

2016 Explanatory Notes
Working Capital Fund

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WORKING CAPITAL FUND

Purpose Statement

The USDA Working Capital Fund (WCF) was established in 1944 (7 U.S.C. 2235). The mission of the WCF is to provide an effective financing mechanism to support those services the Secretary, with the approval of the Director of the Office of Management and Budget, determines may be performed more effectively as central services making it unnecessary to maintain separate like services in the agencies of the Department. The WCF is used to finance services provided to USDA and non-USDA agencies on a centralized, fee-for-service basis. The WCF has not received and does not receive funds as an individual discretionary account; it serves as a financing mechanism for which costs of operations are 100 percent reimbursable. Services to non-USDA agencies reduce USDA's share of fixed costs for WCF-supported services. Centrally-managed operations provide efficient, economical services through economies of scale, extensive management attention, and regular fund reviews. The WCF finances activity centers under five functional categories as follows:

Administration:

Material Management Service Center (MMSC; formerly Beltsville Service Center)
Mail and Reproduction Services (MRS; formerly Mail and Reproduction Management Division)
Integrated Procurement Systems (IPS)
Credit Card Service Center (CCSC)
Procurement Operations (POD)

Communications:

Creative Media and Broadcast Center (CMBC)

Financial Management:

National Finance Center (NFC)
Financial Management Service (FMS; formerly Controller Operations and Financial Systems)
Internal Control Support Services (ICSS)
Financial Management Support Services (FMSS)

Information Technology:

National Information Technology Center (NITC)
International Technology Services (ITS)
Telecommunications Services: Enterprise Network Services (ENS)
 Computer Services Unit (CSU)
 Telecommunications Customer Services Center (TCSC)
 Network Services (NS)

Correspondence Management (services provided by Office of the Executive Secretariat (OES))

Note: Administrative Support Costs are WCF-wide support charges paid to staff offices as reimbursement for services to or on behalf of the WCF; they are not billed directly to agencies but are recovered through activity center rates. Since these funds are accounted for under the WCF Treasury symbol, they are included here under the staff offices administering them.

Management of the WCF is through the Office of the Chief Financial Officer. As of September 30, 2014, there were 2,770 permanent full-time employees, including 318 in Washington, D.C., and 2,452 in field offices.

WORKING CAPITAL FUND

Available Funds and Staff Years (SYs)
(Dollars in thousands)

| Item | <u>2013 Actual</u> | | <u>2014 Actual</u> | | <u>2015 Enacted</u> | | <u>2016 Estimate</u> | |
|---------------------------|--------------------|-------|--------------------|-------|---------------------|-------|----------------------|-------|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| USDA Fee for Service: | | | | | | | | |
| Administration..... | \$43,887 | 143 | \$40,303 | 138 | \$42,403 | 184 | \$42,880 | 186 |
| Communications..... | 4,610 | 23 | 4,018 | 19 | 5,532 | 25 | 5,489 | 26 |
| Fin. Mgt..... | 175,376 | 599 | 219,330 | 776 | 189,651 | 757 | 192,321 | 748 |
| Info. Technology..... | 380,921 | 832 | 474,041 | 855 | 380,738 | 956 | 390,471 | 946 |
| Corresp. Mgt. | 2,935 | 19 | 3,013 | 19 | 3,574 | 24 | 3,443 | 24 |
| Intrafund Adj. a/ | -87,085 | 36 | -89,435 | - | -57,215 | - | -61,585 | - |
| Subtotal..... | 520,644 | 1,652 | 651,270 | 1,807 | 564,683 | 1,946 | 573,019 | 1,930 |
| Purch of Equip..... | 31,111 | - | 22,046 | - | 28,432 | - | 18,500 | - |
| Purch. Card Rebate... | 9,111 | - | 9,747 | - | 8,997 | - | 8,500 | - |
| Unobl. Bal. Exp..... | 5,211 | - | 16,669 | - | 13,369 | - | 0 | - |
| Subtotal (USDA)..... | 566,077 | 1,652 | 699,732 | 1,807 | 615,481 | 1,946 | 600,019 | 1,930 |
| Non-USDA Fee for Service: | | | | | | | | |
| Administration..... | 2,074 | 3 | 1,681 | 10 | 1,765 | 10 | 1,771 | 10 |
| Communications..... | 85 | - | 23 | 1 | 96 | 1 | 168 | - |
| Fin. Mgt..... | 121,365 | 642 | 112,329 | 527 | 176,926 | 812 | 218,709 | 996 |
| Info. Technology..... | 11,219 | 38 | 19,626 | 32 | 22,985 | 52 | 40,376 | 83 |
| Subtotal (Non-USDA)..... | 134,743 | 683 | 133,659 | 570 | 201,772 | 875 | 261,024 | 1,089 |
| Total, WCF..... | 700,820 | 2,335 | 833,391 | 2,377 | 817,253 | 2,821 | 861,043 | 3,019 |

a/ Represents costs for service billed by one WCF activity to another; the amounts are provided so as not to misrepresent costs through double-counting (i.e., once as the costs are billed from one activity to another, a second time as those costs pass through the activity and are billed to service customers).

WORKING CAPITAL FUND

Permanent Positions by Grade and Staff Year Summary

| Item | 2013 Actual | | | 2014 Actual | | | 2015 Enacted | | | 2016 Estimate | | |
|--|-------------|-------|-------|-------------|-------|-------|--------------|-------|-------|---------------|-------|-------|
| | D.C. | Field | Total | D.C. | Field | Total | D.C. | Field | Total | D.C. | Field | Total |
| SES | 7 | 9 | 16 | 6 | 9 | 15 | 11 | 5 | 16 | 9 | 7 | 16 |
| GS-15 | 24 | 50 | 74 | 24 | 52 | 76 | 38 | 55 | 93 | 37 | 56 | 93 |
| GS-14 | 54 | 144 | 198 | 54 | 187 | 241 | 86 | 185 | 271 | 81 | 190 | 271 |
| GS-13 | 72 | 378 | 450 | 72 | 561 | 633 | 116 | 633 | 749 | 106 | 643 | 749 |
| GS-12 | 36 | 576 | 612 | 36 | 694 | 730 | 58 | 766 | 824 | 50 | 774 | 824 |
| GS-11 | 29 | 280 | 309 | 27 | 326 | 353 | 43 | 397 | 440 | 43 | 397 | 440 |
| GS-10 | 4 | 6 | 10 | 4 | 6 | 10 | 5 | 6 | 11 | 5 | 6 | 11 |
| GS-9 | 21 | 68 | 89 | 18 | 88 | 106 | 29 | 132 | 161 | 31 | 130 | 161 |
| GS-8 | 10 | 23 | 33 | 8 | 23 | 31 | 14 | 24 | 38 | 21 | 17 | 38 |
| GS-7 | 18 | 220 | 238 | 17 | 288 | 305 | 27 | 313 | 340 | 26 | 314 | 340 |
| GS-6 | 8 | 99 | 107 | 10 | 94 | 104 | 16 | 62 | 78 | 12 | 66 | 78 |
| GS-5 | 31 | 74 | 105 | 31 | 105 | 136 | 50 | 82 | 132 | 43 | 89 | 132 |
| GS-4 | 1 | 17 | 18 | 3 | 15 | 18 | 5 | 14 | 19 | 4 | 15 | 19 |
| GS-3 | 1 | - | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | - | 1 |
| GS-2 | - | 2 | 2 | - | 2 | 2 | - | - | - | - | - | - |
| Other Graded Posns... | 24 | 18 | 42 | 24 | 11 | 35 | 38 | 9 | 47 | 32 | 15 | 47 |
| Total Perm Positions.... | 340 | 1,964 | 2,304 | 335 | 2,461 | 2,796 | 537 | 2,683 | 3,220 | 501 | 2,719 | 3,220 |
| Unfilled, EOY..... | 5 | 4 | 9 | 17 | 9 | 26 | - | 47 | 47 | - | 47 | 47 |
| Total, Perm Full-Time Empl.EOY.... | 335 | 1,960 | 2,295 | 318 | 2,452 | 2,770 | 537 | 2,636 | 3,173 | 501 | 2,672 | 3,173 |
| Staff Year. Est..... | 333 | 2,002 | 2,335 | 297 | 2,080 | 2,377 | 450 | 2,371 | 2,821 | 450 | 2,569 | 3,019 |

Lead-Off Tabular Statement

| | |
|---|--------------------|
| <u>Recurring Operations</u> ^{1/} | |
| Budget Estimate, 2016 | \$834,043,000 |
| 2015 Enacted | <u>766,455,000</u> |
| Change | <u>+67,588,000</u> |
| <u>Capital Availability</u> | |
| Budget Estimate, 2016 | 18,500,000 |
| 2015 Enacted | <u>28,432,000</u> |
| Change | <u>-9,932,000</u> |
| <u>Purchase Card Rebates Expended</u> | |
| Budget Estimate, 2016 ^{2/} | 8,500,000 |
| 2015 Enacted | <u>8,997,000</u> |
| Change | <u>-497,000</u> |
| <u>Unobligated Balances Expended</u> | |
| Budget Estimate, 2016 ^{3/} | 0 |
| 2015 Enacted | <u>13,369,000</u> |
| Change | <u>-13,369,000</u> |
| <u>Total, Working Capital Fund</u> | |
| Budget Estimate, 2016 | 861,043,000 |
| 2015 Enacted | <u>817,253,000</u> |
| Change | <u>+43,790,000</u> |

^{1/} Net of intrafund transfers.

^{2/} Under 7 U.S.C. 2235a, refunds or rebates received on an on-going basis from a credit card services provider under the Department of Agriculture's charge card programs may be deposited to and retained without fiscal year limitation in the Department's Working Capital Fund for the acquisition of plant and capital equipment necessary for the delivery of financial, administrative, and information technology services of primary benefit to the agencies of the Department of Agriculture.

^{3/} The Secretary has authority to transfer unobligated balances to the WCF for acquisition of plant and capital equipment for financial, administrative, and information technology services of general benefit to agencies of the Department of Agriculture. The amount for 2016 (unobligated 2015 funds) will not be known until the end of FY 2015.

WORKING CAPITAL FUND

Summary of Increases and Decreases

(Dollars in thousands)

| | 2013 <u>Actual</u> | 2014 <u>Change</u> | 2015 <u>Change</u> | 2016 <u>Change</u> | 2016 <u>Estimate</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Recurring Operations: | | | | | |
| 1. Administration: | | | | | |
| MMSC | \$9,377 | -\$221 | +\$522 | +\$8 | \$9,686 |
| MRS..... | 11,267 | -420 | -429 | +93 | 10,511 |
| Integrated Procurement Sys | 15,858 | -450 | +726 | - | 16,134 |
| Procurement Operations..... | 7,355 | -1,943 | +2,032 | +341 | 7,785 |
| Admin. Support Costs..... | 2,104 | -943 | -667 | +41 | 535 |
| Subtotal | 45,961 | -3,977 | +2,184 | +483 | 44,651 |
| 2. Communications: | | | | | |
| Creative Media & Broadcast Ctr. | 4,695 | -654 | +1,587 | +29 | 5,657 |
| 3. Financial Management: | | | | | |
| NFC | 188,044 | +5,979 | -21,898 | +11,309 | 183,434 |
| Financial Management Service <u>1/</u> | - | - | +181,457 | +33,514 | 214,971 |
| Controller Operations | 32,057 | +1,218 | -33,275 | - | - |
| Financial Systems..... | 70,370 | +25,654 | -96,024 | - | - |
| Financial Mgt. Support Svcs..... | - | +2,792 | +3,487 | +37 | 6,316 |
| Internal Control Support Svcs.... | 2,768 | -473 | +370 | - | 2,665 |
| Admin. Support Costs <u>2/</u> | 3,502 | -252 | +801 | -407 | 3,644 |
| Subtotal..... | 296,741 | +34,918 | +34,918 | +44,453 | 411,030 |
| 4. Information Technology: | | | | | |
| NITC..... | 105,025 | +17,153 | +10,922 | +9,336 | 142,436 |
| International Technology Svcs... | 251,132 | +56,360 | -80,888 | +5,797 | 232,401 |
| Telecommunications Services..... | 35,688 | +27,385 | -19,949 | +11,991 | 55,115 |
| Admin. Support Costs..... | 295 | +629 | -29 | - | 895 |
| Subtotal..... | 392,140 | +101,527 | -89,944 | +27,124 | 430,847 |
| 5. Correspondence Management | | | | | |
| Intrafund Adjustment <u>3/</u> | -87,085 | -2,350 | +32,220 | -4,370 | -61,585 |
| Total Recurring Operations..... | 655,387 | +129,542 | -18,474 | +67,588 | 834,043 |
| Capital Availability..... | 31,111 | -9,065 | +6,386 | -9,932 | 18,500 |
| Purchase Card Rebate Proceeds..... | 9,111 | +636 | -750 | -497 | 8,500 |
| Unobligated Balances Expended..... | 5,211 | +11,458 | -3,300 | -13,369 | - |
| Total, Change..... | 700,820 | +132,571 | -16,138 | +43,790 | 861,043 |

1/ Financial Management Service (FMS) represents the consolidation of Controller Operations and Financial Systems in FY 2015.

- 2/ Administrative Support Costs are costs of providing service to or on behalf of WCF activity centers. Since these costs are accounted for under the WCF Treasury symbol (as of 2014) they are included under the staff offices administering them.
- 3/ Intrafund adjustments are estimated costs of service provided by one WCF activity to another.

WORKING CAPITAL FUND
Project Statement
Program Activity Detail and Staff Years (SYs)
(Dollars in thousands)

| Service Category | <u>2013 Actual</u> | | <u>2014 Actual</u> | | <u>2015 Enacted</u> | | <u>Inc. or Dec.</u> | | <u>2016 Estimate</u> | |
|------------------|--------------------|-------|--------------------|-------|---------------------|-------|---------------------|------|----------------------|-------|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| 1. Admin. | | | | | | | | | | |
| MMSC..... | \$9,377 | 33 | \$9,156 | 32 | \$9,678 | 43 | +8 | +2 | \$9,686 | 45 |
| MRS | 11,267 | 66 | 10,847 | 65 | 10,418 | 87 | +93 | - | 10,511 | 87 |
| IPS | 15,858 | 13 | 15,408 | 12 | 16,134 | 18 | - | - | 16,134 | 18 |
| Proc. Oper. | 7,355 | 34 | 5,412 | 32 | 7,444 | 43 | +341 | - | 7,785 | 43 |
| Adm. Supp. | 2,104 | 16 | 1,161 | 7 | 494 | 3 | +41 | - | 535 | 3 |
| Subtotal ... | 45,961 | 162 | 41,984 | 148 | 44,168 | 194 | +483 | +2 | 44,651 | 196 |
| 2. Commun.: | | | | | | | | | | |
| CMBC | 4,695 | 23 | 4,041 | 20 | 5,628 | 26 | +29 | - | 5,657 | 26 |
| 3. Fin. Mgt. | | | | | | | | | | |
| NFC..... | 188,044 | 885 | 194,023 | 911 | 172,125 | 980 | +11,309 | +25 | 183,434 | 1,005 |
| FMS..... | - | - | - | - | 181,457 | 520 | +33,514 | +152 | 214,971 | 672 |
| COD..... | 32,057 | 243 | 33,275 | 244 | - | - | - | - | - | - |
| Fin. Sys..... | 70,370 | 101 | 96,024 | 100 | - | - | - | - | - | - |
| FMSS..... | - | - | 2,792 | 20 | 6,279 | 37 | +37 | - | 6,316 | 37 |
| ICSS | 2,768 | 12 | 2,295 | 11 | 2,665 | 11 | - | - | 2,665 | 11 |
| Adm. Supp. | 3,502 | 19 | 3,250 | 17 | 4,051 | 21 | -407 | -2 | 3,644 | 19 |
| Subtotal... | 296,741 | 1,260 | 331,659 | 1,303 | 366,577 | 1,569 | +44,453 | +175 | 411,030 | 1,744 |
| 4. Info. Tech. | | | | | | | | | | |
| NITC | 105,025 | 209 | 122,178 | 202 | 133,100 | 289 | +9,336 | +21 | 142,436 | 310 |
| ITS | 251,132 | 628 | 307,492 | 646 | 226,604 | 671 | +5,797 | - | 232,401 | 671 |
| Tele. Svc.... | 35,688 | 33 | 63,073 | 34 | 43,124 | 43 | +11,991 | - | 55,115 | 43 |
| Adm. Supp. | 295 | 1 | 924 | 5 | 895 | 5 | - | - | 895 | 5 |
| Subtotal... | 392,140 | 871 | 493,667 | 887 | 403,723 | 1,008 | +27,124 | +21 | 430,847 | 1,029 |
| 5. Corr. Mgt... | | | | | | | | | | |
| Intra. Adj..... | -87,085 | - | -89,435 | - | -57,215 | - | -4,370 | - | -61,585 | - |
| Tl. Rec. Oper. | 655,387 | 2,335 | 784,929 | 2,377 | 766,455 | 2,821 | +67,588 (1) | +198 | 834,043 | 3,019 |
| Cap. Equip. | 31,111 | - | 22,046 | - | 28,432 | - | -9,932 (2) | - | 18,500 | - |
| Pur. Card Reb. | 9,111 | - | 9,747 | - | 8,997 | - | -497 (3) | - | 8,500 | - |
| Unob. Bal. | 5,211 | - | 16,669 | - | 13,369 | - | -13,369 (4) | - | - | - |
| Total | 700,820 | 2,335 | 833,391 | 2,377 | 817,253 | 2,821 | +43,790 | +198 | 861,043 | 3,019 |

WORKING CAPITAL FUND
Project Statement
USDA Program Activity Detail and Staff Years (SYs)
(Dollars in thousands)

| Service Category | <u>2013 Actual</u> | | <u>2014 Actual</u> | | <u>2015 Enacted</u> | | <u>Inc. or Dec.</u> | | <u>2016 Estimate</u> | |
|--------------------|--------------------|-------|--------------------|-------|---------------------|-------|---------------------|-----|----------------------|-------|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| 1. Admin. | | | | | | | | | | |
| MMSC..... | \$7,303 | 30 | \$7,474 | 22 | \$7,913 | 33 | +\$2 | +2 | \$7,915 | 35 |
| MRS | 11,267 | 66 | 10,847 | 65 | 10,418 | 87 | +93 | - | 10,511 | 87 |
| IPS | 15,858 | 13 | 15,408 | 12 | 16,134 | 18 | - | - | 16,134 | 18 |
| Proc. Oper..... | 7,355 | 34 | 5,412 | 32 | 7,444 | 43 | +341 | - | 7,785 | 43 |
| Adm. Supp. | 2,104 | 16 | 1,161 | 7 | 494 | 3 | +41 | - | 535 | 3 |
| Subtotal | 43,887 | 159 | 40,303 | 138 | 42,403 | 184 | +477 | +2 | 42,880 | 186 |
| 2. Commun.: | | | | | | | | | | |
| CMBC | 4,610 | 23 | 4,018 | 19 | 5,532 | 25 | -43 | +1 | 5,489 | 26 |
| 3. Fin. & Mgt. | | | | | | | | | | |
| NFC..... | 66,679 | 243 | 81,694 | 384 | 65,199 | 315 | -1,113 | -13 | 64,086 | 302 |
| FMS..... | - | - | - | - | 111,457 | 373 | +4,193 | +6 | 115,610 | 379 |
| COD..... | 32,057 | 243 | 33,275 | 244 | - | - | - | - | - | - |
| Fin. Sys..... | 70,370 | 101 | 96,024 | 100 | - | - | - | - | - | - |
| FMSS | - | - | 2,792 | 20 | 6,279 | 37 | +37 | - | 6,316 | 37 |
| ICSS | 2,768 | 12 | 2,295 | 11 | 2,665 | 11 | - | - | 2,665 | 11 |
| Admin. Supp. | 3,502 | 19 | 3,250 | 17 | 4,051 | 21 | -407 | -2 | 3,644 | 19 |
| Subtotal..... | 175,376 | 618 | 219,330 | 776 | 189,651 | 757 | +2,670 | -9 | 192,321 | 748 |
| 4. Info. Tech. | | | | | | | | | | |
| NITC..... | 93,830 | 171 | 102,552 | 170 | 113,044 | 237 | -4,521 | -10 | 108,523 | 227 |
| ITS | 251,120 | 628 | 307,492 | 646 | 226,602 | 671 | +5,797 | - | 232,399 | 671 |
| Telecom. Svc. | 35,676 | 33 | 63,073 | 34 | 40,197 | 43 | +8,457 | - | 48,654 | 43 |
| Adm. Supp. | 295 | 1 | 924 | 5 | 895 | 5 | - | - | 895 | 5 |
| Subtotal.... | 380,921 | 833 | 474,041 | 855 | 380,738 | 956 | +9,733 | -10 | 390,471 | 946 |
| 5. Corr. Mgt..... | | | | | | | | | | |
| Intrafund Adj..... | -87,085 | - | -89,435 | 0 | -57,215 | - | -4,370 | - | -61,585 | - |
| Tot. Rec. Oper. | 520,644 | 1,652 | 651,270 | 1,807 | 564,683 | 1,946 | +8,336 | -16 | 573,019 | 1,930 |
| Cap. Avail..... | 31,111 | - | 22,046 | - | 28,432 | - | -9,932 | - | 18,500 | - |
| Purch. Card Reb. | 9,111 | - | 9,747 | - | 8,997 | - | -497 | - | 8,500 | - |
| Unob. Bal. Exp... | 5,211 | - | 16,669 | - | 13,369 | - | -13,369 | - | - | - |
| Tot., Avail/Est.. | 566,077 | 1,652 | 699,732 | 1,807 | 615,481 | 1,946 | -15,462 | -16 | 600,019 | 1,930 |

WORKING CAPITAL FUND
Project Statement
 Non-USDA Program Activity Detail and Staff Years (SYs)
 (Dollars in thousands)

| Service Category | <u>2013 Actual</u> | | <u>2014 Actual</u> | | <u>2015 Enacted</u> | | <u>Inc. or Dec.</u> | | <u>2016 Estimate</u> | |
|--------------------|--------------------|-----|--------------------|-----|---------------------|-----|---------------------|------|----------------------|-------|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| 1. Admin. | | | | | | | | | | |
| MMSC..... | \$2,074 | 3 | \$1,681 | 10 | \$1,765 | 10 | +\$6 | - | \$1,771 | 10 |
| 2. Commun.: | | | | | | | | | | |
| CMBC | 85 | - | 23 | 1 | 96 | 1 | +72 | - | 168 | 1 |
| 3. Fin. & Mgt. | | | | | | | | | | |
| NFC..... | 121,365 | 642 | 112,329 | 527 | 106,926 | 665 | +12,422 | +38 | 119,348 | 703 |
| FMS..... | - | - | - | - | 70,000 | 147 | +29,361 | +146 | 99,361 | 293 |
| Subtotal..... | 121,365 | 642 | 112,329 | 527 | 176,926 | 812 | +41,783 | +184 | 218,709 | 996 |
| 4. Info. Tech. | | | | | | | | | | |
| NITC..... | 11,195 | 38 | 19,626 | 32 | 20,056 | 52 | +13,857 | +31 | 33,913 | 83 |
| Int. Tech. Svcs.. | 12 | - | - | - | 2 | - | - | - | 2 | - |
| Telecom. Svcs.. | 12 | - | - | - | 2,927 | - | +3,534 | - | 6,461 | - |
| Subtotal..... | 11,219 | 38 | 19,626 | 32 | 22,985 | 52 | +17,391 | +31 | 40,376 | 83 |
| Tot., Avail/Est... | 134,743 | 683 | 133,659 | 570 | 201,772 | 875 | +59,252 | +215 | 261,024 | 1,090 |

Justification of Increases and Decreases

- (1) A net increase of \$67,588,000 and a net increase of 198 staff years (\$766,455,000 and 2,821 staff years available in 2015) for recurring operations in support of program-related costs in response to agency demand for financial management, administrative support, information technology, communications, and executive secretariat services.

The increase reflects estimates of costs for expanded non-USDA activity in Departmental financial system applications and costs associated with agency-specific services among other activity centers in the WCF. Amounts shown for 2016 are estimates of costs only, and USDA and non-USDA agencies will be billed their share of actual costs. The increase in staff years represent activity centers' best estimate of the most economical use of human resources to deliver expected demand for goods and services.

The increase is almost entirely based on estimates of the value of services to be delivered to non-USDA customers. Almost 88 percent of the increase from 2015 to 2016 (\$59,252,000) represents services delivered to non-USDA customers. The estimated USDA cost increase from FY 2015 to 2016 is slightly less than 1.5 percent (\$8,336,000). Staff increases from year to year for delivery of service to non-USDA customers are commensurate with the estimated dollar increases. USDA staff year estimates are expected to show a slight reduction (from 1,946 to 1,929 staff years).

The increase also assumes the consolidation of Financial Systems and Controller Operations into a new Financial Management Service activity in 2015.

- (2) A decrease of \$9,932,000 for capital equipment (\$28,432,000 available in 2015):

Capital availability reflects availability of investment funds (apart from recurring operations) to be used for the purchase of equipment and other capital investments. Capital is allocated among activity centers up to the limit of availability based on their respective equipment and capital needs. Such allocations are not based on any prior year allocation that might have been made to activities. Requests for capital must be justified to and reviewed by the WCF Controller before final allocations are made. In evaluating capital requests, the primary principle governing allocations is based on whether it is advantageous for the government to purchase rather than lease assets (based on total costs over the life of the asset). Where it is less advantageous to do so, equipment and other assets are leased (lease costs are reflected in operating costs for activity centers). In all cases, acquisitions (purchase or lease) are made in response to anticipated demand for service with a focus on minimizing unit costs of service. Further, acquisitions will be made in a manner consistent with requirements set forth by the Office of the Chief Information Officer for information technology investments.

Availability of funds for capital equipment expenditures is estimated as follows:

| | <u>2015</u> | <u>2016</u> |
|--------------------------------|--------------|--------------|
| <u>Amount Available:</u> | \$28,432,000 | \$18,500,000 |
| Allocated..... | 23,194,000 | 0 |
| Unallocated | 5,238,000 | 18,500,000 |

Allocations of capital funds are made based on activity center needs and benefits to the government based on a number of factors, including: amount of capital available for allocation, activity-need for capital investments, availability of lease options for capital equipment, and prioritization of investments by WCF and Departmental Management.

Investments for which capital is expected to be allocated in FY 2015 include the following (\$23,194,000):

SAP - Software Release 2,800,000

Commercial software from SAP forms the basis of USDA's Financial Management Modernization Initiative (FMMI) system. USDA requires an investment to update SAP's Enterprise Resource Planning (ERP) software tools that include underlying SAP software for a number of applications. This investment will allow all of USDA to maintain operations on supported software releases.

FSDW - Enhancements 473,000

USDA's Financial Statements Data Warehouse (FSDW) stores critical financial data for the Department. This data is aggregated from multiple financial systems to produce mandatory consolidated Treasury reports. The application is being redeployed on modern IT systems and has undergone an extensive redesign. This investment will address any enhancements required to improve the operational efficiency of the new system, based upon the first year's production operation and user feedback.

FMMI - Enterprise Solution Migration Costs 5,000,000

With some exceptions, the USDA Enterprise Landscape is running primarily in a virtualized, VMware configuration on Intel based Hewlett Packard (HP) hardware. It also contains appliances for Wide Area Network (WAN) optimization at over 900 locations within the International Technology Services (ITS) network. USDA's Denver data center has also implemented the appliances as in-line devices to mitigate bandwidth and latency issues on the WAN. In addition, several Agency-specific interfaces are maintained that require secure connectivity to external sites for the exchange of financial information, utilizing MQ-Series, Process Integration (PI) and secure FTP.

With a focus on increasing its capability and capacity to support existing customers (and potentially new ones), the upgrade to be implemented with this investment will eliminate current performance problems, while providing stabilization and modernization of the current financial system environment. This will also establish a solid foundation of performance in offering of potential financial shared services to Federal agencies, while enabling high availability to minimize unscheduled outages. Improvements to the USDA Enterprise Landscape also include newer backup strategies to perform offline backups while reducing server overhead that would be otherwise available for user processing (note: there is related spending in section (4), below).

FMMI - Strategic Initiative Software Developments 1,700,000

USDA requires the strategic capability to rapidly develop and deploy innovative, automated financial tools in an inexpensive manner. This investment will lay a foundation for agile software development practices at USDA.

ICSS - Governance Risk Compliance (GRC) Software 1,568,000

With this investment, USDA will purchase a Commercial Off-the-Shelf (COTS) Governance, Risk and Compliance with Continuous Controls Monitoring (GCC/CCM) tool that has the capability of being fully integrated with FMMI to support USDA's annual A-123, Appendix A, assessment and effectively provide a new level of efficiency and transparency of operations and financial controls across the enterprise. The prospective COTS tool will also have functionality to broaden the capture and management of enterprise risks, and lead to more robust risk and compliance management.

PPS Risk Mitigation 2,500,000

The National Finance Center established the Risk Mitigation project to identify and determine the strategic approach to convert, modernize and migrate the NFC mainframe, IDMS based legacy payroll/personnel system (PPS) to a modern technology environment. The goal of the project is to reduce the cost of mainframe operations and modernize the PPS system.

Insight (Enterprise) Reporting 2,500,000

Although NFC's current reporting capabilities are tailored to customers' operational/transactional needs, customers require a more holistic solution that provides both operational and business intelligence insights to drive key business decisions. The proposed Enterprise Reporting solution will help reduce costs and improve NFC's competitiveness in the Human Resources Line of Business market with current and future customers. Current reporting issues to be addressed include: (1) Difficulty in acquiring/retaining talent with specialized NFC IDMS knowledge to run FOCUS (2) Long lead times to get reports developed (3) Cumbersome processes which require customers to go to multiple locations to obtain data, and (4) Lack of user friendly "point and click" interfaces.

SAN Hardware 2,153,000

SAN Storage at the Primary Computing Facility has reached end-of-life. An upgrade path is no longer available, and NFC cannot expand the required, anticipated growth at each site in 2015. In order to reduce the cost of storage, NFC must expand its SAN offering. In order to reduce the cost of storage, NFC must expand its SAN offerings. The end result will lower the total cost of ownership for SAN storage and significantly increase performance. This investment will provide native replication on the new SAN Storage devices. This will eliminate the dependency on replication devices that will be going end-of-service and end-of-life, and will reduce the cost of hardware, software and the workforce required to support the SAN.

Kansas City - Pod 1, Upgrades 4,000,000

USDA developed a plan to align with the Federal Enterprise Data Center (EDC) Consolidation initiative as directed by the Office of Management and Budget. This strategy addresses business requirements while taking advantage of opportunities to reduce energy consumption and utilize innovations such as cloud computing with the goal of reducing energy costs and physical space allocations. This investment will assist USDA in obtaining compliance with OMB directives and will allow USDA to streamline its diverse and redundant hosting sources that are scattered throughout various USDA organizations.

Kansas City - Pod 3, Battery Replacement 500,000

This is an investment to provide battery replacement that will prevent excessive cost of operation and down time.

- (3) A net decrease of \$497,000 in purchase card rebates availability (\$8,997,000 available in 2015).

Under 7 U.S.C. 2235a, refunds or rebates received on an on-going basis from a credit card services provider under USDA's charge card programs may be deposited to and retained without fiscal year limitation in the Department's WCF and used to fund management initiatives of general benefit to the Department of Agriculture bureaus and offices as determined by the Secretary of Agriculture or the Secretary's designee, subject to language set forth in Section 732 of Public Law 113-235, "Consolidated and Further Continuing Appropriations Act, 2015;" Division A, requiring notification to the Committees on Appropriations of Congress in advance of obligations under this authority.

Expenditures under this section are estimated as follows:

| | <u>2015</u> | <u>2016</u> |
|--------------------------------|-------------|-------------|
| <u>Amount Available:</u> | \$8,997,000 | \$8,500,000 |
| Allocated | 8,500,000 | 0 |
| Unallocated | 497,000 | 8,500,000 |

Investments for which notification is herein provided to the Committees on Appropriations to obligate funds transferred to the Working Capital Fund in FY 2015 include the following allocations (\$8,500,000):

| | |
|--|-------------|
| Implementation of Grants and Agreements System | \$3,500,000 |
|--|-------------|

This investment will facilitate the automatic creation of Financial Management Modernization Initiative grant applications from an applicant's submission in the official Federal portal. This automation will reduce the risk of manual error and speed the process by which USDA evaluates and issues grants supporting mandatory programs. It will standardize grants systems and portals for customers, creating a single face and single process management tool compared to 16 varieties in the current environment.

| | |
|----------------|-------------|
| Travel System: | \$2,000,000 |
|----------------|-------------|

The current Travel System provides USDA agencies with the capability to process travel authorizations, travel advances, and travel vouchers for relocation travel for official government. The system is currently on obsolete technology with diminishing availability of support.

| | |
|---------------------|-------------|
| Enterprise License: | \$3,000,000 |
|---------------------|-------------|

This investment supports operation of Departmental financial systems.

- (4) A net decrease of \$13,369,000 in unobligated balances expended (\$13,369,000 available in 2015).

Section 702 of Public Law 113-235, "Consolidated and Further Continuing Appropriations Act, 2015;" Division A, continued to allow the Secretary the authority to transfer unobligated balances to the WCF for acquisition of plant and capital equipment for financial, administrative, and information technology services of general benefit to agencies of the Department. Funds transferred under this authority in 2014 from available balances and balances not obligated from transfers in previous years represent the availability of funds in 2015. The unobligated 2015 funds available for transfer to the WCF will not be known until the end of the fiscal year.

Expenditures under this section are estimated as follows:

| | <u>2015</u> | <u>2016</u> |
|--------------------------------|--------------|-------------|
| <u>Amount Available:</u> | \$13,369,000 | 0 |
| Allocated | 13,369,000 | 0 |
| Unallocated | 0 | 0 |

Investments not previously approved for which notification is herein provided to the Committees on Appropriations to obligate funds in FY 2015 include:

| | |
|---------------------|-------------|
| Enterprise Solution | \$9,618,000 |
|---------------------|-------------|

With some exceptions, the USDA Enterprise Landscape is running primarily in a virtualized, VMware configuration on Intel based Hewlett Packard (HP) hardware. It also contains appliances for Wide Area Network (WAN) optimization at over 900 locations within the International Technology Services (ITS)

network. USDA's Denver data center has also implemented the appliances as in-line devices to mitigate bandwidth and latency issues on the WAN. In addition, several Agency-specific interfaces are maintained that require secure connectivity to external sites for the exchange of financial information, utilizing MQ-Series, Process Integration (PI) and secure FTP.

With a focus on increasing its capability and capacity to support existing customers (and potentially new ones), the upgrade to be implemented with this investment will eliminate current performance problems, while providing stabilization and modernization of the current financial systems environment. This will also establish a solid foundation of performance in offering of potential financial shared services to Federal agencies, while enabling high availability to minimize unscheduled outages. Improvements to the USDA Enterprise Landscape also include newer backup strategies to perform offline backups while reducing server overhead that would be otherwise available for user processing.

Open Source Web Modernization and Other Web Initiatives \$500,000

To fulfill the requirements of the Federal Digital Strategy and lead the collaborative effort by all USDA agencies and offices, USDA.gov must convert to an open source solution in a way that supports agency websites as well. Doing so will allow USDA to provide the tools, resources, and guidance necessary through the enterprise USDA roll-out of open source solutions, resulting in a well-coordinated effort that will reduce costs overall, in contrast with current and potential independent agency implementations, which would waste human and capital resources by the lack of lessons learned or re-creation or duplication of similar configurations. This solution embraces USDA's "Shared First Policy", and will empower our collective web community to collaborate in cross-agency and cross-functional teams to fulfill our mission through improved outreach and service to customers.

Comprehensive Loan Program \$3,251,000

Rural Development will undertake a series of investments with these funds to accomplish a number of goals, including:

- Allowing the agency to upgrade the current rules engine to the newest software version to ensure the continued operation of the SFH Guaranteed Underwriting System and the new Direct SFH Underwriting system. It will allow the Agency to further expand the capabilities of the rules engines to enable the Agency to better assess loan quality at the time of origination. It will also allow the Agency to expand the use of the rules engine to other processes, such as loss mitigation and loss claim processing.
- Support in promoting the use of loan application packagers as part of the programs' loan origination process. As packaging becomes a significant part of the delivery model, effectively monitoring loan application packagers and their activity will be core to the success of the direct programs.
- Reduce data entry and streamline the loan application process. Since Spanish versions are not available in the loan origination system, staff must complete the Spanish versions outside the system without the benefit of system pre-filling. By adding all forms/letters available in Spanish to the system and adding a Spanish form indicator, the agency will remove redundant data entry on Spanish versions and improve services to persons with Limited English Proficiency (LEP).
- Develop an automated process where lenders can apply for lender approval electronically, the agency can approve electronically, and recertification can be accomplished electronically. The system will allow lenders to update their information at any time, as well as report changes to their organization. This will eliminate the paper process and data entry by the agency staff. It will also utilize the new Electronic Case File (ECF) for document storage. This would result in an approximate savings of 66% of FTE time in the National Office alone, based on the current manual process. Those staff could be better utilized performing other programmatic functions of the program to better mitigate program risk.

- Support versioning of the rule set, an essential task when changes to rules are made. This will allow the Agency allow lenders to proceed with processing of loans that they are already working on under the old rule set for a period of time (i.e. 90 days) while new loans would be processed under the new rule set. Basically, this allows the use of multiple rule sets at the same time to minimize the adverse impact of rule set changes this is typical in the industry and is essential as we move to the Business to Government interface with Guaranteed Underwriting System.
- Provide a tool to re-evaluate and previously scored loan and determine the impact of a change in the application, without modifying the actual data. It allows the agency to make more informed and intelligent decisions that affect the outcome of an application. It also provides the agency will the needed tools to make intelligent changes to the rules engine that enable the agency to make good loans and thus reduce cost of the program and reduce program losses. The net affect will be better control and performance of the loans being approved and provides greater consistency in the approval process, thus reducing risk to the agency. Ultimately, it assists the agency in making quality loans that perform, reducing losses, and thus lowering the cost of the program, which in turn benefits the borrower and the taxpaying public. It will help reduce unneeded releases of applications back to lenders by first determining if changes are adverse.
- Develop a routine process to purge pre-qualifications that have a date registered at least three fiscal years old and have not moved beyond the Registered Application Stage, the agency will improve the quality and process of generating reports as well as enhancing nightly backups system performance.
- Develop an appraisal evaluation tool to streamline the administrative review process for all origination and servicing appraisals. It would automate the review process and provide a much more comprehensive review of the appraisal. The automated tool will provide transparency into appraisal reports, streamline review methods, and ensure all appraisals are high-quality and follow industry standards and regulatory requirements. It will put comparable and market data at the reviewer's finger tips, allow them to make a better, more data centric decisions.

WORKING CAPITAL FUND
Geographic Breakdown of Funding and Staff Years
(Dollars in thousands and Staff Years (SYs))

| State/Territory | <u>2013 Actual</u> | | <u>2014 Actual</u> | | <u>2015 Enacted</u> | | <u>2016 Estimate</u> | |
|----------------------|--------------------|-------|--------------------|------|---------------------|------|----------------------|------|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Alabama | \$2,757 | 7 | \$3,383 | 7 | \$3,135 | 9 | 3,650 | 11 |
| Alaska | 794 | 2 | 846 | 2 | 659 | 2 | 769 | 2 |
| Arizona | 2,593 | 6 | 2,960 | 6 | 2,307 | 6 | 2,690 | 7 |
| Arkansas | 2,897 | 8 | 3,806 | 8 | 2,967 | 8 | 3,458 | 10 |
| California | 3,154 | 8 | 4,228 | 8 | 3,955 | 11 | 4,611 | 13 |
| Colorado | 57,964 | 108 | 73,028 | 126 | 64,310 | 152 | 78,152 | 179 |
| Connecticut | 724 | 2 | 846 | 2 | 659 | 2 | 769 | 2 |
| Delaware | 1,238 | 3 | 1,691 | 3 | 1,318 | 4 | 1,537 | 4 |
| District of Columbia | 111,425 | 333 | 185,109 | 297 | 227,630 | 450 | 167,888 | 450 |
| Florida | 2,103 | 6 | 1,691 | 3 | 1,978 | 5 | 2,306 | 6 |
| Georgia | 2,523 | 8 | 2,960 | 6 | 2,637 | 7 | 3,074 | 8 |
| Guam | 724 | 2 | 846 | 2 | 330 | 1 | 384 | 1 |
| Hawaii | 818 | 2 | 423 | 1 | 659 | 2 | 769 | 2 |
| Idaho | 2,874 | 8 | 3,383 | 7 | 2,967 | 8 | 3,458 | 10 |
| Illinois | 4,953 | 14 | 6,343 | 13 | 4,944 | 13 | 5,764 | 16 |
| Indiana | 4,509 | 10 | 5,074 | 10 | 4,285 | 12 | 4,996 | 14 |
| Iowa | 6,145 | 15 | 7,188 | 14 | 5,933 | 16 | 6,917 | 19 |
| Kansas | 3,972 | 11 | 5,497 | 11 | 4,615 | 13 | 5,380 | 15 |
| Kentucky | 3,598 | 9 | 4,651 | 9 | 3,626 | 10 | 4,227 | 12 |
| Louisiana | 308,457 | 1,144 | 291,810 | 1243 | 257,824 | 1201 | 304,790 | 1418 |
| Maine | 1,028 | 3 | 1,269 | 3 | 989 | 3 | 1,153 | 3 |
| Maryland | 21,701 | 60 | 21,624 | 54 | 24,384 | 103 | 35,203 | 122 |
| Massachusetts | 724 | 3 | 846 | 2 | 659 | 2 | 769 | 2 |
| Michigan | 2,850 | 9 | 3,806 | 8 | 2,637 | 7 | 3,074 | 8 |
| Minnesota | 5,514 | 14 | 6,343 | 13 | 5,274 | 14 | 6,148 | 17 |
| Mississippi | 3,785 | 9 | 4,228 | 8 | 3,296 | 9 | 3,843 | 11 |
| Missouri | 156,048 | 336 | 188,499 | 334 | 160,583 | 463 | 181,809 | 418 |
| Montana | 2,897 | 8 | 4,228 | 8 | 3,626 | 10 | 4,227 | 12 |
| Nebraska | 4,953 | 14 | 5,920 | 12 | 4,944 | 13 | 5,764 | 16 |
| Nevada | 1,098 | 2 | 1,269 | 3 | 989 | 3 | 1,153 | 3 |
| New Hampshire | 304 | 1 | 423 | 1 | 330 | 1 | 384 | 1 |
| New Jersey | 1,028 | 3 | 846 | 2 | 659 | 2 | 769 | 2 |
| New Mexico | 1,051 | 4 | 1,691 | 3 | 1,318 | 4 | 1,537 | 4 |
| New York | 2,033 | 8 | 2,960 | 6 | 2,637 | 7 | 3,074 | 8 |
| North Carolina | 4,112 | 10 | 5,074 | 10 | 4,285 | 12 | 4,996 | 14 |
| North Dakota | 3,107 | 8 | 3,806 | 8 | 3,296 | 9 | 3,843 | 11 |

WORKING CAPITAL FUND

Geographic Breakdown of Funding and Staff Years
(Dollars in thousands and Staff Years (SYs))

| State/Territory | <u>2013 Actual</u> | | <u>2014 Actual</u> | | <u>2015 Enacted</u> | | <u>2016 Estimate</u> | |
|---|--------------------|-------|--------------------|-------|---------------------|-------|----------------------|-------|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Ohio | 3,318 | 9 | 4,651 | 9 | 3,626 | 10 | 4,227 | 12 |
| Oklahoma | 2,757 | 9 | 3,806 | 8 | 3,626 | 10 | 4,227 | 12 |
| Oregon | 3,645 | 9 | 4,228 | 8 | 2,967 | 8 | 3,458 | 10 |
| Pennsylvania | 3,481 | 8 | 4,228 | 8 | 2,637 | 7 | 3,074 | 8 |
| Puerto Rico | 1,519 | 3 | 1,691 | 3 | 989 | 3 | 1,153 | 3 |
| South Carolina | 2,009 | 5 | 2,537 | 5 | 1,978 | 5 | 2,306 | 6 |
| South Dakota | 2,967 | 9 | 3,806 | 8 | 2,967 | 8 | 3,458 | 10 |
| Tennessee | 4,369 | 11 | 5,074 | 10 | 3,626 | 10 | 4,227 | 12 |
| Texas | 11,147 | 27 | 13,069 | 24 | 17,609 | 118 | 12,412 | 33 |
| Utah | 3,178 | 9 | 4,228 | 8 | 3,955 | 11 | 4,611 | 13 |
| Vermont | 1,729 | 5 | 1,691 | 3 | 1,318 | 4 | 1,537 | 4 |
| Virginia | 1,706 | 8 | 2,537 | 5 | 1,978 | 5 | 2,306 | 6 |
| Washington | 2,313 | 6 | 2,960 | 6 | 2,637 | 7 | 3,074 | 8 |
| West Virginia | 2,079 | 5 | 2,537 | 5 | 1,978 | 5 | 2,306 | 6 |
| Wisconsin | 3,411 | 9 | 5,074 | 10 | 4,285 | 12 | 4,996 | 14 |
| Wyoming | 1,822 | 5 | 2,114 | 4 | 1,648 | 4 | 1,921 | 5 |
| Total, Available or Estimate <u>a/</u> | 787,905 | 2,335 | 922,826 | 2,377 | 874,468 | 2,821 | 922,628 | 3,013 |

a/ Totals do not include adjustments for intrafund transfers – those costs of service provided by one WCF activity to another. Such costs are identified and reported in other exhibits to avoid the double counting of expenses.

WORKING CAPITAL FUND

Classification by Objects
(Dollars in thousands)

| | <u>2013</u> <u>Actual</u> | <u>2014</u> <u>Actual</u> | <u>2015</u> <u>Enacted</u> | <u>2016</u> <u>Estimate</u> |
|--|------------------------------|------------------------------|-------------------------------|--------------------------------|
| Personnel Compensation: | | | | |
| Washington, D.C. | \$19,487 | \$24,495 | \$36,666 | \$38,110 |
| Field | <u>172,343</u> | <u>171,547</u> | <u>193,187</u> | <u>214,203</u> |
| 11 Total personnel compensation | 191,830 | 196,042 | 229,853 | 252,313 |
| 12 Personnel benefits..... | 59,141 | 60,861 | 72,295 | 78,633 |
| 13.0 Benefits for former personnel..... | 488 | 121 | 41 | 42 |
| Total personnel comp. & benefits..... | <u>251,459</u> | <u>257,024</u> | <u>302,189</u> | <u>330,988</u> |
| Other Objects: | | | | |
| 21 Travel..... | 3,442 | 3,627 | 4,225 | 4,383 |
| 22 Transportation of things..... | 837 | 775 | 863 | 922 |
| 23.1 Rental payments to GSA | 6,766 | 7,031 | 7,584 | 7,886 |
| 23.2 Rental payments to others..... | 6,500 | 6,450 | 7,395 | 7,285 |
| 23.3 Communications, utilities, and misc. charges | 79,602 | 88,760 | 93,469 | 101,454 |
| 24 Printing and reproduction | 354 | 314 | 278 | 306 |
| 25.1 Advisory & Assistance Services..... | 498 | 561 | 765 | 743 |
| 25.2 Other services from non-Federal sources . | 167,878 | 227,501 | 221,669 | 251,650 |
| 25.3 Purchases of goods and services from Federal sources | 94,653 | 106,573 | 73,027 | 70,862 |
| 25.4 Operation and maintenance of facilities..... | 1,871 | 2,493 | 2,318 | 2,646 |
| 25.7 Operation and maintenance of equipment..... | 80,556 | 98,017 | 83,099 | 87,744 |
| 26 Supplies and materials | 8,148 | 8,872 | 5,044 | 5,173 |
| 31 Equipment | <u>85,341</u> | <u>114,828</u> | <u>72,513</u> | <u>50,586</u> |
| Total Other Objects | <u>536,446</u> | <u>665,802</u> | <u>572,279</u> | <u>591,640</u> |
| Total, Working Capital Fund <u>1/</u> | <u>787,905</u> | <u>922,826</u> | <u>874,468</u> | <u>922,628</u> |
| Position Data: | | | | |
| Average Salary, ES Position..... | \$162,000 | \$162,000 | \$164,000 | \$165,000 |
| Average Salary, GS Position | \$81,000 | \$81,000 | \$82,000 | \$82,000 |
| Average Grade, GS Position..... | 12.3 | 12.3 | 12.4 | 12.4 |

1/ Totals include all intrafund transfers

WORKING CAPITAL FUND

Status of Program

The Working Capital Fund (WCF) is a financing mechanism that provides support to financial, administrative, and information technology activity centers across five Departmental organizations. The Office of the Chief Financial Officer (OCFO), in addition to its responsibilities in financial policy and operations, is responsible for the administration of the WCF. The staff attached to the Chief Financial Officer supports the OCFO in fulfilling this mission. In addition to its responsibilities for administration of the WCF, OCFO manages the following WCF activities:

- National Finance Center (NFC)
- Financial Management Service (FMS; formerly Controller Operations and Financial Systems)
- Internal Control Support Services (ICSS)
- Financial Management Support Services (FMSS)

ADMINISTRATION

Current Activities:

Activities under this heading are managed under the Assistant Secretary for Administration and include the following (all activities in Washington, D.C., unless otherwise noted):

- Material Management Service Center (formerly Beltsville Service Center; Beltsville, MD; incorporating Consolidated Forms and Publications Distribution Center and Central Excess Property Operation)
- Mail and Reproduction Management:
 - Central Mail Unit (CMU)
 - Copier and Duplicating Services (CDS)
- Integrated Procurement Systems (IPS), including the Charge Card Services Center (CCSC)
- Procurement Operations

The Material Management Service Center (MMS) provides on-demand customer services to all USDA agencies and activities. It also provides services to several non-USDA agencies and activities for basic services, and it acts as a service provider for the National Capital Area's Cooperative Administrative Support Program. Services are provided in: forms and publications acquisition, management, warehousing and world-wide distribution; excess personal property accountability, reuse, sales and disposal; and office and general supply acquisition, receipt and shipment of parcels, warehousing and sales.

The Mail and Reproduction Management Division (MRMD) is responsible for managing and directing programs for analysis, development, evaluation, and promotion of improvements in the policies, plans, methods, procedures and systems of the USDA Mail Management Program; administering and operating the Departmental Mailing List System; and managing and operating copier/duplicating, printing and mailing operations. MRMD has responsibility for basic and accountable mail services, directing centralized printing and copier/duplicating systems, automated systems providing mailing list services, divisional automated data processing support and a staff support system in the areas of divisional financial management, program analysis, and administration. MRMD has established effective mail management and print on-demand programs through the implementation of technology and has improved operations through postal discount programs and centralized services.

Integrated Procurement Systems (IPS) provides modern, integrated procurement automation tools to the USDA acquisition community through the Integrated Acquisition System (IAS). IAS serves as the enterprise-wide administrative procurement system for the Department and continues to prove its value on a daily basis. The Credit Card Services Center (CCSC) has responsibilities to plan, develop, and implement its charge card program under SmartPay2 and to provide consolidated, department-wide governance in this program to help further USDA's mission.

Procurement Operations Division (POD) provides a wide range of contract support services to agencies and staff offices of the Department.

Selected Examples of Recent Progress:

Under MMSC:

MMSC's recycling and re-use programs fully supported Executive Order (EO) 13514, Federal Leadership in Environmental, Energy, and Economic Performance, dated October 5, 2009. This EO establishes an integrated strategy towards sustainability in the Federal Government and to make reduction of greenhouse gas emissions a priority for Federal agencies. MMSC's staff tracks the reduction of greenhouse gases by using the EPA waste reduction models (WARM) and Greenhouse Gases (GHG) Emissions Analysis Reports. MMSC recycling efforts in support of the EO include paper recycling, furniture reuse and scrap metal recycling. In 2014, over 699 metric tons of carbon equivalents were reduced which relates to the reduction of greenhouse gases released into the environment.

The Centralized Excess Property Operation (CEPO) under MMSC completed its sixth full year as a Federal Asset Sales Center. A total of 27 sales were conducted in 2014 rendering proceeds of \$1.1 million. Additionally, the CEPO Rehab Program sold 60 units of refurbished furniture to USDA customer agencies. This program saved agencies an estimated \$94,686 over the cost of new furniture. There were also 1,152 pieces of furniture reissued (original cost over \$688,000).

CEPO contributed over 53 tons of recyclable electronics that have no reuse or re-sale value to UNICOR, Federal Prison Industries, Inc. recycling program managed by the Department of Justice. Agencies are encouraged under the Federal Electronics Challenge (FEC) to: purchase greener electronic products; reduce impacts of electronic products during use; and manage obsolete electronics in an environmentally safe way. Additionally, 519 tons of scrap metal were sold for revenues over \$96,000.

CEPO provided excess supply support to USDA and 14 non-USDA agencies in the Washington, D.C. metropolitan area to ensure proper accountability and disposal for over 116,000 units of excess personal property. In 2014 income from all non-USDA agencies exceeded \$879,000. Income from non-USDA agencies helps reduce overall costs to USDA agencies for CEPO services by distributing operating costs over a larger population of users.

CEPO continued to provide USDA agencies with reusable excess flat screen monitors. Monitors are tested, adjusted and cleaned. CEPO makes these monitors available for transfer at no cost to USDA agencies (agencies outside the Washington DC area pay shipping costs). In 2014, 801 monitors were reused, resulting in a cost savings of over \$160,000 to USDA.

CEPO staff implemented an automated system to be used to process and account for excess and surplus property. The automated system uses a cloud-based program, and property is identified using QR (quick response) code technology. The system will improve accountability, reduce customer pick-up and delivery times, increase productivity, and enhance visibility of available assets. This process improvement effort is projected to reduce processing time at various stages of excess property disposal by at least 50 percent.

CEPO's Central Receiving function received, inspected and delivered over 8,000 pieces of property weighing over 400,000 pounds. All property was received and delivered within the allotted time and without damage or discrepancy ensuring headquarters staff had essential materials and supplies to complete their respective mission. Prompt delivery of assets also provided a safe working environment for all building tenants.

CFPDC staffed successfully processed and shipped over 16,255 customer orders totaling 1,146,842 units to USDA customers nationwide. The staff also administered over \$1.6 million in on-line sales of administrative supplies to USDA customers in the Washington D.C. metro area and to Food Safety and Inspections Service (FSIS) inspectors nationwide. The staff provided administrative and billing support for \$430,000 in sales at the USDA Ability One Supply Store, Paperclips Etc.

CFPDC consolidated warehouse space and storage locations to support 9,500 cubic feet of space need by the National Oceanic and Atmospheric Administration (NOAA). NOAA is now a CFPDC non-USDA customer who provides over \$80,000 in revenue that is used to off-set operations and maintenance costs.

Under MRMD:

CMU: The Mail Services Branch reduced the mail services support contract through Vistrionix, Inc. to gain cost savings to USDA agencies for FY 2014 mail costs. The Vistrionix, Inc. mail services support contract was reduced from 13 contract employees down to 6 contract employees. The cost savings of eliminating 6 contract employees saved approximately \$400,000 initially in FY 2014.

CMU: The Mail Services Branch opened a new Mail Retrieval Office (MRO) with innovative and state of the art Mail Lockers Systems to service the South Building in FY 2014. The MRO has over 100 mail lockers where customers can pick-up their mail at their convenience. The new Mail Lockers are fully automated and requires a digital access code for mail extraction. The Mail Retrieval Office is staffed with an employee from 8:00 AM to 4:00 PM on regular business days and is open 24 hours a day seven days a week for customer convenience of mail retrieval. The implementation of the new MRO replaced door-to-door delivery in the South Building with the MRO serving as a central location of mail retrieval. Agencies will see cost saving in FY 2015 through this new implementation due to reduced mail costs for the processing, sorting, and delivery office to office.

CDS: The Copier and Duplicating Services Branch (CDS) developed a new cost methodology for the copier services business line, which supports the management of CDS Managed Print Services (Copier Leasing Program) with approximately 438 multifunction copiers. The new cost methodology replaced the old income recovery system which was based on a cost per-copy method. This meant agencies were charged for copying usage at a rate of \$.71 for each color copy and \$.05 for each black/white copy. This outdated method was established approximately 20 years ago and did not define CDS current Managed Print Services business solution. The assumption was that during that era, the lease/maintenance contracts were priced at a higher cost and not all-inclusive, which may have resulted in itemized costs for service and supplies. As a result, income recovery continued to be unbalanced and demonstrated several inefficiencies to include: dependency on agencies making sufficient amount of copies to recoup operating cost; agencies cost-per-copy usage was fluctuating and inadvertently subsidized other agencies shortfalls; no definitive justification to link the operating cost to the income recovery process; and challenges to effectively project monthly and annual income.

Today, CDS vendor contracts are aggregated with an all-inclusive portfolio, which includes copier leasing, repair services, and supplies at a fixed cost. Starting in FY 2015, agencies will no longer pay cost-per-copy, but instead pay a fixed monthly cost that will include receiving all-inclusive support services such as unlimited color and black/white copies/scan/fax, delivery and replenishment of copier consumables (toner, staples, waste toner, etc.), onsite repair maintenance, copier relocations, user training, and network support, etc. Implementing the new cost methodology will have an immediate impact to agencies ability to effectively forecast and budget for yearly spending and give CDS a resourceful tool to conduct impact analyses, conduct comprehensive assessments of operation changes and reallocated unexpected overhead expenses in a transparent manner.

Under IPS:

IPS IAS program team implemented Department of Treasury's Invoice Processing Platform (IPP) to improve efficiency and reduce interest payments. The interface with IPP has reduced USDA's interest payments by almost 50 percent in the first year, and several IAS enhancements were introduced to improve the user experience. The IPS Integrated Acquisition System (IAS) program team performed extensive operational support of the IPP application.

The IPS IAS program implemented an enhanced message queuing (MQ) interface to FMMI that saved \$400,000 per year in licensing costs, and it awarded a new IT Services contract in 2014 that will save \$1.4

million in support annually. The IAS program defect/enhancement tracking tool, JIRA, was transitioned from an NFC-hosted server to the software vendor's cloud platform thus saving \$15,000 per year.

The IAS successfully processed 331,495 total transactions in 2014 with \$2.1 billion in obligations and supported \$1.9 billion in total spending. The new and improved IAS website received over 42,000 hits from the USDA procurement community in 2014.

The IPS IAS program achieved a consistent green rating (5.0 score) on the monthly OMB IT Dashboard submission in 2014. This accomplishment ensured that the IAS was in accordance with the guidelines provided by the Clinger Cohen act of 1996 to reform and improve the way Federal agencies acquire and manage IT resources through metrics measurement.

The IPS program successfully completed the Office of Property and Procurement Management (OPPM) 2014 A-123 Internal Control testing for the procurement management business processes. The purpose of this testing was to evaluate internal control effectiveness by collecting and analyzing samples of supporting documentation from randomly selected USDA agencies. The General Computer Control (GCC) testing for IAS was 100 percent completed. The certification statement was signed on September 2, 2014.

The IPS program modernized the current USDA procurement forecasting tool by updating the backend code, database, web hosting platform, and web interfaces for the Office of Small and Disadvantaged Business Utilization (OSDBU). Additionally, the IAS website portal was enhanced by improving the layout and updating the content to conform to current industry standards. This redesign enabled the IPS program to make significant improvements in the quantity, quality, and visual appeal of the information available to the IAS user community.

In 2014 the IPS Charge Card Service Center (CCSC) program effectively supported 1,549 purchase cards with a transaction volume of approximately 1 million with a total expenditure of \$381.5 million. There were also 45,291 fleet cards supported with a transaction volume of 1.3 million, supporting total spending of \$110.5 million.

The CCSC program accomplished its A-123 Internal Control goals to close-out open Corrective Action Plans (CAPs) and test Business Process Controls (BPCs). CCSC obtained 100 percent of supporting test documentation for closed CAPs. It also successfully tested and passed several BPCs thus reducing the overall risk assessment rating from High to Moderate for 2014.

The CCSC program delivered three essential training webinars to the Agency Program Coordinators (APC) community. The training modules were placed on the CCSC website and are available to all purchase card program participants. CCSC streamlined the APC review process by consolidating five monthly User ID-related reports and consolidated information that is submitted to APCs for monthly reviews.

Under POD:

POD worked with USDA's Office of the Chief Information Officer (OCIO) to prepare, process and successfully award two major information technology (IT) procurements each with a \$49 million ceiling to meet two major departmental goals in 2014. These requirements included an innovative, cloud-based enterprise IT Disposition Management Services Blanket Purchase Agreement (BPA) to help the agency: a) effectively respond to the dynamic and ever-changing IT environment, and b) efficiently migrate to more 'cloud-based' services and performance-based contracts, and away from existing legacy systems and contracts. This IT Disposition Management Services BPA will help OCIO to improve IT performance and enhance situational awareness while reducing costs to USDA. The second BPA was awarded for Cloud Technology-Based Application Configuration, Support Services and Related Materials (i.e. software subscriptions) to improve agility, enhance responsiveness, and ensure Cloud First Policy compliance for the USDA. POD had also previously worked with the OCIO and WCTS to establish pilot programs of a much smaller scope and size before establishing these longer term contracts to ensure successful deployment and delivery of these services.

POD and OPPM were responsible for the execution of a new \$4 million Department-wide BPA that addressed the Secretary's mandate to reduce the USDA lease footprint across the United States. USDA has one of the largest lease footprints in the Federal Government, and this contract will provide the resources necessary to eliminate month-to-month holdover leases and balance the workload associated with managing the lease portfolio. Additionally, the contract vendor, along with OPPM, will develop best practices for minimizing USDA risks associated with month-to-month leases; and managing, redistributing, and/or cutting the national USDA lease footprint.

POD issued 262 certifications for the Federal Acquisition Certification Program for Departmental Management (DM). This includes not only contracting personnel, but also other individuals involved in the acquisition workforce process, including contracting officers' representatives and project/program managers in Departmental Management. Office of Federal Procurement Policy (OFPP) policy letters established the requirements for the federal acquisition certification programs to all executive agencies, and POD has been acknowledged for meeting a high level of success according to program standards.

COMMUNICATIONS

Current Activities:

Activities under this heading are managed by the USDA Office of Communications. The Creative Media and Broadcast Center (CMBC) provides centrally managed creative design, webinar and audio conferencing services, high definition video and multimedia production studios creating cost efficiencies and access to a variety of technologies. Agency users can reduce travel costs while still providing mission outreach and training between headquarters and field offices, program participants, and the public. CMBC produces information and training videos, television and radio public service announcements, media conferences, video and audio webinars using interactive conferencing tools, multimedia products such as live and on-demand streaming media, DVD, podcasts, telecasts, and satellite media interviews.

CMBC provides centralized resources to improve the flow and coordination of visual communication projects. It maintains an electronic archival storage site for Departmental print and exhibit materials. CMBC offers complete services in communications planning for all media and collateral materials, including print, interactive media, marketing, and language translations for print material, production art, specialized contracting, and exhibit fabrication.

CMBC helps ensure the USDA brand value and the concept of "One USDA" with agencies by providing creative and production resource support. CMBC promotes the integrated use of media in the growth of social media outreach. CMBC's design services include publication layout, illustrations, public service outreach development, specialized copywriting, posters, brochures, websites, social media infographics, banners, trade-show exhibits, visitor centers, special media events, and coordination of information campaigns.

Selected Examples of Recent Progress:

CMBC provided creative collateral materials including video and radio, graphic design and webcasting in support of USDA's Farm Bill Implementation Outreach efforts.

CMBC created "workplace security" training video for all USDA employees on behalf of USDA Security office.

CMBC supported USDA efforts to reduce travel costs by creating over 850 Webinars for USDA agencies in 2014.

CMBC produced 35 diversity events available as webcasts for USDA employees.

Conference materials and plenary video were designed and produced by CMBC for the White House Rural Council's Rural Opportunity Investment Conference chaired by Secretary Vilsack.

CMBC produced the USDA Secretary Honor Awards webcast.

FINANCIAL MANAGEMENT

Current Activities:

Activities under this heading are managed by the OCFO and include the following (all activities in Washington, D.C., unless otherwise noted):

- National Finance Center (New Orleans, LA; Denver, CO)
- Financial Management Service (formerly Controller Operations and Financial Systems (Washington and New Orleans))
- Internal Control Support Services
- Financial Management Support Services

The National Finance Center (NFC), along with Financial Management Service (FMS), continues to play a central role in the reengineering and operation of financial management and administrative systems in USDA. NFC and FMS administer and operate over 20 financial and administrative service systems in support of all agencies of USDA and over 100 non-USDA customers. These systems include such services as: payroll/personnel, central accounting, billing and collections, and travel. Systems development, implementation, and maintenance activities are performed in the context of ongoing customer requirements, while developmental efforts are underway at the NFC as important elements of the Department's broader efforts to modernize financial and administrative systems.

Payroll is processed for over 600,000 Federal employees on a bi-weekly basis. Additionally, NFC provides back-end processing and reconciliation for Office of Personnel Management (OPM) government programs including temporary continuation of health care coverage, balancing Federal employees' election of health benefits with insurance carriers, and providing back-end processing of insurance elections allowed under the Health Care Reform Act. NFC is an OPM-designated Human Resources Shared Services Provider and continues to support Federal initiatives by fully participating with OPM in executing its shared services role providing human resources, payroll, and data center services to Federal agencies.

Internal Control Support Services (ICSS) promotes and supports the USDA's internal control program by assisting USDA agencies in their internal control compliance efforts. As part of its services, ICSS plans and manages the Department's annual assessment of internal control over financial reporting, promotes best practices across the Department to gain consistencies and efficiencies related to internal control for financial processes, administrative processes and information technology. ICSS also provides training programs, group presentations and other support services in order to improve the Department's internal control program and to increase the Department's awareness of emerging events and current trends related to internal control.

Financial Management Support Services (FMSS) provides financial management administration, fiscal reporting and budget execution services to WCF activity centers and staff offices. It provides a combination of timely, reliable, and relevant funds execution, financial analysis, financial advice, status of funds reporting, budget formulation and forecasting as well as being responsive to ad hoc requests that allows its customers to make sound fiscal decisions in managing and maximizing their own resources.

USDA completed implementation of the Financial Management Modernization Initiative (FMMI) in November 2012. Having improved its capabilities in financial management and operations, USDA sought to leverage its investment by offering its services outside of USDA. To do so, USDA applied for selection by the Department of the Treasury to serve as a shared services provider for financial management services. The shared services concept stems from an Office of Management and Budget (OMB) memorandum directing agencies to move from agency-specific financial systems to Federal Shared Services Providers (FSSP), consolidate financial management systems, and use existing FSSP operations and maintenance teams to support systems and infrastructures. The Department of the Treasury's Office of Financial Innovation and Transformation partnered with OMB to implement the memorandum, and on May 2, 2014, OMB and the

Department of the Treasury designated four agencies as FSSPs, including USDA.

This designation served as the basis for a close examination of activity center organization in the Office of the Chief Financial Officer under the WCF. The result of this effort was to consolidate the Controller Operations and Financial Systems activity centers into a single Financial Management Service (FMS) organization to provide the most effective means to service both the USDA agency community and to fulfill its new roles and responsibilities as a FSSP.

USDA has been in active discussions with other Federal agencies and departments and has entered into an agreement with the General Services Administration (GSA) to migrate GSA financial management functions to USDA (estimates for implementing the transfer of systems, personnel, and assets are reflected in the budget estimates presented here; ongoing discussions to finalize the nature and level of services could require revisions to estimates, for which the Committees on Appropriations would be notified).

FMS is responsible for providing accounting services, administrative payments processing and disbursement certification, standard financial systems, Intragovernmental Payment and Collection (IPAC) Suspense Clearing, Property Suspense Clearing and Inventories, Fund Balance with Treasury (Net), and Treasury reporting. FMS maintains the Department-wide master data file for vendor payments and issues Internal Revenue Service Form 1099 to government contractors. FMS continued to provide support to the agencies for the operation of FMFI. FMFI was successfully launched on October 5, 2009, with the final agency implementation on November 1, 2012. FMS also manages the administrative and financial management systems for USDA. FMS, through its administration of financial management systems, does and will have significant benefit to USDA agencies. For example, to facilitate the development of small and emerging private business enterprises, USDA awarded grants to public bodies, private non-profit corporations and federally-recognized Indian tribal groups through the deployment of SAP Grantor. To achieve this goal, OCFO provided an automated workflow to link the agency grant process directly to FMFI. To link the grant process to the financials from award through closeout, OCFO has partnered and entered into agreements with USDA agencies including:

- Foreign Agricultural Service (FAS) to build a corporate management solution including agreement, amendment, claim execution, automated obligation creation, financial reporting, and grant close-out
- Food and Nutrition Service (FNS) for the transition of its entitlements and discretionary grants from the legacy systems to Grantor
- National Institute of Food Agriculture (NIFA) for replacing its legacy competitive grants system (CREEMS) with Grantor
- Agricultural Marketing Service (AMS) to deploy Grantor for its competitive grants business.

These deployment efforts are scheduled to go live between March 2015 and May 2015.

Through technology consolidation and modernization, FMFI has eliminated the need to operate and maintain certain USDA legacy feeder systems and data warehouse. FMFI is providing on-demand search and reporting capabilities to the 14,000 USDA system users and providing a system that aligns with business processes, resulting in improved user efficiency. FMFI has enabled USDA OCFO to continue to provide sound and efficient financial management in support of the USDA mission to enhance the quality of life for the American people.

FMS administers a number of other financial management systems to support USDA agencies and organizations, including: travel, personal property, telephones, utilities, miscellaneous income (1099 reporting), Automated Cash Reconciliation Spreadsheet Tool, Corporate Property Automated Information System (Real Property), and the Online Tracking and Reconciliation System for intergovernmental financial transactions. FMS also supports the processing of USDA data through other organization-owned systems, which include domestic travel, purchase card transactions, and procurement activity using the Integrated Acquisition System (IAS).

Selected Examples of Recent Progress:

Under NFC:

In its role as an OPM-designated Human Resources Shared Services Provider, NFC continued to support Federal initiatives by fully participating with OPM in executing its shared services role providing human resources, payroll, and data center services to Federal agencies. Actions taken in this area included:

- Tribal Insurance Processing System (TIPS) - NFC has partnered with OPM to support the extension of Federal Employees Health Benefits (FEHB) to the Tribes, Tribal organizations, and Urban Indian organizations as set forth in the Patient Protection and Affordable Care Act of 2010. TIPS is a web-based system of records maintained by NFC that processes FEHB enrollment data, processes monthly billing for each tribe, and processes automated monthly collection through pre-authorized debits. Currently, NFC has over 11,000 enrollees in the Tribal FEHB program. In FY 2014, NFC added the functionality to TIPS to further enhance health insurance enrollment, reporting and billing processes, including: corrective actions to enrollee data, collection adjustments, and enhancements to the 2809 Standard Form Health Benefits Election Form and the 2810 Standard Form Notice of Change in Health Benefits Enrollment
- Direct Premium Remittance System Web (DPRW) - NFC designed, developed and implemented a Web Portal for agencies to enter FEHB enrollments for Temporary Continuation of Coverage (TCC) enrollees and Direct Pay Annuitants. In 2014 more than 1,000 Agency officials successfully certified their FEHB elections and FEHB change documents through the DPRW web portal, thus expediting FEHB enrollment processing. NFC also added following functionality to the DPRW system in 2014 to further enhance health insurance enrollment and reporting processes, including: transfer in functionality for Standard Form 2810 to allow payroll offices the ability to transfer an existing enrollment to DPRS Incomplete Standard Form 2810 Reporting (Agencies and OPM can now run this new report in DPRW to show if there 2810s did not process successfully), an audit history report, and a processed enrollment report.
- Pre-existing Condition Insurance Program (PCIP) - The Federal PCIP program provided coverage to enrollees in 40 states and the District of Columbia during the first, second, and third quarters of 2014. The program was scheduled to close at the end of calendar year 2013, but the Department of Health and Human Services authorized an extension of coverage to over 24,000 enrollees in PCIP through April 30, 2014. In addition to the program extensions, NFC conducted six outreach campaigns from November 2013 until June 2014. The purpose of the extensions and the call campaigns were to ensure that PCIP enrollees had coverage or transitioned into the Federal marketplace after the program ended. There were 306,000 outbound calls made to existing PCIP enrollees during the outreach. A total of over 65,000 enrollees were dis-enrolled from PCIP program during the first, second, and third quarters of 2014. On April 30, 2014, the PCIP program officially closed.
- In support of OPM implementation of the Affordable Care Act, NFC implemented the Federal Employees Retirement System (FERS) Further Revised Annuity Employees (FRAE) project into the Payroll Personnel System in Pay Period 8, 2014. This change created new retirement coverage codes for newly hired employees beginning January 1, 2014. The retirement deduction for these employees will be set at the current FERS RAE rate plus an additional 1.3 percent of their salary. The agency contribution share for FERS FRAE will be reduced by this same 1.3 percent. Program changes were implemented throughout NFC systems and interfaces.

The Debt Management Improvement Initiative (DMI) was first launched in 2010 to improve reporting and modify the delinquency routine to expedite collections and accelerate referral of delinquent debt to the Treasury's Bureau of the Fiscal Service. NFC continued the effort in 2014, and its actions brought total reductions in debt, including delinquent debt, from \$53.3 million to \$37.9 million, while debt classified as delinquent has been reduced from \$13.2 million to \$7.3 million. Projects implemented include: billing and collecting salary overpayments while employees are in non-pay status and decreasing due process to 120 day maximum in compliance with the Digital Accountability and Transparency Act by consolidating salary

overpayment and debt notices; creating new, missed, and partial payment notices; revising repayment agreements; increasing automatic garnishment from \$10 to \$50 and increasing hardship deduction thresholds from \$25 to \$50; creating new inquiry screens to provide agencies the ability to research the status of delinquent debts; and adding new indicators to track delinquency and allowing more robust reports and made accounts receivable aging reports available.

NFC released the first production version of Insight, “Business Intelligence Delivered” in June 2013. The new web-based application provided an enhanced human capital reporting solution for NFC customers. It includes a centralized, consolidated data warehouse with advanced reporting and analytics capabilities. The second production version was released in the spring 2014, incorporating human resources data, debt management, position data as well as performance tuning and enhancements. Further builds will include additional data sources and reports including daily time and attendance data. Insight will be useful throughout the NFC community by effectively providing key business intelligence that supports strategic decision making. Consolidation and retirement of multiple existing solutions will provide cost-savings for NFC and its customers.

NFC completed the consolidation of 12 existing help desks into one with the goal of providing significant improvement in resolving customer issues, vastly improving customer satisfaction, and achieving cost reductions. NFC completed the final phase on December 15, 2013, two weeks ahead of schedule, and now is able to work directly with groups supporting the Federal Employees Health Benefits, Centralized Enrollment Clearinghouse (CLER), Retirement, Thrift Savings Plan loans, and support for W-2 transactions. The NFC Contact Center (NCC) also added support for Insight (Enterprise Reporting System) and Paycheck8 (Time and Attendance Solution) for NFC customers. The NCC arranged supported lines of business into mini help desks combining Agents and Subject Matter Experts (SMEs) in close proximity in an effort to foster communication, improve cross training and increase first call resolution rates for all customers.

NFC implemented a new application, Paycheck8, as an alternative time and attendance (T&A) solution for its customers. NFC previously offered WebTA as its only T&A product. NFC implemented two pilot organizations into Paycheck8.

NFC installed and tested version 4.2 of webTA which provides customers with increased functionality. Once in production, NFC implemented two customers into webTA, the Congressional Budget Office and Corporation for National and Community Service.

NFC initiated the Unique Benefits Working Group (UBWG) to represent agencies with unique employee benefits (ex. Non-Federal Life Insurance plans, Thrift Plans etc.). As part of this effort NFC provides an interface among the NFC Payroll/Personnel System (PPS) user community, systems development staff, and the technical systems staff at NFC. The working group provides a forum for members to offer input and discuss requirements/changes to unique benefits handled by PPS. In addition, UBWG provides the opportunity for agencies to pool financial resources to fund changes and/or improvements.

NFC performed a comprehensive space utilization review, and determined that there were opportunities for savings. By the process of consolidating areas, and eliminating unused areas, NFC reduced the agency’s square footage usage by over 9,300 square feet, which will allow NFC to realize nearly \$180,000 per year in rental savings.

NFC issued 706,643 Form W-2s before the January 31 deadline and processed over 151,424 manual payments in 500 daily payment schedules totaling more than \$135,000,000.

NFC was the first in USDA to implement mandatory two-factor authentication, resulting in 99 percent compliance, the highest compliance statistics in the Department, using the usage reconciliation process that NFC developed and implemented.

NFC managed, updated and reviewed Interconnectivity Security Agreements for over 150 agencies, participated in EVPN implementation planning, and upgraded the replication network. The actions taken by NFC will make future COOP events transparent to the customers, enable greater throughput, and provide a more secure computing environment.

NFC completed a project to clean up and remove surplus equipment and reconfigure the space for increased functionality and improved customer support and to make way for hardware as it is refreshed and installed. Both Data Centers continued virtualization and rapid provisioning initiatives that actively support cloud computing shared services, positioning NFC's data center as a "private cloud."

NFC took a variety of actions with the aim of improving efficiency and reducing costs, including: reducing the number of products needed to sustain mainframe operations, consolidating servers, migrating webTA hosting to new platforms, and developing new contract vehicle for procuring servers that reduced costs by approximately \$2 million and procurement costs by about 10 percent.

NFC made a concerted effort to ensure a dependable service environment. Among the actions they took included: reducing storage latency by more than 50 percent for FMMI and MIDAS production environments, maintaining an overall operational availability of 99.5 percent for general support systems, supporting the MIDAS roll-out by delivering 100 percent of hosting infrastructure components either on time or ahead of schedule, maintaining a proactive vulnerability management program whereby all scans were completed before the deadline and 100 percent of all vulnerabilities were mitigated within the prescribed timeframes, reconfigure scanners to improve scanning efficiency by 85 percent, and completed an in-depth process improvement effort for system access management reducing access provisioning times from an average of 19 days to less than 5 days

Under FMS:

FMS completed implementation of the Invoice Processing Platform (IPP) System that provides the vendors the capability to electronically create, submit, and track invoices and payments online. FMS deployed the IPP System to more than 6,000 users and 23,000 vendors which supports the processing of more than 38,000 purchase orders, nearly 82,000 invoices, and over 222,000 payment notifications through IPP annually. Implementation of this single, electronic, invoice submission process has helped unify business processes as well as improve Prompt Payment Act compliance, decreased interest penalties, and reduced volume of payment and Treasury offset related inquiries. Initial implementation has yielded a 10 percent reduction in interest expense.

FMS completed the implementation of their commercially acquired telecommunications and utility invoice payment processes. Implementation of modern invoicing systems yielded an initial savings of \$2 million by decommissioning the use of legacy mainframe systems and other ancillary support. In addition, these new systems significantly enhanced USDA's ability to capture and report telecommunication usage as well as energy consumption. USDA has realized an initial savings of 25 percent in their telecommunication cost with expected additional cost savings of approximately 21 percent for the next two fiscal years.

FMS reduced the number of days an incident was outstanding from 90 days to 28 days on average, significantly improving customer user satisfaction of FMMI by creating a new business office.

At fiscal year-end, FMS had 29 of 31 agency location codes in green for IPAC suspense reporting significantly improving the timeliness and accuracy of agency reporting.

FMS sought changes for USDA's conversion to Treasury's Central Accounting Reporting System (CARS) as necessary to comply with Treasury's mandate and to support FMS position as a strong leader and shared service provider. FMS identified three distinct operational areas in which significant changes must be made; Payments, Collections, and IPAC. FMS developed a detailed action plan for implementation of CARS and eventually met the October 2014 target date, and developed and provided training to FMS and agency staff in regards to CARS and GTAS, as necessary for successful implementation of these changes.

FMS reduced the reconciliation timeframe for the Fund Balance with Treasury reconciliations from 60 days to 45 days, thereby increasing the accuracy of financial reporting for customer agencies.

Ledger postings processed by FMS processed supported disbursements totaling in excess of \$39 billion. FMS developed, with agencies, over 700,000 master data fields to track budget and expenses and developed over 51 financial reports. The core financial system currently has approximately 7,000 users.

FMS continues to enhance the Business Objects (BOBJ) reporting tool. This technologically advanced reporting system delivers an ad-hoc financial reporting tool and a comprehensive dashboard delivery tool. This implementation continues to provide a foundation for future plans to support real-time reporting. BOBJ currently has approximately 4,000 users and growing. FMS completed a system upgrade of the BOBJ system that significantly improved the look of the agency reports. The BOBJ system is configured to work efficiently with HANA (“High-Performance Analytic Appliance”) to enable delivery of high performance reports.

FMS also developed eight main financial reports, as well as 27 drill-down reports, in HANA that deliver significant performance improvements and provide a real-time analytic solution to end users, reducing the reporting load in ECC so that more processing power is devoted to transaction processing. FMS has established a stable SAP HANA platform with controls for efficient use of HANA space.

FMS supported releases for FSA’s MIDAS program and FAS’ Grantor Management system. FMS is working in partnership with FNS to build the replacement system for legacy IPAS.

FMS successfully implemented eight (8) Forest Service specific candidate system interfaces in 2014. In addition, 2013 was the first year in which *all* USDA agencies processed a full year of financial activities entirely in FMMI from the opening balance to fiscal year-end close.

FMS represented the Department during SAP’s design and testing of the Government wide Treasury Accounting Symbol (GTAS). FMS completed the software modifications and procedural changes to implement GTAS reporting from the Financial System Data Warehouse (FSDW). GTAS reporting replaces the functionality of FACTS I, FACTS II, IFCS, and IRAS reporting systems as the primary means of reporting agency trial balance data.

FMS implemented the Business Process Hierarchy (BPH) in SAP Solution Manager. This software serves as a central location for all software design documents and provides the structure for correlating coding objects with documented business. This serves a foundation for implementation of state of the art quality assurance testing software.

FMS completed efforts to establish an SAP Center of Excellence for the Department, and was awarded Primary SAP COE certification. This effort included the strengthening of service delivery, process controls, governance and customer advocacy.

FMS also initiated the establishment of a business process repository to establish a single point of access for all system monitoring and enhancements and business process modifications.

USDA was designated a Financial Shared Service provider for SAP by OMB and the Department of Treasury. The OCFO hosted the Treasury FIT team to participate in Financial Services Benchmarking activities. FMS developed an extensive catalogue of services that will be offered to customers. FMS delivered presentation to DHS, ICE and DOC outlining the financial shared services that OCFO can provide to other agencies.

FMS successfully configured and implemented the Research, Education and Economics (REE) Mission area comprising of 4 USDA agencies: Agriculture Research Service (ARS), Economic Research Service (ERS), National Agriculture Statistics Service (NASS), and the National Institute of Food and Agriculture (NIFA) into the new E-government Travel Service (ETS2) Concur Government Edition (CGE.) This begins the transition of USDA off of the current ETS1 travel system. USDA is scheduled to complete the migration to the new CGE system by March 2015.

Other FMS activities completed in fiscal year 2014 were:

- Implemented Treasury mandated changes to IPAC Bulk File to capture sender and receiver Treasury Account Symbols and Business Event Transaction Codes
- Implemented Treasury mandated changes to the PAM file for disbursements
- Initiated preliminary planning sessions for the implementation Status of Funds and budget projects in FMMI
- Begun to replace Forecast of Revenue with sales orders for USDA
- Implemented interface to and from the new telephone and utilities providers into FMMI.
- Implemented a new Fleet bankcard provider and developed interfaces to and from the bank. This will allow for enhanced energy reporting by fleet vehicle.

Under ICSS:

ICSS managed the assessment of the design and effectiveness of internal controls over financial reporting for USDA business activities and key financial systems, and continued to improve the functionality of the A-123 Document Tracking System (ADTS) by searching for ways to provide more value-added service to customers and stakeholders, and effecting system enhancements through the ICSS development team.

ICSS successfully converted four USDA organizations to the risk-based process level assessment approach. The benefit of these cycle-to-process conversions was the ability for the organizations to test fewer key controls in 2014 than in prior years. In 2013, these customers collectively tested a total of 180 key controls, while in 2014, after adopting the risk-based process level approach, the total number of key controls requiring testing dropped to 142, reflecting a greater than 20 percent reduction key control tests.

Through better integration of testing multiple compliance requirements and less duplication of control testing, USDA achieved an 8 percent reduction in key control tests (from 1,484 in 2013 to 1,367 in 2014). This and other reductions to the level of effort required to complete the annual assessment yielded savings in 2014 of \$577,819 based on cost data obtained from our customers. Other accomplishments achieved by ICSS in 2014 are as follows:

- ICSS supported USDA compliance with Office of Management and Budget (OMB) Circular A-123, “Management’s Responsibility for Internal Control”, by overseeing the remediation of internal control weaknesses. For Business Process Control (BPC) testing, ICSS monitored 389 Corrective Action Plans (CAPs), out of which 160 were successfully mitigated and closed during the fiscal year. This equates to a closure rate of 41 percent for 2014, a 13 percent increase from 2013. Similar positive results for General Computer Controls (GCC) testing were also attained. In 2014, ICSS monitored 87 Plans of Action and Milestones (POAMs) that were created for deficiencies identified as a result of prior years’ GCC testing. At the end of the assessment period, 63 POAMs had been mitigated, resulting in a closure rate of 72 percent, a 9 percent increase from 2013’s closure rate of 63 percent.
- For 2014, ICSS implemented a more robust continuous monitoring approach with regards to the tracking of control deficiencies identified during prior year A-123 testing. This increased level of monitoring was conveyed to the agencies during a series of regularly scheduled meetings, as well as our heightened emphasis and the importance of properly associating identified deficiencies with a CAP. These efforts materialized into positive benefits for both BPC and GCC Testing. There were 56 deficiencies not associated with a CAP in 2014, compared with 89 in 2013, representing a 37 percent increase in previously unmitigated deficiencies which now were being actively monitored and resolved by the agencies. The decrease in deficiencies from 2013 to 2014 for GCC Testing was even more significant. In 2013, there were a total of 228 deficiencies identified during A-123 GCC testing. In 2014, the number of deficiencies plummeted to 98 – representing nearly a 60 percent decrease in testing deficiencies. More importantly, the three IT control families contributing to the Department’s Material Weakness (MW) – Access Control, Configuration Management, and Personnel Security – all

registered significant decreases as well, ranging from 63 percent to 71 percent.

- Testing of the review and certification of valid unliquidated obligations was implemented in 2014 for all components for that perform quarterly reviews and certifications. ICSS's findings and recommendations were mirrored in the 2014 financial statement audit report by OIG. Semi-annually, ICSS performs POAM closure spot testing for key financial systems. The objective of the spot testing effort was to assess the quality of implementation of the Department's POAM closure procedures as performed by USDA agencies and staff offices, and to identify areas requiring improvement in order to promote consistent and reliable remediation results and documentation across all agencies. The results of the testing were very positive, with nearly 80 percent of the sampled POAMs meeting the requirements set forth in guidance and policy. ICSS provided these POAM spot testing results, as well a list of recommendations for improvement, to OCIO. Subsequently, OIG audit findings mirrored these results, thereby confirming the conclusions we derived through our spot testing.
- In mid-2013, responding to new Departmental policies mandated by Section 3003 of the CFCA 2013 Act which dictated a heightened focus on the financial reporting of agency hosted and attended conferences, ICSS developed standardized internal control structures for agencies and staff offices to assess internal controls over Conference Planning and Reporting (CPR) in accordance with the new Departmental policy. In addition to implementing these new internal control structures in 2014, ICSS reviewed prior years' documentation for CPR to provide guidance in the form of "Best Practices" for all of the agencies not exempt from the new requirements. Because internal control testing was procedurally new and unfamiliar to many of the agencies and staff offices, understandably the average percentage rate for compliance with deliverable requirements was only 33.50 percent in 2013, despite extensive training and support by the ICSS staff. However, in 2014, through continuous communication with agencies and Staff offices, the percentage rate for compliance with deliverable requirements close to doubled, rising to 76.50 percent.
- In 2014, ICSS awarded a blanket purchase agreement (BPA) to three vendors for financial management services. Through the use of its BPA, ICSS was successful in procuring contractor services from PricewaterhouseCoopers LLP (PwC) for three Departmental mission-oriented Task Orders: a.) Technical and Expert Consulting Services to Develop a Concept of Operations for the New Risk Management Framework for the Department's Internal Control Program; b.) Technical and Expert Consulting Services for A-123 Document Tracking System Data Cleansing; and c.) Reimbursable Agreement Training Development. The benefits of PwC's contractor support on these tasks extend well beyond ICSS, and focus on important internal control areas emphasizing a heightened focus on the achievement of mission results and providing better accountability. Additionally, these efforts will augment ICSS's successful efforts in revising the assessment approach to achieve a more collaborative risk-based assessment by providing new policies to ensure compliance with internal control laws, standards and guidance as revised by GAO and OMB, and continue to make USDA's internal control program more efficient and effective.

ICSS offered Business Process Control and General Computer Control training to agency and staff office points of contact for the annual assessment to facilitate an efficient and effective assessment process. The following Business Process and General Computer Control trainings were offered:

- Entity Level Control
- Risk Assessment
- Documentation (Part 1): Narratives and Flowcharts
- Documentation (Part 2): Business Process Controls
- Testing
- Summary of Aggregated Deficiencies
- Corrective Action Plans/ POAMs
- Certification/Assurance Statement
- Conference Planning and Reporting Part 1
- Conference Planning and Reporting Part 2

- GCC Testing
- GCC Summary of Aggregated Deficiencies

These training achieved in excess of an 86 percent average approval rate among attendees when surveyed on if they believed the training objectives were met.

Under FMSS:

FMSS executed in 2014 over \$448 million in budget authority across 14 appropriated accounts, 19 shared services program accounts, 146 program reimbursement accounts, 8 WCF accounts, 3 administrative support cost accounts, 2 farm bill accounts, and 7 no-year accounts.

FMSS implemented and executed for OAO the 2014 Farm Bill 2501 grant program. FMSS executed \$10 million in grant budget authority across 70 grant programs during the last week of fiscal year 2014 which made it possible for USDA to provide outreach to communities not normally reached through a grant process. FMSS did so while completing an annual A-123 program review of the grants process and the implementation of Office of Inspector General audit recommendations for grants simultaneously.

FMSS partnered with the National Finance Center to resolve a long standing abnormal balance issue. FMSS developed a working knowledge of Federal general ledger accounting, established standard accounting practices and created ad hoc general ledger reports that optimized the reconciliation and reduction of abnormal balances. Over six budget periods reviewed, FMSS collected 97 percent or more of the abnormal balances in five of them and 90 percent of the abnormal balances in the sixth.

In fiscal year 2014 FMSS received a 14 percent increase over fiscal year 2013 in the number of program reimbursement accounts to oversee. FMSS executed over \$43 million in budget authority across 146 funded programs. In doing so, FMSS managed the 7600 A/B (interagency reimbursable agreement) process, executed spending, processed billings and collections documents, and monitored budget availability to ensure that abnormal balance issues were resolved.

INFORMATION TECHNOLOGY

Current Activities:

The following activities under this heading are managed by the Office of the Chief Information Officer (OCIO) and are managed in Washington, D.C., unless otherwise noted:

Activity Centers:

- National Information Technology Center (Kansas City, MO)
- International Technology Services
- Enterprise Network Services (Fort Collins, CO)
- Computer Services Unit
- Telecommunications Customer Service Center
- Network Services

The National Information Technology Center (NITC) specializes in enterprise information technology solutions that include products, services, and resources. The Enterprise Data Centers managed by NITC are located in Kansas City, Missouri, St. Louis, Missouri, and Beltsville, Maryland. NITC services are operated seven days a week, twenty-four hours a day, every day of the year and may be categorized as follows:

Hosting Services – Encompasses cloud, managed, and collocation data center hosting services as well as key professional and security services to provide cost-effective enterprise class hosting solutions. Cloud services include standardized Software, Platform, and Infrastructure-as-a-Service offerings that are delivered via secure, fully managed infrastructure that include ongoing technology refresh, key inheritable operational

controls, and are competitive to the marketplace.

The Workforce Development (AgLearn) program includes among its primary services application and database hosting and maintenance services, licensing and help desk support for end users and agency administrators. AgLearn provides support for testing and implementation of custom agency mission critical training, administration and delivery of mandatory training programs such as Cyber Security, Ethics, and Civil Rights, and acquisition, integration and promotion of available training opportunities within AgLearn.

The Identity, Credential, and Access Management (ICAM) program partners with USDA's Agriculture Security Operations Center (ASOC) and Office of Homeland Security to deliver identity, credential and access management services for USDA employees, contractors, volunteers, affiliates and customers. The most visible component of the service is eAuthentication, which provides logical access control to all USDA web applications. Other services include public key infrastructure certificate management, and automated account provisioning and de-provisioning.

Application Development provides program management and software engineering services across USDA agencies and non-USDA agency customers. It leverages employee expertise in software application development and integration of information technology resources to provide high quality, cost-effective results in partnership with project stakeholders. In addition, it provides innovative IT solutions that support the mission of USDA. It leverages employee expertise in software application development and integration of IT resources to provide high quality, cost-effective results in partnership with project stakeholders.

International Technology Services, (ITS), under the Office of the Chief Information Officer (OCIO), provides comprehensive, fee-for-service information technology associated operations, security, and technical support services to a fully-supported customer base of more than 48,000 USDA end-user workstations in more than 3,000 field, state, and headquarters offices located across the United States, its territories, and protectorates around the globe, incorporating the full end-user IT services infrastructure roles of the Farm Services Agency (FSA), Natural Resources Conservation Service (NRCS), Rural Development (RD), National Information Technology Center (NITC), and Agriculture Security Operations Center (ASOC). Additionally, ITS continues to implement and manage enterprise IT solutions for 119,000 users Department-wide, which offer large scale benefits to all agencies including reduced overall IT expense, heightened security posture, and a robust and responsive infrastructure that continues to increase productivity and efficiencies. These Enterprise Service offerings include robust cloud-based Messaging Services, Active Directory, Virtual Private Network (VPN), Mobility Management, Managed Print and Fax2Mail.

ITS continues to pursue modernization efforts, innovation, and enhanced IT Service Management (ITSM) aimed at optimizing IT resources, reducing costs, improving availability, tuning capacity and throughput, strengthening scalability, and improving the quality of IT services delivery, addressing the needs of stringent data security requirements and the evolving USDA computing environment. Moving customers from a decentralized to a centralized architecture provides added protections to secure confidence on the part of farmers and rural communities that USDA is trustworthy with personally identifiable information and financial data, and to protect the larger Federal community from cyber security attacks and penetrations by rogue nations and others. To that end, ITS will continue to provide the latest in IT advances to create an improved enterprise architecture while delivering enhanced customer satisfaction.

The Enterprise Network Services (ENS) office in OCIO provides a wide variety of Department-wide telecommunications management support, enterprise services and an integrated information system for inventory management, billing, reporting, and validation. This enterprise system is used for engineering and streamlining the Department-wide telecommunications network environment and ensuring that agency telecommunications network solutions are compliant with Departmental program goals and objectives. ENS provides services to all USDA agencies to ensure the acceptable performance of applications on the USDA enterprise network, network access to the public Internet network and partner networks for mission delivery, and to allow application owners to manage risk and achieve cost avoidances.

Under Washington Communications and Technology Services (WCTS), the Computer Services Unit (CSU) plans, acquires, implements, and manages IT resources, including software licensing and technical support.

WCTS provides file and print, remote access, desktop support, wireless messaging and agency application services for the Office of Secretary and OCIO. The Telecommunications Customer Services Center (TCSC) maintains and administers the USDA telecommunications equipment and services inventory in the D.C. Headquarters Complex, provides USDA locator and automated telephone directory employee locator services, administers the Departmental voice mail system service and maintains and operates the USDA Secretary continuity of operations (COOP) site. Network Services (NS) provides technical and operations assistance on data networking telecommunications systems, design, installation, operation, and management of shared services provided on Departmental Headquarters networks and platforms.

Selected Examples of Recent Progress:

Under NITC:

NITC achieved rapid provisioning and enhancement of Platform as a Service (PaaS) by implementation of vCloud Automation Center within the PaaS VMware environment. This improves time to delivery of systems to customers and allows for increased automation of the delivery of systems.

NITC completed migration of VMware PaaS Linux/Windows Servers to more modern HP Blade Hardware. This allows for a more densely hosted option for our PaaS virtual machines (VMs), increasing customer system availability and reducing the floor space required to host a large amount of VMs. NITC is currently hosting about 2000 VMs on this equipment.

NITC implemented a dedicated replication network using Level 3 10GigaByte (GB) waves between Kansas City and St. Louis. This improved our ability to replicate data to a remote location in a timely manner without impacting production workload, and allows for faster disaster recovery efforts since the data is already available at the alternate site.

NITC completed a major DB2 v10 upgrade on the mainframe ahead of schedule by 4 months. This enabled NITC to maintain compliance with software version upgrade and provide additional features and functions for customers.

NITC achieved approximately \$19,000 in maintenance cost savings by eliminating invalid entries in the Webfarm Cisco maintenance inventory list.

NITC avoided about \$20,000 in costs by re-purposing fiber cables pulled from decommissioned hardware and not having to procure new cables.

NITC implemented new backup target technology by installing DD990 appliances in Kansas City and St. Louis. Moved NITC workload from the obsolete SEPATON devices to the new backup target appliances. NITC is now replicating data from Kansas City to St. Louis and St. Louis to Kansas City using NetBackup's AIR technology.

NITC achieved about \$40,000 in cost savings by replacing existing software with new tape copy (Dino) software having comparable functionality.

NITC participated in a pre-test exercise for FSA WebFarm restores. During a Disaster Recovery (DR) exercise on March 19 – 29, staff supported WebFarm, Mainframe, and PaaS recovery. NITC supported DR from August 12-16 for PaaS and mainframe exercise, multiple customer DR tests and tabletop exercises, and multiple validation exercises for midrange customers. This verified our ability to recover data in a timely manner and validate that systems are set up correctly for new customers/applications prior to major exercises. NITC met mandatory requirements for testing COOP and DR plans while providing an opportunity to improve recovery processes and procedures by addressing errors or deficiencies.

NITC successfully negotiated several agreements with non-USDA customers to host their IT systems in NITC's cloud services. The NITC signed agreements, initially valued at approximately \$190,000 annually, with the Office of Government Ethics, the Office of the Director of National Intelligence, and the Food and

Drug Administration. The NITC service engagement with the Health and Human Services' Office of Inspector General (HHS OIG) is valued at approximately \$780,000 with potential growth into 2015. NITC is expanding its service offerings to better meet USDA and non-USDA customer requirements.

Through its ICAM business line, NITC integrated and enabled use of the USDA "AltLinc" two-factor authentication credential with the eAuthentication Service. Use of the AltLinc credential with eAuth provides a secure multi-factor authentication credential for users not eligible to receive a LincPass, strengthening the security posture of USDA applications.

NITC also implemented through its ICAM business line federated authentication capability for NFC web applications. This enables NFC's non-USDA customers to use their own Agency credentials to access NFC's web-based HR and Payroll applications via eAuthentication, providing an improved experience for NFC's customers, and reducing NFC operating costs and simplifying security compliance by streamlining the authentication and security implementations for each NFC application.

NITC supported the USDA LincPass Utilization initiative through the ICAM business line and chaired the LincPass Technical Implementation working group. USDA was able to achieve 80 percent voluntary utilization of the LincPass (i.e., PIV) credential, paving the way for USDA to meet OMB and DHS CyberStat milestones for PIV utilization.

NITC implemented, tested, and evaluated a proof of concept for a Derived PIV Credential solution through the ICAM business line. The successful proof of concept has paved the way to proving this emerging technology and NIST standard and will lead the way to agency piloting and implementation in 2015. The solution will provide HSPD-12 compliant credentials that can be used with mobile devices and as a backup for PC's, enabling USDA to meet OMB and DHS CyberStat milestones for PIV utilization.

NITC implemented and released a software development kit (SDK) for USDA mobile application developers through its ICAM business line. The solution enables USDA-developed mobile applications to leverage the Department's existing access management investment, providing a standardized authentication approach for USDA agencies, use of existing credentials within USDA mobile applications for USDA users, and faster deployment of new mobile applications with standard security controls.

NITC, through its Applications Development (AppDev) business line, automated the GSA Network Services Ordering and Billing System (NSOBS) operational processes, and accurately estimated the projected costs for the Network Services Future Systems (NSFS), the support for the Regional Infrastructure Solution contract, and the Network Hosting Center. This work through 2018 is estimated at \$37 million.

NITC developed architecture to support the GSA Regional Infrastructure Solutions contract through the AppDev business line. This generated an additional \$543,000 in revenue for EAS in 2014 and will lead to an additional \$1.6 million per year for the next two years. NITC established a new service agreement for \$1 million with Forest Service (FS) to build the new Automated Timber Sales Accounting system that is interactive and web-based.

NITC, through the AppDev business line, actively marketed IT solutions to other federal agencies through voice/internet contact, conference attendance/speeches, and the EAS business development staff. Applications service agreements have tripled to over \$11 million annually.

NITC provided GIPSA with the design and build estimates for new applications within the Federal Grain Inspection Service (FGIS) Online Website through its AppDev business line. As a result of these designs, and past performance, GIPSA awarded an additional \$958,000 for software development in 2015.

NITC, through its AgLearn business line, completed the administration and delivery of mandatory training programs such as Cyber Security, Ethics, and Civil Rights. This improved AgLearn's ability to support mandatory programs via the Learning Management System.

NITC earned the United States Distance Learning Association (USDLA) 21st Century Awards for Best Practices in Distance Learning. This improved AgLearn's position in the federal space as a leading LMS. Marketing efforts and general AgLearn program recognition were enhanced.

Under ITS:

ITS is responsible for deploying and managing the high level Enterprise Active Directory (EAD) and associated Windows Platform infrastructure for the Department. ITS Technical Support Division (TSD) continues to assist Department agencies with their migration, planning and deployment to EAD and now supports about 90,000 users, computers and their associated server infrastructure in the consolidated EAD environment. ITS has led the Department in the design and implementation of a Department-wide Enterprise Change Management process to support USDA enterprise initiatives.

ITS led the development of USDA's Mandatory LincPass Authentication Framework in 2014. Implementation of logical access to computer systems and USDA network resources through the use of smart card PIV credentials has proven to be very challenging in the USDA and also in other Federal departments. ITS, in close collaboration with OCIO and agencies across the Department, developed a Solution Framework that can be utilized at both the Department and Agency levels to move toward the objective of full LincPass logical access to USDA computer systems controlled through technical mandatory enforcement. Through RD and FSA mandatory LincPass pilots and rigorous analysis, development, and testing, the stage has been set for OCIO to move forward with a technical mandatory enforcement solution in 2015.

During 2014, 227,435 Incidents, 63,084 Deployments and 129,851 Change Requests were submitted for action; this represents a 10 percent increase from 2013. Tier 1 answers the phones within 40 seconds averaged monthly and resolves issues within 10 minutes on average, with First Call resolution over 60 percent. The SDO Knowledge Management Group published 65 new articles to assist end users and technical staff on resolution processes, created 92 Problem Alerts, and processed a total of 420,367 remedy tickets.

Workstations are given a vulnerability score based on the severity of the vulnerability with a rating of Critical (40 points), High (10 Points) and Medium (3 points). The lower the workstation score, the better the security posture it represents. From June of 2013 to June of 2014, the average score for workstations serviced by ITS decreased from 45.14 to 9.70.

ITS improved its customer satisfaction rate from 89 percent to 93.9 percent. This particular report was developed through responses by more than 4,862 customers in the selection period. 34 Quick Tips were released during 2014 that address a wide range of productivity topics for customer educational purposes.

ITS completed Service Level Agreements in 2014 to provide Fax2Mail Service for twelve USDA agencies. The combined Fax2Mail monthly usage for all USDA agencies increased from 113,949 to 309,944 pages at the end of 2014. There are 47 states where Fax2Mail is fully implemented for NRCS, FSA, and RD: the three remaining states (CA, CO, UT) have approved plans and are configuring accounts. By the end of 2014, ITS disconnected 2,671 analog fax lines and decommissioned 2,566 fax machines for NRCS, FSA, and RD as a result of implementing Fax2Mail. The 2014 estimated annual reduction in telecommunication costs is \$1,602,600 as a result of disconnecting 2,671 analog lines due to implementing Fax2Mail.

Managed Printer Services (MPS) is an USDA Enterprise-wide initiative. The combined MPS monthly usage (number of pages printed) for all USDA agencies reached, at the end of 2014, 28,969,658. Asset Registry's (inventory database maintain by Lexmark) integrity improved to a level of 95 percent accuracy. By the end of 2014, 1,753 units were deployed and an estimated 2,486 units and 2,879 accessories were ordered. ITS completed Service Level Agreements in 2014 to provide MPS for the following USDA agencies: FS, FSA, NASS, NRCS, and RD.

ITS led and facilitated the implementation of the Department CIO's Enterprise Change and Configuration Management (ENTCCM). The Enterprise Systems and End User Change Advisory Boards are in full operation with participation from all USDA agencies. The TSD Windows Administration Team (WAT) leads these two Boards and managed Requests for Change (RFC) regarding issues such as EAD infrastructure

upgrades, domain controller placement, group policy templates, standardizing client browsers, and server upgrades.

Embracing the Department's streamlining efforts, ITS continued to utilize the Consolidated Help Desk Tier 1 support function sponsored by the Forest Service contract by activating an ITS task order in 2014. The benefit of consolidation is realized as more Enterprise incident tickets are created the cost per ticket decreases for the Department's agencies that participate in this endeavor. ITS realized a decrease in the cost per ticket of 3 percent from the prior 2013 and 14 percent overall savings in 2014 from 2013.

ITS developed a Performance Work Statement (PWS) and Request for Quotes (RFQ) for IT Tier2 and Tier3 support services operating a Customer Service Desk. The PWS includes Service Level Agreements (SLA) and Service Level Objectives (SLO). The support is provided in close collaboration with ITS's technical support structure and organizational divisions and TSD's contracted Consolidated Tier 1 service desk. The support is in accordance with industry standards (e.g., Information Technology Infrastructure Library (ITIL), Information Technology Service Management (ITSM)). The award is a Firm Fixed Price and includes a base year and four options. This re-compete and base year award will establish a 28 percent savings from the prior 12 months of costs; these savings allow ITS to enhance other functional areas in support of the Service Center Agencies (SCAs).

In response to Presidential Memorandum "Disposing of Unneeded Federal Real Estate—Increasing Sales Proceeds, Cutting Operating Costs, and Improving Energy Efficiency," the USDA partnered with the General Services Administration (GSA) to identify pilot projects in an effort to significantly lower USDA real estate costs and modernize offices. The St. Paul State Office (SPSO), St. Paul, Minnesota, was selected for one of the pilot projects. A collaborative workgroup combined to assess current bandwidth, telecommunications, VTC, backbone infrastructure (server, router, switches), and wireless capabilities. The group redesigned the telework home office with the "latest-n-greatest" hardware and software tools such as Jabber, soft-phones, VTC to the desktop, and laptops with increased processing, memory and storage. The SPSO network was redesigned from the router to the end-user and a list was established for necessary IT equipment upgrades, replacements and new purchases.

ITS tracked 111,816 active hardware Configuration Items (CI) records in the Remedy Asset Management (RAM) system, not including wireless devices. ITS accuracy rate (status, inventory date, assigned to agency/customer, etc.) is 96.8 percent for 2014. This was accomplished through continuous efforts to improve inventory efficiency and accuracy. Field specialists utilized barcode readers and Dymo label makers to help scan the manufacturer serial numbers on the equipment and make labels which were placed on the equipment. The barcode readers have the capability of pulling records from the BMC Remedy Asset Management system on to the computer. This helps the specialist to verify the information in the Remedy Asset Management system quickly and accurately. With this technology 2014 efficiency has improved considerably, locating a specific piece of equipment is faster, maneuvering around the equipment to view the equipment label (in some cases disconnecting the equipment and removing parts) has been eliminated to the benefit of the customer, and inventory data accuracy has improved.

ITS maintained the Enterprise Mobility Management solution, offering centralized management of mobile devices, and successfully expanded the service to 12,578 USDA registered devices, roughly four times the original SCA-only deployment scope and device counts.

ITS expanded video teleconferencing (VTC) services to provide more users with VTC functionality and provide more service options. ITS worked to transition the VTC infrastructure service from OCIO NITC to realign the VTC solution under the ITS Enterprise end-user suite of services.

Under the Computers for Learning Program (K-12th grade) in 2014, ITS donated \$8,447,006.45 of ITS equipment. Another \$364,480 worth of equipment was donated through the Stevenson-Wydler Technology Act (2 and 4 year Universities).

ITS Infrastructure Operations Division (IOD) completed multiple updates and improvements to enhance ITS services:

- Architected a centralized storage solution for improved management and security of agency data
- Expanded security services (Audit Logging and Access Control) to strengthen the security posture of the environments
- Increased the stability of the service infrastructure to support continued operations
- Replaced aging phone systems with new technology with a robust feature set that can be centrally managed
- Completed major redesigns to improve the efficiency of the network
- Streamlined support processes for more efficient use of time and resources
- Developed a common ITS strategy for Vulnerability Management.

In 2013, RD decided to begin phasing out BlackBerry devices and plain cell phone devices in favor of smartphone devices. In June 2014, ITS implemented a project to replace all existing RD BlackBerry devices and cell phone devices nationwide. The project also included refreshing all existing RD smartphone devices that were out of warranty or going out of warranty in 2014. The goal of the project was to bring all users up to current model smartphone devices by the end of the fiscal year. During the project, ITS worked closely with RD to identify the devices to be replaced and refreshed under the project, to track the deployment of the new devices, and to track the costs associated with the project. By the end of the project, ITS had ordered, activated, and deployed 777 smartphone devices and associated accessories to RD users nationwide.

ITS is establishing its own Records Management Program for records created for ITS business processes. ITS published a Records Management Policy, ITS 5000-001-R, that established principles, responsibilities and requirements for managing records and all other documentary materials regardless of media throughout ITS to ensure compliance with Federal and Departmental regulations. ITS also developed a Records Retention Schedule and File Plan for proper disposition of various types of ITS records. These documents comply with the Departmental Schedule and File Plan. The Records Management Program Plan is in draft phase and will be finalized in early 2015. Upon completion of the Plan, ITS will complete the establishment of the program and it will become self-sustaining.

Under Telecommunications Services:

Enterprise Network Services (ENS)

ENS Operations worked with numerous USDA Agencies and contract employees as well as AT&T engineers this fiscal year in support of the Universal Telecommunications Network (UTN), providing operational management and support. Included in this is support of Agency projects related to the UTN, support of security incident response and investigations, support of Departmental data center and office moves, provision of an escalation point for other Departmental help desks, management of the Department's domain name and Internet Protocol (IP) address space and management of the Department's security perimeter including Universal Resource Locator (URL) filtering. In addition, thousands of service desk calls, incidents and change management tickets were processed.

ENS provided technical administration of the core UTN services provided by AT&T under the GSA Networkx contract. At the beginning of the fiscal year, there were over 100 significant projects in need of direct USDA administration and involvement. ENS established enhanced program and project management to work with AT&T to significantly reduce the number of these open projects down to around 30. These remaining projects also include new work identified in FY2014.

In 2014, ENS completed work to expand capacity at several key backbone locations and services. This additional network capacity is to ensure that both current and future applications will have the support they need to meet our mission program area needs. The services upgraded include the network access for the Kansas City and St. Louis enterprise data centers, and the service that supports the Departments access to the Microsoft Office 365 cloud suite. ENS also completed significant work on bandwidth upgrades at both of the UTN managed COOP nodes. As a result of these investments, the USDA will continue to receive stable and reliable network performance to critical applications and services provided by these locations.

ENS partnered with AT&T Corporation to implement a new security service for the USDA. The Distributed Denial of Service protection feature provides all USDA Agencies with defense against computer systems trying to overload government systems and prevent normal operation. UTN was protected by this capability as of August 2014. The Agriculture Security Operations Center (ASOC) organization, in cooperation with AT&T, is responsible for overseeing and authorizing of any mitigation efforts needed to protect USDA computer systems. The new security service will help ensure that Agencies can conduct their mission focus with fewer interruptions in Internet service.

ENS completed work to establish a new service for the Agencies that provides state-of-the-art Ethernet network access with highly-competitive pricing. ENS developed the service in partnership with both Level 3 Corporation and AT&T Corporation. Ethernet network access provides high-speed service for sites that have reached the limit of what tradition network solutions can deliver. Feedback from the Agencies has been outstanding, and customers are highly satisfied with the new service. Additional orders to add more sites to the service are underway for 2015.

ENS completed the Cloud Provider Network Interface (CPNI) design, and presentations on the technology and benefits were made to the CIO Networking council and to many Agencies. The CPNI interface was also implemented primarily to support the Enterprise Active Directory (EAD) project. The installations were completed in Washington DC, St Louis, Kansas City and Fort Collins. In addition to supporting EAD, the CPNI project also supports other ITS hosted services such as Tivoli, ITS Voip and other ITS services.

ENS participated in the development and award of a Cloud Services contract to support Test/Development systems across USDA. This activity was done in coordination with the USDA CIO Council Cloud Working Group lead the Agricultural Marketing Service with participation from other Agency representatives.

The established usage-based cost allocation methodology used to bill UTN core backbone cost was further revised this year. ENS created a sub team to analyze the current methodology and come up with improvements. The sub team recommended that new services be included such as CPNI and Level 3 Ethernet Services. They also suggested the additions of secondary algorithms for items such as the ASOC Monitoring Traffic and Microsoft data centers. The sub team decided not to change the data sampling direction or include the router "hairpin" traffic. ENS is currently collecting data that supports the sub team recommendation and will reconvene in the first quarter of 2015 for further discussions.

ENS worked on numerous projects in support of the UTN Domain Name System (DNS). ENS completed the procurement of DNS Firewall feature from AT&T to improve DNS blacklisting security control. ENS Implemented dedicated, DNSSEC validating resolvers on August 18, 2014. This move increases performance capacity and strengthens our security posture for DNS queries. ENS provided Departmental leadership to ensure USDA DNSSEC compliance. USDA was measured as compliant by the Department of Homeland Security scale for 49 of 52 weeks in 2014. ENS completed consolidation of 10 additional agency 2nd-level domains onto the Enterprise DNS system. ENS is currently hosting 38 of 53 zones on the Enterprise DNS (72 percent, up from 53 percent at the beginning of 2014).

ENS provided leadership in the planning, design, and implementation of the UTN Telecommunications Expense Management System (TEMS) application. The TEMS replaced the legacy TAOS system, and was successfully implemented. The application is now being used by all agency TMACOs for bill monitoring, auditing, validation, and reconciliation.

ENS facilitated the development of a new virtual customer contact service for Food and Nutrition Service (FNS). With the requirements provided by FNS, ENS worked with the USDA Contracting Officer (CO) to complete the Networx fair opportunity process writing and revising requirements, incorporating the requirements into the statement of work, and publishing requirements to vendors. ENS responded to technical clarification questions from the vendors, assembled the technical evaluation team, and served as chair during the evaluation to ensure that all fair opportunity procedures were clearly communicated and followed by all FNS team members throughout the evaluation.

ENS established a Telecommunications Billing Working Group (TBWG) consisting of agency TMACOs to improve all areas of telecommunications billing and management. The initial focus of the TBWG included training of the new billing systems, validation of services, identifying areas for potential savings, and improving processes. ENS developed a process for agencies to capture and report telecommunications service utilization and cost savings. This effort resulted in a projected annual cost savings of \$957,789 for USDA agencies.

ENS worked with agency senior managers, network engineers, and Working Capital Fund principals to implement a 2-year phase-in of the usage-based UTN Cost Allocation Methodology. ENS defined and documented a process for collecting data and preparing the annual allocation tables used to distribute UTN and TOM cost center charges across USDA agencies based on their utilization of UTN-NG services, including a secondary allocation methodology to distribute costs at multi-tenant locations at DC Metro and NITC. ENS maintained UTN-usage, TOM-billing, and Federal Relay billing data.

ENS reviewed USDA Agency Acquisition Approval Requests (AARs) for potential impact to UTN resources, in support of Capital Planning and Investment Control (CPIC) activities. This resulted in the review of 294 agency requests, for a total of \$1,178,654,848 in technology investments for USDA.

ENS provided administration and guidance to expense management activities for telecommunications resources and investments, including planning (cost and revenue projections) and execution (tracking, reconciling, and reporting expenditures). ENS developed and provided monthly budget overviews for the management team. The overview is a valuable tool for projecting, managing, and executing the ENS annual telecommunications budget and has strengthened our ability to identify opportunities for cost savings.

ENS worked with AT&T, USDA ISSPM, ASOC, and 29 Agency TMACOs to migrate 8,964 audio conferencing accounts to a new server platform to meet privacy standards and ensure anti-hacking processes were in place.

ENS continually worked with MetTel to identify, develop, and implement improvements and enhancements to the MetOne Portal, which greatly increased productivity and accuracy of billing for each agency. ENS participated in a Reports Forum with OCFO, MetTel, and key agency users to develop new MetOne reports to assist agencies with validating and managing commercial telecommunications expenditures.

ENS facilitated successful integration of AT&T UTN backbone services with new data service provider, Level 3. ENS maintained communication and coordination with multiple agencies to on-board ARS, GIPSA, and ITS connections into UTN 'head ends' at Kansas City and St. Louis access nodes. With a firm understanding of the physical and technical requirements for IT physical transport, layer 2 switching and routing, and layer 3 WAN gateway protocols, ENS ensured that agencies were kept abreast of all dependencies and technical requirements to ensure accurate and timely delivery of the new Level 3 services.

ENS planned, and defined requirements for management-level "dashboard" reports to facilitate tracking and forecasting of telecommunications expenditures for Networx data, voice, wireless data, and audio-conferencing; MetTel commercial phone and rebill cellular services; GSA TOPS local voice and Federal Relay services, including an expense register report to track monthly billing against budget authority.

Computer Services Unit (CSU)

The Computer Services Unit (CSU) managed and executed Windows 7 implementation project for Departmental Management, OCFO, and NAD. The project driven by hard deadlines was critical cost saving initiative impacting approximately 3000 users and was successfully completed with a full upgrade of the end user computing platform.

CSU managed and executed the adoption of consolidated active directory (Enterprise Active Directory) for Departmental Management. This was a complex effort that required coordinated efforts of multiple service provisioning points and continuous customer communication was completed successfully enabling consolidation and shared service provisioning capability.

CSU envisioned and implemented multiple strategic initiatives to reduce the physical footprint of the IT infrastructure by adopting virtualization technology and achieving over 70 percent reduction in physical servers.

CSU introduced and implemented Web Content Management (WCM) platform for multiple customers. The effort is envisioned to support accurate web presence managed with the fewest dependencies for customer organizations. This effort reduces support costs, allows content on the web to real time, and enables the customer organization to be technology independent in management of their web presence.

CSU continued the integration of customer relations management (CRM) as a tool to customer satisfaction, integrating quality assurance and control, and creating a one-stop portal for customer service-level agreement management.

CSU worked with multiple agencies outside USDA to provide IT service delivery and support on initiatives. The customers include White House, NASA, EPA, HHS and SBA, strengthening CSU's capabilities and increasing revenue.

CSU built positive relationships with all customers and stakeholders by implementing 24/7, 365 communications capability; implemented proactive outreach to customer initiatives and priorities; participated in customer business analysis for identifying issues and improvements with customer input. This allowed CSU to implement multiple technology and process improvement solutions, provided additional resources in view of the growth at EAS, provided COOP support across all sites, implemented Web Content Management solution for multiple DM and staff offices, and helped efforts to streamline e-mail communications to the Department.

CSU collaborated with ENS, ITS and UTN vendors to support the combined next generation network modernization design effort.

Telecommunications Customer Service Center (TCSC)

TCSC continued to implement the AT&T Unified Communications Services (AT&T UC Services), a cloud-based as-a-service communication and collaboration solution.

During 2014 TCSC continued to work with agencies to migrate from CENTREX (WITS) lines in the Washington Metropolitan Area to Network UCaaS VoIP lines. To date TCSC has converted:

- WCTS
- 755 users from Foreign Agriculture Service (FAS)
- 355 Agricultural Marketing Service users
- 71 Grain Inspection, Packers and Stockyards Administration users
- Rural Development (Reporter's Building)
- Forest Service
- 153 Departmental Management (Reporter's Building)
- 34 Office of Operations, Emergency Services

By moving to VoIP, the agencies receive additional features at the same or less cost of the current service. Agencies are able to use soft phones for teleworkers or share desk phones for hotel space.

TCSC worked with the agencies we support to clean up mobile accounts. There were 88 devices found to be inactive, which were then deleted, creating a cost savings of \$3,483 per month.

Network Services (NS)

NS established an IT Service Management (ITSM) baseline and successfully implemented new monitoring capabilities in 2014 that included: a) expansion of contractor furnished equipment (CFE) for secondary monitoring capabilities of network infrastructure that augments/complements existing government furnished equipment (GFE), and b) addition of complementary network throughput monitoring and technology and tools.

NS successfully consolidated two separate network support and video support contracts into a single, merged as-a-service contract. The new contract benefits NS by: a) using a leveraged resource model so as to provide a true 24x7 support capability, as well as, b) utilizing a device-based fee structure that migrates NS from traditional 'labor-based' cost model to a 'per unit' cost model. This 'per unit' cost model moves NS closer to the desired 'consumption-based' cost and price capability, while also providing a transparent mechanism to track costs as inventory increases or decreases.

NS successfully established a blanket purchase agreement for IT disposition management services, which provides USDA and NS customers with a highly flexible vehicle to deliver monitoring, management, and optimization services through hybrid delivery models including private cloud, public cloud, and hybrid cloud scenarios.

NS successfully improved stabilization of network performance by: a) completing an assessment of switch configurations pertaining to spanning tree topology; b) completing the reconfiguration of routers/switches and SolarWinds supporting 5 USDA OGC remote facilities, in addition to other related actions.

NS successfully a) designed and implemented network and video services support the Child Development Center in the Yates Building, b) designed and implemented configuration management and security compliance services for the Small Business Administration (SBA), c) expanded wireless coverage for multiple agencies in the WDC area, and d) acquired fiber installation/repair technology to increase response times within the WDC area.

NS successfully developed a plan for establishing a network and video lab that included: a) funding for lab set-up, and b) a design that will connect into Cisco virtual test resources in Virginia and California. The plan includes offering access to USDA and non-USDA customers to support testing and personnel training initiatives, as well as potentially establishing a test-as-a-service offering.

CORRESPONDENCE MANAGEMENT

Current Activities:

USDA's Office of the Executive Secretariat (OES) serves the Office of the Secretary of Agriculture by managing the official correspondence of the Immediate Office of the Secretary, maintaining the official records of the Office of the Secretary, and assisting the Office of the Secretary with special projects through the Electronic Management Correspondence (ECM) system. OES provides services under three broad categories of activity:

- Correspondence management: OES receives and analyzes all correspondence addressed to the Secretary and Deputy Secretary, refers it to the appropriate agencies or staff offices for preparation of a response, as appropriate, and coordinates and tracks the preparation, review, clearance, signature, dispatch, and archival filing of responses. OES works with USDA agencies to ensure prompt delivery of reports and other documents requested or legislatively mandated by Congress or the White House, and provide editorial assistance as necessary to ensure optimal quality. In cooperation with the Rural Development technical team and USDA's Office of the Chief Information Officer, OES sponsors and provides a high-quality correspondence management system for departmental use.
- Maintenance of official records: OES is responsible for organizing, storing, and providing access to the Secretary's records—including national security classified items. In so doing, this office preserves required official records and serves as a valuable source of institutional memory for the entire Department.

- Assistance with special projects: In response to requests by the Office of the Secretary, OES assists with the preparation of letters of thanks, congratulations, and condolence; preparation of briefing materials based on correspondence analysis; general writing and editorial services; and other projects as requested.

Selected Examples of Recent Progress:

In the summer of 2014, OES performed the first pilot (which included a limited number of USDA agency/demo users) of the Correspondence and Development Management System (CDMS) through a Federal cloud-based system as a pilot program to replace the existing outdated Electronic Correspondence Management correspondence system. It is anticipated that Phase II and the actual CDMS system launch, consisting of the remainder of USDA agencies, will be sometime performed the second half of 2015.

During 2014, OES processed 12,397 pieces of individual correspondence and other Secretarial documents, and 508,071 pieces of campaign correspondence addressed to the Secretary. Of the controlled correspondence, OES managed responses to 11,030 documents, including 2,058 signed directly by the Secretary or Deputy Secretary. In addition, OES received and processed approximately 165 pieces of signed Secretarial correspondence (i.e., mail, e-mails, couriered, fax, Congressional reports) pertaining to the Farm Bill. OES made additional progress in reducing its records backlog, resulting in the classification and final disposition of approximately 9,733 records that were for transferred in 2014.

As part of its direct service to USDA agencies, OES managed the clearance and signing of 400 agency-initiated correspondence and other documents, along with 189 decision memoranda, 13 Memorandums of Understanding for the Secretary's signature, 98 Legislative Reports, and 48 Government Accountability Office (GAO) Reports. In addition, OES drafted approximately 1,082 pieces of correspondence responses (letters, Memorandums of Understanding, reports, USDA Secretarial Proclamations, electronic employee messages, etc.) and other special writing projects in support of the Office of the Secretary/Deputy Secretary. OES worked one-on-one with USDA Mission Areas/agencies to prepare 12 Federal Register dockets (on various USDA topics) signed by the Secretary and sent to the Federal Register Office.

Several years ago, OES established the "fast track" process to expedite information to support USDA's streamlined disaster (drought conditions around the U.S.) declaration process which is designed to make assistance available to producers more readily. In 2014, OES continued the process to provide the quick turn-around time in the preparation of Press Releases to State Governor's offices and Congressional districts by processing 97 fast track releases. OES also processed 51 disaster letters/notices of extreme weather (i.e. hail, excessive rain, flooding, etc.) and provided the information to USDA's Office of External and Intergovernmental Affairs for dissemination to the affected States.