**USDA**

# FY 2016
# ANNUAL PERFORMANCE
# REPORT

# FY 2018
# ANNUAL PERFORMANCE
# PLAN

# Contents

# Overview

This fiscal year 2016 Annual Performance Report (APR) and fiscal Year 2018 Annual Performance Plan (APP) describes the year-end progress of the U.S. Department of Agriculture (USDA) towards achieving the Department's mission, and performance measures set for itself at the beginning of the fiscal year. In addition this document describes the performance achievements expected by USDA for fiscal years 2017 and 2018. The data used by the Department to measure performance is collected using standardized methodology. This methodology has been vetted by federally employed scientists and policymakers, and, ultimately, the USDA's leadership. All attest to the completeness, reliability, and quality of the data.

The Government Performance and Results Act of 1993 (GPRA) and the GPRA Modernization Act of 2010 are the Federal statutes that form the basis of Federal agency performance planning and reporting. All USDA plans and reports are available at www.usda.gov/performance. Additional performance information can be found in the FY 2018 budget explanatory notes at https://www.obpa.usda.gov/explan_notes.html.

The 2018 Cuts, Consolidations, and Savings Volume of the President's Budget identifies the lower-priority program activities per the GPRA Modernization Act. The public can access the volume at: https://www.whitehouse.gov/omb/budget.

The Federal Government has adopted a limited number of Cross-Agency Priority (CAP) Goals to improve cross-agency coordination and best practice sharing. Per the Government Performance and Results Act Modernization Act of 2010, the Department is required to address CAP Goals in its strategic plan, annual performance plan, and annual performance report. Please refer to www.performance.gov for the U.S. Department of Agriculture (USDA) contributions to the interdepartmental CAP goals and progress, where applicable.

Questions may be directed to the Office of Budget and Program Analysis via e-mail at bca@obpa.usda.gov or telephone at (202) 720-6176.

# USDA Organization

## Mission Statement

We provide leadership on food, agriculture, natural resources, rural development, nutrition, and related issues based on sound public policy, the best available science, and efficient management.

## Vision Statement

To expand economic opportunity through innovation, helping rural America to thrive; to promote agriculture production sustainability that better nourishes Americans while also helping feed others throughout the world; and to preserve and conserve our Nation's natural resources through restored forests, improved watersheds, and healthy private working lands.

# U.S. Department of Agriculture Organization Chart

**Exhibit 1: Organization Chart**
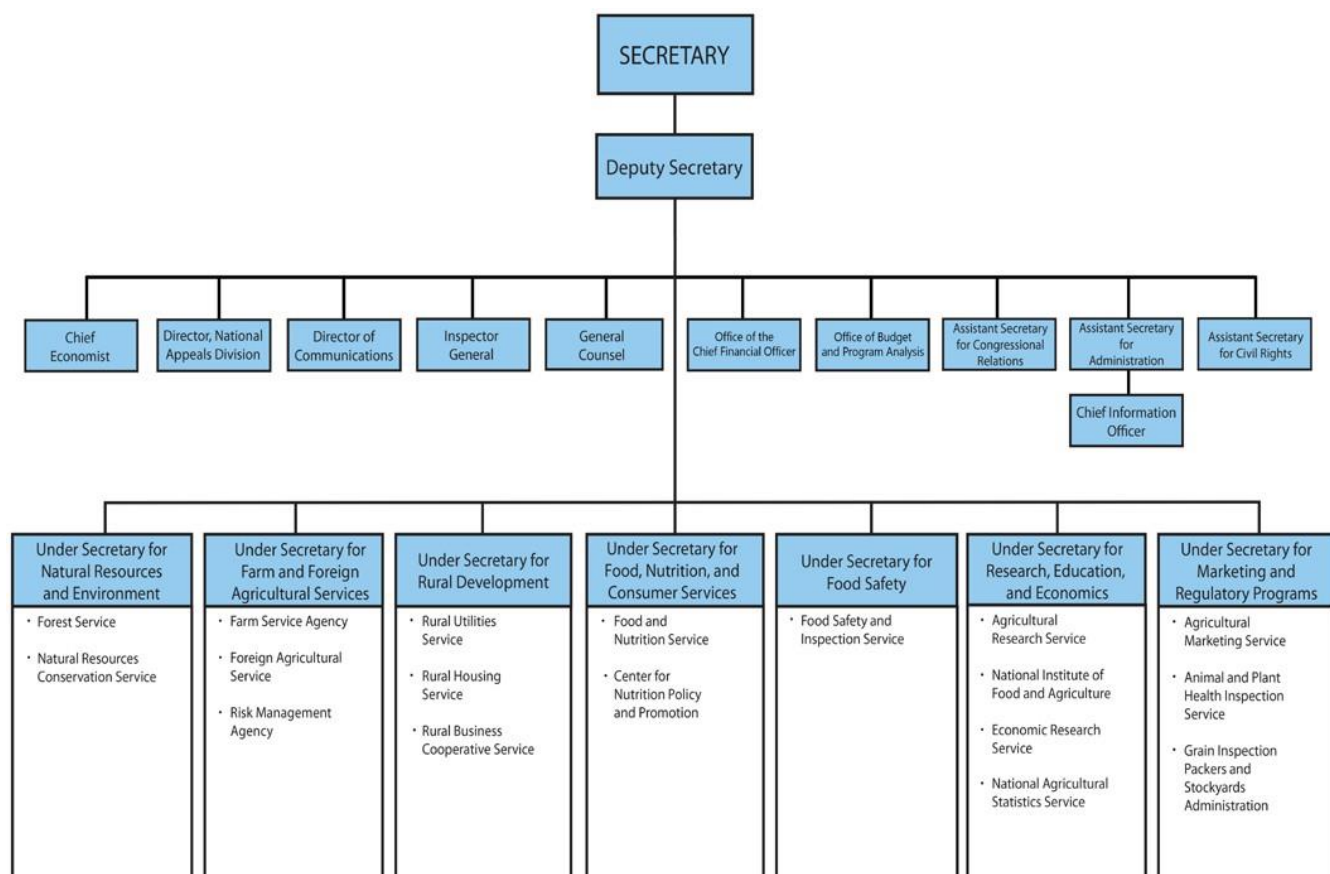
# Framework and Overview

The U.S. Department of Agriculture will be developing its new strategic plan in the summer of 2017. The Annual Performance Report for FY 2016 provides information on performance achievements by mission area.   The Annual Performance Plan also includes the performance achievements expected at the requested   FY 2018 funding level by mission area

# Summary of Performance

In FY 2016, USDA had 38 Key Performance Measures (KPMs).  Of those 38, three were deferred due to data lags. Of the 35 KPMs with data being reported: 26 (74 percent) met or exceeded targets; and 9 (26 percent) did not meet their targets.  Exhibits 2 and 3 provide a summary of the Department's year-end actual performance results.

**Exhibit 2:  Fiscal Year 2016 Performance Results**
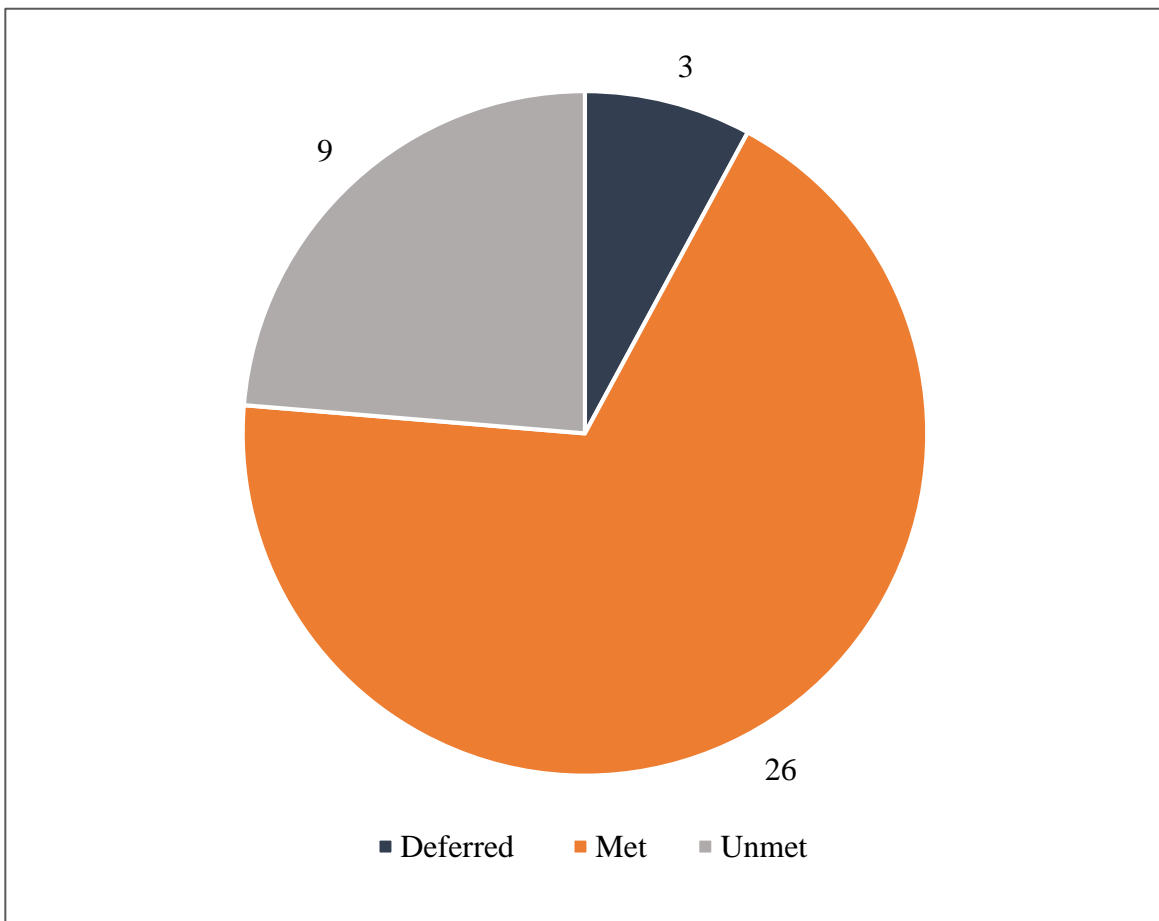
**Exhibit 3: FY 2016 Key Performance Measure Achievements by USDA Mission Area**

**Farm and Foreign Agricultural Services**

Farm and Foreign Agricultural Services helps to keep America's farmers and ranchers in business as they face the uncertainties of weather and markets. They deliver commodity, credit, conservation, disaster, and emergency assistance programs that help improve the stability and strength of the agricultural economy.

| Key Performance Measure | Results |
|---|---|
| Value of agricultural exports resulting from participation in foreign food and agricultural trade shows ($ billions) | Unmet |
| Value of trade preserved annually through USDA staff intervention leading to resolution of foreign market access issues such as U.S. export detainment, restrictive Sanitary/ Phytosanitary or Technical Barrier to Trade issues and trade regulations ($ billions) | Met |
| Percentage of Direct and Guaranteed lending to Socially Disadvantaged Farmers (SDA) | Met |
| Percentage of Direct and Guaranteed lending to Beginning Farmers (BF) | Met |
| Normalized value of risk protection provided to agricultural producers through the Federal Crop Insurance Program ($ billions) | Met |
| Conservation Reserve Program (CRP) restored wetland acreage (millions of acres) | Met |

## Food, Nutrition and Consumer Services

Food, Nutrition and Consumer Services (FNCS) works to harness the Nation's agricultural abundance to end hunger and improve health in the United States. Within FNCS, the Food and Nutrition Service administers federal domestic nutrition assistance programs and the Center for Nutrition Policy and Promotion links scientific research to the nutrition needs of consumers through science-based dietary guidance, nutrition policy coordination, and nutrition education.

| Key Performance Measure | Results |
|---|---|
| Prevalence of food insecurity in households with children (percentage) | Deferred |
| Annual percentage of eligible people participating in SNAP | Deferred |
| SNAP payment accuracy rate (percentage) | Deferred |
| SNAP benefits redeemed at farmers markets and direct marketing farmers annually (millions) | Met |
| Annual percentage of eligible people participating in the National School Lunch Program | Met |
| Annual percentage of children participating in the free/reduced price school lunch program that participate in summer feeding programs | Met |

## Food Safety

Food Safety ensures that the Nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and properly labeled, and packaged. This mission area also plays a key role in the President's Council on Food Safety and has been instrumental in coordinating a national food safety strategic plan among various partner agencies including the Department of Health and Human Services and the Environmental Protection Agency.

| Key Performance Measure | Results |
|---|---|
| Increase percentage of broiler plants passing the carcass *Salmonella* Verification Testing Standard | Unmet |

| | |
|---|---|
| Percentage of establishments with a functional food defense plan (annual measure) | Unmet |
| Total illnesses from all FSIS products | Unmet |

## Marketing and Regulatory Programs

Marketing and Regulatory Programs facilitates domestic and international marketing of U.S. agricultural products and ensures the health and care of animals and plants. MRP agencies are active participants in setting national and international standards.

| Key Performance Measure | Results |
|---|---|
| Cumulative number of biotechnology products deregulated by USDA based on scientific determinations that they do not pose a plant pest risk to agriculture | Met |

## Natural Resources and Environment

Natural Resources and Environment ensures the health of the land through sustainable management. Its agencies work to prevent damage to natural resources and the environment, restore the resource base, and promote good land management.

| Key Performance Measure | Results |
|---|---|
| Conservation Technical Assistance (CTA) land with conservation applied to improve water quality (millions of acres) | Unmet |
| CTA cropland with conservation applied to improve soil quality (millions of acres) | Met |
| CTA grazing and forest land with conservation applied to protect and improve the resource base (millions of acres) | Unmet |
| Environmental Quality Incentives Program (EQIP) land with conservation applied to improve water quality (millions of acres) | Unmet |
| EQIP cropland with conservation applied to improve soil quality (millions of acres) | Met |

| | |
|---|---|
| EQIP grazing land and forest land with conservation applied to protect and improve the resource base (millions of acres) | Met |
| EQIP non-Federal land with conservation applied to improve fish and wildlife habitat quality (millions of acres) | Met |
| Annual acres of public and private forest lands restored or enhanced (millions of acres) | Met |
| Volume of timber sold (billion board feet) | Met |
| Percentage of National Forests and Grasslands in compliance with a climate change adaptation and mitigation strategy | Met |
| Percentage of National Forests and Grassland watersheds in properly (class 1 watersheds) functioning condition | Met |
| Acres of Wildland Urban Interface hazardous fuels treated to reduce the risk of catastrophic wildfire (millions of acres) | Met |

## Rural Development

Rural Development is committed to helping improve the economy and quality of life in all of rural America by providing financial programs to support essential public facilities and services as water and sewer systems, housing, health clinics, emergency service facilities and electric and telephone service. Rural Development promotes economic development by providing loans to businesses through banks and community-managed lending pools, while also assisting communities to participate in community empowerment programs.

| Key Performance Measure | Results |
|---|---|
| Number of jobs created or saved through USDA financing of businesses | Met |
| Homeownership opportunities provided | Unmet |
| Health Facilities: Percentage of customers who are provided access to new and/or improved essential community facilities | Met |
| Safety Facilities: Percentage of customers who are provided access to new and/or improved essential community facilities | Met |

| | |
|---|---|
| Educational Facilities: Percentage of customers who are provided access to new and/or improved essential community facilities | Met |
| Number of borrowers/subscribers receiving new and/or improved electric facilities (millions) | Met |
| Number of borrowers/subscribers receiving new or improved telecommunications services (millions) | Unmet |
| Number of population receiving new or improved service from agency-funded water facilities (millions) | Met |

## Departmental Management

Departmental Management provides management leadership to ensure that USDA's administrative programs, policies, advice, and counsel meet the needs of USDA program organizations, consistent with laws and mandates. DM is also tasked to provide safe and efficient facilities and services to customers.

| Key Performance Measure | Results |
|---|---|
| Number of employees participating in core telework | Met |
| Amount of leased office and warehouse space controlled by USDA (millions of square feet) | Met |

**Exhibit 4: Expected Accomplishments at the Proposed Resource Level by Mission Area (FYs 2017 and 2018)**

## Farm and Foreign Agricultural Service

| Key Performance Measure | FY 2017 Target | FY 2018 Target |
|---|---|---|
| Value of agricultural exports resulting from participation in foreign food and agricultural trade shows ($ billions) | $1.50 | $1.52 |
| Value of trade preserved annually through USDA staff intervention leading to resolution of foreign market access issues such as U.S. export detainment, restrictive Sanitary/ Phytosanitary or Technical Barrier to Trade issues and trade regulations ($ billions) | $3.8 | $3.8 |
| Percentage of Direct and Guaranteed lending to Socially Disadvantaged Farmers | 14.1 | 15.2 |
| Percentage of Direct and Guaranteed lending to Beginning Farmers | 77.5 | 88.0 |
| Normalized value of risk protection provided to agricultural producers through the Federal Crop Insurance Program ($ billions) | $63.6 | $64.0 |
| Conservation Reserve Program (CRP) restored wetland acreage (millions of acres) | 1.90 | 1.90 |

## Food, Nutrition and Consumer Services

| Key Performance Measure | FY 2017 Target | FY 2018 Target |
|---|---|---|
| Prevalence of food insecurity in households with children (percentage) | 18.5 | 18.5 |
| Annual percentage of eligible people participating in SNAP (percentage) | 85 | 85 |
| SNAP payment accuracy rate (percentage) | 96.34 | 96.34 |

| | | |
|---|---|---|
| SNAP benefits redeemed at farmers markets and direct marketing farmers annually ($ millions) | $20 | $20 |
| Annual percentage of eligible people participating in the National School Lunch Program | 58.3 | 58.3 |
| Annual percentage of children participating in the free/reduced price school lunch program that participate in summer feeding programs | 17.4 | 17.4 |

## Food Safety

| Key Performance Measure | FY 2017 Target | FY 2018 Target |
|---|---|---|
| Increase percentage of broiler plants passing the carcass *Salmonella* Verification Testing Standard [1] | No longer being used | No longer being used |
| Percentage of establishments with a functional food defense plan (annual measure)[2] | No longer being used | No longer being used |
| Total illnesses from all FSIS products[3] | No longer being used | No longer being used |
| Percent of Establishments that Meet Pathogen Reduction Performance Standards[4] | 77 | 77 |
| Percent of Establishments Whose Non-compliance Rate Decreases 120 Days After Receiving an Early Warning Alert[5] | 74 | 74 |

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[1] This measure has been eliminated, USDA will not be reporting progress for FY 2017 and FY 2018.
[2] This measure has been eliminated, USDA will not be reporting progress for FY 2017 and FY 2018.
[3] This measure has been eliminated, USDA will not be reporting progress for FY 2017 and FY 2018.
[4] This is a new measure as of FY 2017, and as such, this target may be re-baselined in FY18 after consideration of FY17 performance and/or in consideration of any additional products FSIS may include in the calculation of this measure.
[5] This is a new measure as of FY 2017, and as such, this target may be recalculated after several more months of FY 2017 cumulative data are included in the baseline during assessment of FY 2017 performance.

## Marketing and Regulatory Programs

| Key Performance Measure | FY 2017 Target | FY 2018 Target |
|---|---|---|
| Cumulative number of biotechnology products deregulated by USDA based on scientific determinations that they do not pose a plant pest risk to agriculture | 127 | 128 |

## Natural Resources and Environment

| Key Performance Measure | FY 2017 Target | FY 2018 Target |
|---|---|---|
| Conservation Technical Assistance (CTA) land with conservation applied to improve water quality (millions of acres) | 15.8 | 14.9 |
| CTA cropland with conservation applied to improve soil quality (millions of acres) | 5.9 | 5.5 |
| CTA grazing and forest land with conservation applied to protect and improve the resource base (millions of acres) | 13.0 | 12.0 |
| Environmental Quality Incentives Program (EQIP) land with conservation applied to improve water quality (millions of acres) | 13.5 | 13.5 |
| EQIP cropland with conservation applied to improve soil quality (millions of acres) | 3.0 | 3.0 |
| EQIP grazing land and forest land with conservation applied to protect and improve the resource base (millions of acres) | 13.5 | 13.5 |
| EQIP non-Federal land with conservation applied to improve fish and wildlife habitat quality (millions of acres) | 0.9 | 0.9 |
| Annual acres of public and private forest lands restored or enhanced (millions of acres) | 2.9 | 2.4 |
| Volume of timber sold (billion board feet) | 3.2 | 3.2 |

| | | |
|---|---|---|
| Percentage of National Forests and Grasslands in compliance with a climate change adaptation and mitigation strategy[6] | N/A | N/A |
| Percentage of National Forests and Grassland watersheds in properly (class 1 watersheds) functioning condition | 54 | 54 |
| Acres of Wildland Urban Interface hazardous fuels treated to reduce the risk of catastrophic wildfire (millions of acres) | 1.8 | 1.7 |

## Rural Development

| Key Performance Measure | FY 2017 Target | FY 2018 Target |
|---|---|---|
| Number of jobs created or saved through USDA financing of businesses[7] | 36,721 | 0 |
| Homeownership opportunities provided | 173,678 | 164,829 |
| Health Facilities: Percentage of customers who are provided access to new and/or improved essential community facilities | 5.0 | 6.8 |
| Safety Facilities: Percentage of customers who are provided access to new and/or improved essential community facilities | 3.2 | 4.3 |
| Educational Facilities: Percentage of customers who are provided access to new and/or improved essential community facilities | 5.0 | 6.8 |
| Number of borrowers/subscribers receiving new and/or improved electric facilities (millions) | 5.1 | 5.1 |
| Number of borrowers/subscribers receiving new or improved telecommunications services (millions) | 100 | 175 |

[6] In FY 2016, the Forest Service successfully achieved 100% of the target, therefore USDA will be eliminating this measure.

[7] The FY 2018 President's Budget proposes the elimination of the Rural Business Service, the target for this measure has been set to zero for FY 2018.

| Number of population receiving new or improved service from[8] agency-funded water facilities (millions) | 1.7 | 0 |
|---|---|---|

## Departmental Management

| Key Performance Measure | FY 2017 Target | FY 2018 Target |
|---|---|---|
| Number of employees participating in core telework | 12,240 | 12,480 |
| Amount of leased office and warehouse space controlled by USDA (millions of square feet) | 23.2 | 22.8 |

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[8] The FY 2018 President's Budget proposes to eliminate the Water and Wastewater program, the target for this measure has been set to zero for FY 2018.

# Key Performance Measure Results by Mission Area

## Farm and Foreign Agricultural Services

**Farm Service Agency (FSA)**

The Farm Service Agency (FSA) was established October 13, 1994, pursuant to the Department of Agriculture  (USDA) Reorganization Act of 1994, P.L. 103-354.  The FSA mission is to serve our nation's farmers and ranchers   professionally, efficiently, equitably, and in a manner that is customer, taxpayer, and employee friendly.

Key Performance Measures:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2016 | | 2017 | 2018 |
| Percentage of Socially Disadvantaged Farmers (SDA) financed by USDA | 13.3 | 13.6 | 14.2 | 15.0 | 14.0 | 15.9 | Exceeded | 14.1 | 15.2 |
| Percentage of Beginning Farmers financed by USDA | 68.8 | 70.0 | 79.2 | 85.6 | 76.5 | 95.5 | Exceeded | 77.5 | 88.0 |
| CRP restored wetland acreage (millions of acres) | 2.29 | 2.09 | 2.00 | 1.93 | 1.90 | 2.09 | Exceeded | 1.90 | 1.90 |
| **Allowable Data Range for Met** -- +/- .5 (% finance)  .05 (m. acres) | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** -- FSA Direct Loan System, FSA Guaranteed Loan System, PLAS, Agriculture Census and FSA National CRP Contract Data Files | | | | | | | | | |
| **Completeness of Data** – FSA considers this data to be complete and final at the time of this report. | | | | | | | | | |
| **Reliability of Data** - FSA does not discern any significant weaknesses with data source(s) | | | | | | | | | |
| **Quality of Data** – FSA considers data collection and reporting methodology to be sound | | | | | | | | | |

Selected Past Accomplishments Toward Achievement of the 2016 Key Outcomes:

- FSA obligated nearly 17,800 direct loans to beginning farmers in FY 2016, a nearly four percent increase  from the prior fiscal year. Nearly 3,400 guaranteed loans were also issued to beginning farmers in FY 2016,  about a one percent increase over the prior fiscal year. New and beginning farmers now account for 57   percent of FSA's direct loan portfolio and 36 percent of the guaranteed loan portfolio.

- FSA also increased the dollars loaned to minority and women farmers and ranchers by two percent from 2015, providing nearly $842 million in 2016.

- More than 56,000 producers participated in the Noninsured Crop Disaster Assistance Program (NAP) in 2016. Nearly a quarter of first-time NAP applicants were new and beginning farmers.

- FSA assisted approximately 1,800 producers in 2016 with Farm Storage Facility Loans (FSFL) valued at $139 million.

- FSA held the first-ever enrollment period for Conservation Reserve Program (CRP) Grasslands in 2016 and approved acceptance of 101,000 acres. CRP Grasslands provides participants with financial assistance for establishing approved grasses, forbs and shrubs on pasture and rangeland that can continue to be grazed.

- FSA provided $5.3 billion in payments through the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs for the 2014 crop year, which assisted farmers of 21 crops in managing risk associated with weather and/or volatile market forces.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- FSA anticipates providing credit to approximately 43,000 farmers and ranchers in FY 2018. This capital assists them in establishing successful farm and ranch operations and more broadly supports job and economic growth in rural America. FSA loan programs will remain particularly important in meeting the credit needs of minority, women, and beginning farmers in FY 2018.

- The FSFL program expects continued program interest due to depressed commodity prices.

- FSA will begin integration of its financial management systems to provide end-to-end reconciliation of financial transactions addressing funds control requirements in preparation for future Commodity Credit Corporation (CCC) audits and enabling publication of accurate CCC and consolidated FSA financial statements.

- FSA is increasing visibility into collected data related to organization, location, business partner, farm records, crop acreage data, and other data domains to provide reporting and analytics for field operations and executive decision-making to best support mission needs and priorities

**Foreign Agricultural Service**

The Foreign Agricultural Service (FAS) is unique within the U.S. Government for its sole focus on global agricultural trade and food security issues. This recognized expertise is trusted by farmers and ranchers, food processors, other U.S. government agencies, and non-governmental organizations to provide sound, reliable and consistent intelligence on foreign agricultural markets, crop conditions and agro-political dynamics. The agency's global network of agricultural attachés and locally employed staff provide an unparalleled resource for understanding trade policy and market development issues as they arise. Through this talented and highly skilled staff, FAS has built long-term, agriculture-specific relationships with foreign stakeholders that are invaluable to building institutional knowledge of host countries' agricultural sectors. This knowledge is put to work on maintaining a level playing field for U.S. food and agricultural exports abroad and expanding new opportunities in countries with market potential.

Key Performance Measure: Value of trade preserved through resolution of foreign market access issues such as U.S. export detainment, restrictive SPS & TBT issues, and trade regulations

| Annual Performance Goals, Indicators, and Trends | Actual | | | | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | | 2016 | | 2017 | 2018 |
| Value of trade preserved through resolution of foreign market access issues such as U.S. export detainment, restrictive SPS & TBT issues, and trade regulations ($ billions) | $3.7 | $3.8 | $6.4 | $3.6 | $4.1 | $5.0 | Exceeded | $3.8 | $3.8 |
| **Allowable Data Range for Met** - Data assessment metrics to meet the target allow for a value of trade preserved through resolution of foreign market access issues in the range of $3.6-$4.4 (billions). | | | | | | | | | |
| **Assessment of Performance Data** | | | | | | | | | |
| **Data Source** - The data are collected from the Department's network of overseas offices and headquarters staff. | | | | | | | | | |
| **Completeness of Data -** USDA uses a performance tracking system to collect and analyze actual performance data. The staff conducts trade compliance and enforcement activities, and provides trade negotiation support to the USTR. | | | | | | | | | |
| **Reliability of Data** – Data are reliable and used by agency officials to highlight successes in the trade policy arena. | | | | | | | | | |
| **Quality of Data** – In addition to audits and internal control review of the performance tracking system, an established procedure is maintained to verify each reported success and prevent double counting. | | | | | | | | | |

Selected Past Accomplishments toward Achievement of the 2016 Key Outcome:

- Leveraging African Growth and Opportunity Act renewal to resolve sanitary barriers to exports of U.S. poultry, pork, and beef to South Africa culminating in early 2016 in an agreement on terms of trade that allow real access for U.S. producers. The South African market for beef, pork, and poultry is worth an estimated $70 million.

- After the final U.S. quarantines were lifted for Highly Pathogenic Avian Influenza (HPAI),

FAS and APHIS pressed trading partners to remove the remaining unwarranted bans on U.S. poultry exports. FAS and APHIS efforts were successful in Vietnam, Korea, Turkey, Saudi, Indonesia, South Africa, and Kuwait. We continue to work with China and India to modify their import requirements and lift their import bans, and to engage Korea to modify its regulations to avoid future disruptions. Opening the Chinese market for U.S. sugar beet pulp pellets, a market estimated to be worth $200 - $300 million annually.

- In 2016, South Africa, Saudi Arabia, Israel, Kenya, and Benin fully reopened to U.S. beef in accordance with OIE recommendations, while Peru, Colombia, and Brazil expanded the range of eligible U.S. beef products. U.S. beef and beef product exports reached more than $6.2 billion in 2016, and expanded access is expected to result in hundreds of millions of dollars in additional exports in the coming years. Reviewing nearly 2,167 regulatory measures proposed by foreign governments that had the potential to significantly affect U.S. exports, and developing formal written comments to the WTO on 315 of these measures to minimize the negative impact on trade.

- Preserving nearly $50 million in meat and poultry trade with Singapore by expanding the allowable pathogen reduction treatments to mirror those allowed for use on U.S. products.

- Securing agreement with the Government of Indonesia that existing U.S. laws meet Indonesia's new sustainability criteria for imported forest products, preventing the closure of a $46 million market.

- Facilitating in-transit cold treatment training for Indonesian port inspectors to ensure transparent inspection practices and minimize port delays for $990 million in U.S. horticultural exports.

- Persuading China to amend its requirement to control for the Zika virus by treating all shipping containers for insects from the United States to a requirement limited to only to shipments from Florida.

- Protecting U.S. exporters against Indonesia's unfair import licensing requirements for horticultural products, animals and animal products restricting as much as $200 million in U.S. trade through the WTO dispute settlement process.

-  Persuading Argentina to revise its trade restrictive import licensing requirements in light of the successful Indonesia dispute settlement.

- Leveraging the right to impose retaliatory tariffs of up to $450 million annually to persuade India to adopt a more "regionalized" approach to Avian Influenza and to eliminate restrictions due to low pathogenic detections.


Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- Engage with industry and the FDA, among other regulatory agencies, to address the

registration requirements affecting exports of processed products to countries such as China, Korea, Colombia, and Egypt.

- International outreach on science-based regulation of veterinary drugs.

- Work with a coalition of like-minded countries supportive of the use and trade of products derived from innovative agricultural production methods, focusing on plant biotechnology, and new livestock production technologies.

- Reduce the threat of disruption to agricultural trade by shortening the gap for new biotech approvals between China and the United States.

- Enforce U.S. trade agreements and defend U.S. agricultural interests through the WTO's Dispute Settlement Body.

- Encourage countries to create science-based regulations and standards in line with the CODEX guidelines in order to harmonize requirements and view towards facilitating trade and preventing misleading claims.

- Encourage and track the notification of new and amended standards and regulations through the SPS and TBT Committees of the WTO while enhancing service to industry through expansion of public databases of foreign SPS/TBT measures.

- Through bilateral and multilateral discussion, encourage the development of risk based and science based regulatory approaches to minimize disruption to agricultural trade and adoption of new technologies.

- Continue working with U.S. regulatory agencies to expand electronic export certifications to facilitate exports.

Key Performance Measure: Value of agricultural exports resulting from participation in foreign food and agricultural trade shows

| Annual Performance Goals, Indicators, and Trends | Actual | | | | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | | | 2017 | 2018 |
| Value of agricultural exports resulting from participation in foreign food and agricultural trade shows ($billions) | $1.46 | $1.48 | $1.50 | $1.52 | $1.55 | $1.28 | Unmet | $1.50 | $1.52 |
| **Allowable Data Range for Met:** The allowable data range is +/- 0.1 | | | | | | | | | |
| **Assessment of Performance Data** | | | | | | | | | |
| **Completeness of Data:** Data are through September 30, 2016. | | | | | | | | | |
| **Data Source:** Data are self-reported but are considered a good indicator of aggregate company sales. | | | | | | | | | |

| | |
|---|---|
| **Reliability of Data:** Data are self-reported but are considered reliable, good quality, and used by agency officials to highlight in the trade promotion area. | |
| **Quality of Data:** In 2011, FAS conducted a test on the reliability of the data; FAS analyzed reported projected sales of three trade shows. This analysis compared reported projected sales to actual 12-month sales that were obtained through an extensive telephone survey. This review demonstrated that overall the projections understate actual sales. Prior to the review, many assumed projections were considerably overstating final sales. | |

[1]/ *FY 2016 target not reached due to considerably lower sales from the Brussels Seafood Show because of the terrorist event that took place in Brussels about a month prior to the show that reduced show participation.*

Selected Past Accomplishments toward Achievement of the Key Outcome FY 2016:

- FAS did not meet the target for the Value of agricultural exports resulting from participation in foreign food and agricultural trade shows ($billions) for FY 2016 due to the considerably lower sales from the Brussels Seafood Show. A terrorist event took place in Brussels about a month prior to the show causing a reduction in show participation.

- In 2016, over 1,000 U.S. companies and organizations participated in 23 USDA-endorsed trade shows in 16 countries. On-site sales totaled over $164 million and 12-month projected sales reported by exhibitors were estimated at about $1.28 billion. The companies made almost 16,000 business contacts and displayed more than 7,300 new products in various markets on all continents. On average, about 30 percent of the exhibitors in U.S. Pavilions at USDA-endorsed shows report that they are small- and medium-sized enterprises. The goal is to reach $1.52 billion in USDA-endorsed trade show related exports by 2018.

- Conducted four Agricultural Trade Missions in FY 2016, which included 68 companies, 18 State Departments of Agriculture representatives, and 23 trade association representatives, resulting in $3.3 million in reported on-site sales and $12.5 million projected sales.

- Provided U.S. government policy makers, producer groups, and private exporters the market intelligence they need to develop successful market strategies.

- Supported commercial sales through credit guarantees and other strategic marketing support.

- In 2016, announced a new, enhanced Facility Guarantee Program designed to assist in financing infrastructure projects in emerging markets that will benefit the export of U.S. agricultural commodities and their products.

- Provided the tools to build markets for U.S. exports.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- In 2018, the USDA will target support of 25 international trade shows; 21 individual

shows, and one event that combines four different food and agriculture sectors into a single, large "four shows in one" exhibition. That effort will be driven by USDA overseas office support of state and industry activities in developing markets by providing market intelligence, and introducing U.S. exporters to potential foreign customers.

- USDA will continue to target developing agricultural markets in 2018 – building on success it has achieved in expanding export opportunities in developing markets in fiscal 2016 and targeted markets for 2017. FAS conducts Agribusiness Trade Missions (ATMs) in countries and regions around the world that demonstrate strong economic growth, lower barriers to trade or have other relevant market conditions that support U.S. agricultural exports. FAS anticipates conducting at least four ATMs annually.

- FAS will perform outreach for the new and enhanced Facility Guarantee Program (FGP), designed to boost sales of U.S. agricultural products by providing credit guarantees to improve or establish agriculture-related facilities in emerging markets where demand may be limited due to inadequate storage, processing or handling capabilities.

- To counter continued uncertainties in global economic conditions, USDA will continue to enhance due diligence and risk assessment processes.

- To the maximum extent practicable, USDA will continue to set a level sufficient to cover operating costs, including administrative costs and losses.

**Risk Management Agency**

The Risk Management Agency (RMA) administers the Federal crop insurance program in accordance with the Federal Crop Insurance Act. The mission of the agency is serving America's agricultural producers through effective, market-based risk management tools to strengthen the economic stability of agricultural producers and rural communities. RMA provides actuarially sound crop insurance programs that protect against agricultural production losses due to unavoidable causes such as drought, excessive moisture, hail, wind, hurricane, tornado, lightning, and insects. In addition, revenue insurance is available to protect against loss of revenue from low prices, poor yields, or a combination of both. Federal crop insurance is available to producers through private insurance companies that sell and service policies. Thus, the program delivery is a joint effort between the Federal government and the private insurance industry.

RMA will continue its efforts to increase the availability and effectiveness of risk management programs and will continue to strengthen program integrity and compliance. In order to meet the requirements of the Improper Payments Elimination and Recovery Act (IPERA), establish and update a program error rate, and enhance the Federal crop insurance delivery system, RMA is improving a system of recurring reviews of insurance provider operations, while at the same time continuing with other compliance initiatives to provide greater assurance in the integrity of

crop insurance delivery. Additionally, RMA continues investing in the data analysis tools of data mining and remote sensing of crop insurance data that have proved to be extremely useful in detection of possible instances of fraud, waste, and abuse.

To enhance program delivery systems, decision-making, and performance budgeting capabilities, RMA is in Phase II of modernizing its information technology systems and creating a more corporate style database and communication system to provide automated, timely and complete data for decision making and information sharing while enhancing data security. Initiatives in the administrative infrastructure contribute significantly to supporting the Agency's mission and strategic goals.

Key Performance Measures - Annual normalized value of risk protection provided to agricultural producers through the Federal crop insurance program:

| Annual Performance Goals, Indicators, and Trends | Actual | | | | Target | Actual | Result | Estimate / Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | | 2016 | | 2017 | 2018 |
| Annual normalized value of risk protection provided to agricultural producers through the Federal crop insurance program. ($ Billions) | 62.1 | 66.0 | 67.9 | 68.7 | 63.3 | 74.0 | Exceeded | 63.6 | 64.0 |
| **Allowable Data Range for Met** Annual targets for this measure have generally had a variation of +/- $5.0 billion | | | | | | | | | |
| **Assessment of Performance Data** | | | | | | | | | |
| **Data Source –** The data used are provided by Approved Insurance Providers (AIPs) and are subject to regulations, policies, and procedures developed by RMA, USDA, and other Federal agencies. AIPs are required to collect, maintain and submit to FCIC data that FCIC reasonably determines is necessary to the operation of the Federal crop insurance program. Data the AIPs are required to submit to FCIC are certified as accurate, detailed and submitted to FCIC in accordance with FCIC procedures. Appendix III to the Standard Reinsurance Agreement provides standards, procedures and instructions for reporting AIP data to RMA/FCIC through RMA's Policy Acceptance Storage System (PASS). PASS provides a means of validating data to provide reasonable assurance that reimbursements are made based on accurate and timely information, and maintains detailed contract information at RMA. | | | | | | | | | |
| **Completeness of Data** – The data used in conjunction with performance information are based on actual results. Analysis has shown that normally 99 percent of the final actual data will be reported to USDA during the first quarter of the next fiscal year. | | | | | | | | | |
| **Reliability of Data** – USDA deems this information to be reliable. The AIPs receive data from the producers and transmit the data to the Department. Once received, USDA takes extensive steps to verify the data's accuracy and validity. | | | | | | | | | |
| **Quality of Data** – USDA receives the actual data from AIPs. RMA then maintains data through two integrated processing systems that validate the information. The data then are sent through the system to generate all accounting functions. These processing systems ensure that data received are accurate, errors are corrected quickly, and timely monthly accounting reports are provided. | | | | | | | | | |

Key Outcome: Increase the availability and effectiveness of Federal Crop Insurance as a risk management tool while enhancing and protecting the soundness of the program.

Analyst of Results: As the average level of coverage increases, continued increases will become more difficult to attain. Should commodity prices decrease, as has been recent experience and current forecast, there could potentially be a decrease in acres planted, which would reduce the size of the market to be insured. Falling prices also directly affect coverage values. While provisions in the 2014 Farm Bill help participation, it is expected to be balanced out by projected falling commodity prices. Therefore, the overall normalized value of risk protection is forecast to remain relatively stable with small increases.

Selected Past Accomplishments towards the Achievement of the Key Outcome FY16:

- The new Whole-Farm Revenue Protection policy, which targets highly diversified farms, has continued to grow. The value of risk protection for the Whole-Farm Revenue Protection policy more than doubled from $1.1 billion in 2015 to $2.3 billion in 2016. Part of the growth is due to revisions to the policy based on input received from farmers and ranchers. It should be noted that, for 2016, Whole-Farm was made available in every county in the United States.

- The crop insurance program endeavors to be responsive to the needs of the market. Several products had significant revisions based on input from farmers, ranchers, and their representatives. These products include coverage for sugarcane, clary sage, and pasture, rangeland, and forage.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- As directed by the Federal Crop Insurance Act, the crop insurance program continues to operate on an actuarially sound basis, with total premium collected exceeding losses paid over time.

- Premium rate revisions of the crop insurance programs will continue in 2018. A significant factor contributing to the actuarial soundness of the crop insurance program is that RMA regularly updates premium rates to reflect accumulated loss experience. For 2018, RMA will be updating the rates for wheat, soybeans, rice and a number of other smaller crops.

- To address market needs, RMA will continue to implement new products and bring them to market.

# Food, Nutrition and Consumer Services

**Food and Nutrition Service (FNS)**

The Food and Nutrition Service (FNS) was established August 8, 1969, by Secretary's Memorandum No. 1659 and  Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.  FNS  increases food security and reduces hunger in partnership with cooperating organizations by providing children and   low-income people access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires public confidence.  FNS administers the U.S. Department of Agriculture's 15 nutrition   assistance programs.  These programs, which serve one in four Americans over the course of a year, are designed to   provide low-income persons with access to a more nutritious diet, to improve the eating habits of the Nation's  children, and to help America's farmers by providing an outlet for food purchased under agricultural support authorities.

Key Performance Measure - Prevalence of food insecurity in households with children (percentage):

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
| | | | | | 2016 | | | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Prevalence of food insecurity in households with  children (percentage) | 20.0 | 19.5 | 19.2 | 16.6 | 18.8 | Deferred[9] | N/A | 18.5 | 18.5 |

| **Allowable Data Range for Met** – The 90% confidence interval around the measure is ± 0.65 percent. |
|---|
| **Data Assessment of Performance Measure** |
| **Data source** – The data come from the annual survey conducted by the U.S. Census Bureau as a supplement to the nationally representative Current Population Survey (CPS).  The data are collected annually in December. |
| **Completeness of Data** – The CPS includes about 54,000 households and is representative at the State and national level of the civilian non-institutionalized U.S. population. About 45,000 households complete the food security module each year, and data are weighted by the U.S. Census Bureau to provide the national prevalence. |
| **Reliability of Data --** The US Census Bureau conducted cognitive and field tests of the food security questionnaire before it was finalized and included as a supplement to the CPS in April 1995.  Minor modifications were made to the format and screening procedures during the first years of administration. In 1998 the screener and format were substantially revised to reduce respondent burden and improve the quality of the data. However, the content of the 18 food security questions has remained constant.   In 2003-2006 an expert panel convened by the Committee on National Statistics (CNSTAT) of the National Academy of Sciences reviewed the food security measurement methodology.  This expert panel concluded that the general methodology for measuring food insecurity was appropriate. |
| **Quality of Data** – The food security statistics are based on a nationally representative food security survey conducted as an annual supplement to the monthly CPS by the U.S. Census Bureau for the Bureau of Labor Statistics. The CPS provides data for the monthly U.S. unemployment statistics and |

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[9] FY 2016 Actual data will be released in September 2017.

| annual income and poverty statistics |
| --- |

Key Performance Measure - Annual percentage of eligible people participating in SNAP:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target 2017 | Target 2018 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | | | | | 2016 | | | | |
| Annual percentage of eligible people participating in SNAP | 83 | 85 | 85 | NA[10] | 85 | Deferred[11] | N/A | 85 | 85 |
| **Allowable Data Range for Met** –The 90% confidence interval around the FY 2014 participation rate of 83% is ± 1.0 percent | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** – The SNAP individual participation rate represents the ratio of SNAP participants to SNAP-eligible individuals. Participant counts are based on SNAP Program Operations data and SNAP Quality Control (QC) data. Eligible individual counts are based on the Census Bureau's Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data. Both counts are derived from samples of the relevant population. | | | | | | | | | |
| **Completeness of Data** – The most current data available for this measure are for FY 2014. | | | | | | | | | |
| **Reliability of Data** – QC data are valid and accepted by State SNAP agencies as a basis for performance measures. The CPS ASEC is collected by the Census Bureau and is likewise a valid source of income and poverty data. | | | | | | | | | |
| **Quality of Data** – As described above, the data used to develop this measure are used widely within and outside USDA. The SNAP participation rate is frequently cited as an important, high-quality indicator of program performance | | | | | | | | | |

Key Performance Measure - Annual percentage of eligible people participating in National School Lunch Program (NSLP):

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target 2017 | Target 2018 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | | | | | 2016 | | | | |
| Annual percentage of eligible people participating in National School Lunch Program (NSLP) | 57.6 | 55.7 | 54.8 | 55.4 | 56.8 | 55.5 | Met | 58.3 | 58.3 |
| **Allowable Data Range for Met** – | | | | | | | | | |

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[10] FY 2015 data will be available in 2017
[11] FY 2016 Actual data will be available in 2018.

Rationale for Met Range: Thresholds reflect the margin of error in forecasts of future participation, estimated at 5 percent for school meals programs. This reflects the pattern of variance between actual and target performance for both programs during the past 5 years. For FY 2016, this percentage range allows for actual performance that meets the targets in the range of 54.0 – 59.6 percent.

### Data Assessment of Performance Measure

**Data source** – The indicator is a ratio of school meals participation data, drawn from USDA administrative records, as a proportion of total public and private school enrollment, projected by the Department of Education's National Center for Education Statistics (NCES), and reported in NCES's Projections of Education Statistics to 2023 report.

NSLP administrative data is drawn from State agency reports are certified accurate and submitted to regional offices. There, they are reviewed for completeness and consistency. If the data are acceptable, the regional analyst posts them to the National Data Bank (NDB) Preload System. NDB is a holding area for data review prior to release. Otherwise, regional-office personnel reject the report and the State agency is contacted. Data posted by regional personnel into NDB are reviewed at USDA. If data are reasonable and consistent with previous reports, they will be downloaded to NDB for public release. If not, USDA works with regional offices and States to resolve problems and inconsistencies. This process of review and revision ensures that the data are as accurate and reliable as possible. NCES projections of public and private school enrollment are constructed using the Common Core of Data (CCD), "State Non fiscal Survey of Public Elementary/Secondary Education," 1998–99 through 2011–12; Private School Universe Survey (PSS), selected years 1999–2000 through 2011–12; and National Elementary and Secondary Enrollment Model, 1972–2023. Detailed explanation of these sources is available on the web at http://files.eric.ed.gov/fulltext/ED565614.pdf.

**Completeness of Data** – Figures for NSLP participation are based on 9-month (school year) averages. Participation data are collected and validated monthly before being declared annual data. Reported estimates are based on data through May 30, 2016, as available August 2016. NCES projections are based on nationally-representative surveys.

**Reliability of Data** – Participation data reporting is used to support program financial operations. All of the data are used in published analyses, studies and reports. They also are used to support dialogue with and information requests from the Government Accountability Office, the Office of Inspector General, and the Office of Management and Budget. Survey data supporting NCES projections are conducted using high-quality, well-documented methodologies.

**Quality of Data** – As described above, the data used to develop this measure are used widely for multiple purposes, both within and outside USDA. The measure itself is reported in stand-alone publications as an important, high-quality indicator of program performance. Survey data supporting NCES projections are conducted using high-quality, well-documented methodologies.

Key Performance Measure - Annual percentage of children participating in the free/reduced price school lunch program that participate in summer feeding programs:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2016 | | | 2017 | 2018 |
| Annual percentage of children participating in the free/reduced price school lunch program that participate in summer feeding programs | 15.5 | 16.0 | 17.5 | 17.1 | 17.2 | 17.4 | Met | 17.4 | 17.4 |

**Allowable Data Range for Met** – Thresholds reflect the margin of error in forecasts of future participation, estimated at 5 percent for school meals programs. This reflects the pattern of variance between actual and target performance for both programs during the past 5 years. For FY 2016, this percentage range allows for actual performance that meets the targets in the range of 16.3 – 18.1 percent.

| **Data Assessment of Performance Measure** |
|---|

**Data source** – The measure is calculated through the following equation:

$$\frac{\textbf{SFSP Average Daily Participation in July + NSLP Free\&RP Participation in July}}{\textbf{NSLP Free\&RP Participation in Previous March}} = \textbf{Participation rate}$$

The school and summer meals participation data used in the calculation are drawn from USDA administrative records. The data used for these State agency reports are certified accurate and submitted to regional offices. There, they are reviewed for completeness and consistency. If the data are acceptable, the regional analyst posts them to the National Data Bank (NDB) Preload System. NDB is a holding area for data review prior to release. Otherwise, regional-office personnel reject the report and the State agency is contacted. Data posted by regional personnel into NDB are reviewed at USDA. If data are reasonable and consistent with previous reports, they will be downloaded to NDB for public release. If not, USDA works with regional offices and States to resolve problems and inconsistencies. This process of review and revision ensures that the data are as accurate and reliable as possible.

**Completeness of Data** – Figures for NSLP free/reduced price participation are based participation in the month of March before the summer (i.e. summer feeding participation in July 2015 is compared to NSLP free/reduced price participation in March 2015). Participation data are collected and validated monthly before being declared annual data. Figures for summer feeding participation are drawn from July data; initial reports for 2016 will be available in December 2016.

**Reliability of Data** – Participation-data reporting is used to support program financial operations. All of the data are used in published analyses, studies and reports. They also are used to support dialogue with and information requests from the Government Accountability Office, the Office of Inspector General, and the Office of Management and Budget.

**Quality of Data** – As described above, the data used to develop this measure are used widely for multiple purposes, both within and outside USDA. The measure itself is reported in stand-alone publications as an important, high-quality indicator of program performance.

Selected Past Accomplishments Toward Achievement of the 2016 Key Outcomes:

- The prevalence of food insecurity in households with children was 16.6 percent in 2015.

- The percentage of eligible individuals participating in SNAP was 83 percent in 2014.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- The prevalence of food insecurity in households with children will decline to 18.5 percent.

- As the economy continues to improve and participation continues to decline, the SNAP participation rate will   stay level at 85 percent.

- The percentage of children participating in the free or reduced price school lunch program who participate in   summer feeding programs will stay level at 17.4 percent in 2018.

Key Performance Measure - SNAP payment accuracy rate (percentage):

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | | | | | 2016 | | | 2017 | 2018 |
| SNAP payment accuracy rate (percentage) | 96.6 | 96.8 | 96.3 | NA | 96.3 | Deferred[12] | N/A | 96.3 | 96.3 |
| **Allowable Data Range for Met** – FNS does not have the information to calculate confidence intervals for Payment Accuracy. However, FNS does have information on Payment Error. For FY 2014 we had a Payment Accuracy of 96.34 percent and a payment error rate of 3.66 percent (calculated from State Quality Control samples). From the sample data we calculated a 95.0 percent confidence interval of 3.66 plus or minus 0.25 or a range of 3.41-3.91 percent. For FY 2014, our payment error rate from the sample data the target was considered met based on the confidence level. | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** – For the FY 2014 data, the Supplemental Nutrition Assistance Program (SNAP) used annual payment accuracy data from the Quality Control (QC) process to support SNAP management. The data was based upon statistically valid methodology. The QC process used a systematic random sampling of SNAP participants to determine a combined payment error rate for each State. The combined error rate was composed of over-issuances and under-issuances of SNAP benefits. A regression formula was applied to the results of the reviews to calculate official error rates. State agencies reviewed selected cases monthly to determine the accuracy of the eligibility and benefit-level determination. The process included a client interview and verification of all elements of eligibility and the basis of issuance. Federal reviewers validate a sample of the State's reviews by conducting a re-review. | | | | | | | | | |
| **Completeness of Data** – The most current data available for this measure are for FY 2014. The payment accuracy rate of 96.34 percent met the performance goal/measure target. FY 2015 performance will be deferred until next year's report. | | | | | | | | | |

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[12] FY 2016 Actual data will be available in 2018.

| Reliability of Data – QC data are valid and accepted by State SNAP agencies as a basis for performance-incentive payments and penalties. The U.S. Government Accountability Office and the Office of Inspector General also use the data regularly. |
| --- |
| Quality of Data – As described above, the data used to develop this measure are used widely for multiple purposes, both within and outside USDA. The measure itself is frequently cited as an important, high-quality indicator of program performance. |

Selected Past Accomplishments Toward Achievement of the 2016 Key Outcomes:

- The FY 2014 SNAP payment accuracy rate was 96.34 percent – the latest year for which national data are available. This combined rate reflects 2.96 percent in overpayments and 0.70 percent in underpayments for a total of 3.66 percent in erroneous payments.

- Forty-five States had a payment accuracy rate greater than 94 percent, including 24 States with rates greater than 96 percent.

- In FY 2016, FNS validated FY 2015 payment accuracy rates in 11 states.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- The SNAP payment accuracy rate will remain steady at 96.34.

Key Performance Measure - SNAP redemptions made through direct marketing farmers and farmers' markets:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | | | | | 2016 | | | 2017 | 2018 |
| SNAP redemptions in farmers' markets and by direct marketing farmers ($ millions) | 16.6 | 17.4 | 18.8 | 19.4 | 20.0 | 20.2 | Exceeded | 20.0 | 20.0 |
| Allowable Data Range for Met – The target amount was selected based on previous annual changes in the amount of SNAP benefits redeemed at farmers' markets, and inferences regarding the likely increase for FY 2016 due to our continued efforts to increase such redemptions. | | | | | | | | | |
| Data Assessment of Performance Measure | | | | | | | | | |
| Data source – The data consist of redemptions reported by benefit providers and fed into our retailer database. FNS performs quarterly searches of the database to ensure that farmers' markets and direct-marketing farmers are correctly coded in the system and to confirm that the data reported is accurate, reliable and complete. | | | | | | | | | |
| Completeness of Data – This is the same data Retailer Policy and Management Division (RPMD) uses when administering this initiative. FNS performs quarterly searches of the database to ensure that farmers' markets and direct-marketing farmers are correctly coded in the system and to confirm that the data reported is complete and accurate. | | | | | | | | | |

| **Reliability of Data –** This is the same data RPMD uses when administering this initiative. FNS performs quarterly searches of the database to ensure that farmers' markets and direct-marketing farmers are correctly coded in the system and to confirm that the data reported is accurate and reliable. |
| --- |
| **Quality of Data** – Describe particular issues related to the collection and reporting of actual performance information.  Describe the resources used to collect and analyze the actual performance data prior to transmittal of the report. Note any inadequacies in the data and what actions are being taken to remedy such inadequacies. In the case of third-party data (e.g. State data), indicate the degree to which they have verified and validated the completeness, reliability, and quality of data. |

Selected Past Accomplishments Toward Achievement of the 2016 Key Outcomes:

- SNAP authorized direct marketing farmers and farmers' markets redeemed over $20.2 million in benefits in FY 2016.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- Participating direct marketing farmers and farmers' markets will redeem at least $20 million in benefits.

## Food Safety

**Food Safety and Inspection Service**

The Food Safety and Inspection Service (FSIS), a public health regulatory agency within the U.S. Department of Agriculture (USDA), is responsible for ensuring that the commercial supply of meat, poultry, and processed egg products moving in domestic commerce or exported to other countries is safe, secure, wholesome, and correctly labeled and packaged. Legislative mandates provide FSIS with the authority to conduct its public health mission.

The continued mission of FSIS is to protect consumers by ensuring that the commercial supply of meat, poultry, and processed egg products is safe, secure, correctly labeled, and packaged. In FY 2016 FSIS had three key measures:

- Increase in the percentage of FSIS-regulated young chicken (broiler) establishments that pass a tightened performance standard for *Salmonella,* which was implemented in July 2011.

- Total annual number of estimated illnesses from *Salmonella*, *Lm*, and *E. coli* O157:H7 from all FSIS-regulated products, otherwise known as the All-Illness Measure. These pathogens are of particular concern for FSIS- regulated products because data have linked these pathogens to human illness.

- Adoption rate of voluntary functional food defense plans by regulated establishments.

By implementing steps to reduce the presence of pathogens and improve protection of the food supply, FSIS has worked to reduce the overall number of foodborne illnesses experienced by American consumers.

Key Performance Measure: Percentage of Broiler Plants Passing the Carcass *Salmonella* Verification Testing

In 2011, FSIS established a performance standard for *Salmonella* in broiler carcasses. This standard is designed to encourage industry to control for *Salmonella* and reduce the potential for human exposure. Failure to meet this standard serves as a proxy for heightened exposure potential to the public.

| Percent of Broiler Plants Passing the Carcass *Salmonella* Verification Testing Standard /1/ | | | | | | | |
|---|---|---|---|---|---|---|---|
| **2011 Actual** | **2012 Actual** | **2013 Actual** | **2014 Actual** | **2015 Actual** | **2016 Actual** | **Result** | **2017 Target** |
| 89% | 90% | 90% | 92% | 95.6% | 93.96% | Unmet | No longer being used |
| **Allowable Data Range for Met:** FSIS must meet or exceed the target to report the target was met. | | | | | | | |
| **Assessment of Performance Data** | | | | | | | |
| **Data Source:** Results are based upon USDA's laboratory final results. | | | | | | | |

**Completeness of Data:** Given the publication of 80 CFR 3940 on January 26, 2015, FSIS is in a   transition period for determining performance standard results.  The percent of broiler establishments passing the carcass *Salmonella* verification testing standard includes only establishments with at least the minimum number of samples used from moving windows ending   through 9/24/2016.

**Reliability of Data:** The data are reliable because they are based on testing and verification from   the USDA's field service laboratories for regulated establishments.  Each sample is subjected to   highly specific verification testing.  The primary goal of the *Salmonella* sampling program is to   monitor how well each establishment is maintaining control of food safety through its Hazard   Analysis and Critical Control Points (HACCP) program, sanitation, and supporting programs.
USDA recognizes that its verification testing samples for *Salmonella* in raw classes of product are   biased in favor of being collected at establishments with poor process controls and/or

**Quality of Data:** USDA collects pathogen verification samples at a range of establishments.   Testing is conducted to verify establishment pathogen reduction

1/ Revised from FY 2012's measure of "Overall public exposure to *Salmonella* from boiler carcasses" as FSIS

implemented a new, stricter *Salmonella* performance standard for broilers and turkeys on July 1, 2011.


Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:

This measure tracks the percent of young chicken (broiler) establishments passing the carcass *Salmonella*  Verification Testing Standard.  While FSIS did not meet the FY 2016 target for the percent of broiler establishments   passing the carcass *Salmonella* verification testing standard, the overall percent of establishments passing the   standard has risen consistently since measurement began over 5 years ago, and the FY 2016 final target was missed   as a result of two establishments not meeting the target.

FSIS continued its multipronged approach to combat *Salmonella* in FY 2016.  In FY 2016, FSIS:

- Continued to implement Modernization of Poultry Slaughter Inspection, which requires all poultry slaughter   establishments (except those that slaughter ratites) to comply with new establishment sampling and testing   requirements.

- Developed and implemented the conversion of poultry slaughter establishments to the New Poultry Inspection   System (NPIS).

- Began implementing performance standards for *Salmonella* and Campylobacter on raw comminuted poultry and   raw chicken parts, which includes:

  o Evaluating whether establishments meet new pathogen reduction performance standards for chicken parts   and comminuted chicken and poultry.

  o Evaluating data to inform sampling plan development for product that has historically been excluded from
    *Salmonella* verification testing.  FSIS expects to begin sampling excluded product in FY 2017.

- FSIS began pork exploratory sampling in FY 2015, and will be conducting a baseline in FY 2017.  Results from   the baseline study will be used to develop prevalence estimates and industry guidance and/or develop   performance standards.


Key Performance Measure: Total Number of *Salmonella*, *Lm*, and *E.coli* O157:H7 Illnesses from  Products Regulated by FSIS

In 2011-2016, FSIS measured its performance on reducing the estimated total number of *Salmonella*, *Lm,* and *E. coli* O157:H7 illnesses from all FSIS regulated meat, poultry, and processed egg products. These estimates were based on pathogen-specific case rates from the Centers for Disease Control and Prevention (CDC) FoodNet data, simple food attribution estimates derived from a rolling 3-year window of CDC's Foodborne Disease Outbreak Surveillance System (FDOSS) database, and were anchored to pathogen-specific illness reduction Department of Health and Human Services (DHHS) Healthy People 2020 (HP2020) goals.

| Total (All) Illness Measure *(Salmonella, Lm and E. coli O157:H7)* /2/ | | | | | | | |
|---|---|---|---|---|---|---|---|
| **2011 Actual** | **2012 Actual** | **2013 Actual** | **2014 Actual** | **2015 Actual** | **2016 Actual** | **Result** | **2017 Target** |
| 491,353 | 479,621 | 427,171 | 386,265 | 382,123 | 658,405 | Unmet | No longer being used |
| <u>**Allowable Data Range for Met:**</u> FSIS must meet or exceed the target to report the target was met. | | | | | | | |
| **Assessment of Performance Data** | | | | | | | |
| <u>**Data Source:**</u> Estimates of total illness from all FSIS-regulated products are based on case rates from CDC's FoodNet data and simple food attribution estimates derived from CDC's FDOSS outbreak database. They are linked to the DHHS HP2020 pathogen reduction goals. | | | | | | | |
| <u>**Completeness of Data:**</u> The CDC FoodNet program monitors the incidence of laboratory-confirmed infections caused by nine pathogens transmitted commonly through food in 10 U.S. sites, covering approximately 15 percent of the U.S. population, though CDC case rates are thought to generally represent the entire U.S. population. The case rates CDC provides to FSIS on a quarterly basis lag by one quarter, meaning that illness estimates lag by one quarter. CDC outbreak data is reported by State, local, and territorial public health agencies to CDC, but differences exist between states in reporting rates and other key reporting elements | | | | | | | |
| <u>**Reliability of Data:**</u> The CDC FoodNet program is active, population-based surveillance for laboratory-confirmed infections. However, these data are subject to limitations. The CDC FDOSS program is a passive surveillance system. CDC collects reports of foodborne outbreaks due to enteric bacterial, viral, parasitic, and chemical agents. The CDC surveillance team analyzes these data to understand the impact of foodborne outbreaks and the pathogens, foods, settings, and contributing factors (for example, food not kept at the right temperature) involved. As with the FoodNet program, these data are subject to limitations. | | | | | | | |
| <u>**Quality of Data:**</u> Each of the data sources used to estimates illnesses has a number of limitations that affect the quality of the data used. | | | | | | | |

<u>Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:</u>

FSIS met its *E. coli* O157:H7 and *Lm* targets, though it did not achieve its FY 2016 All Illness or *Salmonella* targets because the CDC outbreak data from 2011-2013 used to estimate the percent of illnesses attributed to FSIS- regulated products excluded a very large outbreak in FDA-regulated shell eggs, and included a large outbreak in FSIS-regulated chicken products. FSIS' methodology includes only 3 years of data, and large outbreaks coming into or falling out of the dataset highly influences the attribution estimates, which FSIS recognizes was a limitation of the methodology.

To address this, FSIS updated its method for estimating illnesses attributed to FSIS-regulated

products by   incorporating an improved attribution methodology from the Interagency Food Safety Analytics Collaboration  (IFSAC) to make it less sensitive to year-to-year fluctuations, among other improved inputs.  In addition, rather than   presenting one combined illness measure, FSIS is utilizing separate illness estimates for *Salmonella*, *Lm*, and *E. coli*   O157:H7, including estimates for non-O157 STEC and *Campylobacter*, and will monitor these annually. This   information is further delineated in FSIS' FY 2017-2021 Strategic Plan and its 2017 Annual Plan. These   enhancements will provide greater transparency and understanding regarding the pathogen(s) causing the majority of   estimated illnesses, facilitating a more detailed assessment of agency progress.

A key component of food safety activities is the sampling and analysis for pathogens, adulterants, and   contamination.  Data analysis shows that sampling food for hazards leads to a drop in contamination rates. FSIS   implemented its first Five-Year Sampling Plan in FY 2016, which outlined FSIS' vision and expanded on the Agency's annual plans.  The plan includes laying out a strategy to address current gaps in FSIS sampling and close   existing sampling exceptions, and describes how it will expand sampling into new focus areas while achieving   efficiencies.  FSIS also continued work to publish an annual sampling plan related to microbiological, chemical   residue, and other sampling programs in domestic establishments, import establishments, and in-commerce   facilities, and the plan describes FSIS' overall strategy for directing its sampling resources.  FSIS' increase in its   laboratory analysis program reflects an integrated approach to food safety, and has made great strides in reducing   illnesses in large part because of scientifically-derived standards and the sampling program.  Additionally, positive   samples are tested for antimicrobial resistance, which enables better tracking and prevention of antimicrobial  resistant bacteria.

In addition to FSIS inspection, enforcement, and sampling efforts designed to reduce illnesses, FSIS conducts public   education efforts intended to raise public awareness about the steps consumers can take in the home to reduce their   risk of contracting foodborne illness (i.e. Clean, Separate, Cook, Chill). Such efforts include the following:

- Launched the FoodKeeper application in April 2015, which provides consumers with information about safe  handling and storage times, reducing food waste while supporting food safety.  This is an effective way to  educate consumers about proper food storage and its relationship to safe food handling behaviors.  In FY 2016,   an additional 40,000 users downloaded the application, bringing its total installs to more than 125,000.

- Engaged the public through the @USDAFoodSafety Twitter and the FoodSafety.gov Facebook accounts.  Continued growth throughout the year using non-traditional topics to communicate food safety   messages on Twitter saw a 15 percent increase from last year. Facebook engagements increased by 10   percent.  FSIS has seen success on Twitter, reaching a new total of 787,072 followers which surpassed the   target of 780,000 set for FY 2016.

- FSIS increased the use of innovative online consumer education tools such as Ask Karen, which the database   received 11,116 email questions and 2,389,921 answers were viewed in FY 2016.  FSIS enables a chat feature   allowing consumers to chat on-line with a Hotline food safety specialist.  These efforts include 2,636 chat   requests received in FY 2016.

- Since its inception in 1985, the Meat and Poultry Hotline has handled more than 3 million public inquiries. Hotline staff responded to more than 51,000 consumer inquiries via the Meat and Poultry Hotline during FY 2016. Meat and Poultry Hotline staff also responded to 14,681 email inquiries during FY 2016.

- In FY 2016, FSIS has continued to see high engagement on food safety messages communicated through infographics. For example, FSIS shared the *Food Safety Before, During, and After a Power Outage* infographic multiple times on social media platforms, which generated more than 1.6 million impressions on Twitter.

- Overall, FSIS' Twitter messages received more than 12.5 million impressions and 160,567 engagements this year (an engagement is the number of unique people who have clicked, liked, commented on or shared posts). FSIS' Facebook messages posted to the FoodSafety.gov Facebook page also received more than 8 million impressions and 388,162 engagements.

Key Performance Measure: Percent of Establishments with a Functional Food Defense Plan

FSIS began measuring the status of industry's voluntary adoption of food defense plans through annual surveys of FSIS Inspection Program Personnel (IPP) in 2006. The survey responses are used to determine whether each FSIS- inspected establishment has a functional food defense plan (i.e., the plan is documented; the measures in the plan are implemented, the plan is tested to ensure the measures are working; and the establishment reviews and updates their plan at least annually).

| Percent of Establishments with a Functional Food Defense Plan | | | | | | | |
|---|---|---|---|---|---|---|---|
| **2011 Actual** | **2012 Actual** | **2013 Actual** | **2014 Actual** | **2015 Actual** | **2016 Actual** | **Result** | **2017 Target** |
| 75% | 77% | 83% | 84% | 85% | 85% | Unmet | No longer being used |
| **Allowable Data Range for Met:** FSIS must meet or exceed the target to report the target was met. | | | | | | | |
| **Assessment of Performance Data** | | | | | | | |
| **Data Source:** Agency annual questionnaire in PHIS issued to FSIS Inspection Program Personnel (IPP) in all regulated meat and poultry establishments, processed egg product plants, and import inspection establishments. | | | | | | | |
| **Completeness of Data:** The data is complete, with surveys conducted at approximately 98 percent of surveyed establishments in 2016. | | | | | | | |
| **Reliability of Data:** The data from the food defense plan survey have been collected from trained FSIS IPP since the survey was initiated in 2006. However, since food defense is not mandatory in FSIS-regulated establishments and the degree to which food defense measures are implemented may be subjective, survey results may differ based on subjectivity of IPP. | | | | | | | |
| **Quality of Data:** The data from the food defense plan survey have been collected from trained FSIS IPP since the survey was initiated in 2006. However, since food defense is not mandatory in FSIS-regulated establishments and the degree to which food defense measures are implemented may be subjective, survey results may differ based on subjectivity of IPP. | | | | | | | |

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:

FSIS completed the Eleventh Annual Food Defense Plan Survey in April and May 2016. As in previous years, the survey included IPP at meat and poultry slaughter and processing establishments, processed egg products plants, and official import inspection establishments. The response rate for the 2016 survey was 98 percent.

The 2016 survey found that 85 percent of all establishments have a functional food defense plan, up from 34 percent when the survey was initiated in 2006. As in previous years, larger establishments have a higher rate of implementing functional food defense plans: 98 percent of large establishments and 92 percent of small establishments have functional food defense plans, while 78 percent of very small establishments have functional plans.

While FSIS' goal was to have 90 percent of all official establishments with a functional food defense plan, it did not meet this ambitious target for this voluntary program. FSIS conducted a variety of outreach activities to increase the percentage of establishments with functional food defense plans, including developing guidance and tools, delivering presentations, conducting workshops, and mailing letters.

For example, over fiscal year (FY) 2016, FSIS published more than ten food defense-related articles in the Constituent Update, which is an Agency publication for industry members. Article topics covered insider threats, cyber security, and international food defense, to name a few. In addition, FSIS sent five separate emails to over 100 industry stakeholders to provide information on the Department of Homeland Security's National Terrorism Advisory System (NTAS) Bulletins, the food defense plan survey, active shooter awareness, and the Homeland Security Information Network (HSIN). FSIS also updated the public-facing FSIS food defense webpage to provide easier access to food defense information, tools, and resources. The update included highlights of the food defense mission and program priorities for the Agency and also organized information into clear, concise categories highlighting information on food defense plans, international food defense activities, and tools, resources and training, and more.

Select Accomplishments Expected at FY 2018 Proposed Resource Level/FSIS 2017-2021 Strategic Plan Key Performance Measures:

FSIS published its 2017-2021 Strategic Plan in early FY 2017, which contains three goals, six outcomes, and fifteen objectives that represent the agency's path forward over the next 5 years. Our three goals are: Prevent Foodborne Illness and Protect Public Health; Modernize Inspection Systems, Policies, and the Use of Scientific Approaches; and Achieve Operational Excellence. FSIS will assess its progress using 25 measures, two of which are KPIs. FSIS intends for these two new measures, which are directly tied to FSIS core inspection functions, to better reflect the Agency's efforts to reduce foodborne illnesses, and on a timelier basis. FSIS will also annually track a set of microbiological contamination rates and illness estimates for the purpose of monitoring key trends.

FSIS Key Performance Measure 1-Percentage of Establishments that Meet Pathogen Reduction Performance Standards:

In February 2016, FSIS issued a final *Federal Register Notice* announcing that it would begin assessing whether establishments meet pathogen reduction performance standards for *Salmonella* and *Campylobacter* in raw chicken parts and not-ready-to-eat (NRTE) comminuted chicken and turkey products. FSIS' new measure, which calculates the percentage of establishments meeting these pathogen reduction performance standards, was developed because of the importance FSIS places on using performance standards to help reduce and/or prevent the contamination of regulated products.[3] FSIS has used pathogen reduction performance standards as a tool, both in the past and increasingly into the future, to effectively bring about reductions in contamination of FSIS-regulated products, which are ultimately tied to reductions in foodborne illness. For each pathogen/product pair with a performance standard, this measure is calculated by dividing the number of establishments that passed all of their included moving windows[4] by the total number of establishments with at least one completed moving window that either passed or failed. The baseline for this measure is currently 75 percent.

FSIS Key Performance Measure 2 - Percentage of Establishments who's Noncompliance Rate Decreases 120 Days after Receiving an Early Warning Alert:

This new measure continues FSIS' work to use data-driven approaches to detect trends in establishment performance and expands the usefulness of a key tool utilized by the agency—the Public Health Regulations (PHRs)—to track how effectively FSIS's inspection workforce reacts to and resolves public health issues. PHRs are a subset of regulations associated with higher noncompliance rates in establishments in the 3 months before a positive pathogen sampling result or enforcement action, than in establishments without pathogen-positives or enforcement actions. FSIS uses the results of inspection tasks to calculate a PHR non-compliance rate for each regulated establishment and issues a PHR Early Warning Alert when an establishment has a non-compliance rate that is elevated and is at or exceeds the FSIS Noncompliance Cut Point for Early Warning. FSIS began utilizing these Early Warning Alerts in Q4 of FY 2016, and is gathering sufficient data to develop a baseline for use starting in FY 2017 Q3. This measure was developed because of the importance FSIS places on prioritizing Food Safety Assessments (FSAs), which should help reduce non-compliance. Specifically, this measure calculates the percentage of establishments that improve their performance (fewer non-compliances) within 120 days of receiving a PHR Early Warning Alert.

Additional Accomplishments Expected at FY 2018 Proposed Resource Level:

FSIS published its 2017-2021 Strategic Plan in early FY 2017, which contains three goals, six outcomes, and fifteen objectives that represent the agency's path forward over the next 5 years. Our three goals are: Prevent Foodborne Illness and Protect Public Health; Modernize Inspection Systems, Policies, and the Use of Scientific Approaches; and Achieve Operational Excellence. FSIS will assess its progress using 25 measures, two of which are KPIs. FSIS intends for these two new measures, which are directly tied to FSIS core inspection functions, to better reflect the Agency's efforts to reduce foodborne illnesses, and on a timelier basis. FSIS will also annually track a set of microbiological contamination rates and illness estimates for the purpose of monitoring key trends.

## Marketing and Regulatory Programs

**Animal and Plant Health Inspection Service**

The Animal and Plant Health Inspection Service is a multi-faceted Agency with a broad mission that includes protecting and promoting U.S. agricultural health, regulating genetically engineered organisms, administering the animal care legislation, and carrying out wildlife damage management activities.

APHIS measures the cumulative number of biotechnology products deregulated based on scientific determinations that they do not pose a plant pest risk to agriculture. When biotechnology developers can provide scientific information that demonstrates their genetically engineered (GE) organism is not a risk as a plant pest, they can request APHIS to remove a GE organism from regulation. APHIS' reviews of the GE organism include analyzing current, publicly available scientific information and the technical data provided by the applicant. When considering these requests, APHIS completes a scientific plant pest risk assessment, as well as an environmental review in compliance with the National Environmental Policy Act. If APHIS determines a GE organism does not pose a plant pest risk, the Agency makes a determination of nonregulated status (deregulation), and the organism can be planted and moved without APHIS' oversight. Following process improvements implemented in 2011-2012, APHIS has reduced the time required to complete the analyses for the deregulations significantly and has exceeded targets for the number of deregulations for the past 4 years.

Key Performance Measure - Cumulative number of biotechnology products deregulated by USDA based on scientific determinations that they do not pose a plant risk to agriculture:

| Annual Performance Indicator and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2016 | | 2017 | 2018 |
| Cumulative number of biotechnology products deregulated by USDA based on scientific determinations that they do not pose a plant risk to agriculture | 93 | 102 | 109 | 117 | 122 | 124 | Exceeded | 127 | 128 |
| **Allowable Data Range for Met:** Exceeded Target is if Actual > 122; Met Target is if Actual = 122; Unmet Target is if Actual < 122 | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data Source** – USDA publishes a notice announcing its determination of nonregulated status in the *Federal Register.* | | | | | | | | | |

| |
|---|
| **Completeness of Data -** USDA publishes a *Federal Register* notice announcing its determination of nonregulated status   for a GE organism, after its review and determination that the organism is safe for use in the environment. USDA   maintains a website that is updated with the latest information reflected in the |
| **Reliability of Data** - During the petition process, there are two opportunities for public involvement – once when the   petition is complete through the *Federal Register* process and a second time after the associated environmental   documents and plant pest risk documents are developed and published in the *Federal Register*.  If the Department   determines nonregulated status for the GE organism, the information is shared on the website to ensure transparency of   regulatory decision-making.  APHIS closely tracks the publication of determinations in the *Federal Register* to ensure   that we are correctly reporting an accurate count.  The number of determinations is published in the *Federal Register*   and available for others to verify.  The APHIS website correlates to the *Federal Register* publications and serves as a   consolidated |
| **Quality of Data** – This data is used by internal managers and external stakeholders as authoritative sources of   information.  For each petition submitted, USDA conducts a thorough scientific analysis to determine whether the GE   organism poses a plant pest risk.  USDA also prepares additional environmental analyses to evaluate the possible   impacts of the GE organism on the human environment. |

## Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:

In FY 2016, APHIS reviewed and deregulated seven petitions:  five corn varieties, one potato, and one apple.  The   cumulative total of APHIS deregulations is 124.  APHIS completed the seven petitions in an average of 353 days,   reducing the time by 416 days (from an average of 769 days in FY 2015), and exceeding our target of 460 days. APHIS continues to provide the public with opportunities to review and comment on the petition request and the   scientific assessments of the GE organisms in the *Federal Register*.

## Accomplishments Expected at the FY 2018 Proposed Resource Level:

In FY 2018, APHIS will continue to devote resources to petition reviews and expects to meet its improved target   timelines for any petitions (not requiring an environmental impact statement) submitted during the fiscal year. APHIS expects to increase determinations of non-regulated status from 124 in FY 2016 to 128 in FY 2018.

Biotechnology has a wide diversity of stakeholders that hold strong opinions about biotechnology and how to   regulate GE products.  New petitions received this fiscal year and in the future will be processed as expected unless   an unforeseen issue arises that may cause interference by other high priority issues that are resource intensive.  In   the rapidly changing field of biotechnology, USDA is challenged to adapt and find new ways to accomplish the   regulatory work, while not inhibiting the development of new products produced with new technologies.  As GE   organisms are developed in other countries and are imported into the United States, it is important to have adequate   domestic regulatory systems in place to address their safety.  In turn, it is important to coordinate with other countries to allow exports of GE products from the United States.

# Natural Resources and Environment

**Forest Service**

The Nation's forests are a fundamental part of the American landscape, of the Nation's identity, and are a legacy that the Forest Service holds in trust for future generations. The forests provide clean air and water, recreational opportunities, jobs, and a multitude of forest products. The Forest Service plays a critical role in protecting and restoring America's forests and grasslands and making them more resilient to threats and disturbances. In FY 2016, we worked to enhance water resources, respond to the effects of drought, and reduce the threat of catastrophic wildfire.

Key Performance Measure - Annual acres of public and private forest lands restored or enhanced (millions of acres):

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2016 | | | 2017 | 2018 |
| Annual acres of public and private forest lands restored or enhanced (millions of acres) | 2.5 | 2.5 | 2.9 | 3.1 | 2.9 | 3.2 | Met | 2.9 | 2.4 |
| **Allowable Data Range for Met** --The tolerance range for the measure to be met is +/- 10 percent. | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** -- Forest Service geo-enabled Performance Accountability System. | | | | | | | | | |
| **Completeness of Data** – Values shown for FY 2016 include final, complete results. | | | | | | | | | |
| **Reliability of Data --** The data for programs contributing to restoration treatments are reliable and of good quality. It is provided by Forest Service field units in several source reporting data systems. | | | | | | | | | |
| **Quality of Data** – The Forest Service has a control system to ensure national performance data quality and validity. This framework includes data reviews, regional and national data certifications, and measure change control processes. | | | | | | | | | |

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:

- The Forest Service met its annual target for acres treated to restore watershed function and resiliency and for volume of timber sold.

Key Performance Measure - Volume of timber sold (billion board feet):

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2016 | | | 2017 | 2018 |
| Volume of timber sold (billion board feet) | 2.64 | 2.61 | 2.83 | 2.86 | 3.2 | 2.94 | Met | 3.2 | 3.2 |
| **Allowable Data Range for Met** --The tolerance range for the measure to be met is +/- 10 percent. | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** -- Forest Service geo-enabled Performance Accountability System. | | | | | | | | | |
| **Completeness of Data** – Values shown for FY 2016 include final, complete results. | | | | | | | | | |
| **Reliability of Data --** The data for the timber program is reliable and of good quality. It is provided by Forest Service field units in the timber information management reporting data system. | | | | | | | | | |
| **Quality of Data –** The Forest Service has a control system to ensure national performance data quality and validity. This framework includes data reviews, regional and national data certifications, and measure change control processes. | | | | | | | | | |

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:

- Since 2011, we have increased our output of timber from 2.536 billion board feet to 2.94 billion board feet in 2016 by improved integration with programs such as hazardous fuels, and by using authorities provided in the 2014 Farm Bill.

- We successfully moved more timber sales to earlier in the year, which was a program focus this year.

Key Performance Measure - Percentage of National Forests and Grasslands in compliance with a climate change adaptation and mitigation strategy:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2016 | | | 2017 | 2018 |
| Percentage of National Forests and Grasslands in compliance with a climate change adaptation and mitigation strategy | 36 | 49 | 64 | 89 | 100 | 100 | Met | N/A | N/A |
| **Allowable Data Range for Met** --The tolerance range for the measure to be met is +/- 10 percent. | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** -- Forest Service geo-enabled Performance Accountability System. | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Completeness of Data** – Values shown for FY 2016 include final, complete results. | | | | | | | | | |
| **Reliability of Data --** The data is reliable and of good quality. Each forest is responsible for tracking and communicating progress toward compliance. | | | | | | | | | |
| **Quality of Data –** The Forest Service has a control system to ensure national performance data quality and validity. This framework includes data reviews, regional and national data certifications, and measure change control processes. | | | | | | | | | |

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:

- In FY 2016 we successfully achieved 100% of our target of national forests in compliance with a climate change adaptation and mitigation strategy, and therefore we will be eliminating this measure.

Key Performance Measure - Percentage of National Forests and Grassland watersheds in properly (class 1 watersheds) functioning condition:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2016 | | | 2017 | 2018 |
| Percentage of National Forests and Grassland watersheds in properly (class 1 watersheds) functioning condition | 52% | 52% | 52% | 52% | 52% | 53% | Met | 54% | 54% |
| **Allowable Data Range for Met** --The tolerance range for the measure to be met is +/- 10 percent. | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** -- Forest Service geo-enabled Performance Accountability System. | | | | | | | | | |
| **Completeness of Data** – Values shown for FY 2016 include final, complete results. | | | | | | | | | |
| **Reliability of Data --** The data is reliable and of good quality | | | | | | | | | |
| **Quality of Data –** The Forest Service has a control system to ensure national performance data quality and validity. This framework includes data reviews, regional and national data certifications, and measure change control processes. | | | | | | | | | |

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:

- The Forest Service surpassed its target to move 20 watersheds to an improved condition class in FY 2016, actually improving 21 watersheds by completing work required on watershed restoration action plans.

- The Forest Service conducted a national reassessment of watershed condition in 2016. This reassessment shows that, at a National level, the percentage of properly functioning

watersheds (class 1) has increased. This change can be attributed to a variety of reasons including targeted restoration, natural impacts and processes, and improved assessment techniques.

- The Forest Service will continue conducting periodic national re-evaluation of watershed condition to monitor trends and to determine if active restoration efforts are keeping pace with large scale, catastrophic events such as wildfires.

- We are currently developing monitoring protocols to assess the effectiveness of the restoration activities employed. The information will be used to enhance restoration methods and further maximize restoration effectiveness in the future. Pilot testing of the protocol will occur in 2017.

Key Performance Measure - Acres of Wildland Urban Interface hazardous fuels treated to reduce the risk of catastrophic wildfire (millions of acres):

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2016 | | | 2017 | 2018 |
| Acres of Wildland Urban Interface hazardous fuels treated to reduce the risk of catastrophic wildfire (millions of acres) | 1.86 | 1.73 | 1.72 | 1.57 | 1.80 | 2.01 | Met | 1.80 | 1.71 |
| **Allowable Data Range for Met** --The tolerance range for the measure to be met is +/- 10 percent. | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** -- Forest Service geo-enabled Performance Accountability System. | | | | | | | | | |
| **Completeness of Data** – Values shown for FY 2016 include final, complete results. | | | | | | | | | |
| **Reliability of Data --** The data for the hazardous fuels program is reliable and of good quality. Forest Service accomplishments are entered at the field level into the Forest Activity Tracking System (FACTS) database, and data from the state fire assistance funding is captured in the National Fire Plan Operations and Reporting System (NFPORS). | | | | | | | | | |
| **Quality of Data** – The Forest Service has a control system to ensure national performance data quality and validity. This framework includes data reviews, regional and national data certifications, and measure change control processes. | | | | | | | | | |

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:

- The Forest Service exceeded the target for acres treated in the Wildland Urban Interface in FY 2016 by 10%.

- The Forest Service is incorporating wildfire risk assessment framework into land management plans to prioritize fire management strategies based on the presence of multiple Highly Valued Resources and Assets where risk can be efficiently mitigated.

- FS and DOI are also continuing to improve tools, data, and methods to evaluate risk to communities and monitor the effectiveness of fuel treatments.

- In FY 2016, FS piloted a new indicator to describe the relative risk of wildfires to NFS lands over time in order to assess landscape changes in risk.

- In addition, we are testing a measure to quantify the extent of naturally ignited wildfires that have ecological benefits to forests.

**Natural Resource Conservation Service**

NRCS improves the health of our Nation's natural resources while sustaining and enhancing the productivity of American agriculture. We achieve this through strong partnerships with private landowners, managers, and communities to conserve, restore, and enhance the lands and water upon which people and environment depend.

Through a variety of discretionary and mandatory programs, USDA helps address the major natural resource concerns facing American agriculture. The investment USDA makes in rural America provides not only direct economic benefits to agricultural producers and rural communities, but also indirect benefits to the public through clean air, clean water and recreational opportunities such as fishing and hunting. The major resource areas are:

- Maintaining soil health on cropland;

- Grazing and forestland productivity;

- Clean water in landscapes across the Nation; and

- Wildlife habitat improvement on private lands

The key performance measures were selected to represent major natural resources issues on agricultural land in the Nation, the largest programs, and the conservation activities on those land types.

Brief Overview of Key Performance Indicators Purpose and Intended Outcomes:

- <u>Cropland with conservation applied to improve soil quality (CTA and EQIP programs)</u> – As world population and food production demands rise, maintaining soil health and productivity is of paramount importance. Farming using soil health principles and systems that include no-till, cover cropping and diverse rotations, increase soil's organic matter and improve microbial activity. Soil quality improvements typically increase crop yields, improve the resilience of crops to extreme weather, and reduce agricultural input costs. Soil also has tremendous potential to pull carbon dioxide from

the atmosphere and store it as soil organic matter. The annual performance indicator below represents the agency outcome of working with producers to select and apply conservation practices that improve the health of soil on their operations.

- Grazing and forest land with conservation applied to protect and improve the resource base (CTA and EQIP programs) – One of the highest cost on a livestock operation is feeding animals during times when the pasture, or forage, is inadequate. Livestock producers are working with NRCS and looking for ways to reduce costs and improve the nutrition of their herds. The agency helps producers develop and implement "prescribed grazing" systems that increase the quality and availability of forages, which reduces costs to the producers and improves the health of livestock. Grazing management enables the growth of deep-rooted grasses that reduce erosion and store carbon in the soil for more improved pastures. In addition, NRCS assists forest land managers with practices that improve forest stands and forest land productivity. The annual performance indicator below represents the agency outcome of working with producers to select and apply conservation practices on grazing and forest land that they manage.

- Non-Federal land with conservation applied to improve fish and wildlife habitat quality (EQIP program) – NRCS assists landowners with habitat improvements through conservation practices and long-term management plans. Some conservation practices have added conditions through the Working Lands for Wildlife partnership with the U.S. Fish and Wildlife Service, providing landowners additional predictability if they have threatened or endangered species on their lands and maintain the practices according to the conditions of the conservation practices.

- Land with Conservation applied to improve water quality (CTA and EQIP programs) – Water runoff from agricultural operations can carry numerous pollutants into streams, lakes, groundwater, and estuaries. States and tribal governments have identified sediment and nutrients as the greatest agricultural contaminants affecting surface water quality. Conservation practices improve water quality over time in the following ways as shown in the Chesapeake Bay: reduced soil erosion by 55 percent, reduced nitrogen surface runoff by 42 percent, reduced nitrogen in subsurface flows by 31 percent, and reduced phosphorus by 41 percent. In the lower Mississippi River Basin, conservation work such as controlling erosion and managing nutrients has reduced the edge-of-field losses of sediment by 35 percent, nitrogen by 21 percent and phosphorous by 52 percent. The water quality improvements in these watershed studies represent long-term outcomes after the implementation and management of conservation practices. The performance indicators listed below are the annual indicators of these outcomes.

Key Performance Measures:

| Annual Performance Indicators and Trends[1] | 2012[2] | 2013[2] | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2016 | | 2017 | 2018 |
| Cropland with conservation applied to improve soil quality, million acres[1]     CTA | NA | NA | 6.2 | 6.0 | 5.9 | 6.0 | Met | 5.9 | 5.5 |
| Cropland with conservation applied to improve soil quality, million acres[1]     EQIP[3] | NA | NA | 3.1 | 3.0 | 3.0 | 2.7 | Met | 3.0 | 3.0 |
| Grazing and forest land with conservation applied to protect and improve the resource base, million acres[1]     CTA | NA | NA | 13.1 | 13.1 | 13.0 | 11.1 | Unmet | 13.0 | 12.0 |
| Grazing and forest land with conservation applied to protect and improve the resource base, million acres[1]     EQIP[3] | NA | NA | 14.8 | 13.9 | 13.9 | 12.5 | Met | 13.5 | 13.5 |
| Non-Federal land with conservation applied to improve fish and wildlife habitat quality, million acres[1]     EQIP[3,4] | NA | NA | 1.4 | 1.4 | 1.1 | 1.0 | Met | 0.9 | 0.9 |
| Land with Conservation applied to improve water quality, million acres[1]     CTA | NA | NA | 18.2 | 18.1 | 17.9 | 15.8 | Unmet | 15.8 | 14.9 |
| Land with Conservation applied to improve water quality, million acres[1]     EQIP[3] | NA | NA | 12.3 | 12.7 | 12.0 | 10.5 | Unmet | 13.5 | 13.5 |

[1]/All practices reported under this measure must comply with NRCS General Manual (GM) _180_409 and NRCS GM_450_407, which require agency staff with appropriate technical approval authority certify that each practice meets agency-approved technical specifications, in addition to a sampling protocol for quality assurance of conservation practices certified as applied.

[2]/ Past year actuals were assigned N/A in the 2015 Budget Summary and Annual Performance Plan due to an agency data transition in 2014.

[3]/EQIP performance numbers include Regional Conservation Partnership Program (RCPP)-EQIP beginning in fiscal year 2016.

[4] EQIP performance numbers include remaining performance being reported under the Wildlife Habitat Incentives Program (WHIP) in 2016.

**Allowable Data Range for Met** – The allowable data range for annual performance is 90 to 110 percent of the target.

**Assessment of Performance Data**

**Data source** – NRCS tracks and evaluates field and State level conservation planning efforts and practice implementation through the Performance Results Systems (PRS). The data source is the National Planning and Agreements Database (NPAD).

**Completeness of Data** – The reported performance measures are based on data from October 1, 2015 through September 30, 2016. Numerous data quality mechanisms within NPAD and PRS ensure the completeness of each performance record entry which is automated during the upload of conservation plans into NPAD or error reporting through PRS. On an annual basis there is a complete national data quality review that is completed in each State, followed by the State Conservationists certification that the data is complete and accurate.

**Reliability of Data** – The data reported for performance measures was determined within PRS based on information validated and received from the NPAD. Conservation plans are developed in consultation with the customer, created with the Customer Service Toolkit, and stored in the NPAD. Applied conservation practices are date-stamped, geo-referenced, and linked to employee identification, enabling detailed quality assurance reviews. Periodic reviews are conducted by State office and headquarters personnel to assess the accuracy of reported data.

**Quality of Data** – Data is reported where the conservation is occurring by staff that are trained in conservation planning and approved for certifying the practices. Error checking enhancements and reports within the PRS application maintain data quality by allowing users at local, State, and national levels to monitor data inputs. The agency designates key personnel, at both the State and national levels, to conduct quality assurance reviews periodically throughout the year to ensure the data is reliable and accurate. At the end of the fiscal year, each State Conservationist signs and certifies that the PRS data is valid, complete, and reliable.

Unmet Target Justifications

The unmet indicators for CTA shortfall were due to a shortfall in new hiring that has recently caught up with attrition. The EQIP unmet measure was due to a delay in conservation implementation of large tracts of land initially planned for application during fiscal year 2016. These acres are now scheduled for conservation implementation in FY 2017 and 2018.

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:

Maintaining Soil Health on Cropland

- Approximately 4.2 million acres of conservation crop rotation and 1.4 million acres of cover crops planted. These practices pull carbon dioxide out of the atmosphere and deposit it into the soil as organic matter, which reduces erosion, increases water-holding capacity, and improves water infiltration;

- Across all programs, over 9 million acres of cropland had conservation applied to improve soil quality; and

- The footprint of soil health management systems (SHMS), the most cutting-edge combination of conservation practices for soil health improvement is growing. SHMSs were applied on 540,000 acres in 2016, this is an increase of 8 percent over 2015, and 15 percent over 2014.

Grazing and Forest Land Productivity

- All programs contributed to the application of almost 24 million acres of conservation systems to improve grazing and forest land health which directly impacts the profit margins of land-based businesses; and

- Grazing management also enhances the long-term productivity of the land and operation by preventing erosion, increasing infiltration, and building strong-rooted

grasses in rotational grazing.  There were 12 million acres of sustainable grazing management implemented with USDA and partner assistance.

Water Quality Improvement

- NRCS works with producers in a voluntary (non-regulatory) way to reduce agricultural runoff which can impact water quality, carrying potential pollutants into the Nation's streams, lakes, ground water supplies, and estuaries.  Poor water quality can have negative effects on local economies such as reduced home values, tourism, fisheries, and increased costs of treatment.  In 2016, over 26 million acres of conservation practices designed to improve water quality were applied across all agency programs.

- Cover crops have a significant impact on reducing edge-of-field losses of sediment and nutrients and improve water quality.  During 2016, the agency assisted with the application of 1.4 million acres of cover crop nationwide.

Wildlife Habitat Improvement

- Almost 8 million acres of habitat were improved for wildlife over all programs. These acres included habitat for wildlife species on Federal and State Threatened and Endangered Species Lists.  In addition, habitat improved for other species through focused initiatives including: Sage Grouse, Migratory Birds, Longleaf Pine, and the Lesser Prairie-Chicken.

- Since 2010, through Working Lands for Wildlife, a partnership between NRCS and the U.S. Fish and Wildlife Service, an estimated 4,400 landowners in 36 States enrolled approximately 7.4 million acres in conservation practices to improve habitat for the identified national priority species.  More than 5.6 million acres were enrolled in the Sage Grouse Initiative.  The enrolled acres are continuing to contribute to Sage Grouse habitat even though they are no longer on the Threatened and Endangered Species Lists.

Challenges for the Future

The agency has made great strides in improving efficiencies and streamlining activities, however there are still challenges ahead for 2018 and beyond.  Examples of internal challenges on the horizon are new strategic plan priorities and continuing needs for modernization of agency data and analytics to better deliver programs and maximize performance.  External challenges include keeping up with customers' needs, uncertainties in agricultural markets and updates from a new Farm Bill.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- Soil health will be improved on over 8.5 million acres of cropland, by preventing soil erosion and carbon loss;

- According to the National Resources Inventory, 20 percent of rangeland needs treatment for soil stability, hydrologic function, and/or biotic integrity.  The agency will continue assisting landowners and managers in installing prescribed grazing and forestry systems that improve ecosystem health on 25.5 million acres; and

- The Working Lands for Wildlife will continue focusing on landowner predictability for

management on habitat for species of concern. Over 1 million acres of conservation will be applied; and

- NRCS will continue to focus conservation investments in water quality and quantity, and 28 million acres of conservation will be applied using science-based conservation practices, such as vegetation planted on slopes to reduce soil erosion, drainage water management, conservation buffers, water conservation, and nutrient management.

Management Challenges

Specific planned actions are being prepared to address and resolve identified challenges during FY 2017. These planned actions will indicate the steps the agency has or will take to reduce agency risk emanating from the Office of Chief Financial Officer (OCFO) assigned challenges.

- OIG 10601-0001-23, Controls over Land Valuations for Conservation Easements (September 2013). Final report issued September 28, 2015. Recommendation 2 is open. Recommendations 1, 3 through 5 and 7 through 10 are closed. Management decision has not been reached for Recommendation 6.

- OIG 10601-0001-32, NRCS Conservation Stewardship Program (October 2013). Final report issued

- September 27, 2016. NRCS reached management decision on 11 of 26 audit recs with final report issuance. Recommendations 6, 11 through 15, 19, 20, and 23 through 25 are open. Response on recommendations 1 through 5, 7 through 10, 16 through 18, 21, 22, and 26 are needed for Management Decision.

- OIG 10601-0002-31, NRCS Conservation Easement Compliance (May 2013). Final report issued July 30, 2014. Recommendations 1, 2, 4 through 6, 10, and 11 remain open. Recommendations 3 and 6 through 9 are closed.

- OIG 50024-0009-11, USDA's Fiscal Year 2015 Compliance with Improper Payment Requirements (November, 2015). Final report issued May 13, 2016. Single NRCS recommendation is open.

- OIG 50601-0005-31, USDA Monitoring of Highly Erodible Land and Wetland Conservation Violations (March, 2015). Final report issued June 21, 2016. All 6 recommendations remain open.

## Research, Education and Economics

With the projected growth in global population expected to surpass 9 billion by 2050, the United States must increase current agricultural production dramatically while simultaneously reducing food loss and waste. This challenge is complicated by the emergence of crop and livestock diseases, a finite amount of arable land and fresh water, severe weather conditions, and increased fire and drought. USDA's Research, Education, and Economics (REE) Mission Area supports this endeavor through an emphasis on integrating research, education, and extension efforts conducted by the USDA science research agencies: Agricultural Research Service (ARS), National Institute of Food and Agriculture (NIFA), the Economic Research Service (ERS), and the National Agricultural Statistics Service (NASS). Although REE was not responsible for any Departmental Key Performance Measures, the Mission Area contributed significantly to the outcomes of the Department.

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:

In 2016, the REE Mission Area made significant progress. For example:

- REE agencies together produced over 26,000 peer-reviewed publications and received over 50 patents

- USDA-funded research leveraged nearly $2.5 billion in non-Federal funds from projects supported by NIFA and ARS in FY 2016.

- REE scientists contributed to an effort focused on big data with 21 land-grant universities (LGUs) and the National Academy of Sciences (NAS), which resulted in the *National Animal Nutrition Program,* a publicly accessible database with over 1.5 million animal feed ingredients for use by research, extension personnel, producers, regulators, and other industry professionals.

- USDA scientists partnered with NASA to develop a satellite instrument called Soil Moisture Active Passive (SMAP). SMAP generates highly accurate and timely soil moisture information that helps USDA, NOAA and other agencies provide agricultural land managers with more accurate assessments and forecasts.

- USDA scientists developed and combined three remote sensing data analysis programs to fuse data from multiple satellite platforms and produce daily detailed maps of crop growth, daily water use, and plant stress. USDA is exploring the use of these datasets in reports on domestic crop progress and conditions, while crop consultants can use the datasets to help growers adjust production management as needed to meet crop water demands.

- REE supported research led to groundbreaking discoveries in preventing the Porcine Epidemic Diarrhea Virus (PEDV), which is responsible for nursing swine mortality rates between 70 and 100 percent, including the significant mitigation of its airborne transmission. New prevention measures will help save some of the $1.8 billion losses in the industry. Other discoveries related to plant fungi and animal disease are helping to support healthier plants and livestock.

- REE social scientists are helping families eat healthier meals and prevent disease.

- Scientists have developed innovative treatments and processes for using agricultural and natural-resource co-products like wood chips—which were once simply considered waste products–as new sources for the generation of biofuels.

- USDA-supported research has demonstrated the key role of habitat diversity in promoting and sustaining pollinator health, and that without pollinators, essential habitats are in crisis. The honey bee population adds more than $15 billion in value to agricultural crops each year. This knowledge along with specific tactics is being shared widely so that pollinator health can be improved.

- USDA supported seven Coordinated Agricultural Projects (CAPs) across the United States to facilitate the development of regional industries that produce biobased products. CAPs brought together academia, industry, government, and non-governmental institutions in regional consortia to identify innovations and test the feasibility of sustainable systems that include the entire supply chain from feedstock production to product. The success of the CAP model is illustrated by the Northwest Advanced Renewables Alliance (NARA) where diverse researchers come together and solve difficult problems. With a $40 million grant from NIFA's Agriculture and Food Research Initiative, NARA built a supply chain within Washington, Oregon, Idaho, and Montana that was based on turning forestry leftovers into biofuel for airplanes. The primary goal was efficiency–in forestry operations, conversion processes, and in the creation of new bio-based products–while maintaining economic, environmental, and social sustainability.

- A USDA-funded research grant supported a jet-fuel blend that contained 20 percent renewable biofuel made from logging scraps. Renewable jet fuels offer an opportunity for domestically produced, sustainable agricultural crops to diversify the U.S. fuels supply, and create new jobs and economic gains in rural communities.

# Rural Development

## Rural Business and Cooperative Service

USDA Rural Development's (RD) Business and Cooperative Programs provide loans, loan guarantees, grants, and payments designed to increase economic opportunity in rural America.

Key Performance Measure: Number of jobs created or saved through USDA financing of businesses Analysis of Results.

| Annual Performance Indicators and Trends | | | | | Fiscal Year 2016 | | | 2017 Target | 2018 Target |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | Target | | Result | | |
| Number of jobs created or saved through USDA financing of businesses | 52,468 | 44,419 | 41,202 | 52,697 | 40,877 | 50,175 | 123% | 36,721 | 0 |
| Cost in Million** | $1,490,025 1,151,738 | $1,041,713 | $1,232,607 | $1,233,838 | $1,419,453 | | | $994,496 | $0 |

| |
|---|
| **Allowable Data Range for Met:** The tolerance range for the measure to be "met" is 5 percent. Jobs data are projected based on historic results. The number of jobs created/saved by each project is gathered when projects are obligated in the Guaranteed Loan System (GLS) data warehouse. Final job counts are verified later in the life of the project upon closing the loan and grant. |
| **The programs summarized in the table include: B&I, RBDG, Delta regional grants, Rural Child Poverty, HFFI, IRP, RBIP, RMAP, and all Cooperative Program grants. REDLG are not included in the Cost, as the funding is from the cushion of credit. However the job numbers include REDLG activities. |
| Data Assessment of Performance Measure |
| **Completeness of Data** - Business program data are considered final and complete. |
| **Reliability of Data** - Data for jobs created or saved are obtained by State office staff from borrowers and lenders. They are entered into the GLS when obligations are recorded. Overall, the data on jobs created and saved are reliable. |
| **Quality of Data** - While the quality of the data on jobs created and saved is satisfactory, USDA seeks to improve the data quality, and, as previously mentioned, is refining the policy for how jobs created and saved are counted. The new policy will provide the States with definitive guidance that will increase consistency of the data. For example, the policy provides specific direction on how to quantify jobs. |

<u>Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2016:</u>
USDA exceeded the target for this performance measure by more than 18 percent. The
Department's efforts to create and save jobs included the following:

- Funding projects of highest priority, which is reflected when jobs are created and
  saved, while emphasizing quality production in loan and grant making.

- Emphasizing the importance of correlating the data used in priority scoring
  applications with those used in reporting performance measures.

- Providing additional guidance and training to agency field offices to reinforce
  Guaranteed Loan System (GLS) data integrity, combined with weekly monitoring by
  the national office.

- Extending the processing time for grants of $20,000 or less from 15 to 60 days,
  thereby ensuring a more comprehensive agency review.

<u>Accomplishments Expected at the FY 2018 Proposed Resource Level:</u>
- The President's Budget proposes the elimination of RBS, as a result, target for this
  measure is zero.

**Rural Housing Service**

The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of
1994 established the Rural Housing Service (RHS) with the direct mission to improve the
quality of life in rural areas. The agency is comprised of three program areas: (1) Single
Family Housing (SFH), (2) Multi-Family Housing (MFH), and (3) Community Facilities
(CF).

The Rural Housing Service (RHS) delivers both housing programs authorized by the Housing
Act of 1949 (Act), as amended, and the Cranston-Gonzalez National Affordable Housing Act
of 1990, and community facilities programs authorized by the Consolidated Farm and Rural
Development Act of 1972, as amended. In addition, Omnibus Farm Bills are often used to
address issues related to rural development.

Key Performance Measures - Percentage of rural residents provided access to new or improved essential community facilities for health care, safety facilities and educational facilities:

| Annual Performance Indicators and Trends | | | | | Target | Actual | Results | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | | 2016 | | 2017 | 2018 |
| Percentage of rural residents who are provided access to new or improved essential community facilities – (1) Health Facilities, (2) Safety Facilities, and (3) Educational Facilities | | | | | | | | | |
| (1) Heath Care | 7.3 | 5.4 | 6.8 | 12.0 | 4.5 | 11.65 | Exceeded | 5.0 | 6.8 |
| (2) Public Safety | 3.7 | 3.4 | 3.7 | 7.2 | 2.7 | 5.02 | Exceeded | 3.2 | 4.3 |
| (3) Education | 6.4 | 9.3 | 6.2 | 7.9 | 4.5 | 14.97 | Exceeded | 5.0 | 6.8 |
| Allowable Data Range for Met - Given the range of eligible CF project types and the varying service area to be expected for each, developing a rationale is difficult. Results within 0.2 points on either side of the target will be considered to "meet" the goal. | | | | | | | | | |
| Assessment of Performance Data | | | | | | | | | |
| Data Source - Field staff uses information applications received to input data into the population served field in the Commercial Programs Application Processing (CPAP) and/or Guaranteed Loan System (GLS). CF National Office staff generates weekly reports to track and analyze performance targets using queries from the Data Warehouse. Finally, completed reports are reconciled with the data within the Program Fund Control | | | | | | | | | |
| Completeness of Data -Applications received from applicants at the State level are considered final and complete. | | | | | | | | | |
| Reliability of Data -Data collected from CPAP and the Data Warehouse is considered reliable. | | | | | | | | | |
| Quality of Data -CF uses a number of processes and controls to ensure data quality and validity. In the field, managers, supervisors and staff are responsible for reviewing the completeness and accuracy of loan application data submitted by applicants. | | | | | | | | | |

Selected Past Accomplishments toward the Achievement of the Key Outcome FY 2016:

CF measures the effectiveness of its programs by determining the number of rural Americans served by new or improved health care, public safety, and educational facilities. Historically, these are the three areas with the greatest demand for funding. In 2016, targets for residents served in healthcare, public safety and education were all exceeded.

- CF invested over $ 2.5 billion serving over 26.4 million rural residents, and improving rural America's access to capital for community infrastructure.

- CF successfully facilitated five multi-state public-private partnership roundtable meetings designed to generate synergies, networks and relationships between the agency and its private sector partners.

- CF invested in 81 Public Private Partnership community infrastructure projects across rural America in 32 states, leveraging expertise and over $277 million from institutional investors and the capital credit markets. These partnerships have brought together financial, project development, technical resources, innovation and expertise to strengthen project financial feasibility and sustainability; thereby, also reducing the agency's exposure to credit risk.

- CF invested $128 million in 50 projects in 25 States to develop or improve access to rural mental health services (more than 2 ½ times the three-year goal).  CF leveraged over $42 million in other funding sources for these projects.  These investments, along with additional CF investments in a wide range of healthcare facilities including hospitals and critical care clinics, as well as transitional housing facilities, have made contributions towards addressing the opioid crisis in rural America.

- CF invested $875 million in 134 rural healthcare facilities across rural America serving approximately 6.8 million rural residents. These investments included critical access hospitals, health clinics, assisted and skilled living facilities, mental health, and behavior and medical rehabilitation.

- Investments of $4.5 million towards the establishment of fam1er's markets, vehicles for food distribution, construction of greenhouses and food pantries, food hubs, and related facilities have also helped contribute towards sustainable economic development strategies in rural America

- In 2016, CF invested $4 million in Tribal College Initiative projects to 28 tribes. These investments supported eligible community facilities projects such as schools, education equipment, libraries, dom1s, renovation and improvements, vehicles and major equipment, and education and cultural projects.

- CF investments have also supported strengthening access to education in rural communities, as an educated and skilled workforce is essential to he1ping attract new business, quality jobs and for economic prosperity.  In  2016, CF invested approximately $862 million in 257 rural education infrastructure projects serving over 8.7 million rural residents. These facilities included public and nonprofit schools, community colleges, Tribal colleges, universities, vocational schools, and educational facilities for peoples with disabilities and libraries.

Accomplishments Expected at the FY 2018 Proposed Resource Level:

- CF will continue to make strategic investments in rural community infrastructure to support the development and improvement of community-based assets, hospitals, schools and colleges, airports, utilities, bridges, and fire and police assets.  These investments will help meet the increasing demand for essential infrastructure and facilities in rural communities, bringing improved access to healthcare, educational opportunities, safety and security to provide the resources necessary for a rural community to attract businesses, generate jobs or provide basic infrastructure to

improve commerce in a rural area.

- Critical Investments to target Opioid Crisis: CF will continue and expand investments that support substance abuse treatment services, including mental healthcare facilities, critical care clinics, hospitals, and transitional housing facilities to aid rural communities struggling with substance abuse disorders. The opioid crisis disproportionately affects rural communities in part due to the lack of outreach and treatment resources available in remote areas.

- Increased Outreach and Risk Sharing with Public Private Partnerships: CF will continue outreach efforts to attract institutional investors and the capital credit markets that are interested in long-term investment opportunities in rural community infrastructure, which will improve rural America's access to capital and leverage agency resources to better manage credit risk. Private sector partners bring increased deal flow and critical financial, project development and technical expertise, resources and innovation to large complex community infrastructure projects. Partnerships also strengthen underwriting of complex and large infrastructure transactions and provide the agency with additional servicing synergies. Public Private Pam1erships will help maintain and protect the safety and soundness of the CF loan portfolio, and enable CF to devote resources and expertise to support the mission objective.

- The agency must also overcome staff reductions in field offices that deliver its programs. The agency's ability to meet 2018 targets for the CF program will also depend upon whether communities that need essential facilities are able to successfully apply for CF funding and CF 's reduced field staff s ability to successfully process submitted applications, which is mitigated through increased partnerships.

Key Performance Measure- Homeownership Opportunities Provided:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target 2016 | Actual | Results | Target 2017 | Target 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Homeownership Opportunities Provided | | | | | | | | | |
| Direct Loans | 7,918 | 7,1 12 | 6,560 | 7,060 | 6,793 | 7,089 | Met | 6,626 | 0 |
| Guaranteed Loans | 145,109 | 162,943 | 139,828 | 134,254 | 166,357 | 116,728 | Unmet | 167,052 | 164,829 |
| Total Loans | 153,027 | 170,055 | 146,388 | 141,314 | 173, 150 | 123,817 | Unmet | 173,678 | 164,829 |

| |
|---|
| Allowable Data Range for Met - Historically, the number of homes financed by the guaranteed and direct SFH programs varied. The allowable data range for this measure to be considered "Met" is +/- 25 percent. |
| Assessment of Performance Data<br>Data Source – Direct Program: Dedicated Loan Origination and Servicing (DLOS), Unifi, and MortgageServe; Guaranteed Program: Guaranteed Underwriting System (GUS), GLS. |
| Completeness of Data -Homeownership data is complete and final. For the SFH direct program, homeowner- ship data is entered in the web-based DLOS system. This centralized server application ensures viable data collection. DLOS tracks performance and can be used to forecast needs. Information is entered into Unifi and uploaded nightly into the MortgageServe System which obligates, funds, establishes closed loans, administers escrow accounts, and performs other administrative functions. Hyperion, a query and reporting tool, serves as the interface between the Data Warehouse and USDA staff. For the SFH guaranteed program, data is entered either by lenders through GUS, which interfaces with GLS, or is manually keyed into GLS by RHS field staff from origination documents prepared by the lender. |
| Reliability of Data -Homeownership data originates in systems used to obligate funding and is reliable. Data for initial placement of households into their own home is reliable. This data is linked directly to homeownership loans maintained in USDA's financial accounting systems. No adjustments are made for later defaults and the resulting loss of homeownership. Totals are validated using 205 financial reports prepared by the National Financial and Accounting Operations Center |
| Quality of Data -Homeownership data is based on loan obligations collected in DLOS, and stored in USDA's Data Warehouse. Thus, the data on the number of households is auditable. Data represents the population served based on the available U.S. Census Data. |

## Selected Past Accomplishments toward the Achievement of the Key Outcome FY 2016:

RD provides access to mortgage credit for very low-, low- and moderate-income households in rural America seeking to improve their living conditions and their financial stability through homeownership and the wealth creation it typically fosters over the long term. The programs also serve to support rural mortgage credit markets in periods of market volatility by providing direct credit to homeowners, as well as the collateral security lenders need to maintain mortgage financing operations when market conditions are more challenging.

- In 2016, the SFH programs provided 123,817 homeownership opportunities, including mortgage re-financings, for program-eligible moderate, low- and very low-income borrowers who would otherwise have no access to affordable credit in the commercial mortgage markets. Guarantee loan production in 2016 was slowed by the relative scarcity of low-cost housing inventory in rural communities.

- There were 7,089 SFH direct program borrowers among the new homeowners. The program serves low- and very low-income households. The household incomes of approximately 2,520 borrowers served were less than 50 percent of the area median.

- The guaranteed program provided purchase or refinancing mortgage credit to the remaining 1 16,728 homeowners. The program serves low- and moderate-income families, and approximately 85 percent of the program borrowers are first-time homebuyers.

Through these opportunities, RD helps promote the economic revitalization of rural communities by supporting jobs in construction, retail, services and other industries. Homeownership also

reinforces foundational community qualities, such as stability and security that appeal to businesses seeking new locations and opportunities for expansion.

*Significant Process Improvements:* Both SFH direct and guaranteed programs have invested in new automation to improve and streamline program delivery. The results of that investment are evident this year and will be increasingly apparent in the years ahead.

- The guaranteed program developed a new econometric model supporting a lower up-front and annual fee beginning in FY 2017. The upfront fee decreased from 2.75 percent to I percent, and the annual fee decreased from 50 basis points to 35 basis points, making the program a very attractive affordable housing options. The guaranteed program also implemented numerous policy enhancements through a final rule published last year that expanded the opportunities for smaller lenders to participate in the program; finalized streamlined refinance procedures for existing RHS borrowers; and provided a new single-close construction-to-permanent loan product.

- The direct programs initiated a staggered rollout of DirectUS, an automated underwriting platform. DirectUS, which will reduce the number of manually underwritten loans, was deployed to 28 states to date, and full roll- out is expected by the end of FY 2017. This new system, which consists of a custom scorecard and underwriting rules, will enable program specialists to analyze individual loans applications far more efficiently. The system is expected to improve application processing times for the SFH direct loans by at least one hour per loan.

*Improved Data Integration:* In addition to these streamlining measures, RHS is making transformational changes in the way technology is applied and data is interpreted in the delivery and management of the SFH programs. The significant investment of financial and staffing resources to modernize the program's loan origination and servicing systems are needed to serve today's Rural America effectively. The 2010 decennial census indicated that rural communities have lower incomes and higher poverty rates than urban areas. Incorporating the use of data to a greater extent into RHS's fundamental operations will enable better customer service to remote and persistent poverty areas where need for credit access is often most acute.

One example of this type of innovation is the new econometric model that enabled the guaranteed program to better predict portfolio performance, isolate factors impacting performance, and make adjustments to program delivery to optimize performance and mitigate risk. This model will help the program manage its subsidy rate so that it remains slightly negative, which contributes significantly to long-term program stability and sustainability.

This model represents an important step forward from the projections based solely on historic default rates which are used today. By incorporating macro data and exploring correlations between that information and loan-level data, the new model will enable the program to be far more nimble, establish a better understanding of borrower needs, minimize taxpayer risk exposure, and improve program delivery to areas where credit access is limited.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

SFH programs must continue to strive to meet the needs of its target borrowers. To achieve this goal, the agency must provide effective program delivery in remote areas, as well as areas of persistent poverty and areas targeted by administration initiatives. Recent policy decisions in both programs address this challenge.

Actions for Unmet Measures:

The Single Family Guaranteed Program has instituted the following actions to address its unmet measures:

- Eliminated the backlog of loss claim payments by revising and streamlining the process so claims are now paid within a reasonable amount of time, helping to improve the program subsidy rate and bolster lender confidence in the program.

- Finalized a new econometric-based subsidy model for the guaranteed loan program that is more sensitive to economic and market factors that impact the subsidy rate calculation. This model ensures more robust risk management and superior forecasting of portfolio performance, which has enabled the agency to reduce its guarantee fees substantially, making the program more appealing to the limited income borrowers it serves.

- Implemented numerous policy enhancements through a final rule published last year that:
  - Expanded the opportunities for smaller lenders to participate in the program;
  - Finalized streamlined refinance procedures for existing RHS borrowers; and
  - Provided a new single-close construction-to-permanent loan product.

**Rural Utilities Services**

Rural Utilities Service (RUS) programs enhance the quality of life and improve economic opportunity in rural communities by providing financing for the basic infrastructure of modem life. Electricity and telecommunications are essential services for individuals and businesses alike. Adequate water and wastewater treatment capacity are significant quality of life, environmental and economic development issues.

Key Performance Measure - Number of borrowers/subscribers receiving new or improved telecommunication services:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2016 | | | 2017 | 2018 |
| Number of borrowers/subscribers receiving new or improved telecommunications services(millions) | 64 | 119 | 84 | 95 | 120 | 79 | Unmet | 100 | 175 |
| **Allowable Data Range for Met** -- Annual targets for this measure are based on historic activity and adjusted according to the program level received each fiscal year. The allowable data range for "met" will be used to determine one of the following three results:<br><br>• Exceeded target - > 105 percent<br>• Met target - ≥ 95 percent but ≤ 105 percent<br>• Unmet target - < 95 percent | | | | | | | | | |
| **Data Assessment of Performance Measure 1** | | | | | | | | | |
| **Data source** – Data Collection System | | | | | | | | | |
| **Completeness of Data** – The data on the number of subscribers to be served for each loan approved come from the applicant's loan application. The data depend on the borrower drawing down loan funds and constructing the system as portrayed in the applicant's loan design. Loan funds may be used only for the approved purposes for which the loan was made. Variance may result if a borrower does not draw down all loan funds or request approval for a change of purpose from the original loan. This could result in a different number of subscribers from the number specified in the plan. | | | | | | | | | |
| **Reliability of Data** -- All applications undergo an extensive review to determine eligibility. Program staff compares application estimates to certified reports that submitted on an annual basis. Additionally, all approved applications must show feasibility from a financial and technical standpoint. Applicants also are required to perform market surveys of their proposed service areas. | | | | | | | | | |
| **Quality of Data** – Data is self-reported by the applicant. To compensate for this, program staff compares data to the certified reports that are submitted and field staff performs on-site inspection to verify data. | | | | | | | | | |

Selected Past Accomplishments toward the Achievement of the Key Outcome FY 2016:

During FY 2016, RUS approved 15 infrastructure loans for telecommunication investments in rural communities. The total amount obligated in FY 2016 is $194.5 million. These projects, upon completion, will deliver new or improved broadband service to over 77,358 businesses and households.

RUS approved a $40.3 million loan for Northwest Communications in North Dakota. The investments will complete the conversion to a full Fiber-to-the-Premises system in their 16 exchanges, replacing the remaining 1,493 miles of existing copper plant and constructing an additional 46 miles of fiber. General network improvements will also be made, benefitting all 7,500 access lines proposed in the system.

A $14.3 million loan was also approved for Alenco Communications, Inc. in Texas. The project is for system improvements, including Fiber to the Premises (FTTP) facilities in the Dolores, Maryneal, McCaulley, Modeana, Sylvester, and West Marietta exchanges. 268 miles of fiber plant will be deployed, providing FTTP service to 639 subscribers. The remaining customers in these exchanges will benefit from enhanced DSL service to most locations as a result of planned system improvements.

RUS approved a loan under Substantially Underserved Tribal Areas (SUTA) provisions to Sacred Wind Communications. The loan for $13.8million is for electronic upgrades and to construct a 90 mile fiber route. These improvements will give the New Mexico borrower the capability to provide enhanced services and higher broadband speeds to additional subscribers. The fiber route will improve system redundancy as well and increase system reliability and cost savings when compared to the existing leased connection that is replaced. This loan was granted modified terms (2% rate) under the SUTA provisions.

By the start of third quarter of FY 2016 the Federal Communications Commission (FCC) released an Order with changes to the mechanisms that provide substantial revenue to rate-of-return carriers. Many borrowers delayed loan applications until after the FCC released the Order to analyze the impact on revenue and financial feasibility. After the FCC changes became certain as many as 15 loan applications totaling nearly $377 million were submitted at the end of FY 2016. Since these applications were received too late in the year to process, they will be completed in FY 2017. The surge in applications demonstrates the continued growing demand for program funding. RUS has taken steps to increase resources and implement efficiencies in the work process to better meet the high loan demand during FY 2017.

Providing broadband in rural communities poses unique challenges. These include remote, difficult terrain that makes construction and maintenance more costly; fewer potential subscribers per mile of infrastructure to support the cost of service; higher rates of unemployment, poverty and outmigration in the subscriber base. Federal funding for broadband infrastructure remains a vital source of capital to sustain existing rural areas infrastructure and upgrades for high-capacity bandwidth needed to maintain the pace of investment in health, education, public safety, and economic growth.

USDA is committed to bringing broadband to rural and underserved areas. USDA continues to work closely with the FCC to develop models in which the telecommunications programs align with commission rules. As such, continued funding for agency infrastructure and broadband loan programs remains a vital source of capital to sustain existing infrastructure and upgrades for high-capacity bandwidth needed to maintain the pace of investment in health, education, public safety, and economic growth.

Actions for Unmet Measures

RUS did not fully meet its target for Telecommunications loans within an allowable variance of +/- 5 percent for the following reasons that impacted the subscriber count:

- In March 2016, the Federal Communications Commission released a Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, reforming the universal service program for rate-of-return carriers. The Order made a number of changes to the mechanisms that provide substantial revenue to rate-of-return carriers. The Program had to develop new policy based on the potential impact of the Order on applicants and borrowers. All submitted loan applications had to be held until applicants provided information that took into consideration the impact of the Order on the feasibility of the loan request. This added about 2 months to the loan processing time, thereby having to carry over some loans to complete in FY 17.

- Out of the 22 Infrastructure loan applications reviewed and processed, 8 loans were determined to not meet requirements and were returned. As a result about 14,000 subscribers could not be included in the subscriber count.

- The program demand surged very late in the fiscal year with an additional 15 loans submitted for consideration during the last 4 months. Processing of these loans has been ongoing and will be carried over and completed in FY 17. The total subscribers for the loans carried over is about 94,000. However these subscribers will not be counted in FY 16 when the loan applications were received but rather in FY 17 when the loans are expected to be obligated if approved.

RUS surpassed its target for the Distance Learning and Telemedicine Grant Program exceeding the allowable variance of +/- 5 percent for meeting the goal. The target was based on historical trend; in 2015 a total of 75 applications were awarded. In 2016 the program initially awarded 80 grants surpassing the number in 2015. Furthermore the program awarded 18 additional grants in FY 16 when more funding became available from rescissions of grants from previous years. As a result a total of 98 Distance Learning and Telemedicine Grants were awarded in FY 2016.

RUS did not meet its performance goals for the Farm Bill Broadband program since about 93% of applications received in the first cycle were not eligible as submitted. After the new regulations were completed and implemented the program was opened and 15 applications were received. However only 1 application was determined feasible including meeting the program's regulatory requirements. 14 applications were rejected and hence the subscriber target was not met.

Accomplishments Expected at the FY 2018 Proposed Resource Level:

Despite numerous examples in rural communities across the nation of RUS broadband deployment success more is needed to continue the infrastructure investments in many rural areas that still lag behind urban and suburban areas. To tap the potential of the Internet and cloud computing, all businesses and citizens need high-capacity Internet access. In particular, rural and remote areas and underserved populations cannot be left behind.

Ensuring state-of- the-art connectivity for schools, libraries, and hospitals is also crucial.

Continued funding for agency infrastructure and broadband loan programs remains a vital source of capital to sustain existing rural areas infrastructure and upgrades for high-capacity bandwidth needed to maintain the pace of investment in health, education, public safety, and economic growth.

USDA must incorporate existing and proposed Universal Service Fund (USF) program changes into its underwriting process and determine the impact on its loan portfolio. The Department must also evaluate the impact of USF program changes on the industry. We expect the trend for loan demand to continue to increase placing additional demands on the program. Meeting customer needs with limited program staffing and resources will be a challenge as major new projects will require detailed eligibility and feasibility reviews to comply with requirements.

<u>Key Performance Measure</u> - Population receiving new or improved service from agency-funded water and wastewater facilities or projects:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2016 | | | 2017 | 2018 |
| Population receiving new or improved service from agency-funded water and wastewater facilities or projects | 2.5 | 1.8 | 2.2 | 2.4 | 2.2 | 2.2 | Met | 1.7 | 0 |
| **Allowable Data Range for Met** -- Annual targets for this measure are based on historical activity and are adjusted according to the program level received each fiscal year. The allowable data range for "met" will be used to determine one of the following three results:<br>• Exceeded target - > 105 percent<br>• Met target - ≥ *95* percent but ≤ 105 percent<br>• Unmet target - < *95 p*ercent ||||||||||
| **Data Assessment of Performance Measure** ||||||||||
| **Data source** -- Loan and grant applications, Commercial Programs Application Process (CPAP), and census information. ||||||||||
| **Completeness of Data** – The data is obtained from the approved loan and grant applications and from information inputted into CPAP. It is also verified in the most recent census information. In addition, CPAP has an automated check system when the population appears to be out of range for the system and requires the state office to validate before the project can be marked ready to obligate. ||||||||||
| **Reliability of Data --** Based on information in CPAP, the population receiving new or improved water or wastewater service can be extrapolated from the data warehouse. The WEP national office and USDA field offices use data from CPAP, the data warehouse, and Department accounting systems to review or evaluate the financial, operational, and managerial programs of the utilities serving rural customers. ||||||||||
| **Quality of Data** – The data includes the population being served by the project and is validated by the approved application and checked against the most recent census data. The Agency does not believe any additional compensations are required for this measure and the underlying data. ||||||||||

Selected Past Accomplishments toward the Achievement of the Key Outcome FY 2016:

USDA met the target for this performance measure. Communities awarded loans and grants had an average population of 2,829 residents. Priority is given to communities with populations of 5,500 or fewer.

Accomplishments Expected at the FY 2018 Proposed Resource Level:

In FY 2018, the program will not be provided resources to continue operations. Rural communities must invest in modern water and wastewater facilities to attract and retain families and businesses vital to thriving communities. The communities must decide how to balance investing in new facilities to serve new and proposed customers with investing in upgrades to facilities that serve existing customers. They must weigh growing their customer base, controlling costs, and modernizing or upgrading aging facilities. Gaining access to credit markets and leveraging funds from Federal, State, and private sources will continue to challenge rural communities, especially when funding opportunities that are specifically targeted at rural America are discontinued. Smaller communities will have to wait to have their projects funded or maybe not obtain financing at all when they have to compete in programs that do not prioritize smaller projects or projects from small communities. Having clean drinking water and adequate wastewater treatment facilities is vital to rural America and the health of the Nation.

Key Performance Measure -Number of borrowers' consumers receiving new or improved electric facilities:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target 2017 | Target 2018 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2016 | | | |
| Number of borrowers/subscribers receiving new or improved electric facilities | 8.3 | 8.7 | 4.6 | 5.5 | 5.1 | 5.5 | Met | 5.1 | 5.1 |
| **Allowable Data Range for Met** -- Annual targets for this measure are based on historical activity and are adjusted according to the program level received each fiscal year. The allowable data range for t "met" will be used to determine one of the following three results: <ul><li>Exceeded target -> 120 percent</li><li>Met target -≥ 80 percent but ≤120 percent</li><li>Unmet targ et - <80 p e r c e n t</li></ul> | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** -- Loan application, borrower annual operating reports. | | | | | | | | | |
| **Completeness of Data** – The data include projections of the number of customers to be served by the facilities/improvements supported by the loan. Actual number of customers, such as new connections, may be more or less than the number projected in the individual loan applications. | | | | | | | | | |
| **Reliability of Data --** The data include projections of the number of customers to be served by the facilities/improvements supported by the loan. Actual number of customers, such as new connections, | | | | | | | | | |

> may be more or less than the number projected in the individual loan applications. Differences, if any, are likely small. We do not retroactively change annual performance results as the measure is based on the loans approved and the total customers served as identified in the loan application. The Agency does not believe any additional compensations are required for this measure and the underlying data.
>
> **Quality of Data** –Performance goal data on the number of borrowers receiving new or upgraded electric service are derived from information in loan applications and annual reports. All applications are reviewed for compliance with the eligibility requirements for the relevant electric loan, or loan guarantee. All approved applications must demonstrate financial feasibility and adequate loan security. Loan funds may be used only for the approved purposes for which the loan was made. Borrower loan applications and annual submissions are reviewed by field representatives and Headquarters staff for completeness and accuracy and are subject to audit by program accounting staff.

Selected Past Accomplishments toward the Achievement of the Key Outcome FY 2016:

USDA exceeded the target for this performance measure. Department electric loans help borrowers provide new or improved electric service to more than 5.5 million retail consumers. The $3.2 billion in new electric loans approved in 2016 and the additional $750 million in loan guarantees to two rural nonprofit lenders provide the primary funding sources for the modernization of electric systems serving rural communities. At the end of 2016, there were approximately $1.8 billion in new loan applications in house or under development for 2017, including many under National Environmental Policy Act (NEPA) reviews and other required pre-loan evaluations.

The Department has approve over $1.3 billion in loans for renewable electricity generation in rural areas since 2009. In December 2013, USDA published final rules for the new Energy Efficiency and Conservation Loan Program (EECLP). This program will help borrowers finance customer energy efficiency improvements. USDA continued its commitment to deployment of smart grid technologies by providing over $338 million in new loans for smart grid technologies in FY 2016.

Accomplishments Expected at the FY 2018 Proposed Resource Level:

Rural electric providers face many challenges and uncertainties because of economic conditions, as well as new environmental and energy policy initiatives that will increase retail rates. The availability of low-cost financing through the electric program helps moderate those cost impacts.

Since 2007, the electric program has not approved any loans for new baseload electric generation to meet future needs or replace aging plants. USDA anticipates that in the near future borrowers will have to make substantial investments in new electric transmission lines, new generation capacity, and pollution controls on existing plants to meet customer demand growth in an economic recovery and replacing aging plants. In recent years, the Department has experienced a reduction in loan requests, reflecting the broader economic slowdown and deferred investment in utility plants. We are seeing a modest increase in loan requests as the economy begins to recover reversing trends in loan volumes. The renewed loan interest is placing additional demands on the program that is being addressed with some new hires to replace staff lost through attrition and continuing program-wide efforts to modernize and streamline the loan review and servicing processes. Meeting

customer needs with limited program staffing and resources will be a challenge as major new projects will require detailed reviews to comply with NEPA.

# Departmental Management

Departmental Management (DM) was established to provide management leadership to ensure that the United States Department of Agriculture's (USDA) administrative programs, policies, and advice, meet the needs of USDA program organizations and are consistent with laws and mandates. DA's functions include: human resources operations, procurement operations, and small and disadvantaged business utilization.

Key Performance Measure - Number of employees participating in core telework:

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
| | | | | | 2016 | | | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Number of employees participating in core telework (one day per pay period) | 7,926 | 9,723 | 10,455 | 11,798 | 12,000 | 12,342 | Met | 12,500 | 12,750 |
| **Allowable Data Range for Met** - (+/- 3 percent) | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** --  WebTA (Time and attendance system) and EmpowHR (HR system) | | | | | | | | | |
| **Completeness of Data** – The data supporting this goal is provided monthly to the Office of Human Resources Management (OHRM) from the agency and office Telework coordinators. In addition, OHRM relies on data available through the USDA time and attendance system whereby employees record their own usage of Telework for each pay period. | | | | | | | | | |
| **Reliability of Data** -- Efforts are being made to increase the reliability of the available data by providing training and guidance to the Department's human resources community and to employees so that telework usage information is accurately recorded in the time and attendance system. | | | | | | | | | |
| **Quality of Data** – Efforts are being made to increase the quality of the available data by providing training and guidance to the Department's human resources community and to employees so that telework usage information is accurately recorded in the time and attendance system. | | | | | | | | | |

Selected Past Accomplishments toward the Achievement of the Key Outcome FY 2016

- The Department continues to work in creating a modern workforce by leveraging technology and by creating flexibilities that allow employees to provide service from anywhere while maintaining a work-life balance. In FY 2016, the Department again increased the number of employees that regularly engage in telework. This increase coincides with efforts to improve employee engagement and to identify additional workplace flexibilities that enable the Department and its agencies and offices to attract and retain the most skilled and talented workforce. In FY 2016, the Department was able to increase its employee telework participation by over 4.6 percent above FY 2015.

- USDA achieved 9th place out of 19 large agencies in the "Best Places to Work" in the federal government rankings provided by the Partnership for Public Service in 2016, up from

a ranking of 16th in 2013. USDA was also recognized as the "Most Improved Large Agency." Being in the top 10 of the federal government will help the Department recruit and retain top talent.

Key Performance Measure - Real Property Assets Amount of leased office and warehouse space controlled by USDA (millions of square feet):

| Annual Performance Indicators and Trends | 2012 | 2013 | 2014 | 2015 | Target | Actual | Result | Target | Target |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2016 | | | 2017 | 2018 |
| Real Property Assets Amount of leased office and warehouse space controlled by USDA (millions of square feet) | 26 | 25.6 | 24.9 | 23.9 | 23.7 | 23.2 | Met | 23.0 | 22.8 |
| **Allowable Data Range for Met** - (+/- 3 percent) | | | | | | | | | |
| **Data Assessment of Performance Measure** | | | | | | | | | |
| **Data source** -- Corporate Property Automated Information System (CPAIS) | | | | | | | | | |
| **Completeness of Data** – The data supporting this measure comes from the Department's CPAIS. CPAIS is the Department's system of record for real property and the data therein is used to produce the USDA submission for the Federal Real Property Profile report. | | | | | | | | | |
| **Reliability of Data --** As the system of record, CPAIS is official repository of the information relative to USDA's real property profile. Throughout the year, USDA agencies and offices are instructed to update the data in CPAIS to account for the acquisition or disposal of property from the Department's profile. In addition, the Office of Procurement and Property Management (OPPM) provides monthly reports to agency property leadership on identified data anomalies within the CPAIS data to increase oversight and the reliability of data. | | | | | | | | | |
| **Quality of Data** – The data in CPAIS is reported and updated by agencies throughout the year. OPPM provides oversight of this data entry process and provides regular updates and status reports to agency real property leadership to identify deficiencies in the data to improve the overall quality of data included in the system. In addition, OPPM conducts periodic reviews of the CPAIS information to identify data anomalies or other issues that need to be addressed to improve the quality of information stored within the system. | | | | | | | | | |

Selected Past Accomplishments toward the Achievement of the Key Outcome FY 2016

- During FY 2016, USDA agencies and offices engaged in a number of efforts to reduce the Department's National space footprint. These efforts included a number of co-location activities intended to reduce the Department's overall footprint by sharing space amongst USDA organizations. Department has successfully reduced its overall space footprint by over 1.8 percent. Real property asset management is critical to USDA. As the second largest Executive Agency landholder in the Federal Government, and the fifth largest agency in terms of building square foot usage. Reductions in leased space will enable USDA to reduce its space-related operating costs, including rental payments which total over $469 million annually.