United States Department of Agriculture
Office of the Chief Financial Officer

USDA 2001
PERFORMANCE MANAGEMENT
GUIDANCE

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Section I - Performance Management Process

The United States Department of Agriculture's (USDA) performance management process is designed to enable the Department to establish strategy, make decisions, allocate resources, and manage programs safely, effectively, and efficiently in ways that are consistent with USDA's Results Act plans and reports. The purpose of this Guidance is to explain the documentation of the performance management process.

This Guidance provides the framework for meeting the next cycle of requirements (see Appendix A) for the Government Performance and Results Act (GPRA) of 1993 and the Office of Management and Budget's Circular A-11, which will be updated annually. It identifies the general roles and responsibilities of key participants, and clarifies the content elements for USDA's Strategic Plan, Annual Performance Plan (APP), and Annual Program Performance Report (APR).

In the execution of this Guidance, USDA will use a performance management approach containing three primary infrastructure elements:

- **Departmental Leadership**,
- **Department-wide Planning Team, and**
- **Agency Performance Management Coordinators**

To facilitate planning and reporting for the Department, Agency Performance Management Coordinators work closely with their respective Department-wide Planning Team representative(s) to ensure input to and consistency with the Department-wide efforts.

Departmental Leadership
The Secretary, subcabinet officials, and agency heads provide the policy direction, review, and approval of all USDA plans and reports produced under the Results Act and Circular A-11.

The Secretary and the subcabinet establish USDA policies on programs and management issues. The subcabinet officials work with agency heads to further define these policies and to implement them through the agency.

To support these policies and their incorporation into USDA's Results Act documents, the subcabinet appoints a representative(s) to the Department-wide Planning Team. Subcabinet representatives appointed to this team have the authority to speak for and obtain assistance from their respective mission area/staff office in the development of USDA Results Act Plans and Reports.

The Departmental Leadership provides input to the Department-wide Planning Team to steer development of the Results Act plans and reports, and also reviews and clears initial and final versions prior to submission outside of USDA.

Department-wide Planning Team
Based on direction and input from the Departmental Leadership, the Office of the Chief Financial Officer (OCFO) coordinates performance management activities with the Department-wide Planning Team.

The Team, made up of representatives designated by the subcabinet, develops and refines the Department-wide plans and reports to meet the requirements of the Results Act and Circular A-11. Section II identifies these requirements for each USDA performance management document.

At key points in the planning cycle, the Team typically meets on a weekly basis to discuss and develop the performance management documents for the Department. Team members have the authority to speak for and obtain assistance from their respective mission areas/staff offices in the development of USDA Results Act plans and reports. Generally, the Team works to reach consensus on all issues relevant to the content of USDA plans and reports. Team members work with Agency Performance Management Coordinators to ensure linkage and appropriate content of agency plans and reports. Also, they typically brief their Under/Assistant Secretary or Staff Office Head on the drafting progress and on any other relevant issues.

Team members assist their respective agency heads and their Under/Assistant Secretary or Staff Office Head in reviewing the content and clearance process of the performance management documents.

Agency Performance Management Coordinators (formerly GPRA Coordinators)

Coordinators are appointed by their agency/staff office head and are responsible for coordinating agency-level performance management efforts and ensuring that their agency properly supports Departmental efforts.

In support of the Departmental GPRA efforts, agencies/staff offices are encouraged to have supporting strategic/annual plans and annual reports. Agencies are expected to have planning systems in place to support accomplishment of the performance goals and objectives in the USDA strategic/annual plans, and to promote efficient and effective internal operations. While such systems are likely focused on internal performance management, Agencies may, at their discretion, design and use them to communicate with program partners, cooperators, and stakeholders, including the public.

Agencies preparing plans and reports for public use are to use their normal clearance process prior to sending them outside the Department. However, new plans and reports linked to the Department's GPRA documents should not be distributed outside of USDA until after the Department distributes its corresponding document. For example, if an agency issues an FY 2003 Performance Plan, it should not issue it until USDA issues its FY 2003 APP to the President and Congress.

The Performance Management Coordinators 1) coordinate the development of agency plans and reports as defined by their subcabinet official or staff office head, 2) serve as the point-of-contact and provide performance information as requested to OCFO, 3) brief the agency/staff office head as necessary, 4) facilitate agency attestation process in support of USDA's Annual Program Performance Report (see Appendix C), and 5) print and post approved performance management documents, for public use, to the agency's home page (agency documents cannot be shared outside USDA until after the Department issues its corresponding plan/report).

Section II - Preparation of Strategic and Annual Plans, and the Performance Report
Part 1 - Strategic Plan Guidance

	Due Dates			
Submissions	**Initial Draft**	**Final Draft**	**OMB (45+ day advance)**	**President/Congress**
USDA Revised Strategic Plan	TBD in 02			(Required 9/30/03)

The Strategic Plan is used for the establishment of long-term strategic goals and objectives that will lead to achievement of USDA's mission.

The Plan must cover, at a minimum, a 6-year period.

The following are the minimum components to include in the Strategic Plan.

Strategic Plan Summary Elements

Introduction
A brief introduction including an overview of the scope and dimension of USDA's program operations, and activities.

A comprehensive overview of USDA agencies and offices will be included as an Appendix to the USDA Plan (see Exhibit 1.1).

Perspective and outlook.
A perspective, or scan, of current economic, social, demographic, environmental, international, or other conditions that are relevant to the major functions and operations of USDA. The plan should also include a forward-looking description of prospective changes in the conditions over the time period covered by the Plan. USDA should cover a longer time period if data are available.

Participants
A brief statement identifying participants who contributed to the Strategic Plan, taking into consideration the views and suggestions of other entities, including customers and stakeholders who are potentially affected by or interested in program activities. These consultations provide an opportunity to better understand customers' needs and to reshape goals. However, the drafting of the Strategic Plan shall be performed by Federal employees only.

A comprehensive strategic consultation listing will be included as an Appendix to the USDA Plan (see Exhibit 1.2).

Web site Address
Web site address information for obtaining a copy of the Plan. The Plan's design will provide for quick and easy access to USDA's Web site.

Vision Statement
A statement expressing the "ideal" state USDA strives to achieve. A Vision Statement should be public-serving rather than self-serving, and may have multiple facets.

Guiding Principles
The principles and values important to the USDA in delivering its services and fulfilling

its mission; the philosophies which guide the behavior of USDA managers and employees.

Mission Statement
A statement of the fundamental purpose for the existence of USDA. A mission statement is a succinct, descriptive statement that summarizes what USDA does, including what is required by law and presenting the main purpose of all major functions and operations.

Strategic Goals
A set of broad, fundamental aims USDA is expected to accomplish to fulfill its mission. Strategic goals establish USDA priorities and clearly express its direction and intent for the next 5 or more years.

This section includes a discussion of why the strategic goals were selected, how they will help achieve fulfillment of the mission, and what is planned for the period covered by the Plan.

Objectives
Precise statements of the desired results to be achieved by completing a set of initiatives that implement the strategic goals. This includes a discussion of how the objectives will help to achieve the goals. Objectives are listed under each goal in order of priority.

Key Outcomes
Selective outcome statements defining expected future results. These include a discussion of how the key outcomes will support accomplishment of the objectives.

Link to Performance Plan
A description of how the performance goals included in the Annual Plan will be related to the Strategic Plan, including:

type, nature, and scope of the performance goals being included in the Annual Performance Plan; and discussion of why the performance goals were selected and how they will help in the achievement of key outcomes.

Baseline Explanation:
The actual data serving as a base for measuring future performance.

Strategic Target Explanation:
The long-term target or destination that provides the basis for development of measures and targets in Annual Plans.

Long-term Strategies
A description of how the key outcomes are to be achieved, including the operational processes, skills and technology, and human, capital, information, and other resources required for achievement. This section should outline the process for communicating these activities throughout USDA, and for assigning accountability to managers and staff for achievement.

Key External Factors
Those elements that may significantly affect the achievement of strategic goals and objectives and that are not under the control of USDA. If Key Factors cannot be identified, a statement of such should be included.

Program Evaluation and Other Analyses
Program evaluations should cover assessments, through objective measurement and systematic analysis, of the manner and extent to which USDA's programs achieve intended outcomes. A process evaluation encompasses assessments of program

implementation processes and operating policies and practices when the primary concern is about implementation rather than program outcomes.

A schedule for future program evaluations should be included, outlining the general methodology to be used (e.g., a longitudinal study), the timetable, and the general scope of the evaluation as well as particular issues to be addressed. At a minimum, schedules for future evaluations should cover the fiscal years prior to the next update of the Strategic Plan. If program evaluations are not scheduled during the time period covered by the Plan, a statement of such should be included.

The program evaluations that were used in preparing the updated strategic plan should be briefly described. The effect of program evaluations on the definition of goals and objectives in the plan should be highlighted.

Other Elements, as Appropriate

Integration with Management and Other Reforms

A discussion of the incorporation and application of the products and processes resulting from other ongoing performance-related efforts and initiatives. These include customer service standards, performance partnerships, activities introducing a more precise accumulation and allocation of cost, performance-based contracting, training and skill improvement of staff, and previous Strategic Plans. Other relevant processes and products include those related to regulatory reform; restructuring, re-invention, and re-engineering; and personnel appraisals tied to program or organizational performance.

Cross-cutting Issues

USDA has a shared responsibility for defining and achieving strategic goals, objectives, and key outcomes in cross-cutting areas with other agencies/departments. These cases require a description of the interface between related programs and an outline detailing how the Departments efforts synergistically support common endeavors. If formally assigned lead responsibility for a cross-cutting program, USDA should include any agreed-upon goals and objectives for the program. Other Federal departments/ agencies, private sector entities, or partnerships having principal responsibility for particular goals should be identified.

The Plan should contain a detailed Appendix identifying internal and external coordination on shared priorities (see Exhibit 1.4).

GAO/OIG Identified Management Challenges and High Risk Areas

Identification of the major management challenges and high risk areas, along with the strategic actions to be taken during the period covered by the Strategic Plan to correct these challenges. USDA should establish performance goals covering priority actions on key problems (see Appendix B - Criteria for Management Challenges and High Risk Areas, and Exhibit 1.5 - Major Management Challenges and Program Risks).

Exhibit 1.1 - Program Evaluations and Other Analyses

Program evaluations are relevant to the planning process and can include: 1) assessments of the manner and extent of program objectives; 2) assessment of program policies, practices, and processes; 3) program or management analyses; 4) comprehensive reviews; 5) cost-benefit studies; 6) research to provide baseline data; and 7) demonstration research.

Program evaluations that were used in preparing the updated strategic plan and future program evaluations should be listed so that the intended outcomes of the USDA programs are addressed.

Program Evaluations and Other Analyses				
Goals	**Studies/Analyses**	**General Scope**	**Methodology**	**Timetable**
Goal 1				
Goal 2				
Goal 3				
Goal 4				
Goal 5				

The overview of the USDA agencies and offices will be updated through correction or deletion of the information provided in Appendix A of USDA's Strategic Plan for FY 2000-2005. This information will be coordinated by the Department-wide Planning Team at the mission area level. The following represents a sample of this Appendix.

OVERVIEW OF USDA AGENCIES AND OFFICES

Farm and Foreign Agricultural Services (FFAS) Mission Area

The Farm and Foreign Agricultural Services mission area, comprised of the Farm Service Agency, the Foreign Agricultural Service, and the Risk Management Agency, helps keep America's farmers and ranchers in business as they face the uncertainties of weather and markets. The FFAS delivers commodity, credit, conservation, disaster, and emergency assistance programs that help to improve the stability and strength of the agricultural economy. FFAS contributes to the vitality of the farm sector with programs that encourage the expansion of export markets for U.S. agriculture. In cooperation with the private sector, this mission area offers broad-based crop insurance programs and other risk management tools.

- **Farm Service Agency (FSA)** helps ensure the well-being of U.S. agriculture through efficient and equitable administration of farm commodity programs; farm operating, ownership, and emergency loans; conservation and environmental programs; emergency and disaster assistance; domestic and international food assistance; and international export credit programs. These programs are major components of USDA's farm safety net, which helps producers maintain viable operations, compete for export sales of commodities, and contribute to the year-round availability of low-cost, safe, and nutritious foods.

  Authorizing Legislation: FSA was established when USDA was reorganized under the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, P. L. 103-354.

  Home Page Address: http://www.fsa.usda.gov

- **Foreign Agricultural Service (FAS)**
  (Update, correct, delete information)
- **Risk Management Agency (RMA)**
  (Update, correct, delete information)

Food, Nutrition, and Consumer Services (FNCS) Mission Area

(Update, correct, delete information)

- **Food and Nutrition Service (FNS)**
- **Center for Nutrition Policy and Promotion (CNPP)**

Exhibit 1.3 - Strategic Consultations

USDA regularly consults with external groups–from customers to policy experts to industry and consumer groups–about the effectiveness of its programs and the need for improvement. While many of these consultations are not conducted expressly for the purpose of this Strategic Plan, they have a deep influence on its goals, objectives, strategies, and targets. USDA's Strategic Plan for FY 2000-2005 contained an Appendix D which detailed these consultations. This information will need to be updated for the next Strategic Plan. The following represents a sample of this Appendix.

USDA'S STRATEGIC CONSULTATIONS

CONSULTATIONS RELATED TO GOAL # 1 **(Objectives: Production Efficiency; Expand Trade Opportunities)**		
DATE	**WHO**	**PURPOSE**
October 1999	Trade groups and farmers with an interest in foreign food assistance. Kansas City, MO.	To hold a forum to discuss plans and exchange ideas and strategies for improving export programs for foreign food assistance.
November 1998 and 1999	Members of the U.S. Agricultural Export Development Council (including farmers, ranchers, and foresters), and State and regional representatives of agricultural trade groups. Baltimore, MD.	To discuss emerging issues and exchange information on the state of affairs of U.S. food and agricultural trade and how to improve strategies to increase the U.S. share of the global agricultural market.
February 1998, 1999, and 2000	Farmers and ranchers; members of Congress; members of the media; industry representatives; State and regional representatives; consumer and environmental group representatives. Washington, D.C.	To provide an economic and trade outlook of the year ahead for U.S. agriculture, and to discuss and exchange ideas on issues facing America's farmers and rural residents.
February 2000	American Agriculture Movement representatives, including farmers, agriculture groups, and trade groups. Oklahoma City, OK.	To discuss the future role of government in agriculture.

With priorities that span from food safety to forestry to fighting hunger, the work of USDA often cuts across jurisdictional lines–both within USDA and among Federal agencies. The Department also works closely with a wide array of State, local, and private partners who share USDA's goals and objectives. This table was included as Appendix E in USDA's Strategic Plan for FY 2000-2005. While not all-inclusive, it represents the primary partnerships–both within USDA and externally – that enable USDA to reach its goals. Note that for the purposes of this table, it is assumed that all USDA Departmental Offices support virtually every Department goal and objective. The following table is an example of the information that needs to be updated for the next Strategic Plan.

INTERNAL AND EXTERNAL COORDINATION TOWARD SHARED PRIORITIES

USDA Goals and Objectives	USDA Primary Agencies	External Organizations
Goal 1: Expand economic and trade opportunities for U.S. agricultural producers.		
Objective 1.1: Provide an effective safety net and promote a strong, sustainable U.S. farm economy.	FSA, RMA, NRCS, ARS, ERS, CSREES, APHIS, GIPSA, NRCS, NASS, RBS, AMS	Department of Justice, General Accounting Office, Office of Management and Budget, U.S. Customs Service, Department of the Interior (DOI), Department of Energy, Department of Commerce, Department of Defense, Environmental Protection Agency, State Departments of Agriculture, National Aeronautics and Space Administration
Objective 1.2: Expand market opportunities for U.S. agriculture.	FAS, AMS, APHIS, GIPSA, ARS, CSREES, ERS, NASS, RBS	Office of the U.S. Trade Representative, Department of Commerce, State Department, Department of the Treasury, Export-Import Bank, Overseas Private Investment Corporation, World Bank, International Monetary Fund, regional development banks, private industry trade groups, cooperators, State Departments of Agriculture, Department of Energy, National Aeronautics and Space Administration

Exhibit 1.5 - Major Management Challenges and Program Risks

To ensure strong performance throughout USDA, clearly the Department must address its most significant management challenges and program risks. These areas of vulnerability are identified by the U.S. General Accounting Office (GAO) and the Office of the Inspector General (OIG). In the following table, the Department will share its long-term strategies for addressing concerns, as well as the long-range performance targets it will set to ensure accountability toward real progress in these vital areas.

USDA's Major Management Challenges and Program Risks

Major Management Challenges and Program Risks	Planned Actions/Performance Measures for the Fiscal Year's Covered by the Strategic Plan

	Due Dates			
Submissions	**Initial Draft[1]**	**OMB**	**Final Draft[2]**	**President/Congress**
USDA FY 2003 Annual Performance Plan and Revised Plan for FY 2002	10/02/01	10/05/01 (9/10/01 A-11)	1/15/02	2/1/02

[1] - Consistent with the initial budget submission to OMB
[2] - Consistent with the President's Budget to Congress

The Annual Performance Plan provides the direct link between the USDA's longer-term strategic goals (as defined in the Strategic Plan) and what its managers and staff are doing on a day-to-day basis.

All Federal departments prepare an Annual Performance Plan covering each program by the activity line set forth for that agency in the President's Budget. The Annual Performance Plan must be directly linked to the USDA budget.

The following are the minimum components to be included in the FY 2003 Annual Performance Plan and Revised Plan for FY 2002.

Annual Performance Plan Summary Elements

Introduction

A brief introduction including an overview of the scope and dimension of USDA's program operations, and activities.

Adjustments to Current Strategic Plan

The Annual Performance Plan may be used to identify and describe interim adjustments being made to a strategic plan. These interim adjustments offer an opportunity for USDA to modify the updated and revised Strategic Plan transmitted for FY 2000 or the current plan to reflect the program and policy changes of the new Administration or new legislation.

Incorporating Improvements Arising from Reviews

Incorporation of the appropriate suggestions and comments generated from external reviews. The previous sets of annual plans and reports were reviewed extensively by OMB, GAO, Congress, and other parties. These reviews have produced numerous suggested improvements to the plans. The USDA is expected to reflect and incorporate appropriate suggestions and comments to improve the FY 2003 plan.

Participants

A brief statement identifying participants who contributed to the Annual Performance Plan, taking into consideration the views and suggestions of other entities such as customers and stakeholders who are potentially affected by or interested in program activities. These consultations provide an opportunity to better understand customers' needs and to reshape goals. However, the drafting of the Annual Performance Plan shall be performed by Federal employees only.

Web site Address
Web site address information for obtaining a copy of the Plan. The plan's design will provide for quick and easy access to USDA's Web site.

Mission Statement
The mission statement obtained from the current Strategic Plan.

Strategic Goal
The strategic goal from the Strategic Plan with a brief discussion of the relevant issues to be addressed during the fiscal year(s) covered in the Annual Plan.

Level of Resources Dedicated to Each Goal
A table of funding and Full-time Equivalents (FTE) by goal showing actual funding for FY 1998 (if available), 1999, 2000, and 2001, and estimated funding for FY 2002 and 2003.

Using material developed through the Department-wide Planning Team (see Appendix E), the program-level dollars and FTEs will be allocated by USDA objectives for each year covered by the Plan. This information will be used to create an appendix that identifies total allocations for USDA strategic goals. (The infrastructure goal will be evenly allocated across the program goals.)

Objective
Objective from the Strategic Plan with a brief discussion of the issues and actions planned for the fiscal year(s) covered in the APP.

Integrating Budget and Performance

Link Between Program Activities in the Budget and the Annual Plan.
Depiction in an attachment of how program activities are arrayed in the Annual Plan, including:
- each program activity in the Program and Financing (P&F) schedule(s) in the Budget for that fiscal year is covered; and
- every major program, function, or operation is reflected in the Plan.

Key Outcome
A statement from the Strategic Plan with a brief discussion explaining the significance of the outcome for the fiscal year. Each key outcome should have performance goal(s).

Annual Performance Goals
A summary table with performance goals and indicators (displayed and aligned under the associated strategic goals, objectives, and key outcomes from the current USDA Strategic Plan) showing actual performance information for FY 1998 (if available), 1999, 2000, and 2001, and estimated performance for FY 2002 and 2003.

Discussion of Performance Goals
- Discussion of how the performance goals/indicators will help achievement of the strategic goal/objective/key outcome.
- Indication of those performance goals and indicators that support programs or activities of an interagency/intra-agency (see Cross-cutting Issues).

New Performance Goals/Indicators
Indication of performance goals or indicators newly established for the FY

2003 Annual Performance Plan, which may not have counterpart goals in the FY 2002 plan. The Performance Plan should indicate that these are new goals. Exhibit 2.1 contains important new information on developing performance goals and indicators.

Strategies
A description of the operational processes; skills and technology; and human, capital, information, or other resources needed to meet the performance goals. Description of the actions USDA is taking to meet an unmet goal reported in the Annual Program Performance Report.

Key External Factors
Inclusion of information on external factors when this bears directly on goal achievement for the fiscal year covered by the Plan. This information should be consistent with the identification of external factors in the Strategic Plan.

Verification and Validation
A description of the means that will be used to verify and validate measured performance values. If material inadequacies are identified in the Annual Report, description of any remedial steps being taken in the completeness and reliability of performance data should be included. USDA may also consider whether remedies are needed when the data source is outside the Department.

USDA should have the capacity to identify internal and external sources for data, describe efforts to verify and validate performance data, identify actions to compensate for unavailable or low-quality data, and discuss implications of data limitations for assessing performance (refer to GAO/GGD-99-139 and see Exhibit 2.2).

Other Elements, as Appropriate

Program Evaluations and Other Analyses.
This information typically includes the schedules and summarized types of program evaluations to be done during the year (see Exhibit 2.3). Reference to other analyses or studies that will be undertaken during the fiscal year and that directly relate to performance goals and indicators in the Annual Performance Plan. These studies and analyses can include policy, program, or management analyses, compliance reviews, cost-benefit studies, research to provide baseline data, or demonstration research. This reference provides early information on the analyses and studies that USDA intends to cover in its Annual Report.

Cross-cutting Issues
Indication of significant programs/activities that are being undertaken with other Federal department/agency or private sector entities to achieve a common goal, purpose, or objective of cross-cutting nature, and explanation of how these activities will be coordinated to ensure that goals are accomplished.

Those performance goals and indicators that support programs or activities of an interagency/intra-agency should be indicated.

GAO/OIG Identified Management Challenges and High Risk Areas
Identification of the major management challenges and high risk areas, with the planned actions to be taken during the period covered by the Annual Plan to correct these

challenges. USDA should establish performance goals covering priority actions on key problems (see Appendix B - Criteria for Management Challenges and High Risk areas, and Exhibit 2.4 Major Management Challenges and Program Risks).

The Annual Performance Plan must include performance goals that will be covered in the Annual Performance Report. Performance goals shall be defined either in an objective and quantifiable manner, or as sufficiently precise descriptive statements that allow for an accurate, independent determination of actual performance.

The goals and indicators should:

- be expressed in an objective and quantifiable manner (OMB approves otherwise for USDA only);
- inform the President, Congress, other interested parties, and the public of the expected level of achievement for the program or activity;
- be mainly those used by managers to direct and oversee how a program is carried out;
- be centered on a program's or activity's core purpose and its key attributes and characteristics; and
- cover the 12-month period of the Federal government's fiscal year (October 1-September 30).

Types of program performance goals
In a strategic plan, general goals and objectives are commonly outcome-type goals. However, outcome goals may only be achieved at certain points during the time span of a strategic plan. An annual plan should include outcome goals when an achievement is scheduled for the fiscal year covered by the Plan.

When outcome goals are defined as achieving a broad standard, rate, or level (such as a national incidence rate), the plan should indicate the Department's role in goal achievement. This can be done either in the goal description, or by identifying the means the Department will use to accomplish the goal. It is necessary to show an association between intended outcomes and the steps being taken to achieve them to justify funding.

If an annual plan includes a performance goal that is not self-measuring, the Department must include in its Plan one or more performance indicators for that Goal. The performance indicators shall set out specific, measurable values or characteristics related to the performance, which will aid in determining goal achievement.

Goals related to credit programs
Performance goals specific to the credit programs should include a brief description of how changes in the subsidy cost for those programs may affect the target values for these goals.

Goals for internal Department functions and operations
The Annual Plan may include goals/indicators involving workforce diversity, downsizing, streamlining, and family-friendly programs. Administrative or program support components--such as procurement and information management--may also be included as goals. Where procurement is significant to the accomplishment of the mission, the Annual Plan should include measures of procurement performance.

Grant programs
Major grant programs should have performance goals for streamlining and simplifying the administration of these programs. These goals should address

the Department's efforts to reduce administrative and regulatory burdens, and should provide electronic processing options for grantees.

Human resources
The Annual Plan should include a performance goal (or goals) covering the major human resources strategies--such as recruitment, retention, skill development and training, and appraisals linked to program performance--that help to support the Department's programs. Any training goal(s) included in the plan should address the quality and availability of training opportunities. (For further information, see the Office of Personnel Management publication, "A Guide to Strategically Planning Training and Measuring Results.")

Government-wide Management Reforms
The President's Budget asks departments to identify several agency-specific management reforms and to undertake those reforms in the near term. The FY 2003 Performance Plan should include performance goals for specific reforms that will be completed in FY 2003. The FY 2003 plan should also include a brief summary of specific reforms completed in FY 2001 or 2002.

Information Security Program
A description of the time periods and resources--including budget, staffing, and training--needed to carry out the Department's information security program. USDA should consult with the Office of the Chief Information Officer when developing the description.

Goals for management problems and for government-wide management reforms
Performance goals for management problems expressed as milestone events for specific remedial steps.

The President's FY 2002 Budget and the President's Management and Performance Plan identify a set of government-wide reforms that agencies are expected to carry out over the next several years. These reforms include:

- strategically managing agency human resources, including reducing the number of layers in the upper echelon of government and re-distributing positions to more front-line, citizen-contact activities and operations;
- reducing erroneous payments to beneficiaries and other recipients of government funds;
- making greater use of performance-based contracts;
- expanding the application of on-line procurement and other E-Government services and information; and
- expanding competition by opening to the private sector one-half of the commercial positions listed in the agency inventories of activities performed by Federal employees that are not inherently governmental in nature (as specified by the Federal Activities Inventory Reform Act), and developing more accurate inventories.

The FY 2003 Performance Plan should include a performance goal (or goals) for every reform that will significantly enhance the administration and operation of USDA programs and activities. If USDA has not

completed goal definition in the final FY 2002 Performance Plan, these goals should be included in the revised final.

The Plan should include a summary of the planned or proposed organizational changes to be made in restructuring the workforce and streamlining the organization (Refer to OMB Bulletin 01-07 for guidelines in this effort).

Performance goals that reflect prior year funding
In some instances, performance level will reflect the spending of prior year monies during the fiscal year covered by the Plan. The Plan should specifically denote which goals or indicators are funded by a significant amount of prior year monies. A performance level need not be stratified to show how much performance is funded by any particular year.

Goals for performance occurring in a future fiscal year
When program performance in a fiscal year is funded by prior year monies, this circumstance often parallels a fiscal year budget which contains requests for funds that will not be spent until a future fiscal year(s). This is common practice in some grant programs and major procurements.

Goals and indicators covering future-year performance should be included in the Annual Plan. The Plan should include a description of the projected level of performance to be achieved (a brief summary is sufficient). The Plan should also identify the fiscal year(s) in which performance will occur.

The Plan should also describe the projected effect on performance goals and indicators for future years caused by agency rule-making or a tax expenditure initiative being undertaken in the fiscal year covered by the Plan.

Proposed legislation
If achievement of a performance goal is contingent on enactment of legislation during the fiscal year covered by the Annual Plan, a brief description of this legislation--as proposed in the agency's legislative program--should be included. (Section 6 of OMB Circular No. A-19 provides additional information on an agency legislative program.)

Capital assets/capital programming
Part 3 of OMB A-11 requires departments to prepare a capital asset plan with justification for certain major acquisitions. These acquisitions include those of importance to an agency's mission or having a significant role in the administration of agency programs. The Annual Plan should reference the capital asset plan, and should include a brief description of any major acquisition contained in the capital asset plan that will bear significantly on the achievement of a performance goal.

The capital asset plan should also satisfy requirements in the Information Technology Management Reform Act of 1996 (ITMRA) for performance and results-based management. This may include goals for improving agency operations through the use of information technology; benchmarking of agency processes; descriptions of how information technology will be used to help achieve program goals; and assessments of the staffing, skill, and training needs of agency employees in the information resources management area.

Exhibit 2.2 - Data Verification and Validation

The following table will be used to identify the quality of performance data used to measure program performance reported in the Annual Performance Plan. The performance goals/indicators from the Annual Performance Plan will be contained in the first column. The Data Source column identifies from where this data is collected (i.e., the source). The Verification/Validation Method column provides information on the method used for assessment of data completeness, accuracy, consistency, timeliness, and related quality control practices; and whether data are appropriate for the performance measures used in the Annual Performance Plan. The Data Limitations column describes limitations of data to evaluate performance, and indicates unavailable or low-quality data.

Performance	Data Source	Verification/validation Method	Data Limitations
1.1.1 Farmers' total cash receipts from the sale of farm products.			
1.1.2 Gross cash farm income from cash receipts, government payments, and other farm income sources.			
1.1.3 Percentage of gross cash farm income from the market.			
Etc.			

Exhibit 2.3 - Program Evaluations and Other Analyses

Program evaluations are relevant to the planning process and can include: 1) assessments of the manner and extent of program objectives; 2) assessment of program policies, practices, and processes; 3) program or management analyses; 4) comprehensive reviews; 5) cost-benefit studies; 6) research to provide baseline data; and 7) demonstration research.

Program evaluations contained in the Strategic Plan should be reflected as appropriation to the performance goal in the table below. Also, new evaluations which are directly related to performance goals and indicators should be addressed.

Program Evaluations and Other Analyses				
Performance Goals	**Studies/Analyses**	**Proposed Achievement**	**Start Date**	**End Date**
1.1.1 Farmers' total cash receipts from the sale of farm products.				
1.1.2 Gross cash farm income from cash receipts, government payments, and other farm income sources.				
1.1.3 Percentage of gross cash farm income from the market.				
Etc.				

Exhibit 2.4 - Major Management Challenges and Program Risks

To ensure strong performance throughout USDA, the Department must address its most significant management challenges and program risks. These areas of vulnerability are identified by the GAO and the OIG. The following table will be used to create an appendix to USDA's Annual Performance Plan, whereby the Department will share its annual strategies for addressing concerns as well as the annual performance targets that it will set to ensure accountability toward real progress in these vital areas.

USDA's Major Management Challenges and Program Risks

Major Management Challenges and Program Risks	Planned Actions/Performance Measures for the Fiscal Years Covered by the Annual Performance Plan

	Due Dates			
Submissions	**Initial Draft**	**Final Draft**	**RMO/OMB (10+ day advance)**	**President/Congress**
USDA FY 2001 Annual Program Performance Report	11/26/01	1/15/02	1/20/02	1/30/02[1] (3/29/02 A-11 req.)

[1] - Advanced time line adjusted due to Management Discussion and Analysis requirements for USDA Financial Statements
[2] - Agency Heads will attest to the quality and reliability of performance information contained in the report and submit an Attestation Statement to OCFO (see Appendix C)

The Annual Program Performance Report is an evaluation of actual accomplishments compared to performance goals set forth in the Performance Plan for the previous year.

All Federal departments are to submit an Annual Program Performance Report to the President and to Congress.

The following are the minimum components to be included in USDA's FY 2001 Annual Program Performance Report.

Performance Report Summary Elements

Introduction
A brief introduction including the mission statement, and an overview of the scope and dimension of USDA's program operations and activities.

Participants
A brief statement identifying participants that contribute to the Annual Program Performance Report. The drafting of the Program Performance Reports shall be performed only by Federal employees. However, non-Federal parties, such as consultants, grantees, contractors, States, and local governments, may aid USDA in the production of the report through the collection and reporting of performance data. The Report should include an acknowledgment of the role and a brief description of any significant contribution made by a non-Federal entity in preparing the report.

Web site Address
Web site address information for obtaining a copy of the Report. The Report's design will provide for quick and easy access to USDA's Web site.

Performance Scorecard for FY 2001
A list of the performance goals and indicators with the fiscal year 2001 target, actual performance, and indication if the goal was exceeded, met, unmet, preliminary, or deferred.

Strategic Goal, Objective, and Key Outcomes
A list of the strategic goals, objectives, and key outcomes from USDA's FY 2001 Performance Plan. This section with the following elements is needed for each key outcome.

Performance Goal Table
A list of the performance goals and indicators with columns containing fiscal year performance information for 1998 actual (if available), 1999 actual, 2000 actual, 2001 target, and 2001 actual.

Data Assessment (Reporting Year)
Description of aspects of data collection (data sources) and reporting, any material inadequacies in the completeness and reliability of the performance data along with a brief reason for why the data are inadequate, and the actions the USDA is taking to remedy such inadequacies (refer to GAO-GGD-99-139).

-Completeness of Data
Data from the Annual Report is complete only if actual performance is reported for every performance goal and indicator in the Annual Plan--including preliminary data if it is the only data available when the report is transmitted.

The Performance Report should identify any performance goals and indicators for which actual performance data are not available at the time the Annual Report is transmitted, and should note that the performance data will be included in a subsequent Annual Report.

Performance data is incomplete when the data are not available for inclusion in the transmitted report and there is either a certainty or a likelihood that the data will not be available in the future. The performance goals and indicators for which performance data are missing-- both currently and in the future–should be identified.

-Reliability of Data
Data is acceptably reliable when there is neither refusal nor a marked reluctance by agency managers or government decision makers to use the data. Data that is not acceptably reliable is characterized as being materially inadequate.

-Quality of Data:
Description of particular issues related to the collection and reporting of actual performance information, with description of the resources used to collect and analyze the actual performance data prior to transmittal of the Report.

Analysis of Results
A comparison of actual performance with the projected levels of performance as set out in the performance goals in the Annual Performance Plan. This analysis should explain why a target was exceeded, met, unmet, preliminary or deferred (as indicated in the Performance Scorecard for FY 2001 previously discussed under this part).

- ***Deferring an Explanation***
  USDA may defer providing an explanation where the performance data are preliminary and, based on the experience of previous years, subject to significant correction. The deferral should be noted in the Annual Report. An explanation will be provided in a future year Performance Report that will include the performance goal for which only preliminary data was initially available.

Description of Actions and Schedules for an Unmet Goal
An explanation of why the goal was not met, the consequences of not meeting it,

and the actions being taken to eliminate or reduce future shortfalls for this goal.

This should include a description of the plans and schedules to meet an unmet goal in the future, or alternatively, recommended action regarding an unmet goal where it has been determined to be impractical or infeasible to achieve that goal.

The explanation will not cover more than one unmet goal.

Fiscal Year 2002 Current Performance
An evaluation of the Performance Plan for the current fiscal year (i.e., FY 2002), taking into account the actual performance achieved in the fiscal year covered by the Report.

Program Evaluation
A summary of the findings and recommendations from the evaluations listed in the Annual Plan and completed during the fiscal year. If no evaluations were completed, the report should note this. The Annual Report should note the availability of a complete copy of a program evaluation and how it might be obtained by an interested party.

Other Elements, as Appropriate

Previously Deferred/Preliminary Performance Information
The performance goals for a prior fiscal year where the comparison between actual performance and target levels was deferred because of missing or limited performance data, or because the analysis could not be completed in time. For these performance goals, the presentation in the future year Annual Report must meet all applicable requirements, including an explanation for why a goal was not met.

This information will be reported in a separate attachment, subdivided (as necessary) by fiscal year. For example, USDA's FY 2001 Performance Report will be subdivided into separate attachments for FY 1999 and 2000 for deferred coverage of performance goals in the Annual Reports for these 2 years.

Budget Information
Relevant budget information consistent with the obligation amounts shown in the Budget Appendix for the fiscal year covered by the report. As resource amounts are generally covered in the means and strategies part of the Annual Plan, the Annual Report will not present comparisons between the amounts originally requested for a fiscal year and the amounts actually obligated.

GAO/OIG Identified Management Challenges and High Risk Areas
Steps or progress made in addressing major management challenges and high risk areas (see Appendix B - Criteria for Management Challenges and High Risk Areas, and Exhibit 3.1 - Major Management Challenges and Program Risks).

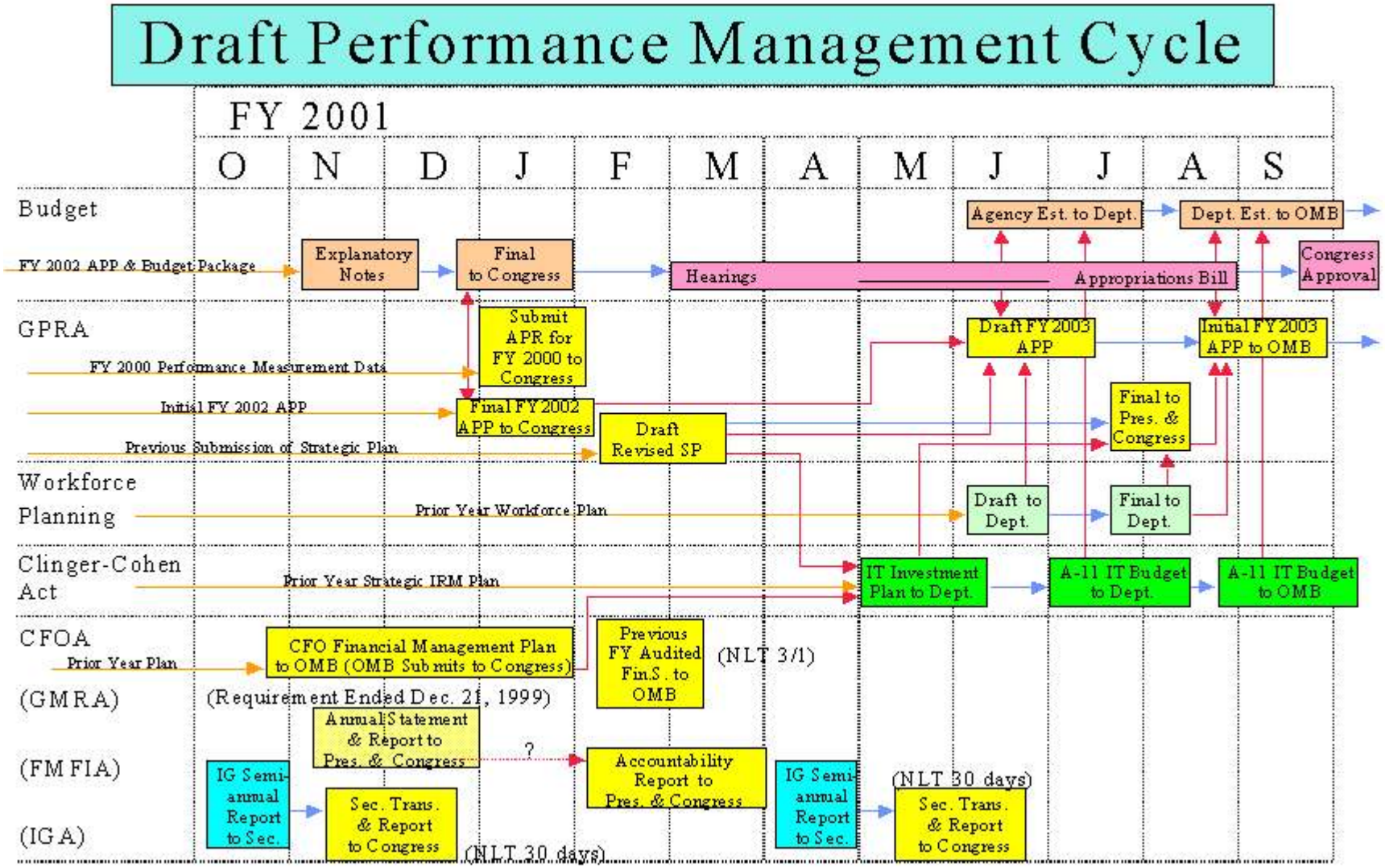
Exhibit 3.1 - Major Management Challenges and Program Risks

To ensure strong performance throughout USDA, the Department must address its accomplishments to the most significant management challenges and program risks. These areas of vulnerability are identified by the GAO and OIG. In the following table, the Department will share its accomplishments of the strategies for addressing concerns, as well as its accomplishment of annual performance targets that help enforce the accountability toward real progress in these vital areas. This information must be provided to the Department-wide Planning Team for the next Annual Program Performance Report; they will coordinate the information at the mission area level for this Appendix.

USDA Major Management Challenges and Program Risks

Major Management Challenges and Program Risks	Specific Steps or Progress Made During the Fiscal Year Covered by the Report

Draft USDA Performance Management Cycle



Criteria for Management Challenges and High Risk Areas

GAO Reports 01-241 and 01-242, issued in January 2001, addressed the following as major problems areas:

- financial management,
- computer and data security,
- information technology resources,
- procurement and grant management, and
- human capital issues (workforce management).

These reports listed USDA's major management challenges and program risks as follows:

- Farm loan programs remain vulnerable to loss, but high-risk areas have been addressed,.
- Delivery of services to farmers has improved, but challenges remain.
- There is a need to effectively and efficiently provide food assistance benefits to eligible individuals while maintaining program integrity.
- Fundamental changes are needed to minimize food borne illnesses.
- There is a need to strengthen Department-wide information security.
- There is a continued lack of financial accountability over billions of dollars in assets.
- Forest Service (FS) must provide Congress and the public with a clear understanding of what it accomplishes with appropriated funds.
- Problems persist in processing discrimination complaints.

The USDA-OIG sent to Congress the following as major management problems as of December 2000:

- federal crop insurance,
- farm credit,
- food stamp program,
- Child and Adult Care Food Program,
- food safety issues,
- FS's management and program delivery issues,
- FS land exchange program,
- grant, and agreement administration,
- research funding accountability,
- competitive grants program compliance,
- rural rental housing,
- rural business-cooperative service,
- civil rights complaints,
- financial management and,
- information resources management.

"High Risk" agency programs are programs that are most susceptible to waste, fraud, and abuse. This year, the farm loan program was removed from the "high risk" list.

GAO Report 01-263, issued January 2001, addressed the government-wide high risk areas as strategic human capital management and information security. It stated that USDA's human capital challenges are organizational culture problems, including resistance from affected USDA agencies and employees. These challenges have hampered department-wide reorganization and modernization efforts. Further, the nation's food safety system, in which USDA plays a major role, continues to suffer from inconsistent oversight, poor coordination, and inefficient deployment of resources.

The report also devoted a section to providing basic financial accountability and that each agency is to receive an unqualified or "clean" opinion on its financial statements. FS's financial management was designated a high risk area.

Attestation Process for the Annual Program Performance Report

The purpose of the Attestation Process is to:

- provide managerial accountability for the completeness and reliability of performance information identified in the Annual Report,
- increase awareness to performance indicator data quality issues throughout the agency,
- assist program managers in developing and implementing data quality improvement plans, and
- place the agency in a stronger position to respond to expected inquires from Congress, GAO, and the Inspector General concerning the quality of performance indicator data.

The following are the suggested steps for USDA's attestation process:

1. Performance Management Coordinators work with program managers on each performance goal/indicator for their program.
2. Program managers meet with their Administrator to discuss:
   - S findings on the problems;
   - S plans for further verification and validation of data quality; and
   - S the data quality improvement plan.
3. The Administrator summarizes conclusions of the discussion with program managers and prepares an Attestation Letter for the agency.
4. Before sending the Attestation Letter to the CFO (see sample next page), the Administrator meets with Under/Assistant Secretary to discuss:
   - S the quality of the data that the program provides and uses as part of the justification for the budget.
   - S possible resource and staffing needs to implement further verification and validation of the data and plans for improvement of data quality.
5. The Secretary attests to the quality and reliability of the data through the Transmittal Letters to the President and Congress which accompany the report.

SAMPLE ATTESTATION LETTER

TO: Chief Financial Officer

FROM: Agency Head

THROUGH: Subcabinet Official

SUBJECT: Attestation Statement for Fiscal Year 2001 Annual Program Performance Report

I have reviewed the quality of performance data included in USDA's FY 2001 Annual Program Performance Report with the appropriate program managers. Except for data limitations explicitly discussed in the report, I hereby provide reasonable assurance that the data are valid and reliable.

Furthermore, I have discussed data limitations and plans for improvement in data quality with appropriate program managers. I concur with their recommendations and plans, and I fully support their accomplishment.