FARM SERVICE AGENCY

FY 2000 and 2001 ANNUAL PERFORMANCE PLAN

The Farm Service Agency (FSA) was established October 13, 1994, pursuant to the Department of Agriculture Reorganization Act of 1994, P.L. 103-354. FSA's mission is to ensure the well-being of American agriculture and the American public through efficient and equitable administration of farm commodity, farm loan, conservation, environmental, emergency assistance, and domestic and international food assistance programs.

The following **programs** are included in this Annual Performance Plan: Production Flexibility Contracts, Marketing Assistance Loans and Loan Deficiency Payments, Tobacco and Peanut Price Support and Production Control Programs, Noninsured Crop Disaster Assistance Program, Sugar Program, Dairy Indemnity Program, Dairy Recourse Loan Program, USDA Certified State Mediation Program, Conservation Reserve Program, Emergency Conservation Program, Hazardous Waste Management Program, Farm Loan Programs, Commodity Warehouse Activities, Domestic and Export Commodity Procurement Activities, and Commodity Credit Corporation Disaster Related Activities.

1. **Production Flexibility Contracts:** Production Flexibility Contracts were established under the Agricultural Marketing Transition Act provision of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127 (1996 Act). The 1996 Act removes the link between income support payments and farm prices by providing production flexibility contracts, whereby producers on farms enrolled during the one-time sign up receive annual fixed but declining production flexibility contract payments for FY 1996 through FY 2002. Producers on these farms may change from year to year as leases are executed. Payments are independent of farm prices and crop production, enabling farm commodity prices to be determined by market factors rather than government subsidies and production controls. Participating producers must comply with highly erodible land and wetland conservation requirements, as well as fruit and vegetable planting restrictions to receive payments.

2. **Marketing Assistance Loans and Loan Deficiency Payments (LDPs):** The Agricultural Adjustment Act of 1938 was the first comprehensive legislation addressing commodity production adjustment. The 1938 Act was amended by the Agricultural Act of 1949 requiring mandatory price support for specified “basic” and “non-basic” crops. Various farm bills have continued price support programs over the years. Currently, the price support program operates in accordance with the 1996 Act, which provides guidelines for administering marketing assistance loans through FY 2002. The 1996 Act established a new policy of providing marketing assistance rather than price support. This policy applies to all commodities except sugar, tobacco, and peanuts.

FSA provides direct payments and nonrecourse loans on designated agricultural commodities to help ensure an adequate supply and distribution of reasonably priced commodities throughout the year. Instead of selling crops immediately after harvest, producers may store the commodity, pledging the crop itself as collateral, and obtain interim financing to satisfy short-term financial needs. If market prices are above the loan rate, either during the loan period or at loan maturity, producers may redeem loan collateral and sell it on the open market by repaying the applicable outstanding loan principal plus accrued interest. If market prices are below the loan rate at loan maturity, producers have the following options: (1) forfeiting the commodity to CCC and paying no principal or interest, or (2) repaying the principal with no interest at a CCC determined value, if applicable.

LDPs are payments made to producers who are eligible to obtain a loan, but agree to forgo obtaining a loan for a quantity of a commodity in exchange for a payment. Producers who have entered into a production flexibility contract and satisfy all loan eligibility requirements are eligible to obtain LDPs on wheat, corn, grain sorghum, barley, oats, upland cotton, and rice. Producers may obtain LDPs on any production of oilseeds whether or not they have entered into a production flexibility contract. ELS cotton is not eligible for LDPs. Cooperative marketing associations obtain loans and LDPs on behalf of their members who have a signed marketing agreement on file with the cooperative.

3. **Tobacco and Peanut Price Support and Production Control Programs:** The Agricultural Adjustment Act of 1938 (1938 Act) is the permanent legislation authorizing the tobacco acreage allotment and marketing quota programs. The 1938 Act and the 1996 Act is the legislation authorizing the national poundage quota for peanuts. The Agricultural Act of 1949 (1949 Act) is the permanent legislation authorizing the price support program for tobacco. The No-Net-Cost Tobacco Program Act of 1982 (P.L. 97-218), which amended the 1949 Act, requires that the tobacco price support program be conducted at no-net-cost to the taxpayer, other than administrative expenses common to all price support operations. The 1982 Act authorized the establishment of assessments in support of no-net-cost operations. The 1996 Act implemented similar provisions for peanut price support operations.

   FSA tobacco and peanut price support programs provide loans to eligible producers through loan associations under cooperative agreements with CCC. Tobacco and peanut allotments and quotas, approved by producers in referenda, are established to help ensure a balance between supply and demand in the marketplace. Furthermore, producers and purchasers of tobacco and peanuts incur marketing assessments for tobacco (through the 1998 crop) and peanuts (through the 2002 crop) marketed. These assessment funds, maintained in CCC deposit and trust liability accounts, are used to offset projected peanut price support loan losses, and for tobacco, to reduce the federal budget deficit.

4. **Noninsured Crop Disaster Assistance Program (NAP):** NAP was established under the Federal Crop Insurance Reform Act of 1994.

   FSA, through CCC, provides assistance when natural disasters result in catastrophic loss of production or prevented planting of an eligible crop. Eligible crops include commercial crops grown for food and fiber, seed crops, ornamental crops, and aquaculture, for which a catastrophic risk plan of insurance is not available. Crops are eligible when the expected “area yield” has been reduced by more than 35 percent. NAP payments are made to eligible producers when individual crop losses are in excess of 50 percent of the individual’s approved yield at 55 percent of the crop’s average market price, as determined by CCC.

5. **Sugar Program:** The sugar loan program is authorized by the Agricultural Act of 1949, as amended, and was continued in the 1996 Act. The purpose of the sugar program is to support the price of domestically grown sugar. Loans are available to eligible processors of domestically grown sugarcane and sugar beets. Processors are eligible for loans if they agree to pay not less than a specified amount per pound to all eligible producers who deliver sugar beets or sugarcane to them. All producers of domestically produced sugarcane or sugar beets are eligible unless they are found in violation of regulations governing highly erodible land and wetland conservation, or of a controlled substances law. Loans are nonrecourse unless the tariff-rate quota on sugar imports exceeds 1.5 million short-tons, at which point sugar loans become recourse loans.

6. **Dairy Indemnity Program:** Since its inception in 1964, the Dairy Indemnity Program has been extended in various farm bills, up until the 1996 Act, which did not address the program. Consequently, legislative authority expired September 30, 1995. Congress nevertheless has continued to fund the program in fiscal years 1996 through 2000.

   The Dairy Indemnity Program indemnifies dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer income losses on milk or milk products removed from commercial markets because of residue from chemicals that have been approved by the Federal Government and certified as safe for use. The program also reimburses dairy farmers for milk removed from commercial markets because of nuclear radiation, fallout, or certain other toxic substances.

7. **USDA Certified State Mediation Program:** Section 502 of the Agricultural Credit Act of 1987 (P.L. 100-233) authorized the Secretary of Agriculture to help States develop and participate in certified mediation programs that are administered by the Farm Service Agency.

State certified mediation programs assist agricultural producers, their creditors, and other persons directly affected by the actions of the USDA to resolve disputes confidentially, more efficiently, and cost effectively when compared to the time and cost involved with administrative appeals, litigation, and bankruptcy. The State programs are created under State statutes. The Act provides that if mediation is available as a part of an authorized USDA agency's informal appeal process, the participant will be offered mediation.

Originally designed to address farm loan disputes, the program was expanded by the Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) to include other agricultural issues such as wetland determinations, conservation compliance, rural water loan programs, grazing on National forest system lands, and pesticides. Grants are made to States whose mediation programs have been certified by the Agency. Grants do not exceed 70 percent of the funds a qualifying State requires to operate and administer its program. The total grant per State cannot exceed $500,000 annually.

8. **Conservation Reserve Program (CRP):** CRP is the Federal Government's single largest environmental program safeguarding millions of acres of American topsoil from erosion, increasing wildlife habitat, and protecting ground and surface water.

The Food Security Act of 1985 established CRP to address escalating environmental concerns including soil erosion and declining wildlife populations. The Food, Agriculture, Conservation, and Trade Act of 1990 amendments extended CRP enrollment through 1995. The 1996 Act amendments continued CRP enrollment through 2002 and authorized participants to withdraw certain land from CRP at any time, subject to a 60-day notice period. The Conservation Reserve Enhancement Program (CREP) is a refinement of CRP designed as a joint State-Federal land retirement conservation program targeted to address State and nationally significant agriculture-related environmental effects.

CRP participants sign a 10- to 15-year contract with CCC under which eligible land is retired from production for the duration of the contract period and permanent vegetative cover is established on enrolled land. In return, CCC provides participants annual rental payments, makes cost-sharing assistance on long-term resource conserving cover, and arranges for technical assistance in cooperation with Natural Resources Conservation Service, Forest Service, and U.S. Fish and Wildlife Service. The 1996 Act provides that CCC maintain an enrollment of up to 36.4 million acres in the CRP through September 30, 2002. Actual enrolled acreage will vary from year to year due to regularly scheduled sign up periods, early termination of contracts on less environmentally sensitive acreage, and a continuous sign up for select environmental priority practice acreage. The purpose of the continuous CRP signup is to provide management flexibility to farmers and ranchers to implement certain high priority environmental practices where enrollment would yield substantial environmental benefits such as filter strips, riparian buffers, grassed waterways, field windbreaks, shelter belts, living snow fences, salt-tolerant vegetation, shallow water areas for wildlife, contour grass strips, or acreage in a wellhead protection area designated by the Environmental Protection Agency (EPA).

9. **Emergency Conservation Program (ECP):** ECP is authorized by Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334). ECP provides emergency funds to farmers and ranchers to assist in rehabilitating farmlands damaged by natural disasters and for carrying out water conservation measures during periods of severe drought. Subject to the availability of funds, FSA County Committees, in consultation with State Committees, are authorized to implement ECP for eligible farmers for all disasters except drought. In the event of a drought, the determination to implement ECP is made by the Deputy Administrator for Farm Programs. Cost-sharing may be offered only for emergency conservation practices to replace or restore farmland to a condition similar to that existing prior to the natural disaster.

10. **<u>Hazardous Waste Management Program:</u>** Legislation affecting this program includes the Safe Drinking Water Act and the Comprehensive Environmental Response, Compensation, and Liability Act.

CCC conducted a grain storage program from the 1930's to the early 1970's. At its peak during the 1950's, CCC operated grain storage facilities on leased property at approximately 4,500 locations nationwide. During this period, some of the grain was authorized for fumigation using carbon tetrachloride to control destructive insects. In 1985, use of carbon tetrachloride was prohibited and the EPA assigned a maximum allowable contaminant level. Since that time, over 40 former CCC grain bin sites have been found to have carbon tetrachloride ground water contamination levels exceeding the EPA maximum. Since FY 1992, CCC has received about $3 million annually from the USDA Hazardous Waste Management Fund to conduct its own investigations. CCC also is authorized to use its borrowing authority, not to exceed a certain level, for ongoing operations and maintenance and remediation expenses.

11. **<u>Farm Loan Programs:</u>** FSA provides assistance to eligible individuals and families through supervised credit, outreach, and technical assistance so they may become successful farmers and ranchers. Most farm loan programs administered by FSA are authorized by the Consolidated Farm and Rural Development Act, Public Law 87-128, August 8, 1961, as amended. Subtitle A of this act authorizes farm ownership, recreation, and soil and water loans. Subtitle B authorizes direct and guaranteed operating loans. The Agriculture Credit Improvement Act of 1992, Public Law 102-554, establishes special assistance to qualified beginning farmers and ranchers to enable them to conduct viable farming and ranching operations. Indian Tribe Land Acquisition Loans are authorized by Public Law 91-229, approved April 11, 1970.

Farmers and ranchers, who are temporarily unable to obtain sufficient credit elsewhere, may obtain credit assistance through FSA to finance their actual needs at reasonable rates and terms. Some are beginning farmers or minority farmers who have suffered financial setbacks from natural disasters, or who have limited resources with which to establish and maintain profitable farming operations. Thus, the farm loan program provides a safety net to family farmers and ranchers who would otherwise be unable to contribute to the farm sector.

Farm ownership loans (including loans for acquiring, enlarging, and making capital improvements to a farm or ranch) and annual and intermediate-term operating loans are made to individuals and entities having, or expected to have, an interest in a family-farm sized operation. Emergency loans are made to farmers, ranchers, or aquaculture operators who have had a qualified disaster, based on the availability of appropriated funds.

All loans are either direct (FSA makes and services the loan) or guaranteed (a local private sector agricultural lender makes and services the loan). Regardless of the loan type, financial assistance is designed to provide a safety net for borrowers who have reasonable prospects for lasting, economically viable success in a farming or ranching venture, including the ability to repay loans on time and in full.

12. **<u>Commercial Warehouse and Other Activities:</u>** Commercial warehouse and other activities are governed by the following legislation: the CCC Charter Act, as amended through P.L. 104-130, April 9, 1996, and the U.S. Warehouse Act (USWA), as amended. The CCC Charter Act provides that, regarding purchasing and selling operations, warehousing, transportation, processing, and handling of agricultural commodities, CCC shall utilize usual and customary channels of trade and commerce. The USWA was enacted by Congress in 1916. It authorizes the Secretary of Agriculture to license warehouse operators who store agricultural products. The USWA is considered a “permissive

regulatory act." It is permissive because it applies to warehouse operators who voluntarily apply; and regulatory because licensees must operate under its provisions and are subject to the regulations of the USWA. The USWA also authorizes the Secretary to license qualified persons to sample, inspect, weigh, and grade agricultural products. Commercial warehouse operators, either regulated by the USWA, or who elect to enter into a storage agreement with CCC to store government-owned or producer-owned commodities pledged to CCC as loan collateral, are required to meet minimum financial standards and maintain physical warehouse facilities capable of handling and storing applicable agricultural commodities.

FSA personnel periodically make unannounced examinations of the facilities, commodities, and warehouse records to ensure protection of all depositors, including the U.S. government, against potential losses in quality and quantity of the stored commodities and to ensure compliance with the USWA and any CCC storage agreements. These examinations provide the foundation for industry-wide confidence in the integrity of warehouse receipts and facilitate the orderly marketing of agricultural products. Examination functions are supported by fees from the warehouse industry and CCC.

Other activities include the End-Use Certificate Program, the Upland Cotton Marketing Certificate Program, and the Dairy Recourse Loan Program.

End-Use Certificate Program - FSA monitors Canadian wheat imports under end-use certificates. The certificates track Canadian wheat imports and how the imports are consumed. Congress enacted the program in February 27, 1995, as a result of the North American Free Trade Agreement legislation to ensure foreign wheat does not benefit from U.S. export programs. Under the program, importers of Canadian wheat, regardless of ultimate use, must complete the end-use certificate. Transactions subsequent to entry must be reported, and all purchasers must continue to report any consumption.

Upland Cotton Marketing Certificate Program - The Upland Cotton Marketing Certificate Program, also known as "Step 2", was authorized by the 1996 Act. The program was designed to re-establish and maintain the competitive position of U.S. grown upland cotton and textile goods (made in the U.S. from U.S. upland cotton) in world trade. Domestic textile manufacturers and exporters receive payments when certain conditions are met.

Dairy Recourse Loan Program - The 1996 Act, as amended, mandates that the Secretary establish a Dairy Recourse Loan Program beginning January 1, 2001. The program assists dairy processors in managing their inventories of eligible dairy products and assure a greater degree of price stability for the dairy industry. The program is a transition between the Dairy Price Support Program, which has been in effect since 1949, and the dairy industry functioning with no Governmental intervention in a global economy. Dairy processors acquire their milk used in the manufacture of eligible products from dairy farmers. Eligible dairy products are cheddar cheese, butter and nonfat dry milk.

13. **<u>Domestic and Export Commodity Procurement Activities:</u>** Procurement activities are governed by the following legislation: National School Lunch Act, Sections 6 (a) and (e), 13 and 17, Emergency Food Assistance Act of 1983, as amended, Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480, Titles II and III), as amended, Food for Progress Act of 1985, as amended, and the Agricultural Act of 1949, Section 416(b), as amended.

Domestic Nutrition and Feeding Programs - FSA procures commodities for domestic food programs administered by FNS. These programs include the National School Lunch Program; elderly, disaster, and emergency feeding programs; food-aid to Native Americans living on reservations and other programs that help individuals in need. FSA also donates surplus government-owned commodities for use in feeding programs, using CCC authority, when these products are available. As of September 30, 1999, FSA purchased and distributed over 405 million pounds of commodities valued at approximately $280 million for these programs.

Foreign Food-Aid Humanitarian and Developmental Assistance Programs - FSA procures commodities on behalf of the Agency for International Development (AID) and the Foreign Agricultural Service for overseas humanitarian and developmental use under Titles II and III of P.L. 480, Food for Progress, and Section 416(b) programs. As of September 30, 1999, FSA procured more than 7.75 million metric tons of grains, processed grain products, vegetable oil, dried beans, peas, lentils, and other products valued at approximately $1.5 billion for food relief programs throughout the world. FSA also procures commodities for the Vulnerable Group Assistance Program, a specially-funded AID program that targets women and children at risk nutritionally.

Surplus Removal and Disaster and Food Assistance Programs - FSA procures commodities under Executive Order and Congressional mandate for surplus removal and disaster and food assistance programs. In response to natural disasters, FSA distributes government owned food from warehouses and may make special purchases of food as part of the disaster relief effort. As of September 30, 1999, FSA procured more than 0.6 million metric tons of grains, processed grain products, vegetable oil, dried beans, peas, lentils, and other products valued at approximately $95 million for Surplus Removal and Disaster and Food Assistance Programs throughout the world.

14. **Commodity Credit Corporation (CCC) Disaster-Related Activities:** FSA helps offset the impact of adverse economic conditions and natural disasters on farming and ranching operations by issuing CCC payments to producers who incur heavy losses from economic conditions such as low commodity prices, and to dairy and livestock producers who suffer losses in production income due to natural disasters. FSA uses the funds and facilities of the CCC to carry out disaster-related activities mandated by Congress. These activities vary each year and depend on the economic conditions and natural disasters affecting producers.

The four FSA strategic goals, program activities covered under each goal, and their related performance goals/indicators follow:

GOAL 1: **Provide an economic safety net through farm income support to eligible producers, cooperatives, and associations to help improve the economic stability and viability of the agricultural sector and to ensure the production of an adequate and reasonably priced supply of food and fiber.**

Objectives:
- **1.1** Maintain a high Production Flexibility Contract participation rate for eligible acreage.
- **1.2** Provide marketing assistance loans and loan deficiency payments enabling recipients to continue farming operations without marketing their product immediately after harvest.
- **1.3** Stabilize the price and production of tobacco and peanuts.
- **1.4** Provide a financial assistance safety net to eligible producers when natural disasters result in a catastrophic loss of production or prevent planting of noninsured crops.

Program Activities: Marketing Assistance Loans and LDPs, Production Flexibility Contracts, Dairy Indemnity Payments, Sugar Program, Tobacco and Peanut Price Support and Production Control Programs, CCC Disaster Related Activities, and NAP.

	FY 1998 Actual	**FY 1999 Actual**	**FY 2000 Estimate**	**FY 2001 Estimate**
Funding (dollars in thousands)				
Direct	$15,034,413	$25,070,269	$33,053,655	$22,447,367
Reimbursable	60,112	73,392	109,434	65,499

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Total Funding	$15,094,525	$25,143,661	$33,163,089	$22,512,866
FTEs				
Direct	8,814	10,230	8,542	9,865
Reimbursable	626	785	2,323	601
Total FTEs	9,440	11,015	10,865	10,466
PERFORMANCE GOALS AND INDICATORS				
Maintain at least a 95% production flexibility contract participation rate for eligible acreage, including acreage released from CRP. (%) (Baseline: 98% - FY 1996)	98%	98%	98%	98%
Issue loans or LDPs on all eligible production (except sugar). (%) (Baseline: 15% - FY 1997)	79%	82%	85%	85%
Maintain the economic viability of tobacco and peanuts programs, and producers, by establishing producer/purchaser assessments and stabilizing tobacco and peanut prices.				
(Baselines for marketing year 1996: Assessments-2 cents per pound for tobacco, .0035 dollars per pound for quota peanuts (QP), .0004 dollars per pound for non-quota peanuts (NQP). Prices-$1.87 per pound for tobacco, $610 per ton for QP, $132 per ton for NQP)				
Average tobacco and peanut assessment ($/pound)	Tobacco-$.0189 QP-$.00366 NQP-$.0011	Tobacco-$.038 QP-$.00366 NQP-$.0011	Tobacco-$.08 or less QP-$.00366 NQP-$.0011	Tobacco-$.08 or less QP-$.00366 NQP-$.0011
Average price per pound of tobacco and ton of peanuts ($/pound, $/ton)	Tobacco-$1.81 QP-$630.00 NQP-$250.00	Tobacco-$1.81 QP-$630.00 NQP-$250.00	Tobacco-$1.70 QP-$610.00 NQP-$175.00	Tobacco-$1.70 QP-$610.00 NQP-$175.00
Improve NAP area and crop eligibility determinations by decreasing the time to designate NAP areas and determining producer eligibility. (days) (Baselines: NAP area designation - 90 days FY 1996).	58	35	35	30

Discussion of Performance Goals:
The achievement of these performance goals supports the achievement of USDA's strategic goal 1.1 - to enhance the economic safety net for farmers and ranchers; and strategic goal 1.2 - to open, expand, and maintain global market opportunities for agricultural producers. This is accomplished by:

1. Maintaining high production flexibility contract participation rates.
High participation rates indicate that eligible producers view the program as a farm income support option, thereby providing an effective economic safety net that contributes to the economic stability and viability of the agricultural sector.

2. Providing producers and sugar processors short-term, interim financing, through marketing assistance loans and LDPs. Marketing assistance loans and LDPs are a major part of the Federal government's production agriculture assistance programs. LDPs assist producers in obtaining a minimum effective price for eligible commodities **-** wheat, corn, grain sorghum, barley, oats, soybeans, minor oilseeds, rice, and upland cotton.

A significant increase in LDPs occurred from 1998 to 1999. It is anticipated that LDPs will continue to rise in FY 2000. The increase in LDPs is a direct result of the lower commodity prices received in 1998 and 1999. The FY 2001 target for LDP activity is based on current estimates for the 2000 crop year. Abundant commodity supplies, large harvests, stagnant demand, and relatively low commodity prices are expected to continue in 2000, resulting in continued strong demand for LDPs and other government assistance. Ideally, the percentage of eligible production on which loans or LDPs are placed would be much lower, indicating that commodity prices are higher than the loan rate. This would indicate a healthier farm economy

In FY 2000, the Price Support Division (PSD) will conduct national field office training on marketing assistance loan and LDP program provisions. In turn, field offices will then educate producers regarding program provisions. The combination of PSD and field office training efforts will enable a greater percentage of producers to understand how to utilize the marketing assistance loan programs as an economic safety net.

Significant policy changes to help farmers who are experiencing low commodity prices were implemented in FY 1998. These policy changes make producers who harvest eligible wheat, feed grains, or oilseeds in forms other than whole kernel, such as silage and cobbage, eligible for marketing assistance loans or LDP's. High moisture commodities, commodities containing contaminates, such as aflatoxin, and low quality commodities will also be eligible. It is expected that these program changes will result in increased producer participation in the marketing assistance loan and LDP programs in 1999 and future years, when economic conditions warrant.

The Omnibus Consolidated and Emergency Supplemental Appropriations Act, Public Law 105-277, established honey and mohair recourse loan programs to provide interim financing to those producers during a time of low market prices. Additionally, dairy farmers will be provided $125 million in market loss assistance in FY 2000.

3. Stabilizing the price and production of tobacco and peanuts, through the establishment of allotments and quotas, and maintaining low tobacco and peanut assessments rates. In an effort to balance supply and demand in the marketplace and comply with no-net-cost legislative mandates, allotments and quotas are established for the production of tobacco and peanuts. Maintaining a balance between supply and demand in the marketplace stabilizes the price of tobacco and peanuts by helping ensure that market prices exceed price support loan rates. When market prices exceed loan rates, producers' income improves and loan inventories decrease, thereby lowering expenses associated with the operation of the tobacco and peanut price support programs. This cost savings results in lower assessments for tobacco and peanut producers and purchasers.

4. Timely designating NAP areas and approving crop prices, average yields, and payment factors.
Designating NAP areas and approving crop prices, average yields, and payment factors are critical for

ensuring an adequate safety net is provided to producers. The Agency intends to reduce NAP designation time frames from 90 days in FY 1997 to 30 days in FY 2001.

Means and Strategies:
1. Production Flexibility Contracts - Staffing requirements for the Production, Emergencies, and Compliance Division (PECD), located in Washington D.C., to provide policy and oversight regarding program

operations. State Office and service center personnel to administer the program, including issuing payments, preparing new contracts, amending existing contracts, tracking program contracts, and addressing program violations. KCMO resources to track contracts and payments in the KCMO mainframe.

2. Marketing Assistance Loans and LDPs - Maintain sufficient staff for Price Support Division (PSD), located in Washington D.C., to provide policy and oversight regarding program operations. Maintain sufficient staffing levels at State Offices and service centers to administer the program, including issuing payments, collecting loan repayments, monitoring loans open after maturity, and operating the Automated Price Support System. KCMO computer programmers and support personnel to convert marketing assistance loan and LDP processing to Windows NT, develop and upgrade system requirements, and track loan and LDP activity. Activity levels for marketing assistance loans and LDPs fluctuate widely depending on market conditions. Implementation of ad-hoc programs and the large increase in the volume of loan and LDP activity in FY 1999 significantly increased workload and resource requirements. The trend is expected to continue in FY 2000 and FY 2001.

3. Tobacco and Peanuts - Staffing requirements for the Tobacco and Peanuts Division (TPD), located in Washington D.C., provide policy and oversight regarding program operations. State Office and service center personnel are required to administer the program, including issuing and maintaining allotments and quotas, ensuring compliance with allotments and quotas, and tracking and reconciling marketings. KCMO computer programmers and support personnel are needed to maintain program software in field offices and to track loan and assessment activity. Nine tobacco associations and three peanut associations administer price support loans, collect and reconcile assessment collections, and manage inventories for tobacco and peanuts, respectively.

Continued efforts to implement an automated marketing system for auction warehouse sales and dealer transactions for all kinds of tobacco and the development of a data warehouse that will provide WDC, KCMO, service centers and State Offices access to a single authoritative source of information that supports the tobacco program may require additional funding to support development and deployment. A waiver, to conduct a pilot project for automating tobacco auction markets and to develop a data warehouse for tobacco records, was approved in May 1997. Furthermore, efforts are continuing to develop an interface with the U.S. Customs Service on collections of no-net-cost and budget deficit marketing assessments for imported unmanufactured tobaccos.

4. NAP - Staffing requirements for PECD, located in Washington D.C., to provide policy and oversight

regarding program operations. KCMO to maintain and track NAP eligibility and payment activity. APFO and service centers with GIS capability, to assist in designation of NAP areas.

Administering NAP is a labor intensive process. On an annual basis, irrespective of a disaster occurrence, State Offices and service centers establish, data load, and maintain historic crop market values and county historic crop yields for approximately 1,600 NAP crops. In addition, service centers process annual acreage and crop production reports submitted by producers who elect to maintain eligibility for NAP payments. In geographic areas impacted by natural disasters, service centers assess and document area loss, perform loss appraisals upon receipt of loss notices, and issue payments to qualified producers.

FSA increased the number of pilot State Offices authorized to approve NAP areas and supporting market prices and crop yields from seven in FY 1998 to 23 in FY 1999. FSA national office will continue to review State Offices which have, and have not been, granted authority to approve NAP areas. Based on performance reviews of offices granted authority to approve areas, and observation of error reductions with several non-approved State Offices, it appears additional States will be recommended for approval in FY 2000. In addition, program training will be provided for FSA State Office and service center personnel in FY 2000.

By expanding NAP area approvals to additional State Offices, conducting national program training, expanding compliance reviews, and continuing NAP automation advances; FSA anticipates continuing decreases in both NAP area and producer payment processing times, as well as enhancing overall program integrity.

In support of the Secretary's Agriculture Goals and Recommendations, the NAP area-wide threshold should be replaced with a statutory requirement extending eligibility to production losses in areas declared by either the president or the Secretary of Agriculture as natural disasters. This change would have the advantage of providing benefits to farmers whenever a natural disaster is declared, expedite delivery of payments to producers, and reduce the time spent administering the program. In addition, there should be the same level of catastrophic risk protection for losses of all insured and noninsured commodities. This means NAP coverage should maintain the same level as catastrophic insurance protection. The FY 2001 budget proposal to replace the area-wide loss trigger on the non-insured assistance program with a disaster declaration, at a cost of $110 million per year, would give a farmers of crops that are currently not covered under the crop insurance program individual yield coverage in the event of catastrophic crop losses.

The Administration supports legislative changes that would define this level as 60 percent of production at 70 percent of price of the market price for both the catastrophic level of crop insurance and NAP. The Administration supports an increase in the gross income cap on eligibility for NAP benefits from $2 million to $2.5 million. This change is consistent with other program benefit requirements.

NAP expenditures are projected to increase from $23,506,000 in FY 1998 to 88,009,000 in FY 2001. Several factors account for this projected increase including increased producer awareness of NAP provisions, due to FSA outreach efforts; expansion of eligible NAP crops; and development of new policies and procedures to administer existing NAP crops.

Total FY 2001 Resource needs for Goal 1, Farm Programs, are 10,466 FTEs, $706,709,000 in Salaries and Expenses, and $21,806,157,000 in program funds.

Verification and Validation:

1. Production Flexibility Contracts - Enrollment report PF-2R, entitled Contract Enrollment Data Report, is generated in August from the Kansas City Management Office mainframe. PECD and Economic and Policy Analysis Staff, located in Washington D.C., will evaluate this report to compare actual enrolled acreage to targeted enrolled acreage.

2. Marketing Assistance Loans and LDPs - Data for the amount of commodity placed under marketing assistance loans and LDP originates from the USDA service centers, where it is input by FSA staff. This data is then uploaded daily to an automated system maintained at KCMO. Data for actual commodity production comes from NASS. To help ensure accuracy of system data, FSA personnel perform periodic spot checks to verify the quantity and eligibility of commodities placed under loan or LDP.

3. Tobacco and Peanuts -TPD receives daily, weekly, and year-end market news summary reports from the Agricultural Marketing Service. During the marketing seasons, these reports enable TPD to identify the quantity of tobacco and peanuts being placed under price support loan, marketed, or introduced into the trade.

These reports also enable TPD to compare average market prices to price support loan rates established by the Secretary. TPD verifies actual loan receipts through the tobacco and peanut loan associations.

Prior to the beginning of each crop year, TPD determines funding available in CCC trust accounts (no-net-cost accounts) to administer the tobacco and peanut price support programs and projects anticipated outlays and losses associated with these programs. Based on this evaluation, assessment rates are established for the upcoming crop year. Annually, TPD compares actual loan outlays to account balances of assessments to determine the actual tobacco assessment levels for the subsequent crop year. For peanuts, if current assessment collections (set by legislation) are not sufficient to cover peanut price support program losses, the subsequent year's assessment on producers of quota peanuts will be increased to cover prior year losses.

Service center personnel conduct annual spot-checks, during the applicable production season for each crop, to ensure that producers do not exceed acreage allotments. Furthermore, marketing cards, which include poundage/marketing quotas, are issued to producers prior to marketing crops. Producers cannot market their crops without using these cards. Marketed quantities of tobacco and peanuts are deducted from the marketing card quotas to ensure producers do not sell poundage in excess of mandated quotas. All producer marketing cards are reconciled by service center personnel and reviewed for possible violations of program provisions.

4. NAP - Time frames for NAP area eligibility designations and payment functions will be automated and monitored in a tracking system. PECD will evaluate this information to determine the number of elapsed days from disaster to NAP area designation approval and time frames to issuing payment, upon determining producer eligibility.

GOAL 2: Assist agricultural producers and landowners in achieving a high level of stewardship of soil, water, air, and wildlife resources on America's farms and ranches while protecting the human and natural environment.

Objectives:

2.1 Provide CRP funding to help improve environmental quality, protect natural resources, and enhance habitat for fish and wildlife, including threatened and endangered species.

2.2 Provide ECP funding for farmers and ranchers to rehabilitate farmland damaged by wind erosion, floods, hurricanes, or other natural disasters, and for carrying out emergency conservation measures during periods of severe drought.

2.3 Protect public health of communities' water supply contaminated by carbon tetrachloride through continued implementation of CCC's hazardous waste management program.

2.4 Assist NRCS with Environmental Quality Incentive Program (EQIP) and Conservation Farm Option (CFO) program policy and procedure development. Maintain responsibility for implementing administrative processes and procedures for contracting, financial reporting, and other financial operations, including allocations and program accounting.

Program Activities: CRP, ECP, and Hazardous Waste Management Program.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Funding (dollars in thousands)				
Direct	$2,123,734	$1,976,944	$2,057,210	$2,040,830
Reimbursable	13,756	10,419	18,420	9,740
Total Funding	$2,137,490	$1,987,363	$2,075,630	$2,050,570
FTEs				
Direct	3,399	2,475	2,573	2,359
Reimbursable	105	78	68	59
Total FTEs	3,504	2,553	2,641	2,418

PERFORMANCE GOALS AND INDICATORS

[1] EI = Environmental Benefits Index

[2] Includes tree planting, wetland restoration, former water bank land, and permanent wildlife habitat.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Reduce soil erosion, protect water and air quality, restore wetlands and improve wildlife habitat by establishing conservation cover and/or installing priority practices on enrolled CRP acreage.				
Number of acres enrolled per fiscal year (Cumulative)	30.2 million	31.5 million	32.8 million	35.0 million
• Regular (competitive) enrollment acres	29.5 million	29.4 million	30.9 million	32.1 million
• Continuous (including CREP) enrollment acres	0.7 million	1.0 million	1.4 million	2.4 million
States with approved CREP agreements	4	8	15	20
Acres of high environmental sensitivity enrolled in CREP	.01 million	.10 million	.25 million	.50 million
Acres established in conservation buffers (including filter strips and riparian buffers)	0.8 million	1.0 million	1.4 million	2.4 million
Acres of highly erodible land (HEL) retired	23.2 million	23.0 million	24.0 million	24.7 million
Acres of HEL that would erode above "T" when farmed with conservation plan (EI$\geq$15)[1]	10.5 million	10.3 million	10.7 million	10.9 million
Acres enrolled in the Prairie Pothole, Chesapeake Bay, Great Lakes, and Long Island Sound national conservation priority areas	7.2 million	7.0 million	7.2 million	7.5 million
Acres in trees or other non-crop vegetative or water cover that provides permanent wildlife habitat[2]	3.4 million 11 percent	3.8 million 13 percent	4.6 million 14 percent	5.0 million 14 percent
Acres planted with vegetative covers determined best suited for wildlife	9.1 million	12.6 million	17.1 million	18.5 million
Restored acres of wetlands[3]	1.3 million	1.4 million	1.6 million	1.7 million
Acres planted with trees	2.1 million	2.0 million	2.0 million	2.0 million
Established acres of restored rare and declining wildlife habitat	18 thousand	57 thousand	274 thousand	344 thousand
Rehabilitate damaged acreage to agricultural production under ECP. (#) (Baseline: 1996-1.4 million acres rehabilitated under the Emergency Conservation Program).	2.1 million	4.9 million	5.3 million	3.1 million

[1] EI = Environmental Benefits Index
[2] Includes tree planting, wetland restoration, former water bank land, and permanent wildlife habitat.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Improve the timeliness and cost-effectiveness of site remediation initiatives for CCC hazardous waste activities. (Baselines: 1996-Site investigation costs-$900,000 per site, 12 months to perform site investigations).				
Site investigation costs ($)	650,000	600,000	675,000	675,000
Average amount of time to perform site investigations (months)	11	10	10.5	10.5
Continue to protect public health by providing communities safe drinking water. (Baseline: 1996-3 remediation projects completed).				
Communities provided safe drinking water through remediation efforts (#)	5	8	3	3

Discussion of Performance Goals:
The achievement of these performance goals supports the achievement of USDA's strategic goal 1.1 - to enhance the economic safety net for farmers and ranchers; strategic goal 3.1 - to promote sustainable production of food and fiber products while maintaining a quality environment and strong natural resource base; and strategic goal 3.2 - to promote sustainable management of public lands; protect and restore critical forest land, rangeland, wilderness, and aquatic ecosystems.

1. CRP - CRP protects the nation's natural resources and assists agricultural producers in maintaining a high level of stewardship on America's farms and ranches. It is the Federal government's single largest private-lands environmental program safeguarding millions of acres of U.S. cropland from soil erosion, increasing wildlife habitat, and protecting surface and ground water from non-point source pollution. Considerable environmental benefits are achieved by maintaining high enrollment levels in CRP; by encouraging installation of filterstrips, riparian forest buffers, and other environmental priority practices under continuous signup provisions in support of USDA's Conservation Buffer Initiative; and by working with States to establish Conservation Reserve Enhancement Program (CREP) agreements.

Use of a recently updated Environmental Benefits Index (EBI) helps ensure the continued enrollment of high levels of lands most in need of protection from soil erosion, lands that are located in specifically designated conservation priority areas, and lands planted in trees or other conservation covers that are likely to remain in place after CRP contracts expire. The new EBI also encourages participants to establish vegetative covers that are considered "best suited" for wildlife in the area, and encourages the restoration of wetlands and of rare and declining wildlife habitats. Restoration of rare and declining wildlife habitats is a practice that was established on October 1, 1997 and is available to producers who offered contracts beginning in FY 1998 or FY 1999.

In addition, certain high priority CRP practices are permitted to be enrolled on a continuous basis. These include such practices as riparian buffers, filter strips, grassed waterway field windbreaks, wellhead protection areas, shallow water areas, and saline seep control practices. These practices provide a high degree of environmental benefits. The goal is to enroll 4.5 million acres into continuous CRP signup by the year 2002.

CREP is a refinement of CRP which provides the opportunity to combine Federal and State resources to target National and State significant resource problems through the use of CRP. CREP is a major part of the

[3] Primarily conservation Practice 23, which includes adjacent upland.

President’s Clean Water Action Plan. To date, eight CREP agreements have been implemented and additional agreements are pending.

2. ECP - ECP provides emergency funds to farmers and ranchers to assist in rehabilitating farmlands damaged by natural disasters and for carrying out water conservation measures during periods of severe drought. Providing farmers and ranchers financial assistance in rehabilitating damaged farmland helps ensure timely, quality restoration efforts. Restored farmland ensures continued production capabilities and protection of water, air, soil, and wildlife environmental resources. Projecting acres of rehabilitated farmland in future years cannot be determined until a disaster has actually occurred for the type, extent, and frequency of natural disasters is unknown.

The President's Budget requests no funding for FY 2001. For the past 7 years, the ECP has not been funded in regular appropriations bills but has been funded through 6 direct supplemental and 1 transfer of funding from the NRCS. The target established for FY 2001, 3.1 million acres, was developed based projected expenditures for ECP practices from these funds. It is impossible to predict performance for ECP in any given year, as program activity is based on the occurrence of natural disasters, of which the severity and frequency is not known until after the fact. This acre amount is based on estimated expenditures for FY 2001 of $40.515 million at approximately $12.92 per acre.

3. Hazardous Waste Management Program - From the 1930's to 1970's, CCC operated grain storage facilities at various locations nationwide. There were approximately 4,500 locations at the program’s peak. Some of the grain was authorized for fumigation using carbon tetrachloride to control destructive insects. In 1985, use of carbon tetrachloride was prohibited and EPA assigned a maximum contaminant level. Since that time, over 58 former CCC grain bin sites have been found to have carbon tetrachloride ground water contamination levels exceeding the EPA maximum contaminant level. CCC provides alternative sources of safe drinking water and/or the installation of ground water remediation systems at former CCC grain bin sites in order to protect public health and the environment. Utilizing Quicksite investigation technology (an expedited site characterization process on behalf of CCC) and implementing irrigation sprinkler technology, will enable CCC to perform site investigations and remediation efforts in a more timely, cost-effective manner. Reducing contamination levels below maximum acceptable EPA levels protects public health and enhances the quality of the human and natural environment.

Means and Strategies:

1. CRP - Staffing requirements for the Conservation Environmental Programs Division (CEPD), located in Washington D.C., to provide policy and oversight regarding program operations. State Office and service center personnel to administer the program, including managing contracts, providing cost-share payments, issuing annual payments, and maintaining the Conservation Reporting and Evaluation System. KCMO resources to track CRP data and provide appropriate reports. Technical assistance is provided by NRCS, FS, State government, State forestry agencies, and U.S. Fish and Wildlife Service.

2. ECP - Staffing requirements for CEPD, located in Washington D.C., to provide policy and oversight regarding program operations. State Office and service center personnel to administer the program, including reviewing and approving ECP applications, providing cost-share payments, and maintaining the Conservation Reporting and Evaluation System. KCMO resources to track ECP data and provide appropriate reports. Technical assistance is provided by NRCS. Funding on as needed basis to rehabilitate disaster-damaged farmland and to provide technical assistance.

3. CCC Hazardous Waste Management Program - Staffing requirements for CEPD, located in Washington D.C., to provide policy and oversight regarding program operations. Funding requirements include $5 million in CCC funds (operations and maintenance), which includes an agreement with Argonne Laboratory for site investigation and feasibility studies, implementation of alternative water supplies, and installation of ground water remediation systems.

Total FY 2001 Resource needs for Goal 2, Conservation and Environment, are 2,418 FTEs, $171,968,000

in Salaries and Expenses, and $1,878,602,000 in program funds.

Verification and Validation:
1. CRP - CEPD evaluates CRP bid files, CRP contract files, and other data sources to determine the environmental benefits of CRP and, upon contract approval, the data is updated to reflect land use, land treatment, and environmental benefits.

Prior to annual payment issuance, service centers conduct on-site spot checks and review producer files to ensure conservation practices are maintain in accordance with program requirements.

2. ECP - CEPD will evaluate ECP statistical reports generated by KCMO mainframe and Form AD-862, Conservation Reporting Evaluation System, to determine the number of rehabilitated acres.

3. Hazardous Waste Management Program - CEPD will review monthly engineering and construction progress reports to determine the status of remediation initiatives, including communities impacted by remediation efforts and time frames for completion. CEPD will also review the monthly billing statements to determine the costs incurred to perform remediation at each site.

GOAL 3: Assist eligible individuals and families in becoming successful farmers and ranchers.

Objectives:
- **3.1** Improve the economic viability of farmers and ranchers.
- **3.2** Reduce losses in loan programs.
- **3.3** Respond to loan making and servicing requests in a timely manner.
- **3.4** Maximize financial and technical assistance to under served groups to aid them in establishing and maintaining profitable farming operations.

Program Activity: Direct and Guaranteed Loan Programs

	FY 1998 Actual	**FY 1999 Actual**	**FY 2000 Estimate**	**FY 2001 Estimate**
Funding (dollars in thousands)				
Direct	$2,444,953	$4,189,667	$6,092,920	$4,827,392
Reimbursable	0	0	6,842	0
Total Funding	$2,444,953	$4,189,667	$6,099,762	$4,827,392
FTEs				
Direct	3,049	3,247	3,283	3,383
Reimbursable			100	
Total FTEs	3,049	3,247	3,383	3,383
PERFORMANCE GOALS AND INDICATORS				
Reduce direct loan delinquencies by 29%. (%) (Baseline: 20.3% - FY 1996)	16.3	14.2	15.8	14.5
Reduce first-year delinquency rate on new loans by 35% and restructured loans by 30%. (Baselines: 11% and 16.4%, respectively - FY 1996)				
First year delinquency rates on new direct loans (%)	7.0	7.2	7.0	7.0

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
First year delinquency rates on restructured direct loans (%)	12.0	11.9	10.0	10.0
Increase the percentage of guaranteed loans made to direct borrowers by 8% (%) (Baseline: 32.5% - FY 1996)	31.5	33.3	35.3	35.3
Reduce losses on direct loans by 27%. (%) (Baseline: 8% - FY 1996)	5.4	3.5	6.5	5.9
Maintain the guaranteed loan loss rate at or below 2.0% (%) (Baseline: .82% - FY 1997)	.78	.93	1.9	1.9
Reduce direct and guaranteed loan processing times by 20%. (Baseline: 23 days direct; 14 days guaranteed - FY 1996)				
Direct loan average processing times (# days)	18	17	15	15
Guaranteed loan average processing times (# days)	9	8	8	8
Process 80% of all requests for primary loan servicing within 60 days. (%) (Baseline: 80% in FY 1998)	80	77	80	80
Increase the number of loans to beginning and socially disadvantaged farmers/ranchers by 100%. (Baseline: Direct and guaranteed loans to socially disadvantaged farmers/ranchers 9% - FY 1996)	13.0	11.9	13.9	16.0

Discussion of Performance Goals:
The achievement of these performance goals supports USDA's strategic goal 1.1 - to enhance the economic safety net for farmers and ranchers; strategic goal 1.2 - to open, expand, and maintain global market opportunities for agricultural producers; and strategic goal 1.3 - to provide access to capital and credit to enhance the ability of rural communities to develop, grow, and invest in projects to expand economic opportunities and improve the quality of life for farm and rural residents.

Borrower ability to pay installment debt on time is a strong indicator of financial strength and viability. Additionally, delinquencies in the first year show deficiencies in loan origination and analysis. Reduced losses in the program indicate that borrowers are experiencing greater success in meeting their financial obligations.

Since FSA's mission involves providing a safety net for America's farmers and ranchers, it is important that financial resources and other assistance are provided to borrowers timely when a need arises. Therefore, we plan to reduce processing times for direct and guaranteed loan requests by 20%. In addition, we plan to process 80% of primary loan servicing requests within 60 days. Prompt servicing increases the chance that a borrower suffering financial difficulty will be able to survive and will also reduce Agency's losses.

Beginning and socially disadvantaged farmers have historically been an under served segment of American agriculture. It is critical that additional emphasis be placed on assisting the credit needs of these groups.

The ultimate outcome of FSA's farm loan programs is to graduate its borrowers to commercial credit. The first step in this process is accomplished when a direct loan borrower is able to obtain at least part of his/her credit needs from a commercial lending source.

A drop in net farm income relative to the mid-1990's will increase the demand for FSA Farm Loan programs, but will also reduce our ability to accomplish our goal. Such a drop will damage borrower repayment ability, increase delinquency and losses in both the direct and guarantee programs and reduce the ability of direct borrowers to obtain guaranteed credit. This will also dramatically increase the workload of our field offices, hindering our ability to provide needed assistance to producers in a timely manner.

Means and Strategies:
A comprehensive streamlining project has been initiated for all farm loan program regulations, handbooks, and information collections, involving over 1100 CFR pages, 2900 handbook pages, and 250 forms. The guaranteed loan program was the first step in this project to be completed. The streamlined program is considerably more flexible which will improve lender acceptance and reduce administrative burden.

With the implementation of these streamlining projects, FSA plans to focus resources on providing technical assistance and supervised credit to borrowers. By FY 2001, FSA will have reduced loan losses by one third, as compared to FY 1996 baseline, and maintain the guaranteed loan loss rate at or below 2.0%

FSA will focus outreach efforts on increasing the number of loans made to beginning and socially disadvantaged farmers and ranchers. The financial and technical assistance provided will aid eligible farmers and ranchers in traditionally under served groups to establish and maintain profitable farming operations.

Achievement of these goals requires 2,983 Federal FTEs at the National, State and county office levels, and 400 non-federal county office level FTEs (including County Committees). Staffing would be used to decrease loan delinquency rates and provide the technical assistance, services, monitoring and oversight that are essential to support high risk beginning and socially disadvantaged borrowers.

The Agency is working on several projects which will update and correct many limitations as it converts Farm Loan field office systems from the former Farmers Home Administration to the Farm Service Agency's system. One key project is a new automated management information system which will improve our field offices' ability to capture key information, track farm loan applications and servicing activities, and provide management reports to track progress toward meeting annual goals.

Total FY 2001 Resource needs for Goal 3, Farm Loans, are 3,383 FTEs, $265,315,000 in Salaries and Expenses, and $ 4,557,938,000 in program loan funds, $ 4,139,000 in program loan costs, and $185,554,000 in appropriated subsidy.

Verification and Validation:
Reports generated from the Executive Information Service (EIS) system are the primary means of measuring farm loan program performance. The National Office reviews EIS reports quarterly to monitor progress toward achievement of these performance goals. FOCUS programs will also be developed to monitor performance.

Most farm loan program data originates from the Agency's accounting system and is subject to internal and external audits. Application processing times are entered by county office staff as applications are processed. We are working to improve the reliability of this data through system changes and reviews. Comprehensive reviews are conducted annually in State Offices to ensure that loan decisions are sound and that program implementation is in accordance with statutes and regulations.

GOAL 4: **Improve the effectiveness and efficiency of FSA's commodity acquisition, procurement, storage, and distribution activities to support domestic and international food assistance programs, and administer the U.S. Warehouse Act (USWA).**

Objectives: **4.1** Reduce CCC's current contribution level associated with USWA examination and operations, thereby increasing the self sufficiency of USWA examination operations.
4.2 Purchase commodities in a more timely and cost effective manner and improve timeliness of commodity deliveries to customers.
4.3 Improve customer satisfaction.

Program Activities: Federal Warehouse Licensing and Examination Activities (Reimbursable), Domestic Nutrition and Feeding Programs, Foreign Food Aid Humanitarian & Developmental Assistance Programs, and Surplus Removal and Disaster and Food Assistance Programs.

	FY 1998 Actual	**FY 1999 Actual**	**FY 2000 Estimate**	**FY 2001 Estimate**
Funding (dollars in thousands)				
Direct	$706,191	$1,811,297	$1,388,336	$833,006
Reimbursable	10,143	9,672	11,253	11,710
Total Funding	$716,334	$1,820,969	$1,399,589	$844,716
FTEs				
Direct	265	265	265	265
Reimbursable	141	136	135	135
Total FTEs	406	401	400	400
PERFORMANCE GOALS AND INDICATORS				
Reduce CCC's current contribution level associated with USWA examination operations to 40% of the total costs. (Baseline: 64% - FY 1996)				
USWA warehouse examination operation costs funded by CCC (% of total examination costs and $ (in millions))	50 $1.77	45 $1.83	45 $2.24	40 $1.96
Maintain the percentage of on-time deliveries and shipments for commodities purchased (%) (Baseline: 80% - FY 1996)	85	96	95	95
Increase customer satisfaction by 5%				
Customer satisfaction with services provided (%) (Baseline: TBD in FY 2000)	N/A	N/A	TBD	TBD
Customer satisfaction with commodities purchased (%) (Baseline: TBD in FY 2000)	N/A	N/A	TBD	TBD

Discussion of Annual Performance Goals:

Achievement of these performance goals supports the accomplishment of USDA's strategic goal 1 - to expand economic and trade opportunities for agricultural producers and other rural residents; and strategic goal - 2 to ensure for the hungry, and a safe, affordable, nutritious, and accessible supply.

1. The annual performance goal for objective 1 is to reduce CCC's current contribution level associated with USWA examination operations to 40%. To accomplish this the warehouse industry must continue to fund the higher USWA warehouse examination costs. The target for FY 2001 is for CCC to fund 40% of the warehouse

examination operations, down from 64% in FY 1996.

2. The annual performance goal for objective 2 is to maintain the percentage of on-time deliveries and shipments for commodities purchased at 95%. In FY 1996, only 80% of deliveries were on-time.

3. The annual performance goal for objective 3 is to increase customer satisfaction 5% from FY 1999 baseline. A recent review of Commodity Operations revealed significant gaps in our understanding of both who our customers are and their needs. A focused effort has been undertaken to identify our customers and develop feedback mechanisms to improve our services. Improvements in customer satisfaction ratings will verify we have appropriately refocused on core business activities.

Means and Strategies:

1. The necessary resources for objective 1, annual performance goal 1, include continued CCC funding and collection of user fees from the warehouse industry to support USWA examination operations and investments in computer equipment for conducting warehouse examinations, including laptop computers, printers, scanners, and related software. Approval of a USWA revision submitted in 1998 is needed to allow customer base and service expansions so more income is generated from user fees. The USWA revision is also needed to authorize the use of electronic warehouse receipts and other electronic initiatives for all agricultural products to improve the efficiency of the examination process.

External factors which may impact performance include high levels of CCC Commodity Loan and Loan Deficiency Payment (LDP) program participation by producers, increased USDA compliance review requirements, the warehouse industry's resistance to fund warehouse examinations, lack of support for revising the USWA, and inadequate funding to obtain advanced examination technology. To obtain support from the warehouse industry, FSA is revising the examination procedures and increasing the use of technology, such as use of lap top computers in examinations, resulting in more efficient, less time consuming, and less costly examinations. FSA's expanded use of automation and Internet form submissions and exchange of data reduce costs associated with program operations regardless of volume levels and increase warehouse industry and Congressional leader support.

2. Resources required to meet the annual performance goals in objective 2 include funding at FY 1999 levels for: staffing; office equipment; PCs; travel; and, maintenance of automated systems such as the Processed Commodity Inventory Management System (PCIMS). We need additional funding to maintain automated systems compliance with industry standards as they change. To improve delivery timeliness, procurement practices have been streamlined to include multi-year commercial products contracts. The Electronic Bid Entry System, Domestic Electronic Bid Evaluation System, Freight Electronic Bid Entry and Evaluation System, and Food Aid Request Entry System are new PC based internet electronic systems operated and maintained by FSA staff which converted previous manual procedures to electronic systems. These systems move Commodity Operations to an electronic commerce system. External factors which could impact performance include availability of transportation, vendor production, performance problems, supply shortages, and size of shipments. All of which are out of Commodity Operation's control.

3. Resources needed to accomplish the annual performance goal for objective 3 include developing a feedback mechanism for customer opinions and establishing a related database of current customer opinions on goods and services we provide. It also includes analysis and identification of areas for improvement and recommended courses of action. Currently, we are aware that improvements are needed in the variety of commodities, and size and variety of packaging we provide. External factors include limitations from OMB on collecting data from our customers and customers taking the time and effort to provide the information. Approval of Reinvention Lab status, currently submitted, will facilitate this process. Sister agencies for which Commodity Operations provides services will also have to be willing and able to participate in this endeavor. Commodity Operations continues to expand partnership activities with sister agencies.

Total FY 2001 Resource needs for Goal 4, Commodity Operations, are 400 FTEs, $28,619,000 in Salaries

and Expenses, and $816,097,000 in program funds, including $8,037,000 for reimbursable Commodity Warehouse examination, licensing, and other activities.

Verification and Validation:
1. Three reports prepared by the Budget Division, User Fee Comparison Report, FSA Warehouse Function Allocation of Obligations Report, and the USWA Examination User Fee Costs Report, will be used by program managers to measure performance and to ensure that program costs do not exceed available funds. Commodity Operations verifies Budget Division data through its own Warehouse Examination Work Progress Report which provides the number of hours and applicable salaries involved in examinations. Additionally, warehouse examination results are reviewed by individuals in the Kansas City Commodity Office to verify that examinations are adequate to ensure that facilities licensed under the USWA meet storage and handling requirements.

2. Data to measure performance is generated from the Processed Commodities Inventory Management System (PCIMS), and other similar systems for specific commodities. Deputy Administrator for Commodity Operations, and FNS review PCIMS reports monthly and quarterly. Data in these systems is verified after entry by FSA personnel.

3. Reports measuring customer satisfaction will be generated from a database of customer opinions on goods and services. This information can be validated via regular customer information gatherings and focus groups. Feedback from participation in International, National, and local Industry conferences will also be used to validate reports.

Management Initiative 1: **Provide fair and equal treatment in employment and the delivery of FSA programs.**

Program Activities: All

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Funding (dollars in thousands) - Included in Goals 1-4				
FTEs (direct) - Included in Goals 1-4				
PERFORMANCE GOALS AND INDICATORS				
Increase the number of program and employee complaints processed on time.				
Average number days spent processing program complaints compared to departmental guidelines (#) (Baseline: 54 days FY 1998)	54	58	24	24
Maintain the percentage of employment complaints resolved at the informal level (%) (Baseline: 50% -FY 1998)	50	52.5	55	55
Complete ten EEO/Civil Rights Management Reviews of State/county offices and take appropriate corrective actions timely.				

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Final EEO/CR Management Review reports submitted within 45 days of completing the on-site review (%) (Baseline: 50% - FY 1998)	50%	100%	90%	90%
Corrective actions taken within scheduled timeframes for noncompliance (%) (Baseline - 20% - FY 1998)	20%	100%	95%	95%
Improve workforce diversity by increasing the representation of women, minorities, and persons with disabilities.				
Representation of women and minorities in the Agency in under-represented grade levels (%) (Baseline data to be developed in FY2000)	NA	NA	TBD	TBD
Representation of persons with disabilities in the Agency (%) (Baseline: 1.49% - FY 1998)	1.49%	1.46	1.37	1.37

Discussion of Performance Goal:
The achievement of these performance goals supports the achievement of USDA's management initiative 1 - to ensure that all customers and employees are treated fairly and equitably, with dignity and respect. FSAs goals are consistent with the Civil Rights Implementation Team recommendations, FSA's Civil Rights Strategic Plan, and FSA Administrator's Civil Rights Performance Plan. FSA is moving forward in the development of a new structure, policies, and procedures to create a model civil rights office.

FSA is able to process complaints in less than 24 days due to a change in the procedure by the Department's Office of Civil Rights (CR). CR has requested that FSA no longer contact complainants. As a result, FSA only conducts fact-finding inquiries with Agency personnel and records.

FSA is evaluating the root causes of high incidence of program complaints originating out of the Farm Loan Program and will take actions to remedy the findings once the evaluation is completed. Ninety-five to ninety-eight percent of FSAs program complaints involve farm loans. FSA will increase managers' and employees' awareness of EEO/CR laws and regulations, and their responsibilities in carrying out EEO/CR policies and objectives in efforts to decrease the caseload.

FSA will verify compliance with EEO/CR laws and Departmental and Agency policies by conducting EEO/CR Management Reviews of State Offices and service centers. This review process was implemented in FY 1999. The reviews provide more in-depth review of Farm Loan Programs than was done in previous years. In FY 2000, FSA is doubling the number of reviews, (from five to ten) as requested by CR.

External factors which may negatively impact performance include: the availability of funding for recruitment and internal promotions, the inability to hire due to downsizing, disgruntled employees filing cases as a result of reduction in force, habitual complaint filers, and the timeliness of guidance from the Department for preparation of the Affirmative Employment and Recruitment Plan. Additionally, some individuals, who believe they have a legitimate discrimination case, prefer not to solve their cases at the Agency level.

Means and Strategies:
Resources necessary to accomplish this initiative are provided through salaries and expense funding.
Early resolution techniques such as mediation and informal counseling are in place to reduce the number of informal complaints that become formal complaints and that are accepted by the Office of Civil Rights. A

formal mediation process was implemented in FY 1998 to help resolve EEO discrimination complaints.

FSA is identifying the root cause(s) for the high number of program complaints from farm loan customers, recommending and initiating corrective actions to resolve findings and determine the extent of improvements achieved. The first of two studies on this issue was completed FY 1999. The second, and more extensive study, will be completed in FY 2000.

FSA will respond to program and employee complaints based on guidelines established by the Department, and has installed a reliable and updated tracking system to monitor the status of complaints and settlement actions.

Performance standards for management and employees have been amended to include a critical civil rights element. Ten State/service center Civil Rights Management Reviews will be conducted in both FY 2000 and FY 2001. Offices will be made aware violations and accomplishments via an exit interview at the State Office and by a final report requesting corrective actions to eliminate problem areas. A Standard Operating Procedure is in place to assure completion of the corrective actions. Corrective actions are monitored by both CR&SBUS and the Executive Director for State Operations.

FSA will utilize the Affirmative Employment and Recruitment Program planning process, in conjunction with the workforce planning process, to identify under-represented groups by occupation and grade, and concentrate development and recruitment efforts in those areas. Current and historical data is being compiled and analyzed by FSA and will be used to establish performance targets for future years as well as baseline data to benchmark against. This data will be available by April 30, 2000.

FSA will seek opportunities to increase representation of women, minorities, and persons with targeted disabilities in under-represented grade levels and occupations partially through more intense outreach and recruitment efforts, utilizing the 1890 Scholars Program, HACU Summer Intern Program, Workforce Recruitment Program for College Students with Disabilities, and targeting disabled veterans. Program outreach strategies are discussed under Management Initiative 2. FSA recruitment personnel will be trained and certified to pursue recruitment opportunities in appropriate institutions and organizations.

All supervisors and managers in Washington, D.C., Kansas City, and St. Louis received Disability Employment Training (Module A) in FY 1998 and Module B in FY 1999. Module C will be distributed electronically to all managers and supervisors during FY 2000. Additionally, FSA provides ongoing Disability Awareness Training on a variety of topics.

Verification and Validation:
Program and employment complaint tracking systems were developed utilizing Paradox software and the systems were implemented at the end of FY 1999. Complaints are tracked from the day received to closure. The informal complaint tracking system is fully implemented, and complaints are tracked from date of initial contact through closure by withdrawal or settlement. If a formal complaint is filed, the complaint is tracked through the date the counselor’s report is submitted to CR and FSA’s Human Resources Division.

Informal complaints--A Standard Operating Procedure outlines procedures for processing informal complaints. The informal complaint tracking system is used to ensure that mandated time frames are adhered to and that all complaints are processed according to the written procedures.

Management reviews--State management reviews are monitored by both CR&SBUS and the Executive Director State Operations to ensure time frames are met.

Workforce diversity and targeted disability--An workforce profile analysis will be done on a continuing basis starting in FY 2000 to track progress in under-represented groups by occupation and grade. FSA will also utilize civilian labor force data, Departmental data and FSA data to perform comparative analysis. Targeted disability data is collected from NFC reports and benchmarked against Office of Personnel Management, U.S. Census, and USDA-wide data to determine how well FSA is doing.

Management Initiative 2: Enhance the ability of small, limited-resource, and socially disadvantaged (SDA) family farmers/ranchers to operate successfully.

Program Activities: Goals 1-3

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Estimate	FY 2001 Estimate
Funding (dollars in thousands) - Included in Goals 1-3				
FTEs (direct) - Included in Goals 1-3				
PERFORMANCE GOALS AND INDICATORS				
Increase the number of small, limited-resource, and socially disadvantaged family farmers and ranchers elected to County Office Committee positions. (%) (Baseline: FY 1996 - 7.51%)				
Underserved family farmers and ranchers elected to County Office Committee positions. (%)	9.36%	13.92%	15%	17%

Discussion of Performance Goal:
The achievement of this performance goals supports the achievement of USDA's management initiative 1 - to ensure that all customers and employees are treated fairly and equitably, with dignity and respect.

The goal of outreach is to increase participation in FSA and other internal and external programs by small, limited-resource, and underserved family farmers and ranchers and enhance their ability to operate their farming and ranching enterprises, produce an income adequate to maintain operations, service debt, and provide a reasonable standard of living. The economic viability of family farms helps to ensure stable rural communities and a continuous supply of affordable foods and fiber for both this nation and the world. These services are expected to result in a significant increase in participation in FSA programs by under served farmers and ranchers and a significant reduction in discrimination complaints. Provide opportunities for youth in underserved communities to gain exposure to agricultural careers in efforts to replace the increasing aged farmer population in underserved rural communities.

Means and Strategies:
To accomplish this goal, FSA provides information on Agency programs and County Committee elections, financing, training, technical assistance, and outreach resources to encourage and enhance the economic viability of the family farmer and rancher. Outreach efforts are coordinated by Headquarters and carried out by State Offices and service centers.

The FSA Outreach Programs Staff, located at Headquarters, provides training to State Executive Directors and State Outreach Coordinators on an ongoing basis. State Offices in turn provide training to service center personnel and community-based organizations. State Offices provide quarterly reports of the number of employees and partners trained.

In addition to FSA resources, effective outreach requires partnerships with other agencies, community-based, social, and religious organizations and educational institutions.

Verification and Validation: State Outreach Plans and quarterly reports, other internal Agency records, and reports will be used to verify performance.

Management Initiatives 3: Improve Financial Management and Reporting

Program Activity: All

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Funding (in thousands of dollars) Included in Goals 1-4				
FTEs Included in Goals 1-4				
PERFORMANCE GOALS AND INDICATORS				
Payment Management: Establish electronic funds transfer for all eligible service center initiated program and vendor payments. Service center initiated payments made by electronic funds transfer compared to total number of payments made (%)				
Salary Payments*	46.75	75	--	--
Vendor Payments	46.86	75	85	95
Producer Payments	30.19	75	70	85
Participate in Treasury Offset Program and Cross-Servicing Program under the Debt Collection Improvement Act of 1996				
Eligible Debts referred to Treasury Offset Program (%)	85	90	100	100
Eligible Debts referred for Cross-Servicing to Treasury (%)	--	86	100	100
Obtain an unqualified audit opinion on CCC's Financial Statements (Yes/No)	No	Not available**	Yes	Yes
FSA/CCC general ledger systems that meet U.S. Standard General Ledger requirements (%)	60	60	80	80***
Support the Chief Financial Officer's mandate to implement FFIS	–	--	0	100
Implement Financial Reporting Data Warehouse tool to meet the FSA/CCC financial reporting requirements:				
• CORE - FSA Data		85	100	
• CORE - CCC Data		0	100	
• FFIS - FSA Data		N/A	0	100
• Payment Management Data		N/A	0	50
• Debt Management Data		75	100	

*Payroll functions transferred to National Finance Center effective October, 1999.
**Will be available when OIG completes audit in February, 2000
*** FAS will be implemented October, 2001

Discussion of Performance Goals: FSA's Management Initiative 3 supports the Department's Management Initiative 4, " Improve Financial Management and Reporting".

Payment Management: FSA is implementing several initiatives to improve payment management and to meet the requirements of the OMB A-127, Financial Management Systems and the Debt Collection Improvement Act of 1996 (DCIA). FSA is:

- expanding the use of Electronic Funds Transfer (EFT) made to vendors and producers for program benefits. FSA also intends to expand the use of credit cards for payments. The percentage of vendor payments includes payments initiated by service centers and payments made through the Kansas City Management Office and Washington Headquarters Office. The expansion of EFT, to meet the requirements of the Debt Collection Improvement Act of 1996 (DCIA), is largely dependent on the customer's voluntary participation for receiving payments made by the Agency. Since it cannot be mandated by the Agency, 100 percent voluntary compliance is not a practical goal. Regardless, performance from year to year indicates a significant growth in the use of EFT.

- beginning work on the Centralized Payment System (CPS) Initiative in FY 2000. The CPS Initiative is the replacement of a legacy FSA/CCC payment systems. This initiative supports the FSA Financial Management Strategic plan, OMB A-127 and Joint Financial Management Improvement Program (JFMIP) requirements for an integrated financial management information system. The CPS will replace and consolidate the existing FSA/CCC financial, program and administrative payment systems using the Core Accounting Systems' (CORE) Accounts Payable and Automated Disbursement modules. FSA will work in partnership with the Office of the Chief Financial Officer in implementing the CPS.

Debt Collection: FSA is implementing the provisions of DCIA to maximize collection of delinquent debts owed to the Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools. FSA will minimize the cost of debt collection by consolidating related functions and activities to complete the necessary processes to refer delinquent farm loan and farm program debts to Treasury for the Treasury Offset and Cross-Servicing Programs. FSA has centralized it's delinquent farm program debts to improve the effectiveness of collection efforts and to ensure full utilization of all available collection tools.

Financial Statements: As a government corporation, CCC is required to prepare annual financial statements in conformity with Federal accounting standards, and subject them to audit. CCC also submits its financial data to the Department for incorporation to the USDA financial statements, which are also subject to audit. CCC is working with the USDA Chief Financial Officer and the Office of Inspector General (OIG) to ensure its financial statements are in compliance with Federal and Departmental policies and standards and receive an unqualified audit opinion. This also contributes to both Departmental and Presidential initiatives for an unqualified opinion for the Departmental and Government-wide statements. The following performance goal, previously reported in the FY 1999 and FY 2000 performance plans, has been deleted: "Financial Management System weaknesses identified in CCC's annual financial statement audit (#)". In prior audit reports, the OIG has identified as a material weakness the fact that CCC's current general ledger system does not provide detailed information needed on cash expenditures to accurately produce the CCC Summary Expenditures Report. In the FY 1998 audit, OIG discontinued its review related to this report so this performance goal has not been included in the FY 2001 performance plan.

Core Accounting System (CORE): The FAS general ledger system is being replaced by CORE to comply with the Federal financial management systems requirements, applicable Federal accounting standards, and the Standard General Ledger at the transaction level. The FSA and CCC general ledger systems are already in compliance. This consolidated general ledger will directly feed the Department's financial management system (FFIS) for preparation of the Department's consolidated financial statements and reports, and provide the data to prepare the required financial statements for the CCC, FSA, and FAS. The CORE-FAS implementation will integrate the funds control and general ledger functions of FAS and replace the Financial Accounting and Reporting System. The funds control functions were completed in October, 1999. The general ledger function is targeted for October 2001.

Foundation Financial Information System (FFIS): In 1994, the Department of Agriculture made the decision to implement the Foundation Financial Information System (FFIS) to achieve full compliance with laws, regulations, Congressional mandates and federal standards. FFIS is the Department's "foundation" for streamlining administrative and financial processes and to provide access to timely and reliable financial information. After an independent validation and verification of the USDA administrative financial management architecture and FFIS implementation, the Office of the Secretary accepted a recommendation to implement FFIS as quickly as possible in all USDA agencies. This will reduce overall operating costs and achieve USDA compliance with applicable laws and regulations. The Office of the Chief Financial Officer has been directed to implement FFIS at the Farm Service Agency, Rural Development Mission Area, Natural Resources Conservation Service, and the Animal and Plant Health Inspection Service by October 1, 2000. These agencies' implementation of FFIS will make USDA over 80 percent compliant with the Congressional and Government-wide mandates that require an integrated financial management system. FSA's goal is to implement the FFIS at the National Information Technology Center (NITC) in Kansas City by October 1, 2000.

Financial Reporting: FSA is developing a data warehouse reporting system to improve the FSA/CCC financial management information reporting system. The data warehouse will manage the central repository of information being used by FSA managers and employees to make the data accessible through an integrated software and hardware environment that combines the feeder system data and the general ledger to produce and reconcile financial reports. The information in the data warehouse reporting system will be obtained through a file transfer process from various financial management systems (e.g. Core Accounting System (CORE)) and verified though automated quality assurance reports. The users of the data warehouse tool will download reports, that are updated nightly, directly from the Intranet on an as needed basis.

Means and Strategies: FSA has ongoing staffing requirements for the Deputy Administrator for Management to provide policy and oversight regarding financial management operations.

Payment Management: FSA has ongoing staffing requirements to provide policy and oversight regarding payment management operations in the following areas:

- FSA will continue to promote the use of EFT's to producers by advertising and marketing the benefits of E-commerce and is exploring the possibility of merging EFT processes for FSA into one system or process.

To improve the participation by the vendors, FSA plans to include the Automated Clearinghouse requirements in the contract for receiving government payments. FSA will also encourage the use and expansion of the credit card, to be used when economical.

- In implementing the DCIA Treasury Offset Program (TOP), FSA will work with Treasury to publish requirements and instructions for developing and implementing the TOP process internally.

- In implementing the CPS, FSA will begin with high-level analysis and the preparation of a concept paper to integrate and replace FSA/CCC payment systems into the CORE's Accounts Payable and Automated Disbursement system. The CPS will be implemented in phases.

Debt Collection: The Debt Collection Improvement Act of 1996 (DCIA) mandates that all eligible delinquent Federal debt 180 days or more past due must be referred to the Treasury Offset Program (TOP) for offset of any eligible Federal payments due the debtors. FSA has been referring debts of producers no longer participating in FSA programs to TOP for the last two and one-half years. System modifications have been completed which will allow FSA to refer the delinquent debts of currently participating producers to TOP. As a result of the referral of all eligible delinquent debts to the Treasury Department, FSA will be 100 percent compliant with the TOP provisions of DCIA. FSA began transferring eligible debts 180 days or more delinquent to Treasury for cross-servicing in July, 1999. FSA began the referral of delinquent debts to consumer credit bureaus which should be completed by December 2000.

Financial Statements: CCC has implemented new processes which enable for preparation of its financial statements the Corporation to better meet Federal and Departmental requirements while providing a proper audit trail. CCC will continue to implement new accounting standards in a timely manner; it is currently developing an activity based costing methodology to comply with Federal cost accounting standards. CCC plans on doing an activity-based costing pilot project in one of its major program areas in FY 2000 and expand the project to other CCC programs in future years. CCC's implementation of the Core Accounting System will improve the quality of financial data produced from the general ledger, as well as serve to reduce the number of material weaknesses which are currently associated with its current system (FMS).

CORE: FSA used the existing Departments' FISVIS contract to acquire a Commercial off-the-shelf (COTS) accounting software package from the General Services Administration (GSA) Financial Management System Schedule and awarded a contract to American Management Systems to acquire the COTS accounting software package called the Foundation Financial System (FFS). The FAS implementation included the acquisition of Momentum which is the client server version of the FFS. To ensure the general ledger integrity, the activity posted in the CORE system is compared to the batch totals of the feeder systems. System assurance report are used to identify any out of balance situations to ensure totals are received accurately to the CORE system. The data is collected and produced on a nightly basis and produced nightly, weekly, monthly, etc. The CORE system receives information through interfaces from the National Finance Center, State Office and service center inventory systems and manual processes.

During FY 2000, the beginning balances will be converted into CCC CORE. This was accomplished in March 2000. Conversion reconciliation with the legacy systems (FMS) will be completed to ensure accuracy.

FFIS: FSA will implement the FFIS at the National Information Technology Center (NITC) in Kansas City. FSA will migrate the CORE **-** FSA application into a new secured environment called the FFIS. In addition to migrating the system to the FFIS environment, FSA will fully utilize all functionality (system modules) of the FFIS. FSA is currently working with OCFO and the contractor American Management Systems to define/document the configuration requirements analysis phase.

Financial Reporting: FSA is developing the data warehouse in conjunction with the Service Center Implementation Team (SCIT) Data Warehouse Team. The data warehouses are pilots to the SCIT data warehouse efforts. The FSA data warehouse pilots consist of two data marts. The first data mart is a financial data mart consisting of data from the CORE **-** FSA, currently in a pilot mode, and the CORE **-** CCC which will be implemented in FY 2000. The second data mart pilot is the debt management business area. This data mart consists of data from the Central Claims data base, Automated Claims Application System, Notes Payable system, and the service center receivable transmission file. The data warehouse will be implemented in phases which will include the following financial business areas: Payment Management data from the Centralized Payment System (CPS); and the FFIS data.

Verification and Validation:

Payment Management:

- The percentage of payments being made by EFT versus paper check can be easily verified by using the balancing files produced to reconcile payments. A shortcoming of this process is that it cannot easily identify a payment's eligibility. There are some payments initiated by the service center that, by definition, are ineligible from the EFT requirement. Those payments should not be included in the results reported. The source of most information is the initiating office and data processed through the Kansas City Management Office.

TOP implementation will ensure compliance with the requirements of DCIA. To verify the TOP initiative, the DCIA Implementation Team will:

- Complete management reviews of the TOP implementation plan;
- Obtain OIG concurrence on Agency's compliance with DCIA

To verify the CPS initiative, the CPS Implementation Team will:

- Complete management reviews of the CPS implementation plan;
- Review surveys to determine customer satisfaction with payment information;
- Obtain OIG concurrence on compliance with payment information and standards;
- Ensure the OIG Audit reports show no material weaknesses.

Debt Collection: FSA will track the number of farm loan and farm program debts referred to Treasury through quarterly reports. Treasury is required to provide agencies with various reports on the status of debts being handled by them, as well as the effectiveness of the private collection agencies under contract. Treasury will be providing reports on the number and dollar value of debts agencies refer to TOP and a report on the dollars collected via TOP. FSA will also be tracking internal administrative offsets and monitoring the effectiveness of other debt collection tools.

Financial Statements: OIG conducts an annual audit of CCC's financial statements, and issues an opinion thereon.

CORE: In order to verify and validate the costs of implementing CORE with the results achieved, the CORE Implementation Team will:

- Compare estimated costs with the actual costs of implementing CORE;
- Complete management reviews of the CORE implementation plan and OIG annual audit of CORE;
- Compare staffing level to maintain and operate CORE with the staffing levels for the current FSA general ledger systems;
- Review surveys to determine customer satisfaction with financial information;
- Obtain OIG concurrence on Agency compliance with financial information and standards;
- Ensure the OIG Audit reports show no material weaknesses.

FFIS: In order to verify and validate the costs of implementing FFIS with the results achieved, the FFIS Implementation Team will:

- Compare estimated costs with the actual costs of implementing FFIS;
- Complete management reviews of the FFIS implementation plan;
- Compare staffing level to maintain and operate FFIS with the staffing levels for the current CORE **-** FSA general ledger systems;
- Review surveys to determine customer satisfaction with financial information;
- Obtain OCFO, OIG concurrence on Agency compliance with financial information and standards

Financial Reporting: In order to verify the data warehouse initiative, the Data Warehouse Implementation Team will:

- Complete management reviews of the data warehouse implementation plan;
- Review surveys to determine customer satisfaction with financial information;
- Obtain OIG concurrence on Agency's compliance with financial information and standards;
- Ensure the OIG Audit reports show no material weaknesses.

Management Initiatives 4: **Achieve greater cost and operating efficiencies in the delivery FFAS programs by implementing integrated administrative management systems and reinventing/reengineering FFAS business processes and systems.**

Program Activity: All/Administrative Services

	FY 1998 Actual	**FY 1999 Actual**	**FY 2000 Estimate**	**FY 2001 Estimate**
Funding (in thousands of dollars) Included in Goals 1-4				
FTEs Included in Goals 1-4				
Install USDA's Purchase Card Management System. (Baseline: USDA established baseline for overhead cost per transaction for formal purchase orders is $77)				
Cost/transaction for simplified acquisitions under $100,000 purchases using credit cards ($)	34	22.80	17	17
Meet Small Business goals under the Procurement Preference Plan for the distribution of contract dollars to various classes of contractors (%)				
8(a) Companies (FY 99 goal: 8%)	15.84%	22.88	23	23
Small Disadvantaged Business (0.263%)	11.1%	8.44	9	9
Small Businesses (inclusive) (42%)	26.94%	41.14	42	42
Woman-Owned Businesses (5%)	0.45%	7.72	8	8
JWOD (Blind and Handicapped) (N/A)	0.036%	1.22	2	2
Provide electronic forms via Internet Based System to all FSA employees and external customers (%) (Baseline: Approximately 3% of FSA forms are available via the Internet in FY 1999)	—	3	50	100
Ensure there is no disruption of service in the year 2000 because of invalid date computations for FSA mission critical information technology systems. (Baselines: Information technology systems renovated, FY 1997 - 20%; Systems downtime, NITC FY 1998 - 1%)				
Mission critical information technology systems renovated (%)	97	100	--	—
System downtime caused by interface failures between mainframe COTS software and application software does not exceed baseline downtime averages (%)	--	0	1	

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Recovery procedures defined in FSA's Business Continuity (Contingency) Plan are executed such that implementation does not exceed defined time frames (% deviation)	–	–	20	20

Discussion of Performance Goals: FSA's Management Initiative 4 supports the Department's Management Initiative 3, "Create a Unified System of Information Technology Management" and the goals and objectives in the Office of the Chief Information Officer and Department Administration FY 1999 Performance Plan.

Purchase Card System: FSA is working with NRCS and RD to implement the USDA procurement reform initiative by expanding the number of micro-purchase credit cardholders in headquarters and State Offices, and installing the USDA's Purchase Card Management System (PCMS). Purchase cards have been implemented in headquarters and all State Offices. Implementation of the credit cards and PCMS was completed in December 1998 in FSA, FAS, and RMA. Once PCMS in installed throughout FFAS, total usage and savings will increase.

Procurement Preference Plan: In accordance with the Federal Acquisition Regulation (FAR) and the Department's Office of Small and Disadvantaged Business Utilization (OSDBU), the FSA procurement office must meet annual goals for the distribution of contract dollars to various classes of contractors. In order to meet these goals, FSA has pursued an aggressive outreach program to identify Procurement Performance Plan contractors and to use them in our contracting efforts. FFAS's procurement plans are regularly posted on the agency web page, and FSA attends the monthly OSDBU outreach sessions, in addition to other opportunities such as congressional procurement fairs. (Note: The performance measures for FY 00 and 01 shown in the table above are projections of the current actuals, since OSDBU has not assigned goals for these years yet.)

Electronic Forms Project: FSA is working on a project to provide FSA administrative and Office of Management and Budget (OMB) approved public use forms in an electronic format for access via an Internet based system. This will give employees and farmers the ability to complete on line, download, save, and print, user friendly forms for all major programs and services which can be faxed or mailed back to USDA. The proposed Freedom to E-File Act (H.R. 852/S.777) provides a clear mandate to improve electronic access to USDA programs and services. The Legislation requires that, "not less than 180 days after the enactment of this Act, the Secretary of Agriculture shall establish an electronic filing and retrieval system to enable the public to file all required paperwork electronically with the Department of Agriculture." To date, the legislation has not been enacted. But, USDA is moving forward with a phased in approach to achieve the mandates of the legislation. Phase I of the approach will convert forms to a new software format, make them fillable, design the web site and maintain forms files. Program divisions will be responsible for clearing the public use forms through OMB for approval to use them electronically, and developing instructions for using electronic forms which are geared toward the public's needs. Traditionally, FSA instructions for completing forms are described in internal Agency handbooks that may or may not be suitable for the public to use and understand.

In FY 1999, FSA converted close to 800 forms to the new electronic format. Of that quantity, approximately 300 forms are public use forms. OMB has approved 30 public forms, or 3%, for electronic access via the Internet as of December 20, 1999. The performance goal for FY 2001 is to achieve approval for 100 percent, or a total of the 300 public use forms to the electronic format.

Y2K: Corrections to FSA's information technology systems are required to prevent invalid date computations in the Year 2000 (Y2K). This project is to insure there are no disruptions in service to mission critical information technology application systems. Independent verification and validation activities, in addition to mainframe time machine testing, have been conducted to certify the stability of the NITC mainframe operating system environment. An unknown Y2K risk factor is the exposure risk from highly integrated telecommunication systems, environmental systems and desktop computing systems. FSA's Business Continuity (Contingency) Plan calls for close monitoring of high risk systems to ensure rapid responses or contingency actions are engaged for unforeseen production processing problems. Performance measures are linked to overall expenditures, downtime associated with unanticipated application system failures, and the rapid deployment of contingency plans.

Means and Strategies: Staffing requirements for the Deputy Administrator for Management to provide policy and oversight regarding, information technology, human resources and management services operations.

Purchase Card System: Other resources needed include commercial off-the-shelf National Finance Center software, hardware, and contracting support to implement USDA's Purchase Card Management System. Purchase cards are being used in headquarters and State Office. Implementation of the purchase cards and PCMS was completed in FY 1998 in FSA, FAS and RMA.

Procurement Preference Plan (PPP): Meeting the PPP goals does not require additional resources, but rather the conviction that contract funds can be spent in support of the goals without adversely affecting product or service quality. External resources, such as the OSDBU office and the Small Business Administration Pro-Net computer system, will be used to further FSA's achievement of these goals.

Electronic Forms Project: Phase I of this initiative will provide electronic forms to the public that can be completed online, printed and faxed or mailed to the USDA office. The software available to the public and employees is a "Free" helper application used only for completing the forms. The capabilities are limited at this time to tabbing through the form to complete it. No database or "smart form" intelligence is built into the forms accessed under Phase I. Phase II of the initiative will enable the farmer to electronically submit completed forms for all major programs and services over the Internet, assuming a secure solution can be implemented in FY 2001- 2002. Funding has not been determined for Phase II of the initiative. The initial startup costs for this project are as follows: $250,000 to procure and build the common web server infrastructure for Phase I and Phase II. Another $50,000 is required for annual support of the system. The $250,000 includes staff, contractor and software and hardware resources and was funded out of existing FY 1999 Budget funds. The $50,000 for annual support of the Internet system applies to the FY 2000 and FY 2001 Budgets.

Y2K: There are no additional funding requirements for this project in FY 2000 or FY 2001.

Verification and Validation:

Purchase Card System: All purchase cards transactions are tracked monthly and reconciled on a yearly basis. Once PCMS is installed throughout FFAS, total usage, and therefore, savings, will increase proportionately. NFC will track the number of transactions using PCMS.

Procurement Preference Plan: All procurement actions in FSA are tracked by the Federal Procurement Data System, which provides all the information needed to track performance goals. Using Oracle Discoverer, FSA can access this data in real time and make corrections to practices, if needed, to help in achieving the goals.

Electronic Forms Project: FSA maintains a SQL Microsoft Server database on the FSA web server that will identify which forms, by associated program and regulations, have been approved for public electronic access. By tracking the information collection dockets submitted through OMB, FSA will update this database and change the E-File flag to "yes". Using the database, FSA will produce reports to track forms approved for electronic access. FSA also periodically reports on the progress of this initiative to the Office of the Chief Information Officer.

Y2K: The Y2K verification and validation processes are being completed through multiple approaches. First, overall project management and statistical reporting is being completed by an independent staff, FSA's Year

2000 Enterprise Project Management Office. The office prepares the monthly report to USDA's Office of the Chief Information Officer and quarterly report to the Office of Management and Budget (OMB) that are directed through USDA's Office of the Chief Information Officer. An automated system has been constructed to monitor, report Y2K progress and prepare a series of management reports such as USDA-FSA Exception Report (ENR165), USDA-FSA Project Change Report (ENR166), USDA-FSA Project Report (ENR210), USDA-FSA Project Status Report (ENR220), and USDA-FSA Project Hours Report (ENR230). This data is available to all executive and senior executive levels of management within the FSA.

The automated management system will be modified to record the work hours expended against emergency application system repairs in FY1999 and FY2000. Statistical data for mainframe downtime due to COTS package errors will be tracked from NITC statistical reports for mainframe performance.

Manual project tracking will be instituted to track the execution of Business Continuity (Contingency) Plan emergency procedure during FY2000 and FY2001. Deviations from the planned response times will be tracked and recorded against FY 2000 and FY 2001 performance targets.

Management Initiative 5: **Expand the USDA Certified State Mediation Program to more efficiently and effectively resolve program disputes.**

Program Activity: Goals 1-3

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Direct Funding (in thousands of dollars)	$2,000	$2,000	$3,000	$4,000
Direct FTEs Included in Goals 1-3				
PERFORMANCE GOALS AND INDICATORS				
Expand the Certified State Mediation Program				
Authorized USDA agencies utilizing the USDA Certified State Mediation Program (#) (Baseline: 2 - FY 1997)	3	4	5	6
States with certified mediation programs that meet the needs of participating USDA agencies (#) (Baseline: 24 - FY 1997)	21	24	24	26
Increase the level of agreements reached through mediation by 2.63% over the baseline year. (Baseline: 76% - FY 1998)				
Cases resolved with agreements through State Mediation Programs (%)	76%	70%	70%	70%
Reduce the average administrative costs per case of State programs by 4.1%. (Baseline: $662 - FY 1998)				
Administrative cost per case mediated by State programs ($)	$628	$504	$658	$631

Discussion of Performance Goals:
The achievement of these performance goals supports the achievement of USDA's management initiative 1 - to ensure that all customers and employees are treated fairly and equitably, with dignity and respect.

USDA enters mediation to explore all available options to help agricultural producers, their creditors, and other persons directly affected by the actions of USDA to resolve disputes and reduce costs associated with administrative appeals, litigation, and bankruptcy. Many clients of the state mediation programs come by way of referrals from community assistance counseling organizations and community hot line contacts.

In addition to the financial restrictions, there is an increased caseload resulting from the additional issues approved for mediation. Also, many certified states are being contacted by various USDA agencies about using mediation to resolve other cases: including, rural housing and other Rural Development issues, civil rights issues, personnel issues within the agencies, and risk management/crop insurance cases.

The additional caseload places a greater burden on existing funds and the ability of the states to effectively and efficiently provide desired mediation services to USDA. Most noticeable will be the ability of the states to provide adequate training to its mediators in the new program areas. Equally as important will be the ability of the programs to provide training to USDA staff and producers on how and why mediation can help to resolve disputes. These are items that must be addressed if the program is to be fully utilized by USDA.

The President's Proclamation dated May 1, 1998 encourages greater use of mediation and other Alternative Dispute Resolution techniques throughout the executive branch. The President's memorandum to heads of executive departments and agencies states that each Federal agency must take steps to "...promote greater use of mediation..."

The National Association of State Departments of Agriculture (NASDA) stated in its February 22, 1999, Policy Statement, that "State Certified Agricultural Mediation Programs have played a significant role in resolving agricultural credit and other disputes." <u>NASDA acknowledged Vice President Gore's report, National Performance Review, Creating a Government that Works Better and Costs Less</u>, that singled out the program as an example of activities which agencies throughout the federal government should use more frequently. NASDA supports the expansion of the state mediation programs and urges that risk management/crop insurance, civil rights, rural housing and other rural development issues be added to the programs currently authorized under the mediation expansion. NASDA stated in its policy statement that the expansion of mediation programs should include other federal agencies which play a role in land and resource management, such as the Department of Interior, Army Corps of Engineers, and the Forest Service.

The economic crises in the farm belt will cause greater need for state mediation services in FY 2000 and FY 2001. The State Certified Agricultural Mediation Programs are more important now than ever. As funds for programs such as the Farm Credit Program, the Conservation Reserve Program, the Commodity Credit Corporation, and the Federal Crop Insurance Corporation are eliminated, reduced, or frozen at current levels, there will be fewer dollars available for farm families. These reductions will increase levels of frustration, anger, and fear experienced by these families whose resources are already stretched, creating additional demands for a positive alternative to resolving disputes with the USDA.

The farm economy is likely to worsen as wheat and cattle prices remain at very low levels because of global overproduction. Agricultural mediation played a very important role in resolving financial disputes between farmers/ranchers and lenders in the 1970's and 1980's. Producers will again look to state mediation services as a means of surviving natural disasters, low prices, and a strong economy that pushes up their property values and taxes.

Means and Strategies: An effective USDA Certified Agricultural Mediation Program continues to require the support and cooperation of State government officials and USDA affected agencies, agricultural producers, creditors, mediators, FSA National Office, State, and county personnel. Therefore, the budget requests $4 million in FY 2001 to expand mediation into other States and to encourage State programs to offer mediation on the additional issues.

For USDA agencies whose adverse decisions are subject to appeal to the National Appeals Division (NAD), the Reorganization Act requires such agencies to offer program participants the right to choose mediation, where available, as part of the optional informal hearing process prior to appeal to NAD. Accordingly, the responsibility of implementing the mediation requirement of the Reorganization Act lies with USDA program agencies. USDA agencies will be encouraged to incorporate mediation into regulations, to implement mediation training among agency personnel and to promote mediation as an alternative to more formal administrative appeals procedures.

Efforts will continue to be made to encourage new States to establish certified mediation programs and to expand issues available for mediation under the State programs. Outreach efforts will encourage the support of 1862, 1890, and 1994 Land Grant Colleges and Universities as administrators of State programs. State programs will need to become more effective in use of funds to accommodate an anticipated increase in the number of mediation cases.

FSA will continue to meet with Department representatives to address various issues regarding appeals and mediation. FSA will scheduled Dispute Resolution Training for State Office employees during FY 2001. This will be a substantial field training effort in mediation since the enactment of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994. A steering committee of the Coalition of Agricultural Mediation Programs will participate in providing comprehensive training to FSA State Office employees who will then provided additional training to service center employees. State mediation training provides general information regarding mediation activities and authority to assist field offices in handling requests filed by program participants. FSA continues to work with representatives from the Forest Service, Risk Management Agency, Natural Resource Conservation Service, and Rural Development regarding their use of the certified state mediation program.

FSA will hold informational meetings to help expand the number of certified state mediation programs, specifically in the Southeastern states that are under represented in the USDA Agricultural Mediation Program. These meetings are intended to increase USDA Certified State Mediation Programs that represent partnerships among USDA and participating State governments, with shared costs toward achieving a common goal of promoting Federal and State agricultural mediation programs. The meetings will target non-certified States and will stress program benefits of becoming certified, opportunities for participants, and will seek commitments for further exploration of certification.

Verification and Validation:
FSA, as program administrator, will obtain information from affected USDA agencies and State programs to measure performance. USDA will continue to compare internal agency performance information on mediation activity by USDA agencies.

In addition to these management initiatives, FSA is involved in the following **Departmental initiatives:**

1. USDA Service Centers - The Department is implementing major changes in the county-based field agencies to efficiently use declining resources and improve customer service. USDA is implementing a field office streamlining plan which collocates the county-based agencies (FSA, NRCS, and RD) in one-stop USDA service centers. This collocation effort will result in streamlining the total number of field office locations from over 3,700 to about 2,550. The Department is also completing the installation of the Local Area Network and Wide Area Network which will provide connectivity within and between USDA service centers and other support offices. All USDA service center agency offices throughout the country will have a common telecommunications platform allowing efficient e-mail, file transfer, and voice communications.

Farm Service Agency
GPRA Program Budget Funding
FY 1998 thru FY 2001
Dollars in Thousands

Goal	GPRA Program/Activity Name	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
1	Marketing Assistance Loans	$7,258,221	$12,484,912	$17,370,823	$16,758,987
1	Production Flexibility Contracts	6,228,999	5,878,987	6,265,840	4,662,710
1	CCC Disaster Related Activities	3,346	5,274,863	7,714,541	1,500
1	Dairy Indemnity Payment Program	550	450	450	450
1	Sugar Program	361,780	383,665	193,080	197,765
1	Tobacco & Peanut Price Support & Production Control Program	666,782	403,536	859,088	96,736
1	Noninsured Crop Disaster Assistance Program (NAP)	23,506	55,227	75,413	88,009
	SUBTOTAL, PROGRAMS	14,543,184	24,481,640	32,479,235	21,806,157
1	FSA Salaries & Expenses				
	Funding (Direct)	491,229	588,629	574,420	641,210
	Funding (Reimb.)	60,112	73,392	109,434	65,499
	Total S&E Funding	551,341	662,021	683,854	706,709
1	TOTAL: Goal 1				
	Funding (Direct)	$15,034,413	$25,070,269	$33,053,655	$22,447,367
	Funding (Reimb.)	60,112	73,392	109,434	65,499
	TOTAL Funding	$15,094,525	$25,143,661	$33,163,089	$22,512,866
1	FSA FTE’s				
	FTE’s (Direct)	8,814	10,230	8,542	9,865
	FTE’s (Reimb.)	626	785	2,323	601
	Total FTE’s, Goal 1	9,440	11,015	10,865	10,466
2	Emergency Conservation Program	34,000	28,000	50,000	0

Farm Service Agency
GPRA Program Budget Funding
FY 1998 thru FY 2001
Dollars in Thousands

Goal	GPRA Program/Activity Name	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
2	Conservation Reserve Program	1,884,734	1,784,622	1,839,200	1,873,602
2	Tree Assistance Program	10,791	3,209	0	0
2	Hazardous Waste Management Program				
	CCC Funded	4,089	4,429	5,000	5,000
	FSA Funded	200	0	0	0
	SUBTOTAL, PROGRAMS	1,933,814	1,820,260	1,894,200	1,878,602
2	FSA Salaries & Expenses				
	Funding (Direct)	189,920	156,684	163,010	162,228
	Funding (Reimb.)	13,756	10,419	18,420	9,740
	Total S&E Funding	203,676	167,103	181,430	171,968
2	TOTAL: Goal 2				
	Funding (Direct)	$2,123,734	$1,976,944	$2,057,210	$2,040,830
	Funding (Reimb.)	13,756	10,419	18,420	9,740
	TOTAL Funding	$2,137,490	$1,987,363	$2,075,630	$2,050,570
2	FSA FTE’s				
	FTE’s (Direct)	3,399	2,475	2,573	2,359
	FTE’s (Reimb.)	105	78	68	59
	Total FTE’s, Goal 2	3,504	2,553	2,641	2,418
3	Direct and Guaranteed Loans	2,225,371	3,939,313	5,839,229	4,557,938
	Program Loan Cost Funds	9,721	9,676	8,300	4,139
	Appropriated Subsidy (non-add)	122,946	231,416	268,512	185,554
3	SUBTOTAL, PROGRAMS	2,235,092	3,948,989	5,847,529	4,562,077
3	FSA Salaries & Expenses				

Farm Service Agency
GPRA Program Budget Funding
FY 1998 thru FY 2001
Dollars in Thousands

Goal	GPRA Program/Activity Name	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
	Funding (Direct)	209,861	240,678	245,391	265,315
	Funding (Reimb.)			6,842	
	Total S&E Funding	209,861	240,678	252,233	265,315
3	TOTAL: Goal 3				
	Funding (Direct)	$2,444,953	$4,189,667	$6,092,920	$4,827,392
	Funding (Reimb.)	0	0	6,842	0
	TOTAL Funding	$2,444,953	$4,189,667	$6,099,762	$4,827,392
3	FSA FTE's				
	FTE's (Direct)	3,049	3,247	3,283	3,383
	FTE's (Reimb.)			100	
	Total FTE's, Goal 3	3,049	3,247	3,383	3,383
4	Commodity Warehouse Activities (Reimbursable)	6,837	6,512	7,669	8,037
4	Domestic Nutrition & Feeding Programs (DNFP) 1/	38,770	318,096	169,901	54,755
4	Foreign Food Aid Humanitarian & Developmental Assistance Programs (FFDA)	647,081	1,471,724	1,197,001	753,305
4	SUBTOTAL, PROGRAMS				
	Funding (Direct)	685,851	1,789,820	1,366,902	808,060
	Funding (Reimb.)	6,837	6,512	7,669	8,037
	Total Funding	692,688	1,796,332	1,374,571	816,097
4	FSA Salaries & Expenses				
	Funding (Direct)	20,340	21,477	21,434	24,946
	Funding (Reimb.)	3,306	3,160	3,584	3,673
	Total S&E Funding	23,646	24,637	25,018	28,619

Goal	GPRA Program/Activity Name	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
4	TOTAL: Goal 4				
	Funding (Direct)	$706,191	$1,811,297	$1,388,336	$833,006
	Funding (Reimb.)	10,143	9,672	11,253	11,710
	TOTAL Funding	$716,334	$1,820,969	$1,399,589	$844,716
4	FSA FTE's				
	FTE's (Direct)	265	265	265	265
	FTE's (Reimb.)	141	136	135	135
	Total FTE's, Goal 4	406	401	400	400
Management Initiative	State Mediation Grants	2,000	2,000	3,000	4,000
	GRAND TOTAL				
	Funding (Direct)	$20,311,291	$33,050,177	$42,595,121	$30,152,595
	Funding (Reimb.)	84,011	93,483	145,949	86,949
	TOTAL FUNDING	$20,395,302	$33,143,660	$42,741,070	$30,239,544
	GRAND TOTAL				
	FTE's (Direct)	15,527	16,217	14,663	15,872
	FTE's (Reimb.)	872	999	2,626	795
	TOTAL FTE's	16,399	17,216	17,289	16,667

1/ Represents CCC budget estimates for Dairy Price Support purchases, Indian Acute Disaster Program, and the estimated storage and handling cost for CCC- owned commodities other than commodities committed to the Food Security Commodity Reserve. Does not include commodities purchased by FSA using funds appropriated to the Food and Nutrition Service.

The following information provides the basis of FSA Resource Allocation:

Program Funding Estimates

FSA funding estimates for GPRA **program** activities (shown as Subtotals under each goal in the table) were developed based on the President's proposals programs in the FSA appropriation structure.

Other GPRA activities, such as for CCC programs, were derived from CCC FY 2001President's Budget Estimates.

Salaries and Expenses Funding and FTEs Estimates

FSA funding and staff year estimates for the Salaries and Expenses Account support the four GPRA goals and reflect the results of reviews of county office workday estimates, and the proration of this data to derive Federal

FTE's with some exception. For Goal 3 (Farm Loans), resources and FTE's were taken directly from the Agricultural Credit Insurance Fund FY 2001 Agency Estimate budget request, and then adjusted upward where the actual or proposed transfer from the ACIF program account was insufficient to finance the estimated FTE's devoted to farm loan program delivery. Conservation workload for Goal 2 was next considered in light of program activity/signups, and the applicable administrative funding and FTE's were calculated. Commodity operations (Goal 4) involves only Federal FTE's and these were developed and allocated based on functional responsibilities identified to FSA organizations (principally the Kansas City Commodity Office, divisions in headquarters, and various support and selected Kansas City Management Office ADP staff). Farm Programs (Goal 1) is supported by a functional workday analysis. Within each GPRA goal, funding for implementing Management Initiatives is included, except for State Mediation Grants, which is separately appropriated. At this time, the estimates developed for the four strategic goals provide an equitable distribution of resources to support the Agency's goals and objectives and will be periodically reviewed to reflect legislative and programmatic changes.