percentage of sampling and analyses goals achieved and /or exceeded. Total number of commodities sampled and tested for in a given year (commodity- year) is compared to annual target

**Program Assessment Rating Tool (PART)**

**Program:** Pesticide Data/Microbiological Data Programs  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Marketing Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

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

**Explanation:** Annual measures include quantifiable targets to be achieved in a given year. These numbers are included in the program GPRA plan and are contingent on funding levels.

**Evidence:** PDP/MDP plan to deliver 100% of the analysis goal stipulated in the 2005 GPRA plan. This goal is developed using the baseline number for calendar year 2002 (PDP was 125,000 analyses). These programs must also respond to urgent requests from data users which at times may impact number of analyses performed. In these cases, PDP performs a cost-benefit analysis to determine impact to the agricultural industry if urgent data needs are not met and adjusts GPRA goals accordingly.

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

**Explanation:** Program operations are carried out by state partners through cooperative agreements with State Departments of Agriculture. Terms of the agreements include execution of program planning, adherence to operating procedures and a requirement to achieve ISO 17025 accreditation. Planning meetings are held with partners (states, EPA, CDC) to discuss long range planning and develop semi-annual plans.

**Evidence:** Program plans and standard operating procedures (SOPs) are sent to state partners well in advance of planning cycle. Plans and SOPs are also posted on the program's web site. State partners are required to show evidence of progress towards achieving ISO 17025 accreditation for their operations, which will ensure acceptance of data by international organizations.

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

**Explanation:** The most recent review of program operations was conducted by the USDA Inspector General's Office (OIG) in 1994. While not independent of the program, federal staff also conduct periodic reviews of program operations. AMS plans to request an audit of program operations by the USDA Office of the Inspector General in FY 2004.

**Evidence:** Appropriate citations from the 1994 review are:

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

**Explanation:** The PART guidance states that in order to obtain a "yes", the program must provide a presentation that makes clear the impact of funding, policy, or legislative decisions on expected performance and explains why the requested performance/resource mix is appropriate. A program with budget planning that is not tied to performance or strategic planning would receive a No.

**Evidence:** The programs budget justification materials do not tie the budget request to the program's annual performance measure of the number of commodities tested and the number of samples analyzed.

Program Assessment Rating Tool (PART)

**Program:** Pesticide Data/Microbiological Data Programs  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Marketing Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

**2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: NO Question Weight: 12%

**Explanation:** While the program does have acceptable (output related) annual performance measures, and an acceptable long-term measure of providing EPA with pesticide residue data throughout the re-registration process, the program would be strengthened by adopting an additional outcome based long-term measure of the program's performance.

**Evidence:** The program has only one output based long term measure: Provide EPA pesticide residue data on targeted food commodities based on established timeframes and requirements of the FQPA of 1996.

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

**Explanation:** Program performance is measured by collective ability of PDP/MDP participants to deliver data within deadlines. Both programs have a strong quality assurance program that covers all aspects of data gathering, from sample collection to data reporting. PDP/MDP participants guarantee data by adherence to these strict QA protocols.

**Evidence:** Sampling performance is measured by participant's ability to collect a specified number of samples that meets PDP/MDP criteria. Laboratory performance is measured by ability to meet quality assurance/quality control protocols. Laboratories performance is also measured through "proficiency check samples" and validation studies. Workload assignments are given according to laboratory area of expertise and capacity. Laboratory backlog is closely monitored and if warranted samples are rerouted to another laboratory.

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

**Explanation:** AMS has assigned management of the PDP/MDP programs to the Science and Technology-Monitoring Programs Office. The MPO Director is held accountable for financial oversight, schedules and performance of PDP/MDP. Performance is monitored through GPRAs. Performance of State partners and contractors is monitored by MPO staff through audits and the Quality Assurance program.

**Evidence:** The MPO Director is held accountable for overall financial oversight, schedules and performance of PDP/MDP. Program participants are required to select individuals to oversee administrative, technical and quality assurance operations at each of the PDP/MDP facilities. These requirements are described in standard operating procedures (SOP-ADMIN2 Personnel and Organization). Performance of contractors is monitored through ongoing reports from PDP/MDP facilities.

**Program Assessment Rating Tool (PART)**

**Program:** Pesticide Data/Microbiological Data Programs  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Marketing Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

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

**Explanation:** Funds are obligated to fulfill the statistical sampling plan and are managed through cooperative agreements when appropriations are received. Amounts allocated to the states are proportional to planned workload, staffing levels and operational costs. Program partners are required to submit a budget with estimates of costs. Deviation from estimated expenditures must be cleared by MPO.

**Evidence:** Program partners submit periodic billing of expenditures. MPO reviews these bills for conformance with the terms of cooperative agreements, forecasted expenditures (standard form 424) and program plans. All purchases of single items over \$5,000 by State and federal partners must be approved by MPO. State expenditures that exceed \$25,000 or 10 percent (whichever is lower) of forecasted expenditures must be approved by MPO.

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

**Explanation:** For laboratory analyses, PDP/MDP utilizes state partners rather than private sector laboratories to maintain the impartiality of the data. Criteria used for outsourcing is any activity that cannot be accomplished by the PDP/MDP state partners, due to either cost or availability. Factors to be considered when outsourcing include obtaining statistically representative, unbiased samples consistently collected, handled, and shipped in a manner to ensure the integrity of the data produced. All program objectives and programmatic quality assurance criteria must be maintained in contract awards. Other examples of efficiency improvements are:

**Evidence:** Based on competitive sourcing, in 2002 PDP enlisted the services of water utilities staff and awarded this contract to a private vendor to manage water sample collection and provide supplies, resulting in savings of \$450,000. Additional examples of activities outsourced include administering proficiency test samples and sample collection kits. Similarly, collection of pear concentrate samples at processing plants that could not be done by State partners in a cost effective manner was awarded to a private contractor. MDP has undertaken similar cost comparative studies.

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

**Explanation:** The program is a collaborative state-federal effort. The EPA and all ten PDP/MDP states provide feedback in program planning. The program also works with the USDA Office of Pest Management Policy (OPMP), USDA National Agriculture Statistics Service, CDC, and FDA to address agricultural industry's and government's data needs.

**Evidence:** EPA and OPMP review and concur on PDP program plans. EPA participates in PDP annual planning sessions with state partners. Long-range planning is developed with EPA, OPMP and other stakeholders (industry and consumer groups). EPA also provides technical support for laboratory operations (e.g., methods, pesticide reference materials, etc.). Records of planning sessions, conference calls, and interagency meetings are filed by MPO. State sample collectors and scientists are represented in Program Advisory Committees. MDP planning is developed in consultation with CDC and FDA.

## Program Assessment Rating Tool (PART)

**Program:** Pesticide Data/Microbiological Data Programs  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Marketing Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

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

Explanation: PDP/MDP use the Federal Financial Information System and internal budget spreadsheets to track budget transactions.

Evidence: Invoices from clients are reviewed before they are processed for payment. Billing discrepancies and corrections are promptly resolved. Contracts that fail to meet criteria for deliverables are terminated. State partners are required to notify MPO of changes in staffing levels if these affect budget expenditures. Also, all purchases over \$5,000 per item require the approval of the program Director.

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

Explanation: Reviewing data output provides the first indication of management deficiencies for both programs because poor management quickly translates into errors and or delays reporting data. State managers are promptly notified if in the course of data review (financial or scientific), recurring errors are spotted. If the problem is not corrected, financial, sampling or laboratory operations are scheduled for an audit by qualified headquarters staff. In addition, each program participant undergoes periodic reviews/audits of program operations. Any management or technical deficiencies observed are reported to AMS Compliance Office. These deficiencies must then be corrected and the corrective action documented and communicated to headquarters.

Evidence: As reported in the 1994 OIG report, poor management caused errors in data reporting and backlogs when the problem was not quickly corrected. PDP/MDP staff review data submissions sent daily via remote data entry. Any discrepancies, errors and/or omissions are promptly reported to program partners. Reports of outcome of program reviews including recommendations for improvement or corrective actions are sent to the state laboratory and AMS Compliance Office and are filed in program QA archives. Follow-up on-site reviews track implementation of corrective actions.

**4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight: 25%

Explanation: The program has only one output based long term measure: Provide EPA pesticide residue data on targeted food commodities based on established timeframes and requirements of the FQPA of 1996. The program received a "small extent" for this question because it's difficult to determine what level of accountability program partners are held to and what the consequences are for their failure to meet deadlines.

Evidence: While the PDP annual GPRA goals have been met or, in some cases, exceeded, it's difficult to determine how ambitious the targets and timeframes are for data delivery to EPA.

**4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: LARGE EXTENT Question Weight: 25%

Explanation: Annual performance goals are met by all program participants. Achievement of annual goals is attained through active participation of all partners in formulation of plans. Sessions for long range planning are held once a year with all participants in attendance. Semiannual plans are prepared with participants input via meetings, conference calls and e-mails. The program received a "large extent" for this question due to the fact that all of it's annual measures and it's long-term measure is output related.

Evidence: PDP/MDP GPRAs were met or exceeded. Summaries of PDP data are published annually and posted on the Web site (<http://www.ams.usda.gov/science/pdp/> or [mdp/](http://www.ams.usda.gov/science/mdp/)). MDP data will be released in 2003. Semiannual plans, which are also posted on the Web, and are used by PDP customers to project availability of data.

## Program Assessment Rating Tool (PART)

**Program:** Pesticide Data/Microbiological Data Programs  
**Agency:** Department of Agriculture  
**Bureau:** Agricultural Marketing Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	63%	100%	33%	

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

Answer: SMALL  
EXTENT

Question Weight: 25%

**Explanation:** While the program has recently developed an efficiency measure, it cannot be determined if that measure has contributed to increased efficiencies. Next year, the PART evaluation will revisit this question to determine the effectiveness of the efficiency measure on the program. Another way to strengthen the cost effectiveness and efficiency of the program would be to consider charging industry beneficiaries with partial or full cost of the program. However, the PDP/MDP completed OMB Circular A-76 for fiscal years 2000-2003 and provided Federal-State cost comparisons that demonstrate program efficiency.

**Evidence:** The number of samples analyzed by PDP has increased as follows: 1999--9,125 samples; 2000--10,907 samples; 2001--12,264 samples; 2002--12,933. Program efficiency is also measured by timeliness of data delivery and ability to accommodate urgent data requests. In these cases, economic impact to agricultural industry is weighed and output is adjusted accordingly. Remote data entry capabilities were provided to MDP labs. DNA-based technologies, currently under validation at MDP laboratories, are expected to yield significant savings.

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

Answer: NA

Question Weight: 0%

**Explanation:** PDP is the main provider of dietary risk assessment data to the EPA for use in the registration and re-registration of pesticides in accordance with the FQPA of 1996. PDP procedures have been given to other data providers at the request of EPA. Program staff was invited to participate in an international risk assessment workshop for the European Union to discuss program design and procedures. MDP is the only program collecting unbiased microbiological baseline data in fruits and vegetables. However, based on the unique purpose of the program, it received an "na".

**Evidence:** See answer to question number 1.1 for PDP. Existing Federal programs collect microbiological data in response to food poisoning incidents or to track emerging food borne illnesses whereas MDP data collection does not target specific problem areas. MDP is an ongoing survey that provides government agencies unbiased data on food borne pathogens in fruits and vegetables that can be used as baseline for outbreak investigations. Over time, the data are expected to serve as basis for microbial risk assessments.

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

Answer: NO

Question Weight: 25%

**Explanation:** The most recent review of program operations was conducted by the USDA Inspector General's Office (OIG) in 1994. While not independent from the program, federal staff also conduct periodic reviews of program operations. AMS plans to request an audit of program operations by the USDA Office of the Inspector General in FY 2004.

**Evidence:** Appropriate citations from the 1994 review are:

## PART Performance Measurements

**Program:** Pesticide Data/Microbiological Data Programs

**Agency:** Department of Agriculture

**Bureau:** Agricultural Marketing Service

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**Measure:** Number of samples analyzed (average of the PDP/MDP programs).

**Additional Information:** PDP: the number of commodities sampled compared to the annual target: 11,000 in FY02; 11,500 in FY03-05. MDP: the number of samples tested for foodborn pathoghens (beginning 2002) compared to the annual target: 10,245 in FY 02; 11,000 in FY 03-05

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	21,245	23,157	
2003	22,500		
2004	22,500		
2005	22,500		

**Measure:** Number PDP samples analyzed compared to annual target

**Additional Information:** Analyses per commodity class (fruits and vegetables, grains, meats, drinking water); annual target is 98,000.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	98,000	125,440	
2003	98,000		
2004	98,000		
2005	98,000		

**Measure:** Percentage of pesticide residue data on targeted food commodities provided to EPA in accordance with established timetables and timeframes for pesticide tolerance reassessment.

**Additional Information:** PDP plans data collection activities in accordance with EPA's established timetables and timeframes for pesticide tolerance reassessment in accordance with the FQPA of 1996.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002	10	0	
2003	30		
2004	50		

## PART Performance Measurements

**Program:** Pesticide Data/Microbiological Data Programs

**Agency:** Department of Agriculture

**Bureau:** Agricultural Marketing Service

**Measure:** Percentage of pesticide residue data on targeted food commodities provided to EPA in accordance with established timetables and timeframes for pesticide tolerance reassessment.

**Additional Information:** PDP plans data collection activities in accordance with EPA's established timetables and timeframes for pesticide tolerance reassessment in accordance with the FQPA of 1996.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2005	70		

**Measure:** Percentage of foodborne pathogen analysis goal achieved

**Additional Information:** Analysis of foodborne pathogens (E. coli and Salmonella) per commodity compared to annual target of 20,482 in FY 02 and 22,000 in FY 03-05

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	100%	100%	
2003	100%		
2004	100%		
2005	100%		

**Measure:** Percentage of analysis goal achieved for additional virulence factors

**Additional Information:** Analysis of virulence factors performed compared to annual target of 300 in FY 02 and 1000 in FY 03-05

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	100%	100%	
2003	100%		
2004	100%		
2005	100%		

## PART Performance Measurements

**Program:** Pesticide Data/Microbiological Data Programs

**Agency:** Department of Agriculture

**Bureau:** Agricultural Marketing Service

**Measure:** Cost per test (in dollars)

**Additional Information:** To arrive at a cost per test, the PDP program divides the laboratory operating costs (lab budget and equipment purchase expenses) from the 10 participating labs by the number of tests conducted.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2002	9.36		

**Measure:** Cost per sample

**Additional Information:** To arrive at a cost per sample, the PDP program divides the laboratory sampling budgets (a total of the 10 participating labs) by the number of samples collected.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2002	107.03		

## Program Assessment Rating Tool (PART)

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The Plant Materials Program provides plant solutions to conservation problems. The primary purpose of the program is to develop and promote plant technology to support a wide variety of natural resource conservation efforts. In addition to these two goals, the program also seeks to identify future plant needs and to develop technology to address these emerging issues. One of the program purposes is also to ensure adequate production of plants and seeds by commercial growers.

**Evidence:** The NRCS National Plant Materials Manual Part 539 provides guidance on the purpose, mission, activities, and legislation for the Plant Materials Program. 7CFR613 provides the most current legal description of the mission and operation of Plant Materials Centers.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** The program invests time and effort into identifying emerging conservation issues, such as invasive species and carbon sequestration, and how plant technology can address them. And much of the research and training this program provides is fundamental to the mission of NRCS. Much of NRCS's conservation work is accomplished through vegetative practices. Without the program, little of this type of work would be fulfilled by other federal agencies or the private sector.

**Evidence:** Plant Materials Program projects and studies are directly related to and have a direct impact on NRCS Strategic Objectives and Conservation Needs. Because plants form the foundation for many conservation practices, Plant Materials studies and products are directly aligned with specific resource issues. The purpose and mission of the Plant Materials Program is well known among the conservation community, and its uniqueness and success have been touted in professional journals. Plant Materials Centers continue to support conservation plantings by producing high-quality Foundation seed and plants which are made available to commercial growers for large-scale production and sale to the public. Most of the native plants currently available for conservation solutions and much of the technology development to ensure success would not be carried out by others if the Plant Materials Program was not doing it.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

**Explanation:** The Plant Materials Program develops plants and plant technology products for immediate application to conservation problems on both private and public lands through the NRCS delivery system on a county, state, and regional basis. In addition, the program integrates local, private-sector needs with plant technology that is developed so that commercial seed growers can meet market needs. No other agency or group has the infrastructure to develop and deliver this applied technology in this manner. The commercial conservation seed and plant industry relies upon the conservation plants released and technology developed by the Plant Materials Program because the cost of research and development is not economically feasible at the private industry level. While there are other governmental programs that research plant technology, such as the Agricultural Research Service and Land Grant Universities, the Plant Materials program is unique in its focus on developing vegetation for use in resource conservation applications.

**Evidence:** The Plant Materials Program selects plants and develops plant technology with a specific need identified through local grass roots efforts. The Plant Materials Program works with unique conservation situations, which are typically not addressed by other agencies. Other federal and state agencies select plants and develop and transfer plant technology, but the areas of concern and method of operation are quite different from the Plant Materials Program. Independent authors in professional journals have touted the importance of the role of the Plant Materials Program in plant selection and in providing directly applicable technologies at the local level.

## Program Assessment Rating Tool (PART)

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	67%	100%	33%	

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

**Explanation:** The Plant Materials Program is national in scope and carefully designed to deliver the right product at the right place on a timely basis. There are 26 Plant Materials Centers (PMC) and associated Plant Materials Specialists servicing 50 states as well as Puerto Rico and the Pacific Basin. The program addresses conservation needs identified at the grass-roots levels of conservation organizations, researches and develops solutions to address the problems, and then delivers new technology back to the field through a seamless technology transfer program. New methods of technology transfer, such as through the Internet, are utilized when available and appropriate. The Plant Materials Program is flexible and able to anticipate and respond to current and future conservation problems. The effectiveness and efficiency of the Program has been demonstrated in a recent economic analysis showing a ratio of 5.69:1 benefits to cost for the program.

**Evidence:** The Plant Materials Program is integrated from the ground up to provide for effective product development as well as planning and product transfer cycles. Plant Materials Centers have service areas that are able to address high-priority national needs within their regions or service areas. A recent Economic Analysis of the Plant Materials Program indicates a conservative ratio of about 5.69:1 benefits to cost. The importance and effectiveness of Plant Materials in plant selection and enabling conservation work on the ground has been touted by independent scientists in professional journals.

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

**Explanation:** The program uses a ground-up approach to identify and prioritize conservation issues. The state and national advisory committees then direct resources and program staff towards developing information and plant technology to address the priority issues. Commercial growers receive Plant Materials conservation plants through an established mechanism, and then they increase the conservation varieties for sale to the public.

**Evidence:** The Plant Materials Program works from the grass-roots level up, providing for very effective product development as well as ensuring that conservation technology products reach the intended audiences and beneficiaries. The Plant Materials Program works directly with commercial growers to ensure that conservation plant varieties are available. The rewards and benefits of Federal involvement in the development of conservation plant varieties for the good of the environment and the American people is necessary given the potential risks to private industry to do the same work.

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?**      Answer: NO      Question Weight: 11%

**Explanation:** The Program is developing new long-term performance goals and measures consistent with the goals in the NRCS Strategic Plan. The current measures focus on outputs and NRCS hopes to develop new measures to better measure the achievement of outcomes under this program. Because Plant Materials provides technical support to NRCS operations, the outcomes of Program goals relate directly to enabling NRCS to more effectively and efficiently achieve its natural resource outcomes. These draft goals will identify outcomes and performance targets. Long term Program goals will be reflected in Plant Materials Centers Long Range Plan when they address the specific resource needs of their service areas.

**Evidence:** The Plant Materials Program is developing a draft outline for a new Strategic Plan to better align the Program's mission with tangible goals and performance measures. Plant Materials Centers create their own Long-Range Plans which address specific resource needs in their service area within the context of the Programs Long Term Goals.

## Program Assessment Rating Tool (PART)

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

- 2.2 Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight: 11%
- Explanation: Because there are not adequate long-term performance measures in place for this program, according to PART guidance the answer to this question must be "no."
- Evidence: Timeframes and targets for long-term performance measures are described in the Measures section of the PART spreadsheets.
- 2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight: 11%
- Explanation: The program has a number of annual performance goals, including new measures currently under development as part of NRCS new strategic planning exercise. The program does not have an efficiency measure, however. NRCS has used the current measures for an extended time and are adequate for reporting the outputs of the program (number of studies produced, people trained, plants released to commercial growers). The new measures should provide better insight into how well the program is achieving its long-term goals.
- Evidence: Plant Materials Program annual goals will be more directly aligned with the NRCS Strategic Plan and Plant Materials draft outline for a strategic plan beginning in FY 2004. Annual performance measures and targets for these measures are described in the Measures section of PART.
- 2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: YES Question Weight: 11%
- Explanation: Targets have been routinely set for Plant Materials Program goals. Typically, individual Plant Materials Centers set their own goals based on minimum criteria, reasonable expectations, and the availability of staff resources at the PMC.
- Evidence: Annual performance measures and targets for these measures are described in the Measures section of the PART spreadsheets.
- 2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight: 11%
- Explanation: Partners that share, utilize, or receive support from the Plant Materials Program are required to enter into Cooperative Agreements with NRCS. These are reviewed and approved by the respective State Conservationists. Most cooperative projects do not obligate money, but are provided for by in-kind services. Cooperative Agreements clearly indicate the mission and purpose of both parties entering into the agreement. Cooperative agreements document annual goals, which are consistent with Plant Materials Program and NRCS goals.
- Evidence: Plant Material Centers enter into Cooperative Agreements with partners for development of plant technology. Partners can include other federal agencies, local conservation districts, and universities.

## Program Assessment Rating Tool (PART)

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	67%	100%	33%	

**2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**      Answer: YES      Question Weight: 11%

**Explanation:** The Plant Materials program does not conduct independent reviews of its operations by groups that are external to NRCS. Instead, NRCS uses a variety of independent intra-agency reviews to evaluate the effectiveness of the program. These groups are unbiased and in an appropriate position to critically examine the operation and effectiveness of the program. The intra-agency reviews are conducted by State Plant Materials Committees, Plant Materials Technical Committee, and State Conservationists Plant Materials Advisory Committee. In addition to state level reviews, the National Plant Materials Manual outlines the requirement for Quality Assurance Reviews (QAR) of Plant Materials Centers to be held every 5 years. The QAR is a comprehensive review of all aspects of PMC operations, and emphasizes the development of long-range plans and goals, assessment of performance, and attempts to ensure that the PMC is following established guidelines for conducting the business of Plant Materials.

**Evidence:** National Plant Materials Manual guidelines include those for Quality Assurance Reviews and for Plant Materials advisory committees. A National Bulletin is issued annually requiring Plant Materials advisory committees meet. Plant Materials reviews and advisory committees provide recommendations for changes and alter, adjust or redirect plans as needed.

**2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?**      Answer: NO      Question Weight: 11%

**Explanation:** The budget requests are not explicitly tied to achieving the long-term goals. It is not clear how performance would increase for the measures if program funding was increased. It is also not clear how additional program funding would be prioritized if it were provided. The requests Plant Materials Centers (PMC) annually provide budget request to the Plant Materials Program Leader. All budget areas (object classes) are accounted for in the budget requests submitted to the Program Leader.

**Evidence:**

**2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?**      Answer: YES      Question Weight: 11%

**Explanation:** Plant Materials Program strategic planning efforts were completed in 1991, 1996 and 2000. The 1996 and 2000 strategic planning efforts identified a large number of critical issues the program needed to address. The resulting Task Force Report identified major issues and concerns within the Program and outlined a plan for resolutions. Efforts are underway to emphasize primary Program goals and to better align Plant Materials Program goals with NRCS goals and improve the measurement of more accurate performance elements.

**Evidence:** Strategic Planning efforts in 1991, 1996, and 2000 have led to greater emphasis on key program goals and improvements in planning and processes. Results of the 2000 effort prompted creation of an Operation Plan. A Marketing Plan was recently completed to more effectively meet one of our primary Program goals of improving technology transfer.

## Program Assessment Rating Tool (PART)

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

- 2.RD1**    **If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals?**    Answer: NA    Question Weight: 0%
- Explanation: The Plant Materials Program does not evaluate research proposals. As indicated in Question 1.3, the Plant Materials Program is very different from other programs in its scope, operations and emphasis on activities. Although other programs have similar broad goals and purposes, i.e., develop and transfer plant technology for natural resource conservation, it is very difficult to compare the Plant Materials Program with other programs based on the differences. The Plant Materials Program does, however, cooperate and partner with other programs having similar goals to improve the ability of both programs to accomplish their goals more efficiently (synergistic effect). An example of this is with the USDA Agricultural Research Service to study both the basic and applied aspects of a research problem important to solving a conservation need.
- Evidence:
- 2.RD2**    **Does the program use a prioritization process to guide budget requests and funding decisions?**    Answer: YES    Question Weight: 11%
- Explanation: The NRCS Strategic Plan identifies general priorities and goals for the Plant Materials Program. Emphasis is given to highest priority and emerging conservation needs which can be addressed with plant technology. In addition, the program strives to fulfill the President's Management Agenda of E-government by development of electronic resources to collect data as well as improvements of electronic information delivery, such as through the Plant Materials Program Web site. At the level of Plant Materials Centers (PMC), PMCs undergo resource evaluation and prioritization processes with advisors, partners, and customers when developing their Long Range Plans. High priority items are addressed under the guidance of National Plant Materials Program performance goals.
- Evidence: The mission and purpose of the Plant Materials Program is clearly defined by statute and within the National Plant Materials Manual. Plant Materials Program priorities are clearly in line with NRCS strategic goals and priorities. Broad program goals of improving data collection and management and information and technology transfer are being enhanced by the development of electronic resources, such as the Plant Materials Operations and Management System (POMS) and development and expansion of the Plant Materials Program Web site (<http://plant-materials.nrcs.usda.gov>). Prioritization of activities is done at Plant Materials Centers through processes to identify high-priority needs and development of Long Range Plans.
- 3.1**    **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?**    Answer: YES    Question Weight: 14%
- Explanation: Program performance data is collected quarterly from Plant Materials Centers (PMC) and Plant Materials Specialists through the Plant Materials Operations and Management System (POMS) to record program activities and accomplishments. POMS data is used in a variety of ways: for completing reports, answering questions from management and from Congress, and to generate Plant Materials Web pages. Activities and performance data is used for reviewing PMC progress, redirecting activities as needed, and can be used for adjusting funding to individual PMCs based on performance. Key elements of POMS data related to Program performance are incorporated into the agency's Performance and Results Measurement System (PRMS).
- Evidence: The Plant Materials Operations and Management System (POMS) database captures elements of Plant Materials activities, data, and performance. A summary of data is provided to agency management to show accomplishments within the Program on a quarterly and yearly basis. The Plant Materials Program Leader utilizes more extensive data when determining funding, overall performance and effectiveness, and for taking remedial action.

## Program Assessment Rating Tool (PART)

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	67%	100%	33%	

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

**Explanation:** The National Plant Materials Program Leader makes suggestions for allocations to states with Plant Materials Centers (PMC). The State Conservationist (STC) in each state is responsible for appropriate fund disbursement, which usually occurs according to performance goals outlined in State and PMC Business Plans. The PMC Business Plan outlines the responsibilities of individuals at the PMC to meet performance goals. The Plant Materials Program Leader sends PMC performance results to the State Conservationist at mid-year to keep the STC apprised of the PMC's performance. Periodically, long-term performance reports are sent to STCs to show the performance of the PMC in relations to other PMCs.

**Evidence:** Plant Materials Centers prepare annual business plans that outline the activities for the year required to meet performance goals and assigned responsibilities for tasks to individuals.

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

**Explanation:** The National Plant Materials Program Leader makes suggestions for allocations to states with PMCs based on the amount requested from PMCs and the total amount available from Congressional appropriations legislation. Through the direction of the State Conservationist, the State Budget officer routinely manages the PMC budget and makes adjustments as needed.

**Evidence:** Plant Materials Centers annually submit budget requests to the National Program Leader. Funds are obligated throughout the fiscal year according to state and Plant Materials Center budget plans, and are summarized in annually in budget reports.

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

**Explanation:** The program is developing and will deploy in FY 2004 a new process for allocating resources to the field-level Plant Materials Centers. This new allocation system evaluates and benchmarks the performance of each center and rewards cost-efficiency and program achievements. This system will rely on performance evidence collected quarterly through the Plant Materials Operations and Management System (POMS). Performance data can be used to adjust annual funding allocations by the Program Leader.

**Evidence:** Operational and performance efficiency is measured within the Program by comparing products and the cost/product at Plant Materials Centers.

## Program Assessment Rating Tool (PART)

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	67%	100%	33%	

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

**Explanation:** The Plant Materials Program collaborates with many agencies and non-government organizations that share conservation goals to capitalize on resources and expertise from each of the cooperators. This in-kind collaboration includes the sharing of expertise, land resources, specialized equipment, labor, development of publications and eventual release of plant products. Coordination of activities is done through the establishment of cooperative agreements and assignment of points-of-contact within each agency and also through the Experiment Station Committee on Organization and Policy (ESCOPE), which provides uniform standards for plant development for State Agricultural Experiment Stations, the USDA Agricultural Research Service, and NRCS.

**Evidence:** The Plant Materials Program establishes cooperative agreements for joint work with other federal and state agencies, or receives cooperative grants to enhance current efforts. Results of work are published in cooperative reports to give all partners full credit. Many of the conservation plant varieties developed by Plant Materials are cooperative releases with other agencies.

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

**Explanation:** The bulk of financial management practices fall to NRCS and not directly to the Plant Materials Program Leader or to Plant Materials Centers (PMC). PMCs follow their State Office administrative section's guidelines for accounting. Reports can be generated on a routine basis for the PMC Manager or Program Leader to assess the validity of charges and to ensure that spending is consistent with program needs.

**Evidence:** Funds are obligated throughout the fiscal year according to state and Plant Materials Center budget plans, and are summarized in annual reports. At the State level, Plant Materials Center budgets are audited as needed.

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

**Explanation:** Plant Materials Program planning efforts in 1991, 1996 and 2000 also functioned to identify and solve management deficiencies. The 1996 and 2000 strategic planning efforts identified a large number of critical issues the program needed to address. The most recent (Task Force, 2000) effort identified major issues and concerns within the Program and outlined a plan for resolutions. Program management changes which have occurred include creation of the National Plant Materials Advisory Committee, development and implementation of a Marketing Plan, development of consistent Business Plans at Plant Materials Centers (PMC), and providing better coordination with external groups. At PMCs, review processes were put in place and emphasized in the revised National Plant Materials Manual.

**Evidence:** Planning efforts in 1991, 1996, and 2000 have led to greater emphasis on key program goals and improvements in management processes. Results of the 2000 effort prompted creation of an Operation Plan as well as creation of a National Advisory Committee. A Marketing Plan was recently completed to more effectively meet one of our primary Program goals of improving technology transfer. At PMCs, the Quality Assurance Review serves as the basis for evaluating and addressing management deficiencies. Uniform data collection and utilization has been greatly enhanced through development of the Plant Materials Operations and Management System.

**3.RD1 For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality?** Answer: NA Question Weight: 0%

**Explanation:** The Plant Materials Program does not award funds for external R&D for plant selection or plant technology development.

**Evidence:**

## Program Assessment Rating Tool (PART)

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	67%	100%	33%	Demonstrated

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

Explanation: The program does not have adequate long-term performance measures in place. They are currently under development.

Evidence: The Measures section of the PART outlines progress on long-term goals in use by the Plant Materials Program.

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

Explanation: The Plant Materials Program has been achieving its basic annual performance goals. But the program is developing new annual performance goals in order to replace the existing goals. Baselines have not been established for these new measures. In addition, until adequate long-term outcome goals are established for the program, it is difficult to ascertain how well the program is achieving its goals through its annual measures. The Program has been actively evaluating studies to develop new varieties or technology, has been delivering this technology through written documents and training sessions, and has steadily been releasing new varieties to commercial growers to enhance current conservation or address new conservation needs. Changes in annual goals will occur in FY 2004 to better describe how progress will be made towards achieving the outcomes necessary to meet long-term goals.

Evidence: The Measures section of the PART outlines progress on annual goals in use by the Plant Materials Program.

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

Explanation: The Plant Materials Program progress shows that productivity has, in general, increased during the fiscal year 1998-2002 time period. Productivity in the last 1-2 years has begun to level out. The program does not have well-designed efficiency measures, however, and does not systematically track efficiency improvements. The program does track the average cost to produce a written or oral product, but this measure is general and does not provide adequate insight into the program's cost effectiveness.

Evidence: The Plant Materials Program has consistently met or exceeded its goals for the past 4 fiscal years. Over the last 5 years, the development or transfer of new products has steadily increased over 40%, while the cost/product has decreased about 75%, indicating a general increase in overall efficiency.

## Program Assessment Rating Tool (PART)

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Research and Development

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	67%	100%	33%	

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

Answer: SMALL  
EXTENT

Question Weight: 20%

**Explanation:** In order to improve the score of this question, NRCS needs to provide more explanation and evidence as to how this program differs with other vegetation research programs, such as those operated by the Agricultural Research Service and land grant universities. There are no formal evaluations or reports comparing the Plant Materials Program to other programs with similar goals. While similar programs might have comparable broad common goals of selecting plant and plant technology to be used for resource conservation needs, other programs are quite different in their emphasis and mechanism of operation. Efforts by the Plant Materials Program and other agencies directly complement each other to maximize efficiency and obtain maximum benefits. Coordination is accomplished through cooperative agreements and research plans. The Plant Materials Program is essential to provide immediate vegetative solutions to address NRCS conservation goals and the successful implementation of the Farm Bill.

**Evidence:** It is difficult to make direct comparisons on the performance of the Plant Materials Program to other programs because Plant Materials is very unique in its focus. There are no other programs that compare directly to Plant Materials. Reviews of plant breeding programs and conservation plants species have touted Plant Materials as having the most significant impact on the ability to conduct conservation activities today.

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

Answer: SMALL  
EXTENT

Question Weight: 20%

**Explanation:** Though independent evaluations of this program have not been conducted, it is reasonable that the agency does not initiate these independent reviews because of the program's small size relative to NRCS's other conservation programs. Instead, uses independent, intra-agency reviews to critically examine the effectiveness of the program. For example, the program uses Quality Assurance Reviews (QARs) to review the operations of the field-level Plant Materials Centers. The program also examines its strategic goals and overall structure on a constant basis with national and state level reviews by the Plant Materials Technical Committee and the State Conservationists Plant Materials Advisory Committee.

**Evidence:** A review conducted by the agency (SCS) in 1982 indicated that the program was effective and achieving results to meet conservation needs (Exhibit 12).

## PART Performance Measurements

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service

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**Measure:** Number of technical documents distributed and downloaded

**Additional Information:** This is a relatively new long-term goal and measure

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002		157,351	
2003	200,000		
2004	300,000		
2005	450,000		
2006	675,000		

**Measure:** Number of technical documents describing plant use and management information for meeting specific resource concerns.

**Additional Information:** This measure has been modified to include only technical documents which is more relevant to the long-term goal; measure starts being used in 2004

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2004	200		
2005	200		
2006	200		

**Measure:** Number of new plant materials released to commercial growers.

**Additional Information:** This measure is for one of the Program's core products. Targets are conservative due to nature of long-term nature of product development and changes in current policy.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2002	25	29	
2003	27		
2004	20		

## PART Performance Measurements

**Program:** Plant Materials Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service

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**Measure:** Number of new plant materials released to commercial growers.

**Additional Information:** This measure is for one of the Program's core products. Targets are conservative due to nature of long-term nature of product development and changes in current policy.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2005	20		
2006	20		

**Measure:** Percent of Foundation seed and plant stocks maintained

**Additional Information:** This is a new measure which indicates the ability and efficiency of the program to provide plants to commercial growers

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2004	80		
2005	85		
2006	90		
2007	95		
2008	100		

## Program Assessment Rating Tool (PART)

**Program:** RBS Business and Industry Guaranteed Loan Program  
**Agency:** Department of Agriculture  
**Bureau:**  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The B&I Guaranteed Loan Program helps finance business, industry, and the employment of rural residents for the purpose of improving the economic and environmental climate in rural communities with populations less than 50,000. This purpose is achieved by bolstering the existing private credit structure through the guarantee of loans intended to provide lasting community benefits. Such loans finance all segments of the economy, such as mining, manufacturing, and wholesale and retail sales. Loan funds are used to finance the purchase and development of land, buildings, equipment, facilities, machinery, and to pay start-up costs and to supply working capital.

**Evidence:** The program is authorized in Section 310B of the Consolidated Farm and Rural Development Act, as amended. The mission of the Rural Business-Cooperative Service is "to enhance the quality of life for rural Americans by providing leadership in building competitive businesses including sustainable cooperatives that can prosper in the global marketplace."

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** The Business and Industry (B&I) Guaranteed Loan Program addresses the need for capital for rural America, providing incentives to create and retain jobs in rural areas. Due to a number of reasons, businesses in rural areas may face difficulty obtaining credit from private lenders. For example, many small community banks lack adequate capitalization to make these loans without a guarantees. Rural business may also find it difficult to get credit from urban and larger banking institutions. Economic decline in rural areas has also limited the access and availability of rural capital. This program provides loan guarantees to give the assurance needed to extend credit in rural communities, and in some cases help to match rural borrowers with rural lenders.

**Evidence:** These needs are well documented: Congressional study, "The Credit Crunch: Its Impact on Business and Jobs," published July 12, 1993 Office of Advocacy, U.S. Small Business Administration, "Small Business Finance in Rural and Urban Regions" Federal Reserve Bank of Kansas City, Center for the Study of Rural America. The Impact of Bank Mergers and Acquisitions on Small Business Lending: A Conference Report" and "Financing Rural America" USDA Economic Research Service (ERS) "Credit in Rural America, Agricultural Economic Report no. 749, 1997."

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: NO

Question Weight: 20%

**Explanation:** Numerous programs serve to stimulate economic development in rural communities. These include: the Small Business Administration's (SBA) 7(a) and Community Development (504) programs, the Economic Development Administration (EDA), the Tennessee Valley Authority's (TVA) Economic Development Loan fund, and other USDA programs that support business and community development. For example, an applicant from the Appalachian region may apply to programs administered by HUD, USDA and ARC to obtain financing for building construction. In other cases, two agencies may explicitly have the same goals and serve similar applicants both SBA and USDA measure the number of jobs created. However, in some cases programs can be differentiated: SBA's 7(a) loan levels are limited to an exposure of not more than \$1 million, with an average interest rate and fees higher than typically charged for the B&I Guaranteed Loan Program, and the 504 program is limited to development in specific geographic regions. Although there are a variety of state programs that serve a similar purpose, they also vary in degree of funding and rural availability.

**Evidence:** GAO report 00-220. Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities (September 2000) Catalog of Federal Domestic Assistance Small Business Financial Resource Guide SBA Budget Request and Performance Plan.

## Program Assessment Rating Tool (PART)

**Program:** RBS Business and Industry Guaranteed Loan Program  
**Agency:** Department of Agriculture  
**Bureau:**  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

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

**Explanation:** The guarantee loan structure is consistent with program objectives to improve the quality of life in rural areas and to meet business and credit needs in under-served areas. The B&I programs average loan size is over \$1 million. Without the provision of a guarantee, many smaller lenders in rural areas do not have adequate capitalization to make these large loans and are unable to make the necessary capital advances to the businesses they serve. In addition, rural businesses may find it difficult to obtain credit from urban and larger banking institutions. The program is structured to meet these needs by facilitating the provision of credit to those unable to obtain private credit for projects meeting the program's policy objectives of stimulating economic development in rural communities .

**Evidence:** Section 310B of the Consolidated Farm and Rural Development, as amended, and RD Instructions 4279-A, 4279-B, and 4287-B.

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

**Explanation:** The B&I program is specifically targeted to rural residents, and is further prioritized to meet the greatest need of communities suffering from out migration, persistent poverty, long-term population decline and job deterioration, natural disasters, and fundamental structural changes in its economic base, as defined by 7 CFR 4279.155. The Agency, of its own accord and without specific direction from Congress, set funds aside for businesses in Empowerment Zones and Enterprise Communities (EZ/EC) and Rural Economic Area Partnership (REAP) designated areas. However, prioritization only occurs when competition for program funds is strong. In recent years, demand for the program has slackened (due in part to weaker economic conditions) and in such circumstances applications are funded on a first-come, first-serve basis. Only when it appears that demand may exceed available funding, are applications rated based upon the prioritization process defined in program regulations.

**Evidence:** 7 CFR 4279.155. The set-aside for EZ/EC and REAP for FY 03 was \$25.8 million or close to 3 percent of total available loan level.

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

**Explanation:** Long-term measures focus on the key outcomes of the program: employment opportunities and community economic benefits. Employment opportunities: applicants are required to project the number of jobs created and RBS state offices routinely examine applicants to verify job creation estimates. While a long-term measure, the agency tracks the number of jobs created or saved on an annual basis. Community economic benefits: Data is based upon Department of Labor (DOL) information. Currently, RBS's baseline assumes that for every dollar of program funds expended, the overall community benefits are 2.5 times that amount. This measure looks at the value-add provided to the community as a result of the jobs created through the help of the program. RBS is also exploring additional methods and resources for measuring the effectiveness of the B&I Guaranteed Loan Program, including the comparison of program data (number of jobs, types of industries, etc.) against demographic/economic data to better understand the local/regional impact of the program on such problems as persistent poverty and high out-migration rates.

**Evidence:** Draft Rural Development 2005 Performance Plan. Benchmark Input-Output Account tables published by the Department of Labor's Bureau of Labor Statistics. RBS study determined that for every dollar of program funds expended, the overall community benefits provided were realized two and a half times over. This was determined by averaging DOL statistics for the types of industries funded by the B&I program.

## Program Assessment Rating Tool (PART)

**Program:** RBS Business and Industry Guaranteed Loan Program  
**Agency:** Department of Agriculture  
**Bureau:**  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

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

**Explanation:** Baselines have been established for both long-term measures, but targets are currently under development for the performance measure tracking the community economic benefits provided by the B&I program. Jobs created/saved: baselines and targets are established based on past and projected performance. Targets are established by assuming that one job is created for every \$32,000 of program funds. This figure is projected based on past performance and is updated to reflect actual data based upon information collected from program applicants. Community economic benefits: Baseline of 2.5 times the amount of assistance expended through its supportable program level. This was determined by averaging DOL statistics for the types of industries funded by the B&I program. As a result of this PART evaluation, RBS will analyze actual program data on the types of jobs supported each year and compare those results to the DOL 2.5 multiplier or benchmark, in order to more accurately determine the extent of community benefits. The initial analysis will occur during FY 2005 and will be reviewed each third year thereafter.

**Evidence:** Proposed Budget Performance Integration measures for FY 2005; The Rural Development FY 2003 and 2004 Annual Performance Plan

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

**Explanation:** The B&I Guaranteed Loan Program has specific annual measures and goals that support the longer-term goals and objectives of the program. Annual measures include: number of jobs created/saved (also used as a long-term measure) the portfolio's delinquency rate, which assesses the cost-effectiveness and efficiency of the program. Higher delinquency rates increase the cost of the program and may reflect poor lender servicing.

**Evidence:** The Rural Development FY 2003 and 2004 Annual Performance Plan and the Guaranteed Loan System.

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

**Explanation:** The target for the portfolio's delinquency rate is ambitious, given the recent downturn in the economy, which has affected borrowers abilities to meet credit obligations. Maintenance of a relatively low delinquency rate in such circumstances will require strong oversight of lender servicing and loan making. Targets and baselines have also been established for the number of jobs created annually. The number of jobs are estimated by the borrower at the time the application is submitted. State Office personnel verify the number of jobs during required site visits and input the information into the Guaranteed Loan System.

**Evidence:** The Rural Development FY 2003 and 2004 Annual Performance Plan and the Guaranteed Loan System.

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

**Explanation:** Through program regulations, the Agency/lender/borrower mutually agree to both creditworthiness standards and reporting requirements to document the goals and objectives of the program. Borrowers are required to estimate the number of jobs created/saved and the average wage rate. Lenders are required to certify that the guaranteed loan has a reasonable assurance of repayment based on the history, projections, equity, and collateral.

**Evidence:** Agency regulations, primarily 7 CFR 4279-B and 4287-B. The FY 2002-2005 Rural Development Long-range Strategic Plan has been made available to the public. The plan is delivered by program regulations that provide for the achievement of the goals identified therein. By signing the forms, the lenders and borrowers have given their complied consent to the goals and objectives expressed in the Strategic Plan.

**Program Assessment Rating Tool (PART)**

**Program:** RBS Business and Industry Guaranteed Loan Program  
**Agency:** Department of Agriculture  
**Bureau:**  
**Type(s):** Credit

Section Scores				Overall Rating
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80%	75%	100%	33%	

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

**Explanation:** As there are no independent evaluations that examine how well the program is accomplishing its mission and meeting its long-term goals, the program must receive a no to this question. However, both GAO and OIG conduct audits, surveys, and investigations regarding specific aspects of program delivery and/or servicing. Lenders and borrowers are required to submit a variety of management tools, including, but not limited to, analysis of borrower financial statements, borrower status reports, classifications of guaranteed loans based upon the degree of risk. The Agency performs Management Control Reviews (MCR), Business Programs Assessment Reviews (BPAR), and other reviews of State activities. Such evaluations are used to improve the program's regulations and procedures. In addition, the Agency has contracted with the Farm Credit Administration (FCA) to perform an independent assessment of both lenders and State Office operations.

**Evidence:** GAO report 99-10. Rural Business Cooperative Service's Lending and the Financial Condition of its Loan Portfolio (January 1999). GAO report 99-249. Rural Business Cooperative Service's Business Loan Losses (August 1999). USDA's Office of Inspector General routinely audits state offices regarding the status of loan portfolio and lender servicing. Recent reports include: Rural Business Cooperative Service Lender Servicing of Business and Industry Guaranteed Loans Columbus, GA (February 2002) Liquidation of a Business and Industry Guaranteed Loan Washington State (December 2002). OIG is currently performing an audit of the program

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

**Explanation:** The Agency is attempting to include these measures and goals in a clear and concise manner, however at the present time this has not been accomplished.

**Evidence:** The FY 2005 Budget and Performance Integration process will require a greater effort to tie the Budget request to program performance.

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

**Explanation:** The Agency is undertaking a complete rewrite of program regulations to address identified concerns and deficiencies, such as lender performance and eligibility, borrower eligibility, priority goals, and underwriting requirements. The Agency is also rewriting its strategic plan to include new indicators that more accurately reflect program goals and objectives. The Agency has just completed an automated loan and grant processing system (GLS) to provide a more comprehensive monitoring of program activities.

**Evidence:** Both processing and servicing regulations are to be published as a proposed rule. Publication of these rules are proposed for March 2004.

Program Assessment Rating Tool (PART)

**Program:** RBS Business and Industry Guaranteed Loan Program  
**Agency:** Department of Agriculture  
**Bureau:**  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

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

**Explanation:** The Agency monitors program funding activities of the various State Offices and provides for a pooling of unobligated funds that are then made available nationwide in an effort to meet the greatest need. Delinquencies are monitored on a quarterly basis. The Agency also conducts annual lender reviews. Borrowers/lenders are required to submit current financial statements and changes in guaranteed loan classifications as they occur. State Offices frequently meet with the Small Business Administration regarding outreach conferences in an effort to obtain feedback from constituent groups, as well as to provide current program information. As a result of these efforts, the agency is undertaking a rewrite of program regulations to address identified concerns and deficiencies, such as lender performance and eligibility, borrower eligibility, priority goals, and underwriting requirements.

**Evidence:** The Agency receives and responds to OIG/GAO audit recommendations. The Agency receives quarterly problem and delinquent loan reports from the State Offices. Lender/borrower reports are received on timetables established in 7 CFR 4279-B and 4287-B.

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

**Explanation:** Program Directors are rated on their performance in processing and servicing B&I Guaranteed Loans. Lenders are held accountable for prudent loan making and servicing activities based on written contracts. States not meeting the regulatory requirements for sound underwriting and servicing may have their loan authority removed. State Directors, National Office Division Directors, Deputy Administrator Business Program, and the Administrator all sign an attestation as to the accuracy and completeness of the data that reports program results. This is required by 7 CFR 2000-I.

**Evidence:** 7 CFR 4279-A, 4279-B, 4287-B, 2006-I, and 1901-A.

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

**Explanation:** All appropriated funds are obligated for credit-worthy projects. Field and National Office staff monitors the use of funds through the use of the Guaranteed Loan System. The National Office provides written guidance through the use of RD Instruction 1940-L, Exhibit A, Attachment 1, to assure funds are appropriately obligated and otherwise committed.

**Evidence:** The Agency prepares RD Instruction 1940-L, Exhibit A, Attachment 1, annually. This provides the field with the allocations for the fiscal year, procedures for accessing National Office reserve funds, and pooling of unobligated funds. Monitoring of these activities is accomplished through the Guaranteed Loan System.

Program Assessment Rating Tool (PART)

**Program:** RBS Business and Industry Guaranteed Loan Program  
**Agency:** Department of Agriculture  
**Bureau:**  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

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

**Explanation:** The agency recently acquired Moody's Financial Analyst software to make credit analyses more consistent. In addition, RBS recently adopted an automated forms package for the program called "B&I Loanpak," which will expedite the processing of loans and is also developing a short application form to expedite processing of loans in the amounts of \$400,000 or less (\$600,000 as of FY 04).

**Evidence:** 7 CFR 4279-B contains the guidance and requirements to help agency credit analyses more consistent. Section 6019 of the 2002 Farm Bill contains the statutory authority for the short application form (B&I Loanpak).

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

**Explanation:** The program has joint goals with other Agency programs to target rural communities and customers with the greatest need. State Offices deliver other Rural Development programs, such as Community Facilities and Water and Waste Disposal, which provide associated infrastructure necessary to foster economic development and support the businesses financed under the B&I program. The goals of all programs are clustered to meet this objective, as is the goal for creation and retention of jobs. In addition, the agency is working to revise its Memorandum of Understanding (MOU) with the U.S. Small Business Administration (SBA) to update the agreement to reflect current program needs. RBS also plans to work with the Department of Commerce and minority lending institutions to leverage other efforts and outreach initiatives aimed at assisting minority and other high-priority communities.

**Evidence:** The Rural Development FY 2003 and 2004 Annual Performance Plan.

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

**Explanation:** In addition to the lender's analysis, the Agency performs an underwriting process to ensure compliance with sound financial management practices. The Agency is currently rewriting the B&I program regulations in an effort to strengthen its current and future loan portfolio. The Agency has recently acquired Moody's Financial Analyst software to help make Agency credit analyses more consistent.

**Evidence:** Quarterly problem and delinquent loan reports and periodic OIG audits are evaluated and appropriate actions taken as a result. The Agency has recently acquired Moody's Financial Analyst software to help make Agency credit analyses more consistent.

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

**Explanation:** In addition to the lender's analysis, the Agency performs an underwriting process to ensure compliance with sound financial management practices. The Agency is currently rewriting the B&I program regulations in an effort to strengthen its current and future loan portfolio. The Agency has recently acquired Moody's Financial Analyst software to help make Agency credit analyses more consistent.

**Evidence:** In FY 2001, a team of field and National Office employees reviewed loan files for all B&I loans for which final losses were paid or were repurchased in FY 2000. The results of this review and recommended actions were conveyed to the field and web-based training is used to improve loan making and servicing activities. In addition, the Agency has contracted with the Farm Credit Administration (FCA) to perform an independent assessment of both lenders and State Office operations.

**Program Assessment Rating Tool (PART)**

**Program:** RBS Business and Industry Guaranteed Loan Program  
**Agency:** Department of Agriculture  
**Bureau:**  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

- 3.CR1 Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: YES Question Weight: 11%
- Explanation: Management Control Reviews (MCRs) and Business Programs Assessment Reviews (BPARs) are conducted on a 5-year rotational basis. Results are analyzed on an ongoing basis to assure that funds are being committed appropriately, servicing activities are undertaken in a timely manner, and management reports are received as required by the program regulations. In addition, the Agency has contracted with the Farm Credit Administration (FCA) to perform an independent assessment of both lenders and State Office operations. In cooperation with OIG, RBS has taken aggressive action to prevent or remedy abuses of the program by lenders. Examples include the debarment of principal owner of a lender, denied payment of loss requests, and substantially reduced loss claims as a result of lender negligence. In response to an OIG audit, the Agency has issued an Unnumbered Letter and an Administrative Notice (AN) addressing how to ensure that appraisals submitted adequately reflect the value of collateral. The Agency has also issued ANs on collateral, equity, feasibility studies, and financial reporting requirements, in response to OIG audits.
- Evidence: Compliance with MCR requirements and documentation of corrective actions taken on BPARs are steps taken to address management deficiencies, as well as 7 CFR 4279-B and 4287-B. In addition, the Agency has contracted with the Farm Credit Administration (FCA) to perform an independent assessment of both lenders and State Office operations.
- 3.CR2 Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight: 11%
- Explanation: The B&I program uses historical information on portfolio performance to develop subsidy estimates. An annual subsidy rate is calculated using an audited cash flow that was approved by the OIG in 2001 and 2002. The subsidy rate is formulated, re-estimated and apportioned within all OMB guidelines. While the magnitude of change in subsidy reestimates is modest, in recent years the actual cost of the program has been consistently higher than that projected in the program's subsidy model largely as due to differences between default assumptions and actual data. As a result RBS has recently acquired Moody's Financial Analyst software to make credit analyses more consistent.
- Evidence: Program subsidy model and audited cash flows, Federal Credit Supplement, apportionments and the Budget Appendix
- 4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight: 25%
- Explanation: The number of jobs created or saved has been achieved or exceeded in virtually every year. However, RBS has revised its performance measure regarding "community economic benefits" to update performance assumptions and to incorporate actual data. Performance data under this revised approach will not be available until the FY 2005 President's Budget.
- Evidence: Rural Development annual program performance reports.
- 4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: LARGE EXTENT Question Weight: 25%
- Explanation: Over the last 3 years, on average, the Agency exceeded its annual performance goals. However, the delinquency rate has increased dramatically in this program, thereby increasing the federal government's risk of loss. While poor economic conditions contribute to borrowers difficulties in meeting credit obligations, inadequate servicing by lenders has also increased the likelihood of loss in this program.
- Evidence: Annual performance plan

Program Assessment Rating Tool (PART)

**Program:** RBS Business and Industry Guaranteed Loan Program  
**Agency:** Department of Agriculture  
**Bureau:**  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Adequate
80%	75%	100%	33%	

**4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: NO Question Weight: 25%

**Explanation:** The subsidy rate, which measures the cost of the program, has increased over the last couple of years due in large part to increasing defaults. The delinquency rate also rose substantially over the last year. This is in part a result of adverse economic conditions but is also related to the effectiveness of lender servicing. Recent OIG reports recommend that lender oversight be strengthened in a number of areas.

**Evidence:** Federal Credit SupplementUSDA OIG report: Rural Business Cooperative Service Lender Servicing of Business and Industry Guaranteed Loans Columbus, GA (February 2002)USDA OIG report: Rural DevelopmentLiquidation of a Business and Industry Guaranteed Loan Washington State (December 2002).

**4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?** Answer: SMALL EXTENT Question Weight: 25%

**Explanation:** Regarding financial performance and cost-effectiveness, the B&I program compares fairly well other programs with similar purposes and goals. For example, the program's subsidy rate is comparable to the SBA 7(a) program even though the B&I program has a lower guarantee fee. The B&I program is also cost-competitive with the 7(a) program. In FY 2001, the cost per job created for B&I was \$24,372 as compared to \$29,786 per job created by the 7(a) program. However, as no performance evaluations have been conducted to compare the economic impact of similar programs such as SBA's 7(a) and 504 programs, it is difficult to compare these programs performance in strengthening the rural economy.

**Evidence:** RBS 2001 Annual Report and the SBA 2003 Budget Request and Performance Plan.

**4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: NO Question Weight: 0%

**Explanation:** No independent performance evaluations have been conducted to assess the program's impact on improving economic opportunities in rural communities. To date, evaluations have largely focused on loan making and serving activities and the financial performance of the portfolio.Recent Office of Inspector General (OIG) reports suggest that oversight of lender servicing and state office training need improvement. Report findings include: loan funds have been disbursed for unauthorized purposes and loans were approved for borrowers that had other delinquent debt; lenders have not complied with agency instructions regarding loan making and approval; and the agency has guaranteed loans based on incomplete and improperly prepared analysisHowever, these audits were selective in that reviews were often skewed toward delinquent loans and were not representative of the quality of the entire portfolio. As a result, the OIG is currently performing an audit of the B&I Guaranteed Loan Program, but the audit is not complete. In addition, the Agency has contracted with FCA to perform an independent assessment of both lenders and State Office operations.

**Evidence:** USDA OIG report: Rural Business Cooperative Service Lender Servicing of Business and Industry Guaranteed Loans Columbus, GA (February 2002)USDA OIG report: Rural DevelopmentLiquidation of a Business and Industry Guaranteed Loan Washington State (December 2002).OIG Examination Plan for the B&I program.

## PART Performance Measurements

**Program:** RBS Business and Industry Guaranteed Loan Program

**Agency:** Department of Agriculture

**Bureau:**

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**Measure:** Rural Jobs Created/Saved

**Additional Information:** This measure tracks the total number of jobs created/saved for the program.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001	36,800	44,130	
2002	31,049	26,809	
2003	33,844		
2004	33,844		

**Measure:** Guaranteed Loan Delinquency Rate

**Additional Information:** This measures the portfolio delinquency rate, not including bankruptcies.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	3%	4%	
2002	3%	10.29%	
2003	9.5%		
2004	9.3%		

## OMB Program Assessment Rating Tool (PART)

### Credit Programs

Name of Program: Rural Electric Utility Loans and Guarantees

#### Section I: Program Purpose & Design (Yes, No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Is the program purpose clear?</i>	Yes	Authorizing legislation provides the Secretary of Agriculture the authority to make loans for electrification purposes to provide electricity to rural areas.	7 USC Chapter 31	20%	0.2
2 <i>Does the program address a specific interest, problem or need?</i>	Yes	Commercial credit is more expensive than government credit. Providing electricity in rural areas is more expensive than urban (per customer). Geography and low population density make providing electric service in rural areas more difficult and expensive. To provide cheaper energy supply to citizens in rural areas and to improve access to reliable electric service, government lending is beneficial.	For the past year, Moody AAA bond rates averaged 1.9 above the 10 year Treasury rate. Private rural electric lenders rates are above the Moody rate. For example, in August the private lender rate was 2.5% above the RUS rate.	20%	0.2
3 <i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	RUS is a leader in providing access to affordable capital. There are only two commercial lenders. Most states do not provide funding. Reduction in government funding will lead to higher utility rates and/or reduction in service. Additionally, RUS provides technical assistance to upgrade, expand, and maintain the rural electric infrastructure.	642 of 865 distribution and 55 of 60 generation and transmission cooperatives are active borrowers (74% and 92% participation). Loan levels have increased from \$925 million in FY1998 to \$4.1 billion in FY2002. In the 1930's only 10% of rural residents received central station electric power, now more than 99% receive central station electric power.	20%	0.2
4 <i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	No	Commercial credit is available. However, RUS makes a significant contribution since they are the primary financing source for rural cooperatives. Though the program is not targeted to the most remote, poor areas.	Two private lenders provide loans to RUS borrowers. RUS provided the following % of funds to borrowers: in 1999, 23%; in 2000, 34%; and in 2001, 55%. The remaining funds were provided by commercial sources.	20%	0.0

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	Even though there is no conclusive evidence that there are better ways of accomplishing this goal, the government should focus more on commercial guarantees (other than the small amount through CFC and CoBank) to provide loans in lieu of direct loans and 100% guarantees.	RUS has direct and 100% guaranteed loans. These types of loans are more costly to the government. Since there are private lenders, RUS should move towards more private sector guarantees, guaranteed at 80% or less. However, current legislation requires a 100% guarantee.	20%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>80%</b>

**Section II: Strategic Planning (Yes,No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	RUS's long term goals are very broad and it is difficult to show the impact of program funding. The goals also reference actions, like targeting, that is not done by the RUS electric program. However, RUS is in the process of developing new long term goals and annual performance goals and performance measures.	Goals: provide financing for modern, affordable electric service to rural communities; and enhance the ability of rural communities to develop, grow, and improve quality of life by targeting financial/technical resources in the areas of greatest need through activities of greatest potential.	17%	0.0
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	No	RUS maintains various annual performance goals and performance measures that were designed to demonstrate the effectiveness of the program. However, the annual performance goals do not demonstrate progress towards achieving long term goals and are not outcome measures. Performance measures do not support meeting the annual performance goals. These annual performance goals and performance measures provide only partial evidence to support the overall effectiveness of the program. RUS is working with OMB to improve the annual performance goals and performance measures.	For example: Number of loans provided supports that loans are issued but does not provide information on how efficiently loans are processed. Number cooperatives serving persistent poverty areas and number of cooperatives serving high out migration areas show support to these areas but since RUS electric loans are not targeted, this measure is not applicable to the program. Number of loans and leveraging of funds does not measure the affordability of electric service.	17%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	No	RUS borrowers are committed to supplying rural areas with electricity and provide regular reports on their financial and operating performance. However, since a no answer was provided for 1 and 2 above, a no answer is required here.	RUS requires yearly submission of Form 7, Financial and Statistical Report, for all distribution borrowers and Form 12, Operating Report-Financial, for all generation and transmission borrowers.	17%	0.0
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	N/A	Though there are no other similar Federal programs and very few state and local programs, RUS does work with the private sector to finance rural electric projects.		0%	
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	No	There are no annual independent audits of the performance of the program performed on a regular basis. However, RUS receives a financial audit each year. This audit reviews many aspects of the credit programs. In addition, both the USDA IG and GAO review various aspects of RUS's performance.		17%	0.0
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	No	The funding impact is easily seen on the loan level since the budget authority and loan level are linked. Since RUS does not have annual performance goals that are outcome goals, it is unclear how funding, policy or legislative changes impact annual performance (especially service to areas of persistent outmigration or poverty).		17%	0.0
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	RUS is in the process of developing a new strategic plan. RUS is working on identifying program strengths, program deficiencies, and developing a vision for RUS. They are moving towards using outcome measures in lieu of output measures.		17%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>17%</b>

<b>Section III: Program Management (Yes,No, N/A)</b>						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	No	RUS borrowers submit yearly reports. RUS reviews the loan portfolio on a continuous basis. However, RUS does not use the information to direct funding to areas of critical need.	Data is used to project financial need and determine how to allocate resources to meet program demands to meet or exceed performance goals.	10%	0.0
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	All managers are evaluated on a yearly basis using the performance standards that are directly related to achieving performance goals.	Program Management is one factor in the Employee Performance Work Plan.	10%	0.1
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Most funds are obligated in the year they are appropriated. The funds that are not obligated are too small to support a loan. A borrower's loan application specifically references a RUS approved "work plan" which includes the projects that may be funded under a specific loan. Amendments to the work plan and loan must be approved by RUS.		10%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	RUS does not have a specific process for improving performance nor do they have efficiency measures. However, RUS routinely monitors program and employee performance. See question 7 below.		10%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	Changes to budget estimates for loan programs are immediately known from the annual recalculation of subsidy rates which reflects historical loan performance, current economic predictions, and any legislative or regulatory changes that affect the terms and conditions of the loan programs. Federal Credit Reform requires agencies to estimate the full cost associated with providing or guaranteeing loans. RUS has cash flow models that have been reviewed by OMB and the USDA IG. The administrative costs for the program are provided through a single account for all RD programs, which will be evaluated in a separate PART.	RUS provides subsidy estimates and reestimates. Cash flow models have been audited by the IG. Credit programs are audited each year as part of the financial audit for compliance with laws including FCRA and Debt collection. IG Financial statement audits FY2000 and FY2001	10%	0.1
6	<i>Does the program use strong financial management practices?</i>	Yes	Though RUS has a material weakness listed in the FY2001 audit, Rural Development has worked extensively w/the CFO/OMB/OIG to improve credit programs financial management. Audit results: FY2000-qualified opinion and FY2001-unqualified opinion.		10%	0.1
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	RUS routinely monitors program and employee performance. Employees are evaluated twice a year. Loan committees review the process for timely reporting and response. When deficiencies are found managers work with employees to develop a plan to correct deficiencies.	One example of efficiency improvements is the Automated Legal Practice Service that improved the process for developing and reviewing legal documents.	10%	0.1
8 (Cr 1.)	<i>Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely and reporting requirements are fulfilled?</i>	Yes	RUS borrowers are required to submit yearly reports. Borrowers provide unqualified CPA audits with applications. RUS field personnel visit borrowers on a regular basis to ensure proper financial management and operation practices.		10%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
9 (Cr 2.) <i>Does the program consistently meet the requirements of the Federal Credit Reform Act of 1990, the Debt Collection Improvement Act and applicable guidance under OMB Circulars A-1, A-34, and A-129?</i>	Yes	Managers understand FCRA and Debt Collection and meet the requirements and guidelines.	RUS provides subsidy estimates and reestimates. Cash flow models have been audited by the IG. Credit programs are audited each year as part of the financial audit for compliance with laws including FCRA and Debt collection. IG Financial statement audits FY2000 and FY2001	10%	0.1
10 (Cr 3.) <i>Is the risk of the program to the U.S. Government measured effectively?</i>	Yes	Rural Development develops subsidy rates that estimate the cost to the government, including various risks, which are audited by the OIG.		10%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>90%</b>

**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	RUS has made progress towards meeting their the long term goals, however since these goals are very broad and there are no timeframes associated with these goals, a no answer was provided on Section II, question 1.	In the 1930's only 10% of rural residents received central station electric power, now more than 99% receive central station electric power. Goal achievement has shifted from access to affordable and reliable.	25%	0.0

Long-Term Goal I: Target: Actual Progress achieved toward goal:	Measures under development.
Long-Term Goal II: Target: Actual Progress achieved toward goal:	
Long-Term Goal III: Target: Actual Progress achieved toward goal:	

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score						
2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	No	RUS met both annual performance goals in the Annual Performance Plan for FY2001. However, the performance goals do not fully demonstrate the effectiveness of the program, so a no answer was provided on section II, question 2, which requires a no answer for this question.		25%	0.0						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; padding: 5px;">Key Goal I: Performance Target: Actual Performance:</td> <td style="padding: 5px;">Measures under development.</td> </tr> <tr> <td style="padding: 5px;">Key Goal II: Performance Target: Actual Performance:</td> <td></td> </tr> <tr> <td style="padding: 5px;">Key Goal III: Performance Target: Actual Performance:</td> <td></td> </tr> </table>							Key Goal I: Performance Target: Actual Performance:	Measures under development.	Key Goal II: Performance Target: Actual Performance:		Key Goal III: Performance Target: Actual Performance:	
Key Goal I: Performance Target: Actual Performance:	Measures under development.											
Key Goal II: Performance Target: Actual Performance:												
Key Goal III: Performance Target: Actual Performance:												
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Large extent	RUS has made improvements in efficiency over the past 5 years. The number of employees in RUS has remained constant while the loan dollars have increased from \$1.6 billion in FY1999 to \$4.1 billion in FY2002.	Loan dollars per employee has increased from 11.7 in FY1999 to 30.6 in FY2002.	25%	0.2						
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	NA	There are no other programs that have similar purpose and goals.		0%							
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Small extent	RUS receives a financial audit each year which reviews many aspects of the credit programs. For FY2000, Rural Development received a qualified opinion and for FY2001, they received an unqualified opinion. However, the IG noted that Rural Development lacks meaningful performance indicators that measured progress towards meeting performance goals. GAO has reviewed various aspects of operations and noted that RUS has been successful in some areas but there is still room for improvement. There are no regularly scheduled audits for program effectiveness.	GAO reports - 1998, 1999, 2001 IG Financial statement audits FY2000 and FY2001	25%	0.1						
<b>Total Section Score</b>					<b>100%</b>	<b>25%</b>						

## Program Assessment Rating Tool (PART)

**Program:** Rural Utilities Service Telecommunications Loan Programs  
**Agency:** Department of Agriculture  
**Bureau:** Rural Utilities Service Telecommunications Loan Programs  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
60%	50%	100%	33%	Demonstrated

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** Authorizing legislation provides the Secretary of Agriculture the authority to make loans for the improvement and expansion of telecommunications services in rural areas. The policies and procedures by which this purpose is carried out are detailed in implementing regulations.

**Evidence:** 7 USC Chapter 31; Rural Electrification Act of 1936, as amended; and 7 CFR Parts 1735 through 1757.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** Due to industry's constant technological evolution, the definition of telecommunications service is constantly evolving. The issue of providing services to sparsely populated areas still exists. As such, the program's mission continues to exist. Providing telecommunications services in rural areas is more expensive than in non rural areas. Investment per subscriber in rural systems averages \$2,921 compared to \$1,920 for urban. The two private sector lenders provide capital for rural telecommunications at interest rates that average 2 percentage points higher than Government rates before adjustments upwards for risk. Given the recent downturn in the telecommunications industry, private lenders have restricted the amount of capital available and raised rates over the past two years, thereby making investment in rural telecommunications more expensive without RUS program financing. However, some RUS borrowers are million dollar companies that are capable of obtaining private financing.

**Evidence:** In the Rural Electrification Loan Restructuring Act (the 1993 Farm Bill), Congress amended the Rural Electrification Act to require that facilities financed under this program must be capable of providing broadband service at the rate of 1 megabyte per second. SEC filings.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: NO

Question Weight: 20%

**Explanation:** Commercial credit is available. One commercial lender has \$5 billion in outstanding loans to rural telecommunications companies and issues about \$500 million to \$1 billion per year in new loans. A recent SAIC study performed for the Rural Telephone Bank showed that rural telecommunications capital needs met by the commercial market are significantly higher (75%) than the support provided through the RUS telecommunications program. In addition, the Universal Service Fund also provides support to telecommunications providers in rural areas. In 2002, USF provided \$2 billion in funding to rural high cost areas. However, no other Federal, State, local or private programs provide lending for rural telecommunications infrastructure on an area coverage basis, where applicants must provide service to the widest practicable number of rural residents (not just in-town customers).

**Evidence:** 7 CFR Part 1735.11, Area Coverage "the borrower must seek to provide service to all interested potential subscribers in the service area." Due to cyclical fluctuations in the availability of private capital, a steady source of available capital is important; annual commercial bank statements. SAIC report - "Annual rural telecommunications capital spending is estimated at \$4.8 billion. Internal funding by rural carriers is estimated to serve roughly 50% of this demand."

**Program Assessment Rating Tool (PART)**

**Program:** Rural Utilities Service Telecommunications Loan Programs  
**Agency:** Department of Agriculture  
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**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
60%	50%	100%	33%	Demonstrated

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

**Explanation:** Program effectiveness and efficiency has been increasing. The program is effective in making capital available where the private market cannot. No private sector capital is available that requires "area coverage" to ensure that the most rural customers receive service. Due to financial and technological feasibility requirements of the program and a low default rate, a \$500 million lending program costs the Government only \$125,000 (based upon 2004 subsidy rates), less than 0.03%. The program is promoting efficiency through a series of new program initiatives designed to streamline operations. The Office of Inspector General conducts ongoing audits of the program's operations and efficiencies, the most recent of which was conducted in 1998. No material findings were disclosed. Basically, there is no evidence that there are flaws that limit the program's effectiveness or efficiency.

**Evidence:** FY2003 subsidy rates - 1.71, 0.05, and -2.36. FY2004 subsidy rates - -4.44, 0.05, and -1.85. The program introduced new "Xpress" loan procedures designed to process and approve loans for financially sound borrowers in less than 15 days thereby promoting internal efficiency and lowering borrowers costs.

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

**Explanation:** The program provides funding to areas of 5,000 inhabitants or less and requires that the most rural customers lying outside of the population concentrations are served through its area coverage requirement. The program's hardship funds are targeted to borrowers who: 1) have an average number of subscribers per mile of line is not more than 4; 2) have a projected TIER of not greater than 3; and 3) are participating in its state telecommunications modernization plan. However, in FY2003, the Hardship program was only 15% of the RUS telecommunications programs loan level. There is no prioritization of applications for the other telecommunications loan programs to make sure the neediest areas receive funding first. In addition, the program is not designed to prevent funding from supporting non rural telecommunications investments. There is no requirement to recertify rural status of a telecommunication provider which can lead to funding supporting non rural areas.

**Evidence:** 1) Eligibility is dictated by 7 USC Chapter 31; Rural Electrification Act of 1936, as amended "As used in this subchapter, the term 'rural area' shall be deemed to mean any area of the United States not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 5,000 inhabitants;" 2) 7 CFR Part 1735.11, Area Coverage; and 1735.30, Hardship Loans; 3) GAO/RCED-98-42 Opportunities to operate electricity and telecommunications loan programs more effectively, "specifically, because the loan programs are intended to assist in the development of the nation's rural areas, targeting loans to borrowers that provide service to areas with low populations could result in the more effective use of the agency's limited loan funds."

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

**Explanation:** New long-term measures have been developed that reflect the impact the program has on improving rural telecommunications.

**Evidence:** New measures include: percentage of customers receiving new and/or improved service, percentage of lines upgraded to high speed capability, and percentage decrease in subscriber rates attributable to RUS funding. See performance measures attached.

## Program Assessment Rating Tool (PART)

**Program:** Rural Utilities Service Telecommunications Loan Programs  
**Agency:** Department of Agriculture  
**Bureau:** Rural Utilities Service Telecommunications Loan Programs  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
60%	50%	100%	33%	Demonstrated

- 2.2 Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight: 12%  
 Explanation: New long-term measures have been developed. However, baselines and targets still need to be developed.  
 Evidence:
- 2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight: 12%  
 Explanation: New annual measures have been developed that reflect the impact the program has on improving rural telecommunications.  
 Evidence: New measures include: percentage of subscribers receiving improved service, percentage of miles of lines upgraded to high-speed capability, and percentage increase in leveraging. See performance measures attached.
- 2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: NO Question Weight: 12%  
 Explanation: New annual measures have been developed. However, baselines and targets still need to be developed.  
 Evidence:
- 2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight: 12%  
 Explanation: For more than 53 years, the program borrowers have been committed to provide modern, advanced telecommunications service. Loan contracts require loan funds be used for specific purposes. All loans are reviewed by program staff to ensure that loan funds were used for proper loan purposes. Borrowers annually report the information required to evaluate performance measures.  
 Evidence: RUS Form 479, Financial and Statistical Reports for Telecommunications Borrowers. Standard loan contract.

**Program Assessment Rating Tool (PART)**

**Program:** Rural Utilities Service Telecommunications Loan Programs  
**Agency:** Department of Agriculture  
**Bureau:** Rural Utilities Service Telecommunications Loan Programs  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
60%	50%	100%	33%	Demonstrated

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

**Explanation:** Independent evaluations reviewing how well the program is accomplishing its mission and meeting its long term goals are not performed. However, Management Control Reviews are performed on a periodic basis, not to exceed 5 years. These reviews look at how RUS is implementing the Telecommunications program and provides recommendations for improvement. In addition, the Office of the Inspector General and the General Accounting Office periodically perform compliance audits of the Telecommunications program. The Rural Development financial statement audit, which includes compliance with GPRA, is conducted annually by OIG. All borrowers also have annual financial audits.

**Evidence:** 1) Management Control Review August 2001, 2)OIG and GAO compliance audits; and 3) OIG financial statement audits. The last MCR evaluated compliance with rules and regulations controlling loan application and approval and post loan reviews. In most instances RUS personnel complied with the rules and regulations. 4 GAO audits that dealt with RUS since 1979. One was on long-term cost implications and another was on the financial condition of RUS loan portfolio. A third GAO audit reviewed all federal telecommunications programs looking at lessons learned by communities receiving funding. Only one GAO report focused on RUS telecommunications program performance, GAO/RCED-98-42 Opportunities to operate electricity and telecommunications loan programs more effectively. This report indicated that opportunities exist "to make the Rural Utilities Service's electricity and telecommunications loan programs more effective and less costly."

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

**Explanation:** The funding impact is easily seen on the loan level since the budget authority and loan level are linked. Since RUS did not have annual performance measures that were outcome measures, it was unclear how funding, policy or legislative changes impact annual performance. Once baselines and targets are established for the new measures, the impact should be evident.

**Evidence:** Rural Development budget processing instructions.

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

**Explanation:** The Telecommunications program has developed a limited number of specific long-term performance measures and annual performance measures. Baselines and targets for these measures need to be developed. Performance measures are reviewed on an annual basis to ensure current applicability to program delivery.

**Evidence:** A review of long-term performance measures, annual performance measures, and outcomes is required as part of the Rural Development budgeting process.

## Program Assessment Rating Tool (PART)

**Program:** Rural Utilities Service Telecommunications Loan Programs  
**Agency:** Department of Agriculture  
**Bureau:** Rural Utilities Service Telecommunications Loan Programs  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
60%	50%	100%	33%	Demonstrated

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?**      Answer: YES      Question Weight: 12%

**Explanation:** Detailed records of annual lending activities are maintained. All borrowers are required to annually file financial and performance data. Information is used to process and monitor loans allowing for effective and consistent management of the loan portfolio. The results of this management are reflected in low default rates. Information collected is also used to improve program processes, for example modifying loan application processing to reduce the time involved. However, this information is not currently utilized to measure performance in meeting long-term and annual goals and targets. In addition, this information is not used to direct funding to areas of critical need.

**Evidence:** 1) Internal processing records; and 2) RUS Form 479, Financial and Statistical Reports for Telecommunications Borrowers. Loans approved and funded on a first in first out basis. RUS Form 479 is an annual report submitted by borrowers providing information on balance sheet data, income statements, subscriber levels, plant fund expenditures, and other financial data. An example of changes made: loan processing information was used to implement new procedures to expedite loan processing for borrowers that met certain financial and eligibility requirements.

**3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?**      Answer: YES      Question Weight: 12%

**Explanation:** The Federal Manager directly responsible for the Telecommunications program is at the SES level with specific performance measures that ensure accountability. Loan contracts require borrowers to use loan funds for specific purposes. Borrowers are required to provide annual financial and performance data which is reviewed by program staff.

**Evidence:** 1) Program Manager Performance Elements and Evaluations; and 2) RUS Form 479, Financial and Statistical Reports for Telecommunications Borrowers.

**3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?**      Answer: YES      Question Weight: 12%

**Explanation:** On average, loans are processed within 60-90 days of receipt of a completed application. Total funds available are obligated by fiscal year end. Each loan application requires a loan design that includes a forecast of service requirements and a narrative of the services to be offered, support for subscriber forecasts, and engineering studies detailing the proposed construction. Based upon this, a Telephone Loan Budget is prepared which includes all costs of the project including those financed with RUS loan funds and those with non-loan funds. All loan funds disbursed are reviewed by the Agency to ensure that funds were expended for proper loan purposes under the Rural Electrification Act. Funds improperly spent are required to be returned to the Federal Government.

**Evidence:** 1) Loan processing schedules; 2) Obligation schedules; 3) Loan applications, which provide information used to make sure loan is for eligible purposes; 4) Telephone Loan Budgets; and 5) Loan Fund and Accounting Reviews, which provides and "audit" on the use of expended funds to ensure that funds are used only for approved purposes.

**Program Assessment Rating Tool (PART)**

**Program:** Rural Utilities Service Telecommunications Loan Programs  
**Agency:** Department of Agriculture  
**Bureau:** Rural Utilities Service Telecommunications Loan Programs  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
60%	50%	100%	33%	Demonstrated

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

Answer: YES

Question Weight: 12%

**Explanation:** The Agency has outsourced a significant portion of its IT activities including development of its loans management system. RUS also utilizes outside support for legal and environmental services. RUS routinely looks for methods of improving service and reducing costs. For example the introduction of the "Xpress" loan procedures, designed to process and approve loans for financially sound borrowers in less than 15 days versus 60-90 days for the normal process. RUS subsidy rates reflect the default risk of loans issued by RUS. For some time the Telecommunications program has had very low subsidy rates. For the last five years, except for one, all programs had rates below 5%. Low defaults reflect the quality of the borrowers and the program performance in that work performed by RUS reduces the losses experienced by the Government.

**Evidence:** Contracts with outside consultants. New "Xpress" loan procedures. Loan program subsidy rates.

**3.5 Does the program collaborate and coordinate effectively with related programs?**

Answer: NA

Question Weight: 0%

**Explanation:** There are no other Federal, state, or local programs providing loan funding to the rural telecommunications industry. However, the Telecommunications program collaborates and works extensively with industry-related, non-lending Government partners. Specifically, the Telecommunications program utilizes the construction standards developed and issued in National Electrical Code, the National Electrical Safety Code, and the National Fire Protection Association. Construction projects must be included in the State's Telecommunications Modernization plan. The program works with the Appalachian Regional Commission, the National Telecommunications and Information Administration, the Federal Communications Commission, Federal Emergency Management Agency, Institute of Electrical and Electronic Engineers, National Association of Regulatory Utility Commissioners, National Exchange Carrier Association, National Telecommunications Cooperative Association, and National Rural Telecom Association, among others.

**Evidence:** 1) Engineering Standards; 2) Committee meeting notes; and 3) Multi-agency conferences.

**3.6 Does the program use strong financial management practices?**

Answer: YES

Question Weight: 12%

**Explanation:** Based upon the annual financial statement audit, the Telecommunications program utilizes strong financial management practices. The Rural Development mission area, of which the Telecommunications program is a part, received an unqualified audit report in Fiscal Years 2001 and 2002. While the auditors noted a material internal control weakness due to the Agency's legacy accounting systems, the auditors were able to satisfy themselves through alternative audit procedures that the financial statements were free from material errors. The Agency's extremely low loan loss percentage, including the Telecommunications program's historic loan loss of \$0, plays a major role in the clean audit opinion.

**Evidence:** 1) Rural Development's annual financial statement audit; 2) RUS Form 479, Financial and Statistical Report for Telecommunications Borrowers; 3) Borrowers annual audited financial statements; and 4) Telecommunications program's historic loan loss of zero.

**Program Assessment Rating Tool (PART)**

**Program:** Rural Utilities Service Telecommunications Loan Programs  
**Agency:** Department of Agriculture  
**Bureau:** Rural Utilities Service Telecommunications Loan Programs  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
60%	50%	100%	33%	Demonstrated

**3.7 Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight: 12%

**Explanation:** Management deficiencies are found through program monitoring and OIG financial audits. The Rural Development mission area has established a strong system of management controls, under which the Telecommunications program's management system is reviewed. Noted deficiencies are required to be remedied within a 12-month period which is strictly monitored by the mission area. Financial management deficiencies are detailed in Rural Development's annual financial statement audit. The Agency's only material weakness is due to its legacy accounting systems. The Agency has contracted with an IT development specialist to create a new loans management accounting system, expected to be completed by the end of Fiscal Year 2004.

**Evidence:** 1) Rural Development's annual financial statement audit; and 2) Management Control reviews, corrective action plans, and evidence of completion of corrective action plans.

**3.CR1 Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: YES Question Weight: 12%

**Explanation:** Borrower's performance is monitored on an ongoing basis. Annually borrowers submit financial and statistical data and an audited financial statement. Procedures are established to monitor borrower compliance. Financial information reported on RUS Form 479 is reviewed and each borrower's risk is established by a pre-established set of financial criteria. Borrowers with high or imminent risk are reviewed for the cause and agreed upon corrective action is pursued. The Agency's accounting staff review borrower's audited financial statements and monitor borrower compliance. Deficiencies noted in the audit and downward trends in financial performance are reported to the program for correction. The accounting staff independently tracks the program's progress in obtaining corrective action. Monthly the accounting staff notifies the program staff of any late payment collections, at which time the program takes immediate action to remedy.

**Evidence:** 1) RUS Form 479, Financial and Statistical Report for Telecommunications Borrowers; 2) Borrowers audited financial statements; 3) Accounting and Program tracking reports, which provide information on deficiencies noted in financial audits, downward trends in financial performance and progress in obtaining corrective action; 4) Accounting staff's audit review checklists; 5) Annual risk assessment report, which provides an analysis of each borrowers risk based on data submitted by the borrower on RUS Form 479; and 6) Monthly Delinquency Report, which provides information on any late payment collections.

**3.CR2 Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: YES Question Weight: 12%

**Explanation:** The Rural Development mission area has changed the credit models used to calculate subsidy rates. The OIG has audited these new models. In addition, most variation experienced by the Telecommunications program's subsidy rates is due to interest rate fluctuations that are not within the programs control. Subsidy rates have been fairly consistent over the past ten years.

**Evidence:** FFB telecommunication loan subsidy rates have fluctuated 3.86 % over ten years. Treasury rate telecommunications loans have fluctuated 1.79% over ten years. Hardship telecommunications loans, which show more fluctuation due to the higher interest rate subsidization, has fluctuated more significantly at 24% over ten years.

## Program Assessment Rating Tool (PART)

**Program:** Rural Utilities Service Telecommunications Loan Programs  
**Agency:** Department of Agriculture  
**Bureau:** Rural Utilities Service Telecommunications Loan Programs  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
60%	50%	100%	33%	Demonstrated

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

Explanation: The Telecommunications program has developed new long-term performance measures that reflect the impact the program has on improving rural telecommunications. However, baselines and targets still need to be developed.

Evidence: See attached measures

**4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: NO Question Weight: 20%

Explanation: The Telecommunications program has developed new annual performance measures that reflect the impact the program has on improving rural telecommunications. However, baselines and targets still need to be developed.

Evidence: See attached measures

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

Explanation: The Telecommunications program has instituted a multitude of operational efficiency processes and procedures, most notably its "Xpress" loan process which established a 15 day application process in lieu of the normal 60-90 days. Through ongoing efforts, default rates are maintained at low rates (consistently less than 0.5%).

Evidence: The Telecommunications program has been given several new programs to administer, including a multi-billion dollar broadband program, without any increase in human or administrative support expense resources.

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

Explanation: The RUS Telecommunications program compares favorably in some instances, not favorably in others, other comparisons provide no value, and others have not been done. The RUS program's interest rates are lower than private lenders, however this comparison is of little value. The RUS program has a better repayment history. But private lenders provide four times as much financing. A comparison between the USF and the RUS Telecommunications program might be possible since the purpose of USF's high cost program, reduce service rates charged to consumers, is similar to one of RUS's measures. However, the RUS program exists for additional reasons that would not be covered by this comparison. Basically, there are other programs that provide funding to the same companies. However, the purpose/mission of these programs differ greatly. This may make it difficult to have a meaningful comparison.

Evidence: The two private sector lenders provide capital for rural telecommunications at interest rates that average 2 percentage points higher than Government rates before adjustments upwards for risk. SAIC report - "Annual rural telecommunications capital spending is estimated at \$4.8 billion. Internal funding by rural carriers is estimated to serve roughly 50% of this demand." No RUS loan has defaulted whereas one private lender experienced \$5.5 million in losses from 2000 through 2002.

**Program Assessment Rating Tool (PART)**

**Program:** Rural Utilities Service Telecommunications Loan Programs  
**Agency:** Department of Agriculture  
**Bureau:** Rural Utilities Service Telecommunications Loan Programs  
**Type(s):** Credit

Section Scores				Overall Rating
1	2	3	4	Results Not
60%	50%	100%	33%	Demonstrated

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

Answer: SMALL  
EXTENT

Question Weight: 20%

**Explanation:** Although independent evaluations reviewing how well the program is accomplishing its mission and meeting its long term goals are not performed, other aspects of performance including financial management are reviewed. The most recent Management Control Review found that RUS's loan application, approval and post loan reviews processes are implemented in accordance with the rules and regulations. Financial statement audits and OIG and GAO program compliance audits have indicated that the program is effective and achieving its goals. However, GAO/RCED-98-42 Opportunities to operate electricity and telecommunications loan programs more effectively provided recommendations on how to improve the program. To obtain a large extent or yes, reviews of actual performance results (actual program impact) are necessary.

**Evidence:** 1) Management Control Review August 2001, 2) Rural Development's annual financial statement audit; and 3) OIG and GAO compliance reviews.

## PART Performance Measurements

**Program:** Rural Utilities Service Telecommunications Loan Programs

**Agency:** Department of Agriculture

**Bureau:** Rural Utilities Service Telecommunications Loan Programs

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**Measure:** Percentage of subscribers receiving new or improved service. (Targets under development.)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-Term
-------------	---------------	---------------	--------------------------------

**Measure:** Percentage of lines upgraded to high-speed capability. (Targets under development.)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-Term
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**Measure:** Percentage decrease in subscriber rates attributable to RUS funding. (Targets under development.)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-Term
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**Measure:** Percentage of subscribers receiving new or improved service. (Targets under development.)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
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**Measure:** Percentage of lines upgraded to high-speed capability. (Targets under development.)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
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**Measure:** Percentage increase in leveraging. (Targets under development.)

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
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## PART Performance Measurements

**Program:** Rural Utilities Service Telecommunications Loan Programs

**Agency:** Department of Agriculture

**Bureau:** Rural Utilities Service Telecommunications Loan Programs

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**Measure:** Percentage of projects for high cost or high poverty areas. (Targets under development.)

**Additional  
Information:**

Year

Target

Actual

**Measure Term:** Annual

## OMB Program Assessment Rating Tool (PART)

### Credit Programs

**Name of Program: Rural Water and Wastewater Grants and Loans**

#### Section I: Program Purpose & Design (Yes, No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Is the program purpose clear?</i>	Yes	The Water and Waste Disposal program is designed to provide loan, grant, and technical assistance for drinking water, sanitary sewer, solid waste disposal, and storm drainage facilities in rural areas.	The program is authorized in Section 306 of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926). The RUS mission statement is: "Improve the quality of life and promote economic development by administering its electric, telecommunications, and water /environmental programs in a service-oriented, forward looking, and financially responsible manner."	20%	0.2
2 <i>Does the program address a specific interest, problem or need?</i>	Yes	The Water and Waste Disposal program addresses the need for safe drinking water and effective waste disposal in rural areas and communities. These needs are well-documented. And because EPA's Clean Water and Drinking Water State Revolving Funds (SRFs) allow all areas and communities to be eligible as well as the fact that communities are not limited in size nor are they means tested results in EPA's program not effectively reaching the small rural populations that USDA's program does.	The 1996 EPA needs survey showed needs for wastewater systems in communities of 10,000 and under of \$13.8 billion. Needs for drinking water are significantly higher. EPA's 1996 survey showed \$37.2 billion in needs just in communities of 3,300 people or less; data were not available for those between 3,300 and 10,000. For a number of years, RUS has funded well over a billion dollars in water and waste disposal projects, but has continued to have a backlog of applications of approximately \$3 billion. Congress authorized \$360 million in budget authority (about \$700 million in loans and grants) in the most recent Farm Bill to reduce the backlog.	20%	0.2

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	The program is designed to have a significant impact in large part because it is only available to entities which cannot reasonably meet their needs from their own resources or through commercial credit sources. Grants are only available when using only loan funds would result in user rates which are not considered reasonable. Overall, RUS-funded projects, on average, provide about 80% of the total cost of the project. The remainder comes from a variety of sources, including the private sector.	Loan and grant eligibility, loan rates and terms, and the method for determining the grant amount are set out in 7 CFR 1780. 7 CFR 1777 outlines the point criteria for applications in a state based on low population, low income, and outside matching funds. Additionally, an application serving a Colonia is given the most priority within the point scale. 7 CFR 1777 also states that the National office has 35 additional points that can be added for initiatives such as geographical distribution of funds, severity of health risks etc.	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	The program is designed to make a unique contribution because it is the only program which offers a "complete package" for small, poor rural areas. Direct loans, guaranteed loans, and grants are used when needed. Without these different forms of assistance, user rates in the poor, rural communities would not be affordable. Technical assistance is provided to applicants, borrowers, and other rural communities through contracts and grants - (\$32 million in FY 2002). RUS projects frequently involve other Federal, State, local, or private efforts, but is not redundant of them. Often other programs have some limitation like land cost not being eligible, so RUS finances the part of the project to cover land cost. In other cases, RUS finances water distribution portion of a project because the other agency only wants to fund the treatment plant. A joint memorandum between USDA, and the states dated April 3, 1997, was developed to clarify how these programs should work together to collectively bring clean, safe drinking and wastewater facilities to all Americans.	RUS regulations (7 CFR 1780) require that applicants fund a project from their own resources or commercial credit if they are able to do so. Applicants must certify that other credit is not available, and RUS staff must analyze the circumstances and document that commercial credit is not available at reasonable rates and terms. There is no other State or Federal program that provides funding for water and wastewater treatment facilities that is means tested in this way.	20%	0.2

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	Direct loans are best for serving the low and very low income populations. The program criteria requires that the community be rejected from private lender prior to qualifying for RUS assistance. Additionally, while up to 75% of the project cost can statutorily be funded by the grant portion of the program, RUS limits this through its regulations to just enough to ensure that the community pays reasonable user rates as compared with the area as a whole. This results in an average grant amount of 40% of project costs. These requirements ensure the cost effectiveness and efficiency of the program.	Interest rates and grants are based on income of the service area and need (7 CFR 1780). Section 306(c) of the Consolidated Farm and Rural Development Act. "Grassroots Environmental Protection, 2002 Report to Congress," National Rural Water Association, 2002. USDA's Approach to Funding Water and Sewer Projects," GAO, September 1995, GAO/RCED-95-258. Water and Wastewater Systems in Rural Low-income Communities: An Analysis of the U.S. Department of Agriculture Rural Utilities Service's Water and Environmental Program's Loan and Grant Program for Fiscal Years 1995 to 2000, by: Robert A. Rapoza Associates January 2001	20%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>100%</b>

**Section II: Strategic Planning (Yes,No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	WEP's mission is to provide needed water and waste disposal services in rural areas. This is not ambitious and it focuses on outputs rather than outcomes...though it has been difficult to overcome this problem in Rural Development because most funding is minimal compared to the amount of funding required to produce a direct macro-economic outcome on a measure such as clean, safe drinking water.	Statutory direction in Section 306(c) of the Consolidated Farm and Rural Development Act. OMB's 1998 spring review project, which evaluated the effectiveness of USDA's programs to address the needs of rural America. Results were summarized in the 2000 Budget of the United States on page 133.	14%	0.0

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	RUS projects how many treatment facilities they will fund in persistent poverty counties. In addition, RUS estimates the number of facilities it will be able to fund given funding levels. Also, each State is provided with delinquency goals, which improves the cost efficiency of the program by lowering the controllable loan subsidy costs.	USDA's Annual Performance Plan. Annual Staff Instruction issued requiring states to provide allocation levels and clarify priorities for the year. Delinquency goals are transmitted through a memorandum to State Directors.	14%	0.1
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	Loan and grant recipients must meet credit standards and comply with detailed requirements established in regulations.	Agency regulations, primarily 7 CFR 1780 and 7 CFR 1951.	14%	0.1
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	The Agency works closely with other agencies that fund water and wastewater systems. RUS field staff routinely work very closely with all other funding sources, frequently having regular meetings. Also, applicants are motivated to include leveraging in a project because it is considered when selecting which projects RUS will fund. This allows RUS to provide more assistance with a given funding level, thereby reaching or exceeding their goals.	In 1997, RUS, HUD/CDBG, and EPA signed a joint memorandum pledging cooperation. Additional MOU's are routinely signed on various issues such as EPA's Arsenic Rule.	14%	0.1
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	While not scheduled, OIG periodically reviews aspects of the program to identify potential areas of improvement. GAO, on occasion, also conducts reviews. Borrowers are required to submit management reports, typically CPA audits, to verify compliance with requirements. Also, the Agency performs Management Control Reviews (MCR) and other reviews of State activities.	Agency regulations, primarily 7 CFR 1780 and 7 CFR 1951, and Agency MCR guidelines.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	If the funding amount changes then the number of systems RUS can fund changes; this affects how many treatment facilities will be located in the persistent poverty counties. Other changes, such as new environmental standards, can increase the cost of individual projects, so that the total number of systems that can be funded declines. Overtime, this will reduce the amount of rural residents the RUS helps and the number of facilities located in the persistent poverty counties. Additional changes to the loan program are immediately known from the annual recalculation of the subsidy rate..which reflects historical loan performance, current economic predictions, and any legislative or regulatory changes that affect the terms and conditions of the loan program.	Annual Performance Report. E31 Memorandum of understanding between EPA and USDA on the implementation of the new Arsenic Standards.	14%	0.1
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	The Agency is currently rewriting both its primarily loan and grant making and servicing regulations. It is also nearing completion of an automated loan and grant processing system which will allow more efficient monitoring of project information.	Servicing regulation published as a proposed rule. Loan and grant making regulation scheduled for publication as a direct final rule in mid-2003.	14%	0.1
<b>Total Section Score</b>					<b>100%</b>	<b>86%</b>

<b>Section III: Program Management (Yes,No, N/A)</b>						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	The Agency tracks use of funds by the States, and pools funds at least once a year to ensure that funds are directed to those with the most needs. It also monitors delinquency on a monthly basis, as well as preauthorized debit and electronic funds transfer. Borrowers are required to submit financial and other operational information each year. Agency staff consult frequently with HUD and EPA staff, and periodically meet with them; all frequently participate in conferences and meetings with the others.	Agency delinquency reports and other servicing reports. Monthly reports and other information on obligations. Borrower reports required by 7 CFR 1780.	10%	0.1
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	RUS Program Directors are rated in part based on fully utilizing allocated funds and on maintaining a low delinquency rate. Contractors are subject to requirements of the contract documents that include quality and schedule components. Consultants' fees paid from loan and grant funds are judged against those typically charged for similar work. (The Agency does not hire consultants, but borrowers/grantees do.)	Guidance in 7 CFR 1780; standard contract documents.	10%	0.1
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	All appropriated funds are obligated each year. Field staff monitors the use of funds through project completion.	Guidance in 7 CFR 1780.	10%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	Field staff analyze all project costs. They evaluate the preliminary engineering report, approve contracts for professional services and water or wastewater treatment or purchase. Construction components are subject to open and free competition. Nearly 100 percent are competitively bid. Field staff monitors use of all funds as they are being spent.	Guidance in 7 CFR 1780.	10%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	RUS budgets for the full cost of each project. As funding levels change, so does the amount of treatment facilities RUS budgets for, both generally and those in a persistent poverty county. Additional changes to the budget estimate for the loan program are immediately known from the annual recalculation of the subsidy rate..which reflects historical loan performance, current economic predictions, and any legislative or regulatory changes that affect the terms and conditions of the loan program. The administrative costs for the program are provided through a single account for all RD programs, which will be evaluated in a separate PART.	USDA's annual performance plan, The Federal Credit Supplement and the Federal Credit Reform Act.	10%	0.1
6	<i>Does the program use strong financial management practices?</i>	Yes	The cash flow model is reviewed for accuracy annually by the IG and RUS gets a clean audit opinion for this program. Proper underwriting practices are reflected in the delinquency rate that is usually maintained at 1 percent or less. Only about one hundredth of one percent of loans made has been written off.	RUS' WEP program accounting system requirements, borrower management reports and the annual IG audit of agency financial statements.	10%	0.1
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	Management Control Reviews are conducted periodically. Assistance visits are made to a number of States each year, and findings are reported to them and to the Financial Management Division.	Compliance with MCR requirements and documentation on State reviews.	10%	0.1
8 (Cr 1.)	<i>Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely and reporting requirements are fulfilled?</i>	Yes	As noted above, Management Control Reviews and Assistance visits are carried out each year. Data is analyzed on an ongoing basis at the State and National Offices to ensure that funds are being obligated and disbursed appropriately, collections are made timely, and management reports are being received as required.	Guidance in 7 CFR 1780.	10%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
9 (Cr 2.) <i>Does the program consistently meet the requirements of the Federal Credit Reform Act of 1990, the Debt Collection Improvement Act and applicable guidance under OMB Circulars A-1, A-34, and A-129?</i>	Yes	The subsidy rate is formulated, re-estimated and apportioned within all the guidelines. And, except where program goals necessitate, all circulars are adhered to.	Federal Credit Supplement, apportionments and the Budget Appendix	10%	0.1
10 (Cr 3.) <i>Is the risk of the program to the U.S. Government measured effectively?</i>	Yes	The Agency monitors delinquency rates on an ongoing basis. Management reports and audits submitted by borrowers are reviewed by Agency staff, and weaknesses are followed up on. Periodic on-site reviews of each borrower are conducted. Additionally, an annual subsidy rate is calculated using an audited cash flow model. This computes the risk of the loan program for the Federal government.	Guidance in 7 CFR 1780; delinquency reports. The Federal Credit Supplement.	10%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>100%</b>

**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	Over the life of the program fewer people in rural areas are experiencing access problems to safe, affordable, drinking water and wastewater disposal. However, RUS cannot show that this is directly related to their program or the economy as a whole. Additionally, the long-term goal needs to be more strategic and focused in order to allow for better analysis. Currently the measurement of the long-term goal is simply to add up the outputs from the annual goals over a set of years.	Annual Performance Reports	20%	0.000

Long-Term Goal I: Develop or expand rural water systems to provide quality drinking water in compliance with the Safe Drinking Water Act

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
		Target: The target is to help rural areas that need assistance in providing safe, affordable drinking water to the people they serve. The needs are not static, however; they change due to aging systems, drought conditions, new EPA requirements, and other factors. Success must therefore be viewed in terms of utilization of the resources provided, rather than as a percentage of progress toward a finite goal. The Agency continues to use 100% of the resources provided to it by Congress.  Actual Progress achieved toward goal: Over 2,500 loans made in the past 5 fiscal years.				
		Long-Term Goal II: Develop or expand rural waste disposal systems, in compliance with the Clean Water Act, to improve the quality of health and the environment in rural areas.  Target: The target is to help small communities and rural areas that need assistance in providing affordable sanitary waste disposal to the people they serve. Again, the needs are not static; they change due to aging systems, community growth, new EPA requirements, and other factors. Success must therefore be viewed in terms of utilization of the resources provided, rather than as a percentage of progress toward a finite goal. The Agency continues to use 100% of the resources provided to it by Congress.  Actual Progress achieved toward goal: Over 1,600 loans made in the past 5 fiscal years.				
2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Large Extent	The Agency typically meets or exceeds its annual performance goals. In some years, factors develop that result in a shifting demand in some areas. For example, State Directors can change the mix of loan and grant and affect the overall number of projects assisted.	Annual Performance Reports	20%	0.1
		Key Goal I: Number of RUS W&W assistance projects in the 540 persistent poverty counties Performance Target: For 2002=230 Actual Performance: 255				
		Key Goal II: Number of people receiving safe, affordable drinking water from water systems financed by W&W loans and grants Performance Target: For 2001=1,673,000 Actual Performance: 1,806,767				
		Key Goal III: Number of people receiving safe affordable waste disposal service from annually financed projects. Performance Target: For 2001=743,000 Actual Performance: 527,379				

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	No	Direct loans are best for serving the low and very low income populations. The program criteria requires that the community be financially unable to secure private financing prior to qualifying for RUS assistance. Additionally, while up to 75% of the project cost can statutorily be funded by the grant portion of the program, RUS limits this through its regulations to just enough to ensure that the community pays reasonable user rates as compared with the area as a whole. This results in an average grant amount of 40% of project costs. Additionally, there is very little fraud, waste and abuse and the delinquency rate of the loan program is very low. RUS management indicates that at this point improved cost efficiencies and effectiveness would be at the margins and there have been no recent improvements/changes in program design or delivery.	Program regulations and Federal Credit Program rules and laws.	20%	0.0

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	Yes	The program has very specific criteria for eligible communities: prove they can't secure private financing and have a population of less than 10,000 people, which makes it unique. EPA's State Revolving Fund (SRFs) is the most similar, yet does not target small rural areas, which are often unable to compete with the larger communities who vie for SRF funding. Additionally, SRF has no grant component to help reduce the user rates to a reasonable level for the area. This makes even a 0% interest SRF loan out of reach for some of the more remote, poor rural communities. It is those communities that would have no options without USDA's WEP programs.	GAO report discussing the patchwork of programs that serve the needs for rural water infrastructure. OMB's 2004 Common Measure for rural water.	20%	0.2
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Yes	The National Rural Water Association, GAO and independent lobbying groups have all assessed the program as being a vital program, meeting the needs of targeted low-income communities that would otherwise have limited access to financing for water and waste disposal systems.	"Grassroots Environmental Protection, 2002 Report to Congress," National Rural Water Association, 2002. USDA's Approach to Funding Water and Sewer Projects," GAO, September 1995, GAO/RCED-95-258. Water and Wastewater Systems in Rural Low-income Communities: An Analysis of the U.S. Department of Agriculture Rural Utilities Service's Water and Environmental Program's Loan and Grant Program for Fiscal Years 1995 to 2000, by: Robert A. Rapoza Associates January 2001	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Total Section Score</b>				<b>100%</b>	<b>53%</b>

## Program Assessment Rating Tool (PART)

**Program:** Snow Survey and Water Supply Forecasting  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	88%	100%	58%	Demonstrated

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** The statutory purpose of the Natural Resources Conservation Service (NRCS) cooperative snow survey and water supply forecast program is to provide agricultural water users and other water management groups in the western states area with water supply forecasts to enable them to plan for efficient water management. The program also provides the public and the scientific community with a database that can be used to accurately determine the extent of the seasonal snow resource. The western states area comprises Alaska, Arizona, California (east side of the Sierra Nevada mountain range only), Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

**Evidence:** Authority: 26 Stat. 653; Sec. 8, Reorg. Plan No. IV of 1940, 54 Stat. 1234 (5 U.S.C. App. II); 5 FR 2421, 3 CFR 1938-1943 Comp. P. 1288. Source: 40 FR 12067, Mar. 17, 1975, unless otherwise noted. SNOW SURVEY AND WATER SUPPLY FORECASTING PROGRAM STRATEGIC PLAN - 1998MISSION STATEMENTWe lead a national cooperative program that provides snow, water and climate information. Our products and services help people use, conserve, improve, and sustain our natural resources and environment.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** Water is a scarce commodity in the Western US. In many basins 80% of useable water comes from mountain snowpack that vary dramatically year to year. The forecasts provided by this program are essential to agriculture, hydropower and municipal water managers. For irrigated agriculture alone program benefits are estimated at \$14 billion per year.

**Evidence:** Agency Strategic Plan, 2000-2005. News media coverage. National Drought Policy Commission report (May 2000). Program annual accomplishment reports. International treaties.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

**Explanation:** The NRCS SS/WSF data collection network is the only high elevation data collection network in the US. The water supply forecasts are coordinated with other entities. For example the program works closely with the National Weather Service to share data and coordinate forecasting activities in the West. (The NWS focuses on flood forecasting for urban areas; NRCS focus on water supply forecasting for rural and agricultural areas.) State local and private entities have expressed the importance of this activity being carried out by an objective federal agency providing information that is consistent and available to all without respect to economic, geologic or political boundaries.

**Evidence:** Authority: 26 Stat. 653; Sec. 8, Reorg. Plan No. IV of 1940, 54 Stat. 1234 (5 U.S.C. App. II); 5 FR 2421, 3 CFR 1938-1943 Comp. P. 1288. Source: 40 FR 12067, Mar. 17, 1975, unless otherwise noted. Joint water supply forecasts activities and coordination activities are authorized through subsidiary working agreements between the Dept. of Commerce and Dept. of Agriculture to clarify the separate roles of forecasting seasonal water supply (USDA) and that of forecasts of flooding threats to life and property (NWS).

## Program Assessment Rating Tool (PART)

**Program:** Snow Survey and Water Supply Forecasting  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	88%	100%	58%	Demonstrated

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

**Explanation:** This is a program has broad latitude to address customers needs. There is no evidence that another approach would be more cost effective than the existing program.

**Evidence:** "An Evaluation of the Snow Survey and Water Supply Forecasting Program" USDA, SCS, Program Evaluation Division, February 1977. The 1983 Program Reorganization. The National Drought Policy Commission Report, May, 2000.

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

**Explanation:** Program is targeted to Western US water users who can benefit from water supply forecasts. Data is made available to the public through publicly accessible internet sites and the county level NRCS field offices. Collected data and information products are based upon the input from local NRCS officials meeting with groups of water users, managers, and the public at their county level.

**Evidence:** Authority: 26 Stat. 653; Sec. 8, Reorg. Plan No. IV of 1940, 54 Stat. 1234 (5 U.S.C. App. II); 5 FR 2421, 3 CFR 1938-1943 Comp. P. 1288. Source: 40 FR 12067, Mar. 17, 1975, unless otherwise noted. GPRA annual reports since 1994.

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

**Explanation:** The program has developed three long-term performance measures that support the programs purpose. The measures evaluate the program's progress in eliminating information gaps for water supply forecasting purposes, improving water supply data utility, and increasing accuracy of streamflow data. For illustrative purposes, OMB added a long-term efficiency measure. An efficiency measure should be included for this program.

**Evidence:** Program Strategic Plan; Annual State reports; GPRA annual reports.

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

**Explanation:** The targets and timeframes for the long-term measures encourage continued improvement in the quality and utility of data gathered by the program, as well as the efficiency of how the data is gathered and disseminated.

**Evidence:** Agency Performance Plan , Jan 28, 2002

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

**Explanation:** This review includes four annual performance measures. The output measures track the program's progress in improving efficiency (number of manual snow courses automated), information availability and utilization (number of forecasts issued), and improving the accuracy of forecasts (number of SNOTEL stations upgraded).

**Evidence:** NRCS Strategic Plan 2002 - 2005. The Initial NRCS Performance Plan for FY-2003 and the Revised Plan for FY-2002, January 2002, page 12 and page 14. FY 03 Forecasts Issued Target: 9,600. FY 03 User Accesses to Water Supply Forecasting information: target 90,000.

Program Assessment Rating Tool (PART)

**Program:** Snow Survey and Water Supply Forecasting  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	88%	100%	58%	

- 2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: YES Question Weight: 12%  
 Explanation: The agency has established increasing target values.  
 Evidence: The Initial NRCS Performance Plan for FY-2003 and the Revised Plan for FY-2002, January 2002, page 12 and page 14
- 2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight: 12%  
 Explanation: The Snow Survey and Water Supply Forecasting program is supported by a wide variety of cooperators who provide funding or in-kind services to support the program goals.  
 Evidence: The evidence is in the form of joint and cooperative agreements between the program and cooperators. Many cooperators provide funding to install new stations, as well as to maintain existing stations. Other cooperators provide in-kind services to support the program goals. These services can include funding, helicopter time, and personnel to support the program. Public land managers (USFS, NPS, BLM and states) provide long term access and support for remote data site installations. PRMS Reports
- 2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight: 12%  
 Explanation: The Snow Survey program does not conduct independent reviews of its operations by groups that are external to NRCS. Instead, NRCS uses a variety of independent intra-agency reviews to evaluate the effectiveness of the program. These reviews are unbiased and critically examine the operation and effectiveness of the program. Most recently, an NRCS Oversight and Evaluation team conducted a review of the program in 2000. In addition, NRCS is currently conducting an independent assessment of the data quality assurance aspects of the program.  
 Evidence: O&E Management Assessment, August 2000; Data Quality Assurance Review currently ongoing. USDA Year 2000 Review of information activities determined that the 7 day / 24 hour per day functions of this program for current information and forecasts were "Mission Critical".
- 2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight: 12%  
 Explanation: NRCS should provide evidence for how the budget requests are assembled for this program, including how its annual budgeting priorities are established. There is currently not a clear linkage between the budget request and the program's performance outcomes. Program funds are distributed to the National Water and Climate Center to support the Program infrastructure and to the 12 western states to support program operation, water user coordination and maintenance.  
 Evidence: Agency budget documents; CTA deliverable targets for CO-45; FFIS, NRCS FY03 Annual Performance Plan; FY03 allocation \$9,929,000 which supports 67 FTE and program operation and maintenance.

## Program Assessment Rating Tool (PART)

**Program:** Snow Survey and Water Supply Forecasting  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	88%	100%	58%	Demonstrated

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

**Explanation:** The Snow Survey and Water Supply Forecasting program uses a wide variety of tools to address the programs strategic planning deficiencies. Constant feedback from water users help identify problem areas and future needs. This information is then provided to the PMT to help identify potential solutions. In 1988 a PIP (Program Improvement Plan) was conducted to identify planning deficiencies.

**Evidence:** A Program Management Team (PMT) was formed in 1992 in order to deal with program needs and to help identify shortcomings and possible solutions. In addition, each year, the Snow Survey Program meets with water users to gather specific information about their future needs.

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

**Explanation:** The SS/WSF Program collects performance information as part of the NRCS GPRA program. Performance information is summarized from the National Water and Climate Center webpage and reported quarterly to the NRCS Deputy Chief for Strategic Planning and Accountability.

**Evidence:** GPRA information collected include 1) number of water users utilizing SS/WSF information and 2) number of customer accesses to data and forecasts.

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

**Explanation:** Program manager is responsible for establishing program goals and ensuring the state offices manage funds consistent with appropriated uses. The program managers at the state levels are accountable for adherence to standards and specifications for data collection and quality. Performance appraisals include evaluations of efficient use of funds and accomplishment of program goals.

**Evidence:** Program Manager Performance standards; annual program manager guidance to states.

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

**Explanation:** Snow Survey and Water Supply Forecasting program funds are regularly obligated by the end of the fiscal year. Unused funds have never exceeded 1% of the program allocation. Staff monitors obligations to insure funds are obligated in a timely manner.

**Evidence:** NRCS budget and accounting documents, FFIS financial reports

**Program Assessment Rating Tool (PART)**

**Program:** Snow Survey and Water Supply Forecasting  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	88%	100%	58%	Demonstrated

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

**Explanation:** The SS/WSF program uses a wide variety of tools to help manage the budget. FFIS is used to track expenditures and purpose for each item. The SS/WSF program is constantly looking for lower cost alternatives and technologies to collect snowpack information and to deliver products to its customers. The effort to move away from manual snowpack surveying to automated data gathering with SNOTELs systems is an example of how the program is improving its cost-effectiveness.

**Evidence:** The SS/WSF program works with the National Business Center to develop technical specifications required to complete a successful contract and the lowest cost possible for equipment used in the automated SNOTEL network. Similarly, the program utilizes existing Government contracts to secure the necessary IT equipment at the lowest cost.

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

**Explanation:** Water supply forecasts are produced annually, January through June, in partnership with the National Weather Service (NWS). During the 2002 forecast season, the NRCS National Water and Climate Center issued 11,411 seasonal water supply forecasts for 709 locations in 12 Western states supporting water resource management activities. NRCS is solely or jointly responsible for 73% of the forecasts. The information from this program is used throughout USDA to help target drought management activities and conservation planning.

**Evidence:** Joint water supply forecasts activities and coordination activities are authorized through subsidiary working agreements between the Dept. of Commerce and Dept. of Agriculture. Program is fully integrated into NRCS eFOTG technology system and resource information services to support other agency programs.

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

**Explanation:** Program utilizes FFIS for financial management. In addition expenditures are tracked at the NWCC .

**Evidence:** Financial reports from FFIS.

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

**Explanation:** The program applies usual and customary business management practices including self evaluations, coordination with partners, strategic planning and periodic assessments.

**Evidence:** O&E Management Assessment, August 2000; Data Quality Assurance Review currently ongoing; Program-wide workshop, Dec. 2002.

**4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight: 25%

**Explanation:** NRCS developed long-term measures for this program, but baseline data and targets need to be set for each measures.

**Evidence:** Program Strategic Plan; Annual State reports; GPRA annual reports

## Program Assessment Rating Tool (PART)

**Program:** Snow Survey and Water Supply Forecasting  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	88%	100%	58%	Demonstrated

- 4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: YES Question Weight: 25%
- Explanation: All annual targets have been met or exceeded. These annual measures should be enhanced by including new measures that are more descriptive of the program's activities.
- Evidence: Program Strategic Plan; Annual State reports; GPRA annual reports
- 4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: SMALL EXTENT Question Weight: 25%
- Explanation: The program's efficiencies have been improving (e.g., the program collects more data and provides more water supply forecasts with the same level of funding), but the program does not have specific efficiency measures developed to demonstrate it. As more manual courses are automated and web-based product delivery expands, efficiencies will continue to increase.
- Evidence: The amount of data collected has increased steadily. Water supply forecasts issued over the past decade have increased two-fold. Customer accesses to data and information have increased several orders of magnitude over this period.
- 4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?** Answer: YES Question Weight: 25%
- Explanation: Compared to other programs that gather water quantity information, such as USGS stream gauging network and the State of Oklahoma climate network, the SS/WSF program meets or exceeds performance measures such as reliability and data completeness; and is more cost effective.
- Evidence: Program information
- 4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: NA Question Weight: 0%
- Explanation: Though independent evaluations of effectiveness or performance have not been conducted, these independent evaluations are not warranted because of the program's budgetary size (approx. \$9 million). A variety of tools are used to measure the effectiveness of the program. Several parts of the SS/WSF program have had internal programmatic evaluations completed within the last three years and have found the program to be achieving expected results. An NRCS Oversight and Evaluation team also conducted a review of the program in 2000, as well as a new review that is currently underway to evaluate the program's operations.
- Evidence: In August of 2000, the NRCS conducted an Operations and Evaluation of the National Water and Climate Center . A Risk Assessment Review was also conducted in March of 2001. Both of these indicated that the SS/WSF program was effective and achieving results. They also found a few deficiencies that have been corrected. During 1979/80 public participation was solicited to determine if this program should be privatized or outsourced in some way. The conclusion of that response was to continue and strengthen federal leadership to assure consistency of service and product, timeliness, and availability to all users without respect to economic, geographical or political influences.

## PART Performance Measurements

**Program:** Snow Survey and Water Supply Forecasting  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service

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**Measure:** Percent increase in accuracy of streamflow predictions.

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2008	10		

**Measure:** Accesses to water supply forecast information.

**Additional Information:** Note: New measurement methodology implemented beginning in FY03.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2000		55,261	
2001		69,300	
2002	80,000	157,542	
2003	1,560,000		
2004	1,700,000		

**Measure:** Number of SNOTEL stations upgraded.

**Additional Information:** This measure tracks the program's effort to maintain the automated SNOTEL system in optimum condition.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	0	20	
2002	0	27	
2003	200		
2004	200		
2005	200		

## PART Performance Measurements

**Program:** Snow Survey and Water Supply Forecasting

**Agency:** Department of Agriculture

**Bureau:** Natural Resources Conservation Service

**Measure:** Number of manual snow surveys automated.

**Additional Information:** The goal is to automate 250 snow courses per year over 5 years. As more manual courses are automated, the program will generate more forecasts more efficiently.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	0	10	
2002	0	12	
2003	12		
2004	15		
2005	100		

**Measure:** Expand forecasting information to "gap" service areas (i.e., underserved areas or regions with poor data quality).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2008	0.25		

**Measure:** Transition stream flow forecasting procedures to simulation models (percent).

**Additional Information:** This measure tracks the program's progress in improving the accuracy and value of its stream flow forecasts for state and local water managers.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2008	20		

**Measure:** Number of water supply forecasts issued per \$1 million.

**Additional Information:** This measure tracks the program's ability to meet water forecast information demands from state and local water managers. It also measures the program's efficiency as it provides greater information output for the same amount of base funding.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2001	0	1,507	
2002	1,080	1,339	

## PART Performance Measurements

**Program:** Snow Survey and Water Supply Forecasting

**Agency:** Department of Agriculture

**Bureau:** Natural Resources Conservation Service

**Measure:** Number of water supply forecasts issued per \$1 million.

**Additional Information:** This measure tracks the program's ability to meet water forecast information demands from state and local water managers. It also measures the program's efficiency as it provides greater information output for the same amount of base funding.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2003	1,318		
2004	1,336		

**Measure:** Reduce average cost of snow water equivalent observation by X% by 2008.

**Additional Information:** Baseline average cost of a snow water equivalent observation is \$XXX in FY 2002.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term (Efficiency Measure)
2008	X%		





## Program Assessment Rating Tool (PART)

**Program:** Soil Survey Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service  
**Type(s):** Direct Federal                                      Research and Development

Section Scores				Overall Rating
1	2	3	4	Moderately
100%	100%	88%	47%	Effective

**2.2 Does the program have ambitious targets and timeframes for its long-term measures?**                      Answer: YES                      Question Weight: 11%

Explanation: NRCS has set appropriate targets for the long-term measures.

Evidence: Soil Survey Program Plans 1992, 1997, 2000; USDA Strategic Plan 2000-2005; NRCS Performance and Results Measurement System [www.nrcs.usda.gov/PRMS](http://www.nrcs.usda.gov/PRMS) ; Soil Survey Scheduler; NRCS Strategic Plan 2000-2005; Congressional Report to House Committee on Appropriations Ten-Year Plan for Standardized Soil Survey and Ecological Site Classification, DOI-BLM 8/02; National Drought Commission Report, May 2002; Director's report in the National Cooperative Soil Survey Conference Proceedings, Regional Proceedings 1998-2002; Director's report in National State Soil Scientist's Meeting Proceedings, St. Joseph MO 2002

**2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?**                      Answer: YES                      Question Weight: 11%

Explanation: The Soil Survey Program tracks on an annual basis several performance measures. Two annual performance measures are included in this analysis, and they track the work product or output of the program.

Evidence: Soil Survey Scheduler; Performance Data-NRCS PRMS; Explanatory Notes Budget for 2001, 2002, 2003, 2004; Soil Survey Program Plan 2000; USDA-NRCS Strategic Plan 2000-2005

**2.4 Does the program have baselines and ambitious targets for its annual measures?**                      Answer: YES                      Question Weight: 11%

Explanation: The Soil Survey Program tracks annual performance measures and has established adequate targets for the annual measures.

Evidence: Soil Survey Scheduler 1995-2000; Performance Data-NRCS PRMS; Explanatory Notes Budget for 2001, 2002, 2003, 2004 ; Soil Survey Program Plan 2000; USDA-NRCS Strategic Plan 2000-2005

**2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?**                      Answer: YES                      Question Weight: 11%

Explanation: Soil surveys are coordinated by Memorandums of Understanding (MOU) by all partners and cooperators in the soil survey at the local, regional (MLRA) and National level. Every active soil survey in the country has an associated MOU with its project, in which the partners agree to long term goals and products for the soil survey at the beginning of a survey. In addition, through the National Cooperative Soil Survey, there are annual work planning conferences at the State, Regional and National level which review long term goals and coordinate strategies to achieve them. On a state level, partnerships and contracts are administrated through cooperative agreements or procurements that are tracked and controlled through the FFIS. Performance Work Statements support all contracts for quality assurance that the work fulfills requirements of the project plans. It is the responsibility of the State Soil Scientist to service the contracts for quality assurance and coordinate goals and performance to the intent of the Program.

Evidence: General Manual 430; National Soil Survey Handbook; FFIS-Financial Management System; National Cooperative Soil Survey Conference Proceedings 1963-1997; National Cooperative Soil Survey Conference Proceedings 1998-2001















## PART Performance Measurements

**Program:** Soil Survey Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service

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**Measure:** Cumulative reduction in the gap of acres with no soil resource surveys (FY 2000 baseline of an 87 million-acre gap). (In millions of acres.)

**Additional Information:** This measure tracks SSP's progress in completing an initial soil survey resource inventory for the US. In FY 2000, there were 87 million acres of private land left to map.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002	8.6	10.9	
2003	12.9		
2004	17.2		
2005	21.5		

**Measure:** Cumulative number of digital soil surveys produced to attain a total of 2,800 surveys by end of FY 2004.

**Additional Information:** This measure tracks the yearly total of digital surveys to make a national coverage of cumulative total of 2,800.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
1999	250	366 (13% of total)	
2000	500	603 (22% of total)	
2001	750	742 (27% of total)	
2002	1,000	1030 (37% of total)	
2003	1,250		

**Measure:** Cumulative reduction in backlog of unpublished soil surveys by FY 2009 (FY 2000 baseline of 500 unpublished surveys).

**Additional Information:** This measure tracks progress toward goal to eliminate backlog of soil survey mapped but not published (500 surveys have been mapped but not published as of FY 2000)

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2002	160	111	
2003	240		

## PART Performance Measurements

**Program:** Soil Survey Program  
**Agency:** Department of Agriculture  
**Bureau:** Natural Resources Conservation Service

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**Measure:** Cumulative reduction in backlog of unpublished soil surveys by FY 2009 (FY 2000 baseline of 500 unpublished surveys).

**Additional Information:** This measure tracks progress toward goal to eliminate backlog of soil survey mapped but not published (500 surveys have been mapped but not published as of FY 2000)

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2004	320		
2005	400		
2006	480		

**Measure:** Percent of the NRCS electronic Field Office Technical Guides that includes soil map information.

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2003	80	80	
2004	85		
2005	90		

**OMB Program Assessment Rating Tool (PART)**

**Direct Federal Programs**

Name of Program: USDA Wildland Fire Management

Section I: Program Purpose & Design (Yes, No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Is the program purpose clear?</i>	Yes	<p>The 10-Year Comprehensive Fire Strategy has 4 goals. While clear, these goals are set out as co-equal and could benefit from being prioritized. Generally speaking, the agencies (DOI &amp; USDA) put threats to human life and property as the highest priority.</p> <p>Although the mission and purpose have been increasingly focused, fire fighting and fuel reduction resources can be directed at two different purposes: (1) protecting homes and buildings or (2) protecting natural resources. In some areas both purposes can be met with the same resources, but in other circumstances these two purposes may compete for limited resources. Determining the appropriate balance between these purposes can be subjective and complex. As a result, funds may not be targeted in the most cost-effective manner.</p>	<p>The 1995 Federal Fire Policy and the 2001 Update of that policy promote the re-establishment of fire adapted ecosystems to reduce large fires and protect communities. The 2002 10-Year Strategy, endorsed by two Secretaries and 17 Western Governors established 4 goals:</p> <p>1)Improve Fire Prevention and Suppression, 2)Reduce Hazardous Fuels, 3)Restore Fire-Adapted Ecosystems, and 4)Promote Community Assistance.</p>	25%	0.3
2 <i>Does the program address a specific interest, problem or need?</i>	Yes	<p>Wildfires are normal events in the life of a forest and other wildlands, however, they can inflict damage to lives, property, and, in some cases, natural resources when they burn out of control. The USDA/DOI wildland firefighting program provides skilled firefighters, specialized equipment, and rapid response capability to respond to wildland fires in a way that many states and localities would be incapable of themselves. This capability is not matched by any other firefighting organization. Fire management on federal lands also falls within the land-management missions of the federal firefighting agencies. Without the FS wildland fire management program, many communities would be unequipped to protect their own lands and property.</p>	<p>16 U.S.C. 551 (directs the Secretary of Agriculture to make provisions for the protection against destruction by fire and depredations upon the public forest and national forests).</p> <p>P.L. 101-121, The Department of Interior and Related Agencies Appropriations Act of 1990 (established a new appropriation for necessary expenses of firefighting, presuppression, and fuels management).</p>	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3 <i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	<p>The intent of the program is to protect homes and communities from fire while, as nearly as possible, allowing fire to function in its natural ecological role. The FS fire program consists of six major activities, each addressing a different aspect of the fire problem. The FS funds wildland fire programs on the 192 million acres of National Forest System (NFS) lands and an additional 20 million acres of adjacent State and private lands, protected through fee or reciprocal protections agreements. The federal contribution and impact of the program are significant, but little evidence exists regarding the long-term impact of the current program on fire management goals. The impact of changes in funding in addressing the fire problem may depend on which aspects of the program are affected. Due to the competing goals of the program, wholesale increases or decreases are unlikely to significantly impact goal achievement, but targeted changes may help achieve desired results.</p>	<p>FY 2003 FS Budget Justification (Wildland Fire Management); National Fire Plan ("A Report to the President in Response to the Wildfires of 2000, September 8, 2000);Interior and Related Agencies Appropriation Act 2002; Federal Wildland Fire Leadership Council Charter. The FS Wildland Fire Management program consists of six major activities: (1) Preparedness--representing the readiness to respond to wildland fires, (2) Suppression--representing the response to wildland fire ignitions, (3) Burned Area Rehabilitation--efforts to minimize site degradation as a result of fires, (4) Hazardous Fuels Management--treatment of wildland fuels to reduce the fire hazard should an ignition occur, (5) Wildland Urban Interface Fuels--the treatment of fuels adjacent to the wildland urban interface to reduce risk to communities, and (6) State Fire Assistance (funded in State and Private Forestry)-- technical and financial assistance to increase fire preparedness of state and local fire agencies and to mitigate hazardous situations on non-federal lands.</p>	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4 <i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	As part of its land management responsibilities, each bureau is responsible for firefighting on the lands it manages. There are no other programs designed to accomplish this mission on FS lands. The Forest Service works cooperatively with DOI and States to leverage funds and extend the impact of the program. These programs are complimentary and not redundant. Under these arrangements, fire protection responsibilities are exchanged and scarce resources are shared. Some aspects of fire management (e.g., fuels treatments) may not be coordinated among bureaus as well as possible, but they are not duplicative of one another, and the agency is actively working to improve coordination to better utilize its resources.	2001 Federal Wildland Fire Policy; National Fire Plan ("A Report to the President in Response to the Wildfires of 2000, September 8, 2000"); Interior and Related Agencies Appropriation Act 2002; Federal Wildland Fire Leadership Council Charter	25%	0.3
5 <i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	The current mechanism of direct federal management is consistent with the FS's statutory responsibilities to manage the land under its control. The FS utilizes seasonal employees, contracts for aircraft, hires emergency firefighters, and utilizes partnerships with state and local governments, the military, and foreign nations to provide wildland firefighting on the federal lands. Highly mobile national resources such as hotshot crews, smokejumpers, helicopters, and airtankers are used where necessary to respond to or extend local or regional firefighting capabilities.	National Interagency Mobilization Guide (March 2002); Interagency management agreements between BLM, BIA, NPS, FWS, USFS, state, local, and foreign governments.	10%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>100%</b>

**Section II: Strategic Planning (Yes, No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	The 10-Year Implementation Plan defines program outcomes and performance measures to achieve the following four goals: (1) Improve fire prevention and suppression; (2) Reduce hazardous fuels; (3) Restore fire-adapted ecosystems; and (4) Promote community assistance.	10-Year Comprehensive Strategy Implementation Plan  The 10-Year Implementation Plan includes the following four major goals: (1) Improve fire prevention and suppression so that losses of life are eliminated, and firefighter injuries and damage to communities and the environment from severe, unplanned and unwanted wildland fire are reduced. (7 measures) (2) Reduce hazardous fuels...to reduce the risk of unplanned and unwanted wildland fire to communities and to the environment. (3 measures) (3) Restore fire-adapted ecosystems so that ecosystems are restored, rehabilitated and maintained...in a manner that will provide sustainable environmental, social, and economic benefits. (3 measures) (4) Promote community assistance so that communities at risk have increased capacity to prevent losses from wildland fire and the potential to seek economic opportunities resulting from treatments and services. (5 measures)	14%	0.1
2 <i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	No	New performance measures are being developed that will be agreed upon by both USDA and DOI. They include performance measures for States as well. While the measures are specific to Condition Class and Fire regime and include a mix of outcome and output based measures, discrete targets, and baseline data have not been developed for either annual or long-term goals. In addition, some performance measures are vague and in need of greater definition.	10-Year Implementation Plan. Performance measures are linked to each of the four goals and include monitoring provisions. There are some terms that are difficult to define at the macro-level (e.g. defining the wildland urban interface, communities-at-risk, the appropriate size of buffers to protect a community, or priority watershed), which will need additional clarification.	14%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3 <i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	No	As FS received a <i>No</i> on Question 2 of this section, it is difficult to make the case that all partners are able to support program planning efforts by committing to the goals of the program. While contractors are required to report on performance (e.g., fuels reduction projects), there appears to be little, if any, reporting required on State fire assistance grants. USDA is trying to address these deficiencies by working with partners responsible for fuels reduction work on adjacent private or state lands to improve reporting of performance and is revising its planning and reporting database to better measure performance. Continued efforts are needed to align such information collection with clearly defined and limited program goals and use it to inform program management.	Forest Service reports on fuels reduction projects the same regardless of whether they are performed in-house or by contract. A new database reporting system, "NFPORS" will identify critical data for agency accountability in meeting performance targets. The database will also link fire assistance grants and information requirements. This is an area that will require close collaboration and monitoring.	14%	0.0
4 <i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	No	The Forest Service has a longstanding practice of coordinating with the Interior agencies and State and local agencies in fire suppression efforts. Increasingly, this coordination is spilling over into other areas of the fire program, but much work remains in this regard, particularly in working with state and local collaborators. A recent GAO report indicated that DOI and the Forest Service have developed, or are developing, numerous strategies for reducing hazardous fuels that are not linked and that have different goals and objectives primarily because they have planned and managed their lands on an agency-by-agency basis for decades. NAPA also reports that better coordination is needed in program areas such as the production and implementation of cross-boundary, landscape-scale natural resource and fire management plans and community fire-hazard reduction programs. It is also unclear if or how Forest Service fuels and fire rehabilitation work is coordinated with other DOI work with the broad goal of land restoration.	Numerous GAO and NAPA reports and testimony, including:  GAO Report 01-1022T, "The National Fire Plan: Federal Agencies Are Not Organized to Effectively and Efficiently Implement the Plan", July 31, 2001 GAO Report 02-158, "Wildland Fire Management: Improved Planning Will Help Agencies Better Identify Fire-Fighting Preparedness Needs", March 2002. GAO Report 02-259, "Severe Wildland Fires: Leadership and Accountability Needed to Reduce Risks to Communities and Resources", January 2002. NAPA "Wildfire Suppression: Strategies for Containing Costs", September 2002.	14%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5 <i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	The program conducts regular internal reviews of overall program performance as well as fire suppression cost reviews based on established criteria such as fire size, total cost estimates, unit costs, and national interest. Numerous GAO and other independent evaluations have been fairly critical of various parts of the fire program for both DOI and USDA. However, most reviews thus far have not been truly "comprehensive." A number of independent reviews are currently ongoing, but no regular process for independent reviews has been established. The agency also conducts accident, both ground and aviation, investigations. Based on the last four years of fire and accident activity, these reviews have become a regular fixture.	<p>Numerous GAO and NAPA reports and testimony, including:</p> <p>GAO Report 01-1022T, "The National Fire Plan: Federal Agencies Are Not Organized to Effectively and Efficiently Implement the Plan", July 31, 2001.</p> <p>GAO Report 02-158, "Wildland Fire Management: Improved Planning Will Help Agencies Better Identify Fire-Fighting Preparedness Needs", March 2002.</p> <p>GAO Report 02-259, "Severe Wildland Fires: Leadership and Accountability Needed to Reduce Risks to Communities and Resources", January 2002.</p> <p>NAPA, "Study of the Implementation of the Federal Wildland Fire Policy", December 2000.</p> <p>NAPA, "Managing Wildland Fire, Enhancing Capacity to Implement the Federal Interagency Policy, December 2001.</p> <p>NAPA, "Wildfire Suppression: Strategies for Containing Costs", September 2002.</p>	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6 <i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	<p>The Wildland Fire Management budget structure is aligned to correspond with the goals and work activities of the program.</p> <p>The program budget is divided into the following categories: (1) Preparedness, (2) Fire Operations--Suppression (which also includes Burned Area Rehabilitation activities), and (3) Fire Operations--Other (other programs such as Hazardous Fuels Management, State Fire Assistance and Rehabilitation and Restoration projects). Program goals are roughly aligned in the same manner.</p>	<p>In most cases, one or two measures are in place for each of the 3 budget line items:</p> <p>(1) Preparedness: Firefighter production capability (measured by chains per hour, which is the number of chains of fire line the firefighting workforce can accomplish at full capacity).</p> <p>(2) Fire Operations--Suppression (no measures are included in budget justification for this category)</p> <p>(3) Fire Operations--Other (number of acres Wildland-Urban mitigated; number of acres non-Wildland-Urban mitigated; number of rehabilitation and restoration projects, number of volunteer fire departments assisted).</p>	14%	0.1
7 <i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	<p>Within the last two years, a 10-Year Comprehensive Strategy has been developed in collaboration with many stakeholders and an Implementation Plan has been developed to address the goals of the strategy. USDA is also in the process of revising its strategic plan. However, there remains some cause for concern. With so many measures (18) and no apparent priority among measures, it is unclear what measures managers and/or policy officials will choose to focus on or how effectively the agency will operate utilizing so many measures. The ultimate result of these efforts is as yet unknown.</p>	10-Year Strategy Implementation Plan	14%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>57%</b>

**Section III: Program Management (Yes,No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	No	<p>USDA and DOI have been preparing financial and action plans each year under the National Fire plan and have submitted an end-of-year accomplishment report for 2001. However, the plans appear to be primarily intended to meet Congressional reporting requirements; it is unclear whether the information in the plans is of sufficient detail to really be used to evaluate performance and manage the program.</p> <p>The Forest Service is establishing a standard automated data collection system (NFPORS) for reporting accomplishments. When complete, this information will serve as an interagency database for reporting program accomplishments. The system should reduce the potential for duplication and erroneous information reporting. The data will be used to correlate expenditures with losses. As more data becomes available, trends will be analyzed to validate that accomplishments at local, state and national levels are moving in the desired direction.</p>	FY 2001 and FY 2002 DOI/USDA Action and Financial Plans	14%	0.0
2 <i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	No	<p>Performance measurements do not appear to affect accountability at the program level, nor do they appear to inform budget decisions. However, FS has indicated that there are ongoing reviews of strategies and processes for improving performance. Currently, managers are evaluated based on defacto performance measures of controlling fires without the loss of life or property. Suppression cost-control is not a significant factor, especially when homes are involved.</p>	<p>Little or no discussion of performance in budget requests, promotions, or post-fire reviews. Also, no incentives now exist for States and localities to provide cost-share funds or to narrowly define the areas eligible for federal funding.</p>	14%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3 <i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	<p>Funds have generally been obligated in a timely manner. The FS regularly reviews obligation reports and provides analysis to the Department, and during the fire season, OMB receives obligation reports weekly. FS experienced some temporary delays after receiving large increases in FY 2001, and it is unclear whether delays will persist for fuels reduction projects. In FY 2001, FS had an unobligated balance of \$92 million for emergency rehabilitation projects. All other parts of the program appear to be obligating funds in a timely manner.</p> <p>There is some concern that, due to the lack of a clear definition of the "wildland-urban interface", funds for fuels reduction projects intended to reduce risks to communities may be used for projects with questionable impacts on at-risk communities. However, there is little clear evidence of this and because the WUI definition is so broad, it difficult to pin the agency down on this.</p>	Recent quarterly SF 133 reports on obligations; reviews as part of the yearly budget process; weekly fire obligation reports during fire season. NAPA and GAO report that USDA needs to improve its accounting and estimations of fire costs for billing or reimbursements of states.	14%	0.1
4 <i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	The 10-Year Strategy and Implementation Plan refer to "cost-effective fire protection," but it remains unclear that the agencies really know what this means, and the term is not adequately defined in the 10-Year Strategy. However, the agency has established targets on cost comparisons for positions within this program. Annual competitive sourcing of commercial activities is to be increased annually by 10% through 2005 and contract fire readiness resources increased to 20% in 2002 and by 5% annually through 2005.	10-Year Implementation Plan. USDA included the specific goals for outsourcing as part of the FY 2003 Budget (page 181 of the Appendix).	14%	0.0
5 <i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	The agency charges all fire related activities and indirect costs to the fire appropriation, including salaries and expenses such as contract costs. Indirect costs of CSRS employee pensions and FEHBP program costs are not captured.	2003 Forest Service Budget Justifications	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6 <i>Does the program use strong financial management practices?</i>	No	While the nature and uncertainty of emergency fire suppression make it difficult to provide real time, meaningful, obligation estimates, the FS has difficulty in reporting obligations to the financial system in a timely manner. Estimates based on historical trends and fire activity do provide a coarse scale estimate of total suppression costs which can and is used for apportionment purposes. Efforts to improve estimates are in place to avoid repeat of the FY2000 Antideficiency Act violation (\$274 million).	Various financial reports. OIG audit information (disclaimers). USDA sent an Anti-deficiency Act violation letter to the Congress in March, 2001. The NAPA report, "Wildfire Suppression: Strategies for Containing Costs" [Agency Review Draft, September 3, 2002] also provides some insights into this problem.	14%	0.0
7 <i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	The Wildland Fire Leadership Council was established in April 2002 to support the implementation and coordination of the National Fire Plan and the Federal Wildland Fire Management Policy.  DOI and USDA are also working on a new fire preparedness planning model to replace the current "Most Efficient Level" (MEL) model which suffers from a lack of transparency and, in a sense, treats funding needs (i.e., budget) as an output of the planning process rather than an input.	Wildland Fire Leadership Council Charter; FS Budget Justifications.	14%	0.1

<b>Total Section Score</b>				<b>100%</b>	<b>43%</b>
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<b>Section IV: Program Results (Yes, Large Extent, Small Extent, No)</b>					
Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Small Extent	Prior to completion of the 10-Year Implementation Plan, long-term goals were effectively largely non-existent, with goals existing for GPRA purposes only and measuring only widgets. The new measures adopted in the Plan represent a significant improvement, but no data presently exists to evaluate performance as the measures still lack the targets and baselines needed to be considered established long-term goals. USDA and DOI are currently in the process of gathering data and establishing these baselines and targets. While, the Forest Service has made some progress in refocusing its program in recognition that past actions have made the problem worse and that many areas of the west are overgrown with understory vegetation that increases the risk of catastrophic fire, the culture of the fire program has not significantly changed to move away from a full-suppression mentality. However, as the agency has made significant progress developing new long-term goals that will demonstrate progress toward effective and efficient management of wildfire, the agency receives a "small extent."	10-Year Strategy Implementation Plan; FS FY 2003 Annual Performance Plan and FY 2001 Annual Performance Report.	20%	0.1

<p>Long-Term Goal I: Improve Fire Prevention and Suppression: losses of life are eliminated, and firefighter injuries and damage to communities and the environment from severe, unplanned and unwanted wildland fire are reduced.</p> <p>Target: No targets have been set. The Forest Service has included 7 measures to this effect in the 10-Year Implementation Strategy. For example, the FS plans to measure average gross costs per acre for suppression and emergency stabilization and rehabilitation by size class and fire regime for fires (i) contained within initial attack, (ii) escaping initial attack, (iii) within wildland-urban interface areas, (iv) outside wildland-urban interface areas, (v) in areas with compliant fire management plans and (vi) in areas without compliant fire management plans.</p> <p>Actual Progress achieved toward Not yet. In January 2003, the Departments of the Interior and Agriculture, States, Tribes, and local officials, will establish baseline data within goal: their respective jurisdictions. It is not clear how meaningful the information collected will be, as there is still not a clear definition of such things as the "wildland-urban interface." Moreover, as there are no incentives for cost-control nor a clear articulation of "cost-effective fire protection," integrating performance measurement into program management is likely to remain tenuous.</p>
<p>Long-Term Goal II: Reduce Hazardous Fuels: hazardous fuels are treated, using appropriate tools, to reduce the risk of unplanned and unwanted wildland fire to communities and to the environment.</p> <p>Target: No targets have been set. The Forest Service has included 3 measures to this effect in the 10-Year Implementation Strategy. For example, the FS plans to measure the number of acres treated that are 1) in the Wildland-Urban Interface or 2) in condition classes 2 or 3 in fire regimes 1,2, or 3 outside the wildland urban interface, and are identified as high priority through collaboration consistent with the Implementation Plan, in total, and as a percent of all acres treated.</p>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
		<p>Actual Progress achieved toward Not yet. Measures not yet tracked. Again, better definition and delineation is needed. For example, clarifying that the performance goal of goal: hazardous fuels reduction by identifying a targeted set of communities and actions that can be achieved with current funding levels sufficient to provide the greatest protection to those most in need. A corresponding efficiency measure will track the acres treated per million dollars gross investment.</p> <p>Long-Term Goal III: Restore Fire-adapted ecosystems: fire-adapted ecosystems are restored, rehabilitated and maintained, using appropriate tools, in a manner that will provide sustainable environmental, social, and economic benefits.</p> <p>Target: No targets have been set. The Forest Service has included 3 measures to this effect in the 10-Year Implementation Strategy. For example, the FS plans to measure the number of acres in fire regimes 1,2, or 3 moved to a better condition class, that were identified as high priority through collaboration consistent with the Implementation Plan, in total, and as a percent of total acres treated.</p> <p>Actual Progress achieved toward Unknown. Measures not yet tracked. The Forest Service must work to ensure that they have a handle on what can reasonably be accomplished goal: given limited resources (i.e., forest restoration must be defined to be reasonable and achievable).</p>			
<p>2 Does the program (including program partners) achieve its annual performance goals?</p>	<p>Small Extent</p>	<p>As previous goals were inadequate, new annual performance goals are being developed. Since baselines and targets have not yet been developed for these new annual performance goals, it is not possible to assess performance for these measures. However, past performance indicates that FS meets or comes close to meeting its annual performance goals in this program. FY 2001 data (shown below) indicates that FS met 3 out of its 4 annual performance goals last year. However, FS's performance in meeting its previous performance goals was tempered by the fact that previous performance targets were output-oriented and were not determined through research or to challenge managers to improve. Recognizing the limitations of these measures, USDA and DOI have developed and agreed to common performance measures for the fire program (see previous question).</p>	<p>Budget Justification, Cohesive Fire Strategy and the 10-year Implementation Plan; USDA Forest Service FY 2000 and FY 2001 Annual Performance Plan.</p>	<p>20%</p>	<p>0.1</p>
		<p>Key Goal I: Ensure Sustainable Ecosystems: Ecological integrity of forested and rangeland ecosystems restored or protected to maintain biological and physical components, functions and interrelationships, and the capability for self-renewal (Goal 1, Objective 1.2)</p> <p>Performance Target: Hazardous fuels reduction (acres); FY 2001 target: 1,345,000</p> <p>Actual Performance: FY 2001: 1,361,697 (611,551 acres in Wildland-Urban areas)</p>			
		<p>Key Goal II: Ensure Sustainable Ecosystems: Ecological integrity of forested and rangeland ecosystems restored or protected to maintain biological and physical components, functions and interrelationships, and the capability for self-renewal (Goal 1, Objective 1.2)</p> <p>Performance Target: Firefighter production capability (Chains per hour, which is the number of chains--66 ft.--of fire line the firefighting workforce can accomplish at</p> <p>Actual Performance: FY 2001: 15,722</p>			
		<p>Key Goal III: Provide Multiple Benefits for People within the Capabilities of Ecosystems: Increase assistance to rural communities (Goal 2, Objective 2.3)</p> <p>Performance Target: Number of communities and volunteer fire departments assisted; FY 2001 target: 2,502</p> <p>Actual Performance: FY 2001: 2,071</p>			

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3 <i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	No	There is no evidence to indicate that FS has improved efficiency or cost effectiveness in the fire program on the whole. Although prior years' goals were loosely defined, the agency is working to target resources and overcome barriers to long term success. However, FS does not have a good handle on what "cost-effective fire protection" means nor do they have sufficient incentives for managers and other stakeholders to take cost into account. Incentives are needed for states and counties to encourage prioritizing protections for communities-at-risk, completing restoration work, and cost sharing with states, local governments, and private partners. There is presently no incentive for communities to contribute their funds to the process, reduce local risk, or use local community personnel.	No evidence was provided to demonstrate improved efficiencies and cost effectiveness in achieving program goals.	20%	
4 <i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	Large Extent	On the whole, USDA, which had a serious anti-deficiency problem in 2000, seems to have somewhat less control over fire suppression costs than DOI. However, USDA's program is also significantly larger. In other areas of the fire program, performance of both agencies appears to be similar. USDA and DOI are working on completing a common performance measure evaluation based upon their 10-year Strategy Implementation Plan.	GAO Report 02-259, "Severe Wildland Fires: Leadership and Accountability Needed to Reduce Risks to Communities and Resources" GAO Report 02-158, "Wildland Fire Management: Improved Planning Will Help Agencies Better Identify Fire-Fighting Preparedness Needs"	20%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5 <i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	No	Numerous GAO and other independent evaluations have been fairly critical of various parts of the fire program for both DOI and USDA. However, most reviews thus far have not been truly "comprehensive". NAPA is currently completing a review of fire suppression that should focus on costs. GAO also has 3 ongoing reviews covering (1) suppression, (2) fuels reduction, and (3) rehab and restoration.	<p>Numerous GAO and NAPA reports and testimony, including:</p> <p>GAO Report 01-1022T, "The National Fire Plan: Federal Agencies Are Not Organized to Effectively and Efficiently Implement the Plan." July 31, 2001</p> <p>GAO Report 02-158, "Wildland Fire Management: Improved Planning Will Help Agencies Better Identify Fire-Fighting Preparedness Needs"</p> <p>GAO Report 02-259, "Severe Wildland Fires: Leadership and Accountability Needed to Reduce Risks to Communities and Resources"</p> <p>NAPA "Study of the Implementation of the Federal Wildland Fire Policy", December 2000 [discuss findings]</p> <p>NAPA, "Managing Wildland Fire, Enhancing Capacity to Implement the Federal Interagency Policy," December 2001 [discuss findings]</p> <p>NAPA, "Wildfire Suppression: Strategies for Containing Costs," September 2002.</p>	20%	0.0
<b>Total Section Score</b>				<b>100%</b>	<b>27%</b>

## OMB Program Assessment Rating Tool (PART)

### Direct Federal Programs

#### Name of Program: Wildlife Habitat Incentives Program

#### Section I: Program Purpose & Design (Yes, No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Is the program purpose clear?</i>	Yes	WHIP makes cost-share payments to landowners to develop upland wildlife, wetland wildlife, threatened and endangered species, fish and other types of wildlife habitat. NRCS policy (stipulated in its national WHIP Conservation Program Manual) identifies the program priorities as: (1) wildlife and fisheries of national and State significance; (2) habitats of fish and wildlife species experiencing declining or significantly reduced populations, including rare, threatened, and endangered species; and (3) conservation practices beneficial to fish and wildlife habitat that may not otherwise be funded. There is some concern among conservation groups that WHIP is too broad in its scope and could be more effective if its program purpose was more specific and narrowly focused. Other groups stated concern that there is overlap between WHIP and other conservation programs administered by NRCS, such as the Environmental Quality Incentives Program and the Wetlands Reserve Program.	<b>Legislation:</b> Farm Security and Rural Investment Act of 2002 (P.L. 107-171). <b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program. <b>NRCS Documents:</b> WHIP Program Enrollment Summary (based on '98, '99, and '01 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01). <b>Federal Register:</b> 7 CFR Part 636, Wildlife Habitat Incentives Program, Final Rule.	20%	0.2
2 <i>Does the program address a specific interest, problem or need?</i>	Yes	U.S. agriculture policy influences the use of more land than any other federal policy. For six decades, the U.S. has invested heavily in programs that support agriculture. Many of these programs have caused substantial adverse impacts on wildlife and its habitats. Habitat loss to agriculture is the primary factor impacting wildlife populations over the past 200 years in North America. For example, of all North American birds, those occupying the grasslands throughout the Great Plains are experiencing the steepest, most consistent, and most widespread declines--approximately 83 percent of these species exhibited decreasing population trends from 1966 through 1993. Other habitats such as wetlands, riparian forests, and rivers and streams have suffered a serious decline in quantity and/or quality.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3 <i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	As over 75 percent of land in the U.S. is privately owned, successful actions will need to engage private landowners in order to address wildlife population declines. WHIP contributes a significant part in restoring habitat on private lands by prioritizing funds for habitat that benefits species of concern and species that otherwise do not receive funding on a consistent basis. WHIP provides direct federal assistance to landowners based on state-level identified habitat priority needs. Since the programs inception after the 1996 Farm Bill, WHIP has provided cost-share assistance to improve habitat on over 1.6 million acres. WHIP leverages resources to achieve the greatest level of wildlife habitat benefits. Partners have contributed over \$20 million in financial and technical assistance between FY 1998 and FY 2001 to meet common wildlife objectives. In addition, WHIP often acts as a catalyst or seed source for additional wildlife habitat projects completed by WHIP's governmental and non-governmental partners.	<b>NRCS Documents:</b> WHIP Program Enrollment Summary (based on '98, '99, and '01 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01). NRCS WHIP Cost-Benefit Analysis (July 2, 1997). <b>Federal Register:</b> 7 CFR Part 636, Wildlife Habitat Incentives Program, Final Rule. <b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	20%	0.2
4 <i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	No	There are several federal programs that assist private landowners with restoring and conserving wildlife habitat on their lands. These programs include the Fish and Wildlife Service's Coastal Program, the Partners for Fish and Wildlife Program, and the Environmental Quality Incentives Program, and the Wetlands Reserve Program.	<b>NRCS Documents:</b> WHIP Program Enrollment Summary (based on '98, '99, and '01 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01). <b>Federal Register:</b> 7 CFR Part 636, Wildlife Habitat Incentives Program, Final Rule. <b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	20%	0.0
5 <i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	NRCS maintains that WHIP is cost-effective, averaging approximately \$38 in cost-share assistance per acre enrolled into the program. NRCS and its partners in the states use existing monitoring data and these broad-based habitat conservation partnerships to set habitat priorities for use in WHIP implementation. By focusing on these Federal and State fish and wildlife habitat priorities within each State, the program is in a unique position to achieve high priority habitat objectives that other entities in the states are unable to address.	<b>NRCS Documents:</b> National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. WHIP Program Enrollment Summary (based on '98, '99, and '01 data). <b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	20%	0.2
<b>Total Section Score</b>				<b>100%</b>	<b>80%</b>

**Section II: Strategic Planning (Yes,No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	Though WHIP contributes to NRCS meeting its wildlife habitat goal, specific WHIP performance baselines, goals, and targets are not in the agency's latest strategic plan. In the NRCS's 2000-05 Strategic Plan, Objective 2.5 establishes the goal to maintain, restore, or enhance wetland ecosystems and fish and wildlife habitat. In lieu of performance outcome goals, NRCS annually tracks the number of acres where WHIP made wildlife habitat improvements. For example, in FY 2001, WHIP improved habitat on over 570,000 acres nationwide. The program has three main goals, as explained above (see Question 1.1), but performance measures and targets for these goals have not been established.	<b>NRCS Documents:</b> National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. WHIP Program Enrollment Summary (based on '98 and '99 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01).	14%	0.0
2 <i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	Based on mandatory funding provided by the 2002 Farm Bill, NRCS sets annual acreage targets for states. These targets are modified on an annual basis depending on the state's performance from the previous year. Beginning for FY 2002, NRCS also identifies wildlife habitat management goals specific to WHIP and tracks progress at meeting such goals through its Performance and Results Measurement System (PRMS). The PRMS tracks such data as the number of acres of upland and wetland habitat improved by WHIP. In addition to improving habitat on an acreage basis, WHIP uses conservation tools that provide significant wildlife habitat improvements that are not readily captured under the "acres applied" to wildlife habitat. Examples include: building structures such as fish ladders or dikes, replacing culverts for wildlife passage or to reestablish tidal flows in salt marshes, creating barriers to exclude livestock from environmentally sensitive areas, and stream bank restoration. NRCS has not yet developed performance targets or measures for these conservation tools, but their annual output is captured in PRMS.	<b>NRCS Documents:</b> National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. WHIP Program Enrollment Summary (based on '98, '99, and '01 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01). <b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1
3 <i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	WHIP allows NRCS to cost-share up to 75 percent of the cost of establishing or restoring habitat--the landowner is expected to cover the remaining 25 percent of the costs of habitat improvement. WHIP partners can also contribute assistance to projects. Since FY 1998, WHIP partners have contributed over \$20 million in addition to NRCS's and the landowners' cost-share requirements. Allocation of WHIP dollars to the states is based on the contribution of resources provided by partners, landowner interest, partnership contributions, general program progress, and performance in previous years.	<b>NRCS Documents:</b> WHIP Program Enrollment Summary (based on '98, '99, and '01 data). <b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4 <i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	Since WHIP priorities are developed in consultation with the State Technical Committee, NRCS is able to collaborate with: Federal, State and local wildlife agencies; non-profit organizations; private individuals; and, other wildlife interests to achieve common objectives. Enter into cooperative arrangements with other wildlife groups that share WHIP's habitat priorities and contribute resources towards meeting those priorities. NRCS has both formal and informal arrangements with entities such as The Nature Conservancy, Missouri Department of Conservation, Bat Conservation International, and Pheasants Forever.	<b>NRCS Documents:</b> WHIP Program Enrollment Summary (based on '98, '99, and '01 data).	14%	0.1
5 <i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	No	No outside agencies (such as GAO or OIG) have reviewed or are scheduled to review WHIP. WHIP is scheduled, however, for review in FY 2003 by an NRCS Oversight and Evaluation (O&E) team. This O&E review will examine how effectively NRCS is implementing WHIP and will make recommendations on how to improve the program's delivery. In addition to this review, the National Program Manager evaluates projects in a representative number of states to determine whether adjustments need to be made to national policies and to identify program weaknesses. These national level reviews are in addition to quality assurance activities conducted continuously within states. Most field-level reviews also solicit input from program participants, partners and stakeholders.		14%	0.0
6 <i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	This is a qualified "yes." Since WHIP is a mandatory program, the funding allocation processes at the national and state levels determine the program's cost-effectiveness. Based on the National WHIP Funding Allocation Worksheet, the national NRCS office makes WHIP funding allocations to states based on a number of "performance" criteria. Most of these criteria assess the quality of WHIP plans developed by NRCS state offices. Allocation decisions are made partially based on a state's performance from the previous year, and some of the measures are good-for example, the percentage of acres of habitat improved by WHIP that benefited threatened and endangered species. Other measures track the amount of partner technical and financial assistance dollars that were leveraged by WHIP in the state. There are no efficiency measures, however, that reward states for improving more acres at less cost. For example, the percentage of NRCS technical assistance that was required to improve X acres of habitat should ideally decrease through time.	<b>NRCS Documents:</b> National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. <b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7 <i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	As part of the annual WHIP funding allocation process, NRCS offices in the states develop plans to strategically utilize WHIP funds. These state plans identify wildlife habitat needs, select high-priority habitat types, and establish project ranking criteria to evaluate potential WHIP projects. At the national level, NRCS analyzes the state WHIP plans to assess their quality and identifies potential planning and project selection deficiencies. These deficiencies are addressed on an annual basis. In addition, an Oversight and Evaluation team will be evaluating WHIP in FY 2003 and will recommend steps to fix any identified deficiencies in the strategic planning process.	<b>NRCS Documents:</b> National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet.	14%	0.1

<b>Total Section Score</b>	<b>100%</b>	<b>71%</b>
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**Section III: Program Management (Yes,No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	The agency collects and monitors performance data continuously. NRCS modified the Performance Results Management System (PRMS) to include more specific data collection elements for WHIP. The data are entered at the state or field offices, and quality control is performed by the State Program Coordinator and the National Program Manager. The agency required that baseline information going back to 1998 be input into the system. The information is used to assess program interest from partners and landowners, state progress in delivering WHIP, contributions made by partners, and the type of habitat improved by the program. Other areas of PRMS are used to determine predominant practices and activity location. The Foundation Financial Information System (FFIS) is used to monitor financial resources. The National Program Manager receives FFIS reports on a regular basis to determine agency progress in obligating and disbursing funds.	<b>NRCS Documents:</b> WHIP Program Enrollment Summary (based on '98, '99, and '01 data). NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01).	14%	0.1
2 <i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	NRCS State Conservationists are responsible and accountable for overall program implementation and results, including identifying, monitoring and analyzing performance indicators and financial integrity. The Deputy Chief for Strategic Planning and Accountability provides national oversight. State offices conduct quality assurance reviews in accordance with guidance provided in the National Conservation Program Manual. The national office bases its allocations of technical and financial assistance funding to particular NRCS State offices based, in part, from timely performance and cost-effectiveness criteria. Field managers submit project cost and conservation practice information into PRMS.	<b>NRCS Documents:</b> National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. WHIP Program Enrollment Summary (based on '98, '99, and '01 data). <b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3 <i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	WHIP obligates and disburses funds in a timely manner. For example, the 1996 Farm Bill authorized \$50 million to be made available during the life of the Farm Bill. NRCS commenced WHIP program planning and contract development activities during the spring 1998. At the end of FY 1999 only three percent of the total program funds remained unobligated. In FY2001, less than one percent of the funds remained unobligated at the end of the fiscal year. WHIP operates under a continuous signup process where the agency accepts applications throughout the year. This open signup concept allows the agency to accept good projects as they are offered rather than making applicants wait until we hold a "signup."	<b>NRCS Documents:</b> National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet.	14%	0.1
4 <i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	NRCS's WHIP project ranking criteria incorporate ecological and cost-efficiency elements. States obtain a larger share of WHIP funds depending upon their demonstrated ability to implement a cost-efficient program. Field managers also enter project information into the Performance Results Measurement System (PRMS), which tracks project-specific information. The PRMS database tracks 23 WHIP performance targets and progress on these targets. Tracking these annual targets and accomplishments provides WHIP managers a powerful tool for managing the program. While the 23 measures are output oriented, taken together, they present a picture of how NRCS uses WHIP funds and point to areas where more effort can be concentrated.	<b>NRCS Documents:</b> National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. <b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1
5 <i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	NRCS has created a cost of programs model that estimates the full cost of delivering WHIP on an annual basis. This model incorporates the direct and indirect costs needed to deliver WHIP, including: salaries, benefits, rent, utilities, and travel.	<b>NRCS Documents:</b> Example sheet from NRCS's "Full Cost of Programs Model: WHIP."	14%	0.1
6 <i>Does the program use strong financial management practices?</i>	Yes	The agency Financial Management Director certified that the NRCS financial management system is in compliance with the Federal Financial Management Improvement Act. While USDA OIG has not conducted an audit of WHIP, an NRCS Oversight and Evaluation team will be performing an in-depth review of the program in FY 2003.	<b>NRCS Policy:</b> Conservation Programs Manual, Title 440, Part 517: Wildlife Habitat Incentives Program.	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7 <i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	As explained above, NRCS has initiated the IT-based Performance Results Management System (PRMS) that collects data from field managers in real time. State and national program managers review these data on a regular basis to ensure that the agency delivers the program most effectively. An NRCS Oversight and Evaluation team will be conducting an in-depth review of WHIP in FY 2003. This review will assess the structure and performance of WHIP, and will make recommendations on measures to improve the program's overall performance. O&E teams will then conduct periodic follow-up reviews to ensure that their findings and recommendations are successfully implemented.	<b>NRCS Documents:</b> NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01).	14%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>100%</b>

**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	Long-term outcome measures for wildlife improvement programs such as WHIP are difficult to develop and measure. Direct measures of success will likely take decades as animals often respond to habitat improvements in time periods measured in terms of species' generations. Recognizing the complexity of developing <i>outcome</i> goals, NRCS has not established long-term <i>output</i> measures and targets for WHIP. Instead, NRCS develops performance targets on an annual basis and adjusts these targets based on performance from the preceding year. The program identifies three primary goals for WHIP, but no measures of these goals were provided.	<b>NRCS Documents:</b> NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01).	25%	0.0

<p>Long-Term Goal I: Protect wildlife and fishery habitats identified by local and state partners in each state.</p> <p>Target:</p> <p>Actual Progress achieved toward goal:</p>
<p>Long-Term Goal II: Protect habitats and wildlife species experiencing declining or significantly reduced populations including rare, threatened, and endangered speices.</p> <p>Target:</p> <p>Actual Progress achieved toward goal:</p>
<p>Long-Term Goal III: Promote conservation practices beneficial to fish and wildlife that may otherwise not be funded.</p> <p>Target:</p> <p>Actual Progress achieved toward goal:</p>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score			
2 <i>Does the program (including program partners) achieve its annual performance goals?</i>	Large Extent	The PRMS database tracks 23 WHIP performance targets and progress on these targets. Tracking these annual targets and accomplishments provides WHIP managers a powerful tool for managing the program. While the 23 measures are output oriented, taken together, they present a picture of how NRCS uses WHIP funds and point to areas where more effort can be concentrated. Below are three examples taken from the PRMS database. From the evidence provided, however, it was difficult to determine which of the 23 measures were WHIP specific and could be influenced by improved WHIP management. Furthermore, many of these measures have been only recently established for WHIP in PRMS, and no baseline exists for previous years.	<b>NRCS Documents:</b> NRCS Performance Results Measurement System: National Summary of WHIP (Oct. 1 through Sept. 30, FY '01). PRMS FY '02 Performance Summary for WHIP.	25%	0.2			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">           Key Goal I: Acres of wildlife habitat management applied.            Performance Target: FY 2002 target = 384,432 acres            Actual Performance: Total progress = 325,685 acres (84 percent of target)         </td> </tr> <tr> <td style="padding: 5px;">           Key Goal II: Acres of wetland habitat created, restored, or enhanced.            Performance Target: FY 2002 target = 6,880            Actual Performance: Total progress = 6,767 (98 percent of target)         </td> </tr> <tr> <td style="padding: 5px;">           Key Goal III: Acres of trees and shrubs establishment            Performance Target: FY 2002 = 5,035            Actual Performance: Total progress = 14,914 (296 percent of target)         </td> </tr> </table>						Key Goal I: Acres of wildlife habitat management applied. Performance Target: FY 2002 target = 384,432 acres Actual Performance: Total progress = 325,685 acres (84 percent of target)	Key Goal II: Acres of wetland habitat created, restored, or enhanced. Performance Target: FY 2002 target = 6,880 Actual Performance: Total progress = 6,767 (98 percent of target)	Key Goal III: Acres of trees and shrubs establishment Performance Target: FY 2002 = 5,035 Actual Performance: Total progress = 14,914 (296 percent of target)
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3 <i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Small Extent	To a limited extent, WHIP has demonstrated improved efficiencies and cost-effectiveness. The program leverages funds and expertise from WHIP partners to deliver projects most effectively. Field managers have the flexibility to work with the landowner to design suitable wildlife habitat projects that makes for the best use of resources and wildlife management techniques. WHIP effectiveness and efficiency could be improved if the program worked to increase the amount of non-federal cost sharing, increase the efficiency of NRCS technical assistance, or focused WHIP funds are more specific habitat and species goals.	<b>NRCS Documents:</b> National WHIP Funding Allocation Worksheet (8/14/98). WHIP Funding Allocation Process explanatory sheet. WHIP Enrollment Summary that includes information on partners' contributions.	25%	0.1			
4 <i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	N/A	Although there are other state and federal programs that address wildlife habitat needs, we did not identify specific analyses that compared WHIP with other programs.		0%				

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5 <i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Small Extent	There are a limited number of independent evaluations that have examined WHIP and its efficacy. In 2001, the General Accounting Office surveyed State Technical Committee members nationwide on how USDA could better address environmental concerns. Overall, members viewed WHIP as effective in achieving environmental objectives important to the program. Specifically, in regards to WHIP, 69 percent of those interviewed found WHIP to be very or extremely effective in protecting or improving wildlife habitat. Specific studies that evaluated the outcome performance of WHIP (such as the increase in sensitive wildlife populations) have not been performed, however. Other evaluations have found WHIP to be effective at partnering with other governmental and non-governmental entities to identify and fund habitat improvement projects. These studies note the program's popularity and effectiveness have been constrained by its relative low-funding levels in previous years.	<b>External Evaluation:</b> "Assessing the Establishment and Potential Impacts of WHIP," Vincent J. Burke, School of Natural Resources, University of Missouri (Feb. 26, 1999). <b>GAO Report:</b>	25%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>33%</b>