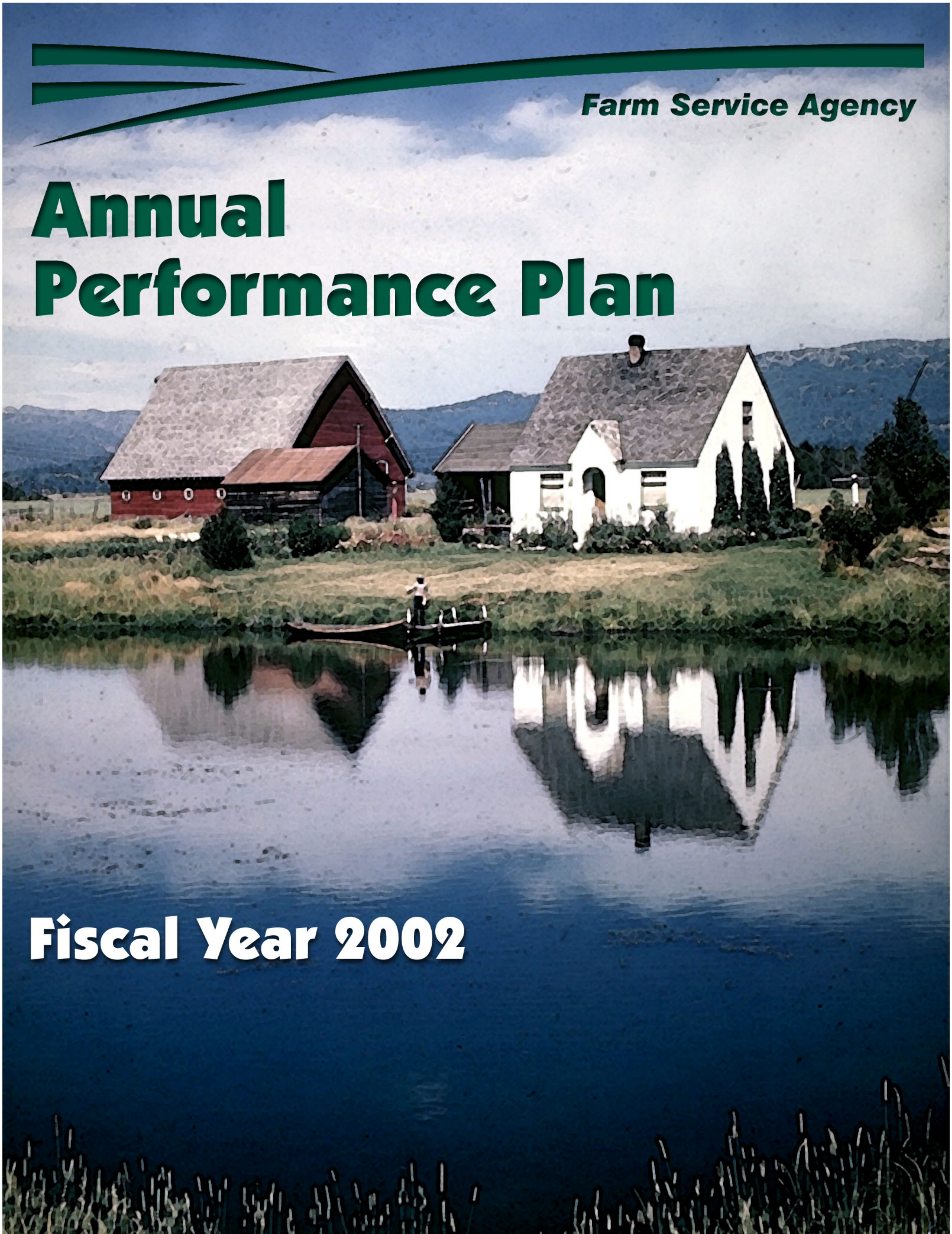
Farm Service Agency

Annual Performance Plan

Fiscal Year 2002



FARM SERVICE AGENCY

FY 2001 and 2002 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, Department of Agriculture (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 (CCC) Disaster Related Activities.

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.

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 may: (1) forfeit the commodity to CCC and pay no principal or interest, or (2) repay 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.

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 are 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.

Noninsured Crop Disaster Assistance Program (NAP): NAP was established under the Federal Crop Insurance Reform Act of 1994. FSA provides assistance when natural disasters, including drought, 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, aquaculture, and crops not covered by a crop insurance policy. For crop year 2000, crops are eligible for NAP payments when the expected area yield has been reduced by at least 35 percent. Effective for the 2001 and subsequent crop years, the area trigger has been removed. As a result, NAP payments will be 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 FSA. Also effective for 2001 and subsequent crop years, producers must pay a service fee for the eligible crop when applying for NAP benefits. The service fee is equal to the lesser of $100 per crop per county or $300 per producer per county, but not to exceed a total of $900 per producer. However, to make the program more accessible, limited resource farmers may request a waiver of the service fee.

Sugar Program: The Sugar 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 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.

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 2002.

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.

Bioenergy Program: The Bioenergy Program is authorized by Section 5(e) of the CCC Charter Act. Under this program, CCC makes incentive payments to bioenergy companies/producers compensating them for a portion of their increased commodity purchases made to expand existing production of bioenergy and to encourage the construction of new production capacity.

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 appeals 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.

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, targeting 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 the 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).

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.

Hazardous Waste Management Program: 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, about 60 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.

Farm Loan Programs: FSA provides assistance to eligible individuals and families through supervised credit, outreach, and technical assistance so they may become successful farmers and ranchers. The Consolidated Farm and Rural Development Act, Public Law 87-128, August 8, 1961, as amended, authorizes most farm loan programs administered by FSA. Subtitle A of this act authorizes farm ownership, recreation, and soil and water loans. Subtitle B authorizes direct and guaranteed operating loans. The Agricultural Credit Improvement Act of 1992, Public Law 102-554, establishes special assistance to qualified beginning and socially disadvantaged 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 on 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.

Commercial Warehouse and Other Activities: 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. Congress enacted the USWA 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, 2002. The program assists dairy processors in managing their inventories of eligible dairy products, and assures 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 Government intervention in a global economy. Dairy processors acquire the milk used in the manufacture of eligible products from dairy farmers. Eligible dairy products are cheddar cheese, butter and nonfat dry milk.

Domestic and Export Commodity Procurement Activities: 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 Food and Nutrition Service. 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.

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. 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.

Commodity Credit Corporation 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.

STRATEGIC GOAL 1: **Provide 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.**

OUTCOMES:

- Improve economic stability of program participants.
- Provide timely and effective services.

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 1999 Actual	**FY 2000 Actual**	**FY 2001 Estimate**	**FY 2002 President's Budget**
Funding (dollars in thousands)				
Direct	$25,070,269	$36,049,062	$29,107,068	$17,402,052
Reimbursable	73,392	119,921	72,420	75,728
Total Funding	$25,143,661	$36,168,983	$29,179,488	$17,477,780
FTEs				
Direct	10,230	8,595	11,135	10,648
Reimbursable	785	2,409	638	607
Total FTEs	11,015	11,004	11,773	11,255
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%
Percentage of eligible commodity production placed under marketing assistance loan or loan deficiency payment [[1]wheat, corn, grain sorghum (beginning in FY 2000) barley, oats and soybean; [2]upland cotton]	80%[1] 98%[2]	77%[1] 88%[2]	75%[1] 40%[2]	75%[1] 40%[2]
Maintain the economic viability of tobacco and peanut programs, and producers, by establishing producer/purchaser assessments and stabilizing tobacco and peanut prices. [(Baselines for marketing year 1996: Assessments - $.02 per lb. for tobacco, $.0035 per lb. for quota peanuts (QP), $.0004 per lb. for non-quota peanuts (NQP). Prices-$1.87 per lb. for tobacco, $610 per ton for QP, $132 per ton for NQP)]				
Average tobacco and peanut assessment ($/pound)	Tobacco-$.038 QP-$.00366 NQP-$.0011	Tobacco-$.054 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-$175.00	Tobacco-$1.70 QP-$610.00 NQP-$132.00	Tobacco-1.70 QP-$610.00 NQP-$132.00	Tobacco-$1.70 QP-$610.00 NQP-$132.00
Percentage of eligible producers receiving NAP payment within 30 days of the producer's application for payment (%)	N/A	N/A	80%	90%

DISCUSSION OF PERFORMANCE GOALS:

The achievement of these performance goals supports USDA's strategic goal 1.1, "Provide an effective safety net and promote a strong, sustainable U.S. farm economy." This is accomplished by:

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.

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. For the 2000 crop year, LDPs were made on 77% of eligible production of wheat, corn, barley, oats, grain sorghum, and soybeans, and 88% of upland cotton. It is anticipated that LDPs will remain at or near current levels in FY 2001 and 2002. The increase in LDPs is a direct result of the lower commodity prices received in 1998 and 1999. The FY 2001 and 2002 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 2001, resulting in continued strong demand for LDPs and other government assistance..

In FY 2001, the FSA Price Support Division 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. These 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 made 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 LDPs. High moisture commodities, commodities containing contaminates, such as aflatoxin, and low quality commodities are also eligible. These program changes resulted 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 about $625 million in market loss assistance in FY 2001.

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.

Providing timely disaster assistance. The need to expedite assistance to producers impacted by natural disasters is critical, as recognized by the elimination of the NAP area trigger in the Agriculture Risk Protection Act of 2000. Elimination of the area trigger should significantly reduce the time lag between occurrence of a disaster and receipt of a NAP payment.

MEANS AND STRATEGIES:

Production Flexibility Contracts - FSA's Production, Emergencies, and Compliance Division (PECD), located in Washington D.C., provides policy and oversight of program operations. State Office and Service Center personnel are needed to administer the program. Activities include issuing payments, preparing new contracts, amending existing contracts, tracking program contracts, and addressing program violations. The Kansas City Finance Office (KCFO) tracks contracts and payments in the KCFO mainframe.

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 staff at State Offices and Service Centers to administer the program by issuing payments, collecting loan repayments, monitoring loans open after maturity, and operating the Automated Price Support System. Kansas City Information Technology Services Development Office (KCITSDO) computer programmers and support personnel are needed 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 and FY 2000 significantly increased workload and resource requirements. The trend is expected to continue in FY 2001 and FY 2002.

Tobacco and Peanuts – Maintain sufficient staff for the Tobacco and Peanuts Division (TPD), located in Washington D.C., to provide policy and oversight regarding program operations. State Office and Service Center personnel are required to administer the program by issuing and maintaining allotments and quotas, ensuring compliance with allotments and quotas, and tracking and reconciling marketings. KCFO and the KCITSDO computer programmers and support personnel are needed to maintain program software in field offices and 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 Washington, DC, Kansas City offices, 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.

NAP - Staffing requirements for PECD, located in Washington D.C., must be maintained to provide policy and oversight regarding program operations. Kansas City staff is needed to maintain and track NAP eligibility and payment activity. The Aerial Photography Field Office and Service Centers with geospatial information system capability 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.

By conducting national program training, expanding compliance reviews, and continuing NAP automation advances, FSA anticipates continuing decreases in producer payment processing times and improving program integrity.

NAP expenditures are projected to increase from $23,506,000 in FY 1998 to $164,459,000 in FY 2002. Factors that account for this projected increase are the elimination of the area loss requirement, 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 2002 Resource needs for Goal 1, Farm Programs, are 11,255 FTEs, $844,152,000 in Salaries and Expenses, and $16,633,628,000 in program funds.

VERIFICATION AND VALIDATION:

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

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 Kansas City. Data for actual commodity production comes from the National Agricultural Statistics Service. 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.

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 of Agriculture. 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 analysis, 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.

NAP - Time frames for NAP payment functions will be automated and monitored in a tracking system.

STRATEGIC 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.

OUTCOMES:

- Reduce soil erosion.
- Reduce sedimentation in streams and lakes.
- Improve water quality.
- Establish wildlife habitat.
- Restore farmland damaged by natural disasters.
- Protect public health by reducing groundwater contamination.

PROGRAM ACTIVITIES: CRP, ECP, and Hazardous Waste Management Program.

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 President's Budget
Funding (dollars in thousands)				
Direct	$1,976,944	$1,789,786	$1,949,964	$1,988,177
Reimbursable	10,419	19,569	8,609	8,621
Total Funding	$1,987,363	$1,809,355	$1,958,573	$1,996,798
FTEs				
Direct	2,475	2,290	2,053	2,110
Reimbursable	78	56	59	60
Total FTEs	2,553	2,346	2,112	2,170
PERFORMANCE GOALS AND INDICATORS				
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)	29.8 million	31.5 million	33.9 million	35.0 million
• General sign up (competitive) enrollment acres (cumulative)	28.9 million	30.3 million	32.3 million	32.5 million
• Continuous (including CREP) enrollment acres (cumulative)	.9 million	1.2 million	1.6 million	2.5 million
States with approved CREP agreements	8	12	20	20
Acres of high environmental sensitivity enrolled in CREP	.10 million	.12 million	.50 million	.75 million
Acres established in conservation buffers (including filter strips and riparian buffers)	1.0 million	1.2 million	1.6 million	2.5 million
Acres of highly erodible land (HEL) retired	22.6 million	23.7 million	24.8 million	24.8 million
Acres of HEL that would erode above "T" when farmed with conservation plan (EI ≥ 15)[1]	10.0 million	10.4 Million	10.8 million	10.8 million
Acres enrolled in the Prairie Pothole, Chesapeake Bay, Great Lakes, Long Island Sound, and Long Leaf Pine national conservation priority areas	6.9 million	7.2 million	7.7 million	7.7 million
Acres in trees or other non-crop vegetative or water cover that provides permanent wildlife habitat[2]	4.0 million	5.3 million	5.9 million	5.8 million
Acres planted with vegetative covers defined as best suited for wildlife	12.5 million	16.7 million	18.8 million	18.8 million
Restored acres of wetlands[3]	1.4 million	1.5 million	1.7 million	2.0 million
Acres planted with trees	1.9 million	2.1 million	2.3 million	2.3 million
Established acres of restored rare and declining wildlife habitat	55 thousand	249 thousand	364 thousand	364 thousand
Rehabilitate damaged acreage to agricultural production under ECP. (#) (Baseline: 1.4 million acres rehabilitated under ECP – FY 1996).	4.9 million	7.6 million	3.1 million	3.3 million
Improve the timeliness and cost-effectiveness of site remediation initiatives for CCC hazardous waste activities. (Baselines: Site investigation costs-$900,000 per site, 12 months to perform site investigations – FY 1996).				
Site investigation costs ($)	600,000	675,000	675,000	700,000
Average amount of time to perform site investigations (months)	10	10.5	10.5	10.5

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 President's Budget
Continue to protect public health by providing communities safe drinking water. (Baseline: 3 remediation projects completed – FY 1996).				
Communities provided safe drinking water through remediation efforts or provision of an alternate water source for domestic use (#)	8	4	3	3

[1]EI=Erodibility Index
[2]Includes tree planting, wetland restoration, former water bank land, and permanent wildlife habitat
[3]Primarily conservation Practice 23, which includes adjacent upland.

DISCUSSION OF PERFORMANCE GOALS:
Accomplishment of these performance goals supports the USDA's strategic goal 1.1, "Provide an effective safety net and promote a strong, sustainable U.S. farm economy"; strategic goal 3.1, "Maintain the productive capacity of the natural resource base for future generations"; and strategic goal 3.2, "Protect the quality of the environment."

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; 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 working with States to establish Conservation Reserve Enhancement Program (CREP) agreements.

For general signups, the Environmental Benefits Index (EBI) helps ensure the continued enrollment of high levels of quality wildlife habitat, lands most in need of protection from soil erosion, lands that will benefit water and air quality, 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 to restore wetlands and 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.

Certain high priority CRP practices, which include riparian buffers, filter strips, grassed waterways, field windbreaks, wellhead protection areas, shallow water areas, and saline seep control, are permitted to be enrolled on a continuous basis. These practices provide a high degree of environmental benefits.

CREP is a refinement of CRP that provides the opportunity to combine Federal and State resources to target significant National and State resource problems through the use of CRP. To date, 15 CREP agreements have been implemented and additional agreements are pending.

ECP - ECP provides emergency funds to farmers and ranchers to assist in rehabilitating farmlands damaged by natural disasters and to carry 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 , because the type, extent, and frequency of natural disasters is unknown.

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 60 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:

CRP - Staffing requirements for FSA's Conservation Environmental Programs Division (CEPD), located in Washington D.C., must be maintained to provide policy and oversight regarding program operations. State Office and Service Center personnel are needed to administer the program by managing contracts, providing cost-share payments, issuing annual payments, and maintaining the Conservation Reporting and Evaluation System. KCFO resources track CRP data and provide appropriate reports. The Natural Resources Conservation Service, Forest Service, State governments, State forestry agencies, and U.S. Fish and Wildlife Service provide technical assistance.

ECP - Staffing requirements for CEPD, located in Washington D.C., must be maintained to provide policy and oversight regarding program operations. State Office and Service Center personnel are needed to administer the program. Key activities include reviewing and approving ECP applications, providing cost-share payments, and maintaining the Conservation Reporting and Evaluation System. KCFO resources track ECP data and provide appropriate reports. The Natural Resources Conservation Service provides ECP technical assistance.

CCC Hazardous Waste Management Program - Staffing requirements for CEPD, located in Washington D.C., to must be maintained to provide policy and oversight regarding program operations. Funding requirements include $5.0 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 2002 Resource needs for Goal 2, Conservation and Environment, 2,170 FTEs, $154,156,000 in Salaries and Expenses, and $1,842,642,000 in program funds.

VERIFICATION AND VALIDATION:

CRP - CEPD analyzes 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 maintained in accordance with program requirements.

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

Hazardous Waste Management Program - CEPD reviews 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 also reviews the monthly billing statements to determine the costs incurred to perform remediation at each site.

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

OUTCOMES:
- Improve economic viability of farmers and ranchers.
- Reduce losses in direct loan programs.
- Respond timely to loan making and servicing requests.
- Provide maximum financial and technical assistance to undeserved groups to aid them in establishing and maintaining profitable farming operations.

PROGRAM ACTIVITY: Direct and Guaranteed Loan Programs

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 President's Budget
Funding (dollars in thousands)				
Direct	$4,189,667	$4,085,888	$4,405,529	$4,135,595
Reimbursable	0	0	0	0
Total Funding	$4,189,667	$4,085,888	$4,405,529	$4,135,595
FTEs				
Direct	3,247	3,625	3,546	3,546
Reimbursable		0	0	0
Total FTEs	3,247	3,625	3,546	3,546
PERFORMANCE GOALS AND INDICATORS				
Maintain the direct loan delinquency rate below 16%. (Baseline: 20.3% - FY 1996)	14.2	12.4	14.5	15.8
Reduce first-year delinquency rate on new and restructured loans. (Baselines: 14.4% and 18.4%, respectively - FY 2000)				
First year delinquency rates on new direct loans (%)	N/A	14.4	14.0	13.5
First year delinquency rates on restructured direct loans (%)	N/A	18.4	17.8	18.3
Increase the percentage of guaranteed loans made to direct borrowers (%) (Baseline: 32.5% - FY 1996)	33.3	33.3	33.9	34.6
Maintain a low loss rate on direct loans. (%) (Baseline: 5.4% - FY 1998)	3.5	4.2	5.2	5.8
Maintain a low loss rate on guaranteed loans. (%) (Baseline: .82% - FY 1997)	.93	.79	1.9	2.0
Reduce direct and guaranteed loan processing times. (Baselines: 46 days direct; 20 days guaranteed - FY 2000)				
Direct loan average processing times (# days)	N/A	46	44	42
Guaranteed loan average processing times (# days)	N/A	20	19	18
Increase the amount of loans to beginning and socially disadvantaged farmers/ranchers. ($ in millions) (Baseline: $984.9 million–FY 1999)	$984.9	$993.3	$1,026.0	$1,120.0

DISCUSSION OF PERFORMANCE GOALS:
Achievement of these performance goals supports USDA's Strategic Goal 1, Objective 1, " Provide an effective safety net and promote a strong, sustainable U.S. farm economy."

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 each year, achieving a 25% reduction by the end of FY 2005.

FSA will continue its efforts to provide additional financial assistance to beginning and socially disadvantaged farmers. While FSA provides assistance to these groups in greater amounts than commercial lenders, there is still an opportunity for improvement.

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 significant external factor that could impact accomplishment of our goals is a drop in net farm income relative to the mid-1990's. This will increase the demand for FSA Farm Loan programs, but will also reduce 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 Service Centers, 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 1,100 CFR pages, 2,900 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 2002, FSA will have reduced direct loan losses by 27.5 percent, as compared to the 8% loss rate in FY 1996, and maintained the guaranteed loan loss rate at or below 2.0%

FSA will focus outreach efforts on increasing the amount of lending 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 2,995 Federal FTEs at the National, State and county office levels, and 551 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 FSA'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 2002 Resource needs for Goal 3, Farm Loans, 3,546 FTEs, $272,595,000 in Salaries and Expenses, and $3,863,000,000 in program funds.

VERIFICATION AND VALIDATION:
Reports generated from the Executive Information Service system are the primary means of measuring farm loan program performance. The National Office reviews these reports quarterly to monitor progress toward achievement of the 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. Service Center staff enters application processing times 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.

Additionally, FSA revised the performance measurement methodology for the following performance goals/indicators:

- <u>Lending to beginning and socially disadvantaged farmers</u> - In the FY 1999 and FY 2000 annual performance plans, FSA measured the number of loans to these groups as a percentage of total loans made. However, loan demand and the size of loans distorted this measure. To better measure the progress in providing financial and technical assistance to beginning and socially disadvantaged farmers, FSA is now measuring the dollar volume of loans made to these applicants.
- <u>First year delinquency rates on new and restructured loans</u> - The previous delinquency measures were distorted by the impact of restructuring loans. Essentially, the delinquency could be cured through restructuring, resulting in lower delinquency rates. The new measure eliminates the impact of restructuring on delinquency rates. Although this may result in slightly higher delinquency rates, it is a better measure of our progress in achieving the outcome of improving the economic viability of farmers and ranchers.
- <u>Loan processing times</u> - Previously, we defined loan processing time as being from the date of receipt of a complete loan application to the date of decision. The revised measurement methodology defines processing time as being from the date we first receive an application to the date of decision, which includes the time needed to get the complete loan application package together. The effect of the measurement change is that our average processing times for direct and guaranteed loans will be higher than previously reported, however, we feel that the new measure is a better representation of actual processing times, and will be a better management tool.

STRATEGIC 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).**

OUTCOMES:
- Increase the self-sufficiency of USWA examination operations.
- Purchase high quality commodities.
- Deliver commodities to customers on time.
- Provide the highest possible level of customer service.

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 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 President's Budget
Funding (dollars in thousands)				
Direct	$1,811,297	$1,893,338	$2,087,843	$699,936
Reimbursable	9,686	10,434	10,456	10,932
Total Funding	$1,820,983	$1,903,772	$2,098,299	$710,868
FTEs				
Direct	265	291	291	291
Reimbursable	136	136	135	135
Total FTEs	401	427	426	426
PERFORMANCE GOALS AND INDICATORS				
Maintain CCC's current contribution level associated with USWA examination operations at 50% of the total costs. (Baseline: 64% - FY 1996)				
USWA warehouse examination operation costs funded by CCC ((% of total examination costs and $ (in millions))	45 $1.83	45 $1.81	50 $1.96	50 $2.18
Maintain the percentage of on-time shipments for multi-food accounts. (Baseline: 80% - FY 1996)	96	97	95	95

DISCUSSION OF ANNUAL PERFORMANCE GOALS:
Achievement of these performance goals supports USDA's strategic goal 1, "Expand economic and trade opportunities for U.S. agricultural producers" and strategic goal 2, "Reduce hunger and improve nutrition among children and low-income people in the U.S."

Warehouse Examinations and Inventory Management - CCC has determined that until commodity prices improve and loan placements decline, which is not expected in the near future, funding of USWA examinations should increase five percent from the current level because of the increase in examinations conducted on behalf of CCC. Thus, the FY 2001 performance target has been revised upward to 50%. The target for FY 2001 and 2002 is for CCC to fund 50% of the warehouse examination operations, down from 64% in FY 1996.

Commodity Delivery - Improving the timeliness of deliveries to customers is critical to achieving our stated outcomes.

MEANS AND STRATEGIES:
Warehouse Examinations and Inventory Management - The resources needed to accomplish the performance goal 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. Recent approval of a USWA revision will allow customer base and service expansions so more income is generated from user fees. The USWA revision will also allow 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 LDP program participation by producers, increased USDA compliance review requirements, the warehouse industry's resistance to fund warehouse examinations, lack of support for the revised 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.

Commodity Delivery - Resources required to meet the annual performance include continued funding for staffing, office equipment, PCs, travel, and continued maintenance and replacement of major automated systems such as the Processed Commodity Inventory Management System. Additional funding is needed to maintain automated systems compliance with industry standards as they change. To improve delivery timeliness, procurement practices have been streamlined to include long-term 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 web-based internet systems operated and maintained by FSA staff, which converted previous manual procedures to electronic systems. These systems move FSA commodity operations towards an electronic commerce system. External factors that could impact performance include availability of transportation, vendor production, performance problems, supply shortages, and size of shipments.

Total FY 2002 Resource needs for Goal 4, Commodity Operations, 426 FTEs, $27,661,000 in Salaries and Expenses, and $683,207,0000 in program funds.

VERIFICATION AND VALIDATION:

Warehouse Examinations and Inventory Management - The User Fee Comparison Report, FSA Warehouse Function Allocation of Obligations Report, and USWA Examination User Fee Costs Report, which are prepared by the FSA Budget Division, are used by program managers to measure performance and ensure that program costs do not exceed available funds. FSA's Warehouse Inventory Division 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, individuals in the Kansas City Commodity Office review warehouse examination results to verify that examinations are adequate to ensure that facilities licensed under the USWA meet storage and handling requirements.

Commodity Delivery - Performance measurement data is generated from the Processed Commodity Inventory Management System and other similar systems for specific commodities. FSA's Deputy Administrator for Commodity Operations and the Food and Nutrition Service review system reports monthly and quarterly. FSA personnel verify data in these systems after entry.

STRATEGIC GOAL 5: Provide effective administrative services and information technology processes.

OUTCOMES:

- Improve customer service delivery to program managers, customers, and the public.
- Improve organizational performance and productivity of financial management systems and reporting, procurement, informational technology investments, and personnel services.

PROGRAM ACTIVITY: All

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 President's Budget
Funding (in thousands of dollars) included in Goals 1-4 FTEs included in Goals 1-4				
PERFORMANCE GOALS AND INDICATORS				
Obtain an unqualified audit opinion on CCC's Financial Statements. (Yes/No) Baseline: Qualified Opinion in FY 1999	No	No	Yes	Yes
Decrease the average age of FSA and CCC Domestic Debt Portfolio (Years). Baseline as of 9/30/99:				
• CCC/Farm Program - 4.78 years	4.78	5.2	4	3
• FSA/Farm Loan Program – 2.75 years	2.75	2.67	3	3
Establish electronic funds transfer (EFT) for eligible Service Center initiated program and vendor payments.				

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 President's Budget
Service Center initiated payments made by EFT compared to total number of payments made (%):				
• Vendor Payments	N/A	53.1%	70%	80%
• Producer Payments	N/A	77.1%	78%	80%
Financial management systems implemented on schedule and within budget. (% complete)	N/A	N/A	0%	25%
FSA/CCC/Foreign Agricultural Service general ledger systems that meet the U.S. Standard General Ledger requirements. (% complete)	60%	80%	80%	80%
Implement Financial Reporting Data Warehouse tool to meet the FSA/CCC financial reporting requirements. (% complete):				
• General Ledger Management	28%	33%	66%	100%
• Payment Management	N/A	33%	66%	100%
• Receipts Management	75%	100%	66%[1]	100%
All information technology program applications meet or exceed the access and service requirements of the Freedom to E File Act. (Yes/No)	N/A	N/A	Yes	Yes
All information technology program applications meet or exceed the access and service requirements of the Government Paperwork Elimination Act. (Yes/No)	N/A	N/A	No	Yes
Reduce the administrative costs required of micro purchase acquisitions. ($2,500 or less)	$22.80	$19.74	$18.00	$17.00

[1] The scope of the Receipts Management data warehouse initiative was expanded to include Farm Loan Programs. Farm program and commodity operations data, part of the original implementation plan, were completed in FY 2000.

DISCUSSION OF PERFORMANCE GOALS: FSA's Goal 5 supports the Department's Strategic Goal 5 "Operate an Efficient, Effective, and Discrimination-Free Organization." FSA's goal is to improve organizational performance and productivity in the areas of information technology investments, financial management systems and reporting, procurement, and personnel services.

FSA is working toward a financial information system that can produce auditable financial statements and provide reliable and useful information for decision-making. As a government corporation, CCC is required to prepare annual financial statements in conformity with Federal accounting standards, and subject them to audit. CCC, along with FSA and FAS, submits its financial data to the Department for inclusion in the USDA financial statements, which are also subject to audit. FSA 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. This also contributes to both Departmental and Presidential initiatives for an unqualified opinion for the Departmental and Government-wide statements

FSA is progressing toward the development of financial management information systems that are responsive to user and customer needs by providing timely, reliable and useful information for decision-making. To meet the needs of our customers, financial management information systems must:

- Process, track and provide accurate, timely, and accessible information on financial activity in the most cost-effective and efficient manner.
- Ensure adequate controls to safeguard assets and manage liabilities, revenues, and expenditures.
- Support the basic accounting functions for accurately recording and reporting financial transactions, and an integrated budget, financial, and performance information system that managers may use to make decisions on their programs.

MEANS AND STRATEGIES: FSA has ongoing staffing requirements for the Deputy Administrator for Management to provide policy and oversight regarding information technology, financial management, procurement, and human resources administration.

Financial Management

- Financial Statements - Enhancements are continuing to be made to improve the preparation and timeliness of financial statements for FSA, CCC, and the Foreign Agricultural Service to better meet Federal and Department requirements while providing a proper audit trail. In FY 2000, contractor support was obtained and additional staffing was hired to assist in addressing the foreign credit reform audit issues. For FY 2001, additional reconciliation processes, procedures and controls are being implemented. FSA and CCC are also participating in the Department's credit reform working group. New accounting standards are being implemented timely.

$ Receipt Management: FSA is implementing the provisions of the Debt Collection Improvement Act of 1996 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 is minimizing the cost of debt collection by consolidating related functions and activities and referring delinquent farm loan and farm program debts to Treasury for the Treasury Offset and Cross-Servicing Programs. FSA has centralized its delinquent farm program debts to improve the effectiveness of collection efforts and to ensure full utilization of all available collection tools.

- Payment Management - During FY 2001, CCC is implementing a program to expand and improve the use of EFT for vendor type payments. Some of the expansion will be through improved reporting of payments made through alternative EFT mechanisms such as convenience checks and credit cards. Also, by improving the reporting of financial detail to customers, many multi-location vendors will be able to accept EFT payments that they were not able to in the past due to lack of available detailed payment information.

  The customer participation percentage continues at a plateau of between 75 and 80 percent. Without the Treasury mandate and enforcement capability, the request to use EFT is nothing more than a voluntary process. As a voluntary process, 75-80 percent participation is an exceptional result. As such, performance targets for FY 2001 and 2002 have been revised.

- Financial Management Systems - FSA is developing an integrated financial management system for FSA, CCC, and the Foreign Agricultural Service (through cross servicing). This effort provides the opportunity to re-evaluate financial management requirements, business rules and processes, identify needed improvements, and develop common functions whenever possible to accomplish FSA/CCC business. The core financial management business processes and systems include general ledger management, funds control, payment processing, receipt (debt and collections) processing, and financial/program reporting. After reviewing financial processes and functions as they exist in the current environment, FSA has identified improvements to streamline processing and eliminate manual intervention. These improvements will encourage the use of new or emerging technologies and modernize systems to enhance financial management controls and services.

- General Ledger Management - The FSA general ledger systems are in compliance with the standard general ledger requirements. The legacy CCC general ledger system (Financial Management System) was replaced by the Core Accounting System (CORE) in October 2000. The legacy Foreign Agricultural Service general ledger system (the National Finance Center's Centralized Accounting System) will be replaced by the Foundation Financial Information System in October 2002.

- Financial Management Reporting - FSA is developing a data warehouse reporting system, in conjunction with the Service Center Data Warehouse Team, to improve the FSA/CCC 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. The data warehouse will provide a single point of entry for FSA/CCC data, and a consistent, integrated access to enterprise-wide information.

Information Technology - FSA will make investments to improve its information technology infrastructure, so that program managers can design more efficient and effective program delivery modalities to meet the needs of customers and users, while protecting privacy and ensuring that systems are accessible and secure from unauthorized access or disruption. FSA will use web-enabled technologies and upgraded telecommunications to support remote access to FSA services and processes via the Internet. In FY 2001, database and Internet enabled computers (AS/400) will be installed in all Service Centers. FSA plans to complete conversion of priority IT infrastructure applications including security, database, Service Center accounting systems, and core name and address files supporting all Service Center partner agencies in FY 2002. FSA will also reengineer various program applications to run under the Common Computing Environment operability.

Procurement - FSA will implement an Integrated Acquisition System pilot program which will allow requisitions to be submitted via the Internet, institute commitment accounting in USDA which has an interface with the Foundation Financial Information System, and provide automated tools to prepare purchase orders, requests for quotations, solicitations and contracts.

FSA is working with the Natural Resources Conservation Service and Rural Development 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. Purchase cards have been implemented in headquarters and all State Offices. Implementation of the credit cards and the Purchase Card Management System was completed in December 1998 in FSA, the Foreign Agricultural Service, and the Risk Management Agency.

Personnel Services - FSA will work with the Natural Resources Conservation Service and Rural Development to implement PeopleSoft, a commercial off-the-shelf software product being implemented under the Combined Administrative Management System initiative. In FY 2002, the three Service Center agencies may be joined in implementing the system by other Departmental agencies, including the Forest Service. In addition, a number of other Department agencies are pilot testing commercial off-the-shelf software programs that may provide additional functionality and cost savings not available from a single vendor product.

FSA will use automated decision support tools for line managers and supervisors that reduce the need for administrative support from human resources staffs and personnel administration costs. To implement these tools, preparatory work must be done to validate data in the system for access. The Kansas City Personnel Division will be expanding its special examining unit to provide services to other USDA agencies. This will provide an opportunity over the next 5 to 10 years to review and validate a considerable amount of staffing and classification information that will be needed to support these automated decision support tools.

Governmentwide Reforms - In addition to the activities above, FSA is working to meet the President's governmentwide management goals – delayering management levels, reducing erroneous payments, making greater use of performance based contracts, expanding online procurement, expanding OMB Circular A-76 competitions, and improving the accuracy of the Federal Activities Inventory Reform Act (FAIR Act) inventory. These goals are intended to improve the efficiency and effectiveness of operations. FSA's efforts to meet these goals are in their preliminary stages. As such, the FY 2003 and FY 2002 Revised annual performance plan will contain specific performance goals and strategies for accomplishing these important goals.

Currently, FSA is preparing a workforce analysis that will be submitted to the Office of Management and Budget. Findings from this analysis will be used to develop a restructuring plan to streamline the Agency structure. Restructuring is intended to flatten the organizational hierarchy (i.e. reduce the amount of vertical differentiation), improve decision-making, increase the span of managerial control, and put more employees in direct service delivery positions.

Regarding A-76 competitions and the FAIR Act, FSA has completed an initial review of its FAIR Act inventory. FSA recently submitted an implementation plan for contracting commercial functions to the Department for review and approval. Once the plan is approved and finalized, specific strategies will be included in the FY 2003 and FY 2002 Revised annual performance plan.

VERIFICATION AND VALIDATION:

Financial Management

- Financial Statements - USDA's Office of Inspector General annually audits and issues an opinion on the CCC financial statements.

- Receipt Management: The source of this information is the Central Claims Database for farm program claims and the Program Loan Accounting System for farm loan program debts. The methods used to collect the data are automated applications that feed from the end user into the centralized databases. The information is then available for control and reporting purposes. The limitation on the data is that it is as accurate as the information that is input by the originating office. However, there are many validations built into the Automated Claims System to ensure the accuracy of the data and that only valid information is accepted. Also, all FSA employees are provided instructions on handling the program data. Handbooks and notices are provided on processing procedures for all program activity. The error rate on data is less than 1/10 of one percent. When errors occur, the transaction is suspended, reviewed and corrected as soon as possible. The data is collected on a nightly basis from all field offices. The debt collection information that is received from the Department of Treasury is fed into the Automated Collection Application System the day it is received. These processes allow for the most current and accurate data available.

- Payment Management - The percentage of payments disbursed by EFT versus paper is 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 sources of most information are the initiating office and the Kansas City Finance Office.

- Financial Management Systems - In order to verify the financial management systems initiative, the Financial Management Information System Team is performing management reviews of the implementation plans.

- General Ledger Management - Compliance for FSA and CCC general ledger systems has been verified. The Foreign Agricultural Service's successful conversion to the Foundation Financial Information System, which is standard general ledger compliant, will be verified through an analysis of the beginning balances in the system compared to the Centralized Accounting System balances.

- Financial Management Reporting - In order to verify progress of the data warehouse initiative, the Data Warehouse Implementation Team is performing management reviews of the data warehouse implementation plan.

Information Technology - The planned sequence for meeting the requirements of Freedom to E-File and the Government Paperwork Elimination Act will be approved by the FSA IRM Review Board. The Board membership is the core membership of the FSA eCommerce Steering Committee. The Board will manage the development and delivery process for meeting the requirements of these laws. Regular performance reports are given to the Board, which along with the Board meeting minutes will document actual performance.

Procurement - All purchase card transactions are tracked monthly and reconciled on a yearly basis. NFC will track the number of transactions using the Purchase Card Management System.

STRATEGIC GOAL 6: To ensure equal access and treatment in program delivery and employment, provide a diverse workforce free of discrimination, and ensure equal opportunity for minority, women-owned, and small disadvantaged businesses.

OUTCOMES:

- Reduce or eliminate under-representation of women, minority groups, and the disabled in Agency employment, occupation categories, and grade levels.
- Deliver Agency programs in full compliance with applicable civil rights laws and Departmental goals, policies, and procedures.
- Meet or exceed Departmentally established goals for acquisition of products and services from minority, women-owned, and small disadvantaged businesses.

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 President's Budget
Funding (dollars in thousands) - Included in Goals 1-4 FTEs (direct) - Included in Goals 1-4				
PERFORMANCE GOALS AND INDICATORS				
Maintain the percentage of employment complaints resolved at the informal level. (%)	52.5%	57.3%	55%	55%
Improve workforce diversity by increasing representation of women, minorities and persons with targeted disabilities (only under-represented areas are identified).				
Representation of Hispanics in the Agency (%)	N/A	3.1%	3.6%	4.1%
Representation of Asian Americans/Pacific Islanders in the Agency (%)	N/A	0.9%	1.2%	1.5%
Representation of persons with targeted disabilities in the Agency (%)	1.47%	1.20%	1.37%	1.37%
Representation of women at higher grade levels (GS-13 through GS-15, excluding political appointees) (%)	N/A	28.3%	29.6%	30.9%
Increase the number of program complaints processed on time.				
Average number days spent processing program complaints compared to Departmental guidelines (#)	52.5	24	24	24
Increase the level of agreement reached through mediation.				
Cases resolved with agreements through the USDA Certified State Mediation Programs(%)	70%	72%	73.5%	75%
Reduce the average administrative cost per case mediated by the USDA Certified State Mediation Program. ($)	$504	$641	$641	$625
Increase the representation of small, limited resource, and socially disadvantaged farmers and ranchers elected to County Office Committee positions. (%)	13.87%	11.72%	13%	15%
Meet small business goals under the Procurement Preference Plan for the distribution of contract dollars to various classes of contractors. (%)				
8(a) Companies	N/A	5.23%	5%	TBD**
Small Disadvantaged Businesses	N/A	19.78%	5%	TBD**
Small Businesses (inclusive)	N/A	37.27%	43%	TBD**
Women-Owned Businesses	N/A	2.42%	5%	TBD**
HubZoned*	N/A	N/A	2.5%	TBD**
Service Disabled Veterans*	N/A	N/A	2%	TBD**
*New categories beginning in FY 2001 ** FY 2002 targets have not yet been established by the Department, however, we do not anticipate significant change from the 2001 targets.				

DISCUSSION OF PERFORMANCE GOALS:
Achievement of these performance goals supports USDA's strategic goal 5, Objective 1: "Ensure that USDA provides fair and equitable service to all of its customers and upholds the civil rights of its employees."

FSA is firmly committed to the elimination of any and all forms of disparate or discriminatory treatment affecting its customers, clients, and employees based on consideration of race, color, national origin, religion, sex, age, disability, marital status, and sexual orientation. This includes program applicants, recipients, and beneficiaries; employees and applicants for employment; and private sector individuals or organizations who do, or who seek to do, business with the Agency.

MEANS AND STRATEGIES:

Equal Opportunity Employment - FSA will provide effective equal employment opportunity and civil rights training for all employees and State and county committee members to improve awareness, understanding, and appreciation of requirements for nondiscrimination, workforce diversity, and the avoidance of sexual harassment. FSA will also continue to use and participate in special emphasis programs sponsored by USDA and other agencies to increase the awareness and appreciation of the history and cultural backgrounds of minority groups and women. Additionally, FSA will increase the use of "alternative dispute resolution" techniques to provide quicker, more satisfactory, and less costly resolution of employment conflicts.

FSA will perform 10 Equal Employment Opportunity/Civil Rights State Office/Service Center Management Reviews to help ensure compliance with applicable laws and regulations. Offices will be made aware of problem areas and accomplishments via an exit interview at the State Office and by a final report which also requests corrective actions to eliminate problems identified. Corrective Action Plans are submitted to FSA's Executive Director for State Operations, where they are monitored until completed.

FSA will seek opportunities through outreach and recruitment efforts to increase the representation of women, minorities and persons with targeted disabilities in under-represented grade levels and occupations. FSA will participate in special programs and appointment authorities such as the 1890 Scholars Program, HACU Summer Intern Program, Workforce Recruitment for College Students with Disabilities, Washington Internship for Natives, Stay in School, Cooperative Education, Summer Intern Programs, and will also target disabled veterans. Within available ceiling constraints, FSA will reallocate personnel ceilings to particular occupational categories based on program need, but targeted for special national efforts to eliminate under-representation in such categories. FSA will use internally and externally sponsored career enhancement programs to increase the educational, experiential, and skill levels of the work force, with special emphasis on improving opportunities for under-represented groups. Additionally, a five-year Affirmative Employment Plan is being developed for the Agency during FY 2001, identifying recruitment and training needs.

Program Delivery - FSA will continue to identify, assess, and address the research, education, and technical assistance needs of minority, low-income, and underserved customers. Outreach efforts will include establishing partnerships with minority serving institutions, community based organizations, and other agencies to provide information on FSA programs and County Committee elections and improve service delivery to underserved populations.

FSA will increase the use of "alternative dispute resolution" techniques, such as the USDA Certified State Mediation Program, to achieve satisfactory resolution of program issues at the earliest possible time and at the lowest possible level. FSA, which administers the USDA Certified State Mediation Program, 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. An effective USDA Certified State Mediation Program continues to require the support and cooperation of State government officials, USDA affected agencies, agricultural producers, creditors, mediators, FSA National Office, State, and service center personnel. Meeting the target for cost per case will be a challenge as costs for mediation services continue to rise, partly because additional training is required to become knowledgeable in other program areas now covered by the mediation program. However, mediation remains a cost-effective alternative to traditional litigation and appeals.

Equal Opportunity in Business Relations - In accordance with Federal Acquisition Regulations and the Department's Office of Small and Disadvantaged Business Utilization procedures, the FSA procurement office strives to meet annual goals for the distribution of contract dollars to various classes of contractors. FSA has pursued an aggressive outreach program to identify Procurement Performance Plan contractors and to use them in contracting efforts. FSA's procurement plans are regularly posted on the Agency web page. Also, FSA personnel attend the Office of Small and Disadvantaged Business Utilization's monthly outreach sessions and Congressional procurement fairs.

Meeting the Procurement Performance Plan 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 Office of Small and Disadvantaged Business Utilization and the Small Business Administration Pro-Net computer system, will be used to further FSA's achievement of these goals.

VERIFICATION AND VALIDATION:
Equal Opportunity Employment

- Informal Complaints - The informal complaint tracking system is fully implemented, and complaints are tracked from the date of initial contact through closure. The tracking system is used to ensure that mandated time frames are met and complaints are processed according to the written procedures. Data limitations are input errors and complaints handled by other USDA agencies that are not reported to FSA. The complaint intake form was modified in December 2000 to reduce the risk of errors.

- Management Reviews - Results of management reviews are maintained in a tracking system.

- Workforce Diversity and Targeted Disability - A workforce profile analysis is forwarded to managers on a quarterly basis to track progress in underrepresented groups by occupation and grade. Workforce diversity data and underrepresentation data are contained in automated databases maintained by the USDA's National Finance Center. Targeted disability data is self-reported on form SF-256, "Self-Identification of Handicap", by employees when hired. FSA will use civilian labor force data to perform comparative analysis.

Program Delivery

- Program Complaint Processing - Data is compiled and maintained in a database. Data limitations are inaccurate source information and data input errors. To help ensure data quality, data is reviewed by management, input daily, and reports are prepared weekly, monthly, and quarterly.

- USDA Certified Mediation Program - FSA, as program administrator, obtains information from other USDA agencies and certified State programs to measure performance. FSA is working with the Department's Conflict Prevention and Resolution Center to develop a more uniform information collection procedure for the mediation program to measure program benefits and effectiveness.

Equal Opportunity in Business Relations - Procurement actions in FSA are tracked by the Federal Procurement Data System, which provides information to monitor performance goals. Using Oracle Discoverer, FSA can access this data in real time and correct errors in practices.

Farm Service Agency
Government Performance and Results Act (GPRA) Program Budget Funding
FY 1999 thru FY 2002
Dollars in Thousands

	GPRA /Activity Name	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 President's Budget
Goal 1	Marketing Assistance Loans	$12,484,912	$14,012,923	$17,887,735	11,162,431
	Production Flexibility Contracts	5,878,987	5,687,288	4,386,236	4,212,801
	Bioenergy Program	0	0	153,638	154,179
	CCC Disaster Related Activities	5,274,863	13,989,608	4,855,434	0
	Dairy Indemnity Payment Program	450	450	450	100
	Sugar Program	383,665	858,323	786,606	829,458
	Tobacco & Peanut Price Support & Production Control Program	403,536	815,131	120,274	110,200
	Noninsured Crop Disaster Assistance Program (NAP)	55,227	38,994	180,779	164,459
	SUBTOTAL, PROGRAMS	24,481,640	35,402,717	28,371,152	16,633,628
	FSA Salaries & Expenses				
	Funding (Direct)	588,629	646,345	735,916	768,424
	Funding (Reimb.)	73,392	119,921	72,420	75,728
	Total S&E Funding	662,021	766,266	808,336	844,152
	TOTAL: Goal 1				
	Funding (Direct)	$25,070,269	$36,049,062	$29,107,068	$17,402,052
	Funding (Reimb.)	73,392	119,921	72,420	75,728
	TOTAL Funding	$25,143,661	$36,168,983	$29,179,488	$17,477,780
	FSA FTEs				
	FTEs (Direct)	10,230	8,595	11,135	10,648
	FTEs (Reimb.)	785	2,409	638	607
	Total FTEs, Goal 1	11,015	11,004	11,773	11,255
Goal 2	Emergency Conservation Program	28,000	60,000	79,824	0
	Conservation Reserve Program	1,784,622	1,580,712	1,735,406	1,837,542
	Tree Assistance Program	3,209	0	0	0
	Hazardous Waste Management Program (CCC Funded)	4,429	5,440	5,000	5,000
	FSA Funded	0	100	100	100
	SUBTOTAL, PROGRAMS	1,820,260	1,646,252	1,820,330	1,842,642
	FSA Salaries & Expenses				
	Funding (Direct)	156,684	143,534	129,634	145,535
	Funding (Reimb.)	10,419	19,569	8,609	8,621
	Total S&E Funding	167,103	163,103	138,243	154,156
	TOTAL: Goal 2				
	Funding (Direct)	$1,976,944	$1,789,786	$1,949,964	$1,988,177
	Funding (Reimb.)	10,419	19,569	8,609	8,621
	TOTAL Funding	$1,987,363	$1,809,355	$1,958,573	$1,996,798
	FSA FTEs				
	FTEs (Direct)	2,475	2,290	2,053	2,110
	FTEs (Reimb.)	78	56	59	60
	Total FTEs, Goal 2	2,553	2,346	2,112	2,170

Farm Service Agency
GPRA Program Budget Funding
FY 1999 thru FY 2002
Dollars in Thousands

	GPRA Program/ Activity Name	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 President's Budget
Goal 3	Direct and Guaranteed Loans	3,939,313	3,822,820	4,135,914	3,855,000
	Program Loan Cost Funds	9,676	6,716	4,300	8,000
	Appropriated Subsidy (non-add)	231,416	160,783	217,354	185,377
	SUBTOTAL, PROGRAMS	3,948,989	3,829,536	4,140,214	3,863,000
	FSA Salaries & Expenses				
	Funding (Direct)	240,678	256,352	265,315	272,595
	Funding (Reimb.)	0	0	0	0
	Total S&E Funding	240,678	256,352	265,315	272,595
	TOTAL: Goal 3				
	Funding (Direct)	$4,189,667	$4,085,888	$4,405,529	$4,135,595
	Funding (Reimb.)	0	0	0	0
	TOTAL Funding	$4,189,667	$4,085,888	$4,405,529	$4,135,595
	FSA FTEs				
	FTEs (Direct)	3,247	3,625	3,546	3,546
	FTEs (Reimb.)	0	0	0	0
	Total FTEs, Goal 3	3,247	3,625	3,546	3,546
Goal 4	Commodity Warehouse Activities (Reimbursable)	6,526	6,551	7,934	8,342
	Domestic Nutrition & Feeding Programs (DNFP) 1/	318,096	107,076	0	48,399
	Foreign Food Aid Humanitarian & Developmental Assistance Programs (FFDA)	1,471,724	1,763,266	2,064,385	626,466
	SUBTOTAL, PROGRAMS				
	Funding (Direct)	1,789,820	1,870,342	2,064,385	674,865
	Funding (Reimb.)	6,526	6,551	7,934	8,342
	Total Funding	1,796,346	1,876,893	2,072,319	683,207
	FSA Salaries & Expenses				
	Funding (Direct)	21,477	22,996	23,458	25,071
	Funding (Reimb.)	3,160	3,883	2,522	2,590
	Total S&E Funding	24,637	26,879	25,980	27,661
	TOTAL: Goal 4				
	Funding (Direct)	$1,811,297	$1,893,338	$2,087,843	$699,936
	Funding (Reimb.)	9,686	10,434	10,456	10,932
	TOTAL Funding	$1,820,983	$1,903,772	$2,098,299	$710,868
	FSA FTEs				
	FTEs (Direct)	265	291	291	291
	FTEs (Reimb.)	136	136	135	135
	Total FTEs, Goal 4	401	427	426	426

Farm Service Agency
GPRA Program Budget Funding
FY 1999 thru FY 2002
Dollars in Thousands

	GPRA Program/ Activity Name	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 President's Budget
Goal 5	Administrative Services and IT Processes 2/				
Goal 6	State Mediation Grants 3/	2,000	3,000	2,993	2,993
GRAND TOTAL					
	Funding (Direct)	$33,050,177	$43,821,074	$37,553,397	$24,228,753
	Funding (Reimb.)	93,497	149,924	91,485	95,281
	TOTAL FUNDING	$33,143,674	$43,970,998	$37,644,882	$24,324,034
GRAND TOTAL					
	FTEs (Direct)	16,217	14,801	17,025	16,595
	FTEs (Reimb.)	999	2,601	832	802
	TOTAL FTEs	17,216	17,402	17,857	17,397

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.
2/ Funding and FTEs are included in Goals 1-4.
3/ Funding and FTEs for the following Goal 6 activities are included in Goals 1-4: Civil Rights; Diversity; Equal Employment Opportunity; and Small Business procurement activities. FTEs for the USDA Certified State Mediation Program are also included in Goals 1-4. However, funding for the USDA Certified State Mediation Program is shown in Goal 6, since it is appropriated.

The following information provides the basis for FSA Resources 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 for programs in the FSA appropriation structure.

Other GPRA activities, such as for CCC programs, were derived from CCC FY 2002 President's Budget Estimates.

Salaries and Expenses Funding and FTE's 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 exceptions. For Farm Loans (Goal 3), resources and FTE's were taken directly from the Agricultural Credit Insurance Fund FY 2002 President's Budget, and then adjusted upward when the actual or proposed transfer from the Agricultural Credit Insurance Fund 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, which 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 ADP staff). Farm Programs (Goal 1) is supported by a functional workday analysis. Within GPRA goals 1-4, the funding and FTEs for implementing Goals 5 and 6 are included, with the exception of funding for USDA Certified State Mediation Program grants. This activity is specifically identified under Goal 6, because an appropriation is provided for that purpose. At this time, the estimates developed for the four strategic goals provide an equitable distribution of resources to support the Agency's goals and outcomes and will be periodically reviewed to reflect legislative and programmatic changes.