RURAL DEVELOPMENT

FY 2001 ANNUAL PROGRAM PERFORMANCE REPORT

The Rural Development mission area was established on October 13, 1994, by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act. The mission area consists of three Agencies, the Rural Business-Cooperative Service (RBS), the Rural Housing Service (RHS), and the Rural Utilities Service (RUS). These agencies are responsible for delivering programs authorized by the Consolidated Farm and Rural Development Act; the Food Security Act of 1985; the Rural Electrification Administration Act of 1936 as amended; the Cooperative Marketing Act of 1926; the Agricultural Marketing Act of 1946; the Housing Act of 1949; and the Rural Economic Development Act of 1990, as amended.

The mission of Rural Development is to: Enhance the ability of rural communities to develop, to grow, and to improve their quality of life by targeting financial and technical resources in areas of greatest need through activities of greatest potential.

This report addresses the performance goals included in the Rural Development FY 2001 and FY 2002 Annual Performance Plan, published in June, 2001.

The following chart identifies the 5 goals of the mission area strategic plan and the page number of this report where each goal is addressed in this report:

GOALS	PAGE *
1: Good Jobs and Diverse Markets. Rural Development will improve the quality of life in rural America by encouraging the establishment and growth of rural businesses and cooperatives.	2
2: Quality Housing and Modern Community Facilities. Rural Development will improve the quality of life of rural residents by providing access to technical assistance, capital, and credit for quality housing, and modern, essential community facilities.	8
3: Modern Affordable Utilities. Rural Development will improve the quality of life of rural residents by promoting and providing access to capital and credit for the development and delivery of modern affordable utility services.	15
4: Community Capacity Building. Rural Development will provide information, technical assistance, and, when appropriate, leadership to rural areas, rural communities and cooperatives to give their leaders the capacity to design and carry out their own rural development initiatives.	21
5. Effective, Efficient Service to the Public. Rural Development will develop the staff, systems, and infrastructure needed to ensure high quality delivery of its programs to all rural residents.	22

* Page numbers may vary slightly depending upon the printer being used.

Additional information on Rural Development and its programs can be found on the internet at the mission areas home page, http://www.rurdev.usda.gov. The mission areas long-range strategic plan and its Annual Performance Plan and Annual Performance Report can also be found on the internet. From the home page, click on About Us and then click on Strategic Plans.

Only Federal employees were involved in the development of this report.

Goal 1: Good Jobs and Diverse Markets. Rural Development will improve the quality of life in rural America by encouraging the establishment and growth of rural businesses and cooperatives.

MAJOR PROGRAM FUNDING: Rural Business-Cooperative Service	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 PROJECTED**	**FY 2001 ACTUAL**
Business Programs	$1.365b	$1.139b	$1.431b	$2.852b
Cooperative Development Programs	$3m	$16m	$17m	$36.5m

* Amount of funding on which the targets were established. May not include all supplementals or recissions which occurred during the fiscal year.

Objective 1.1: Increase the availability and quality of jobs in rural areas.

Key Performance Goal and Indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY 2001 ACTUAL**
Create or save jobs in rural areas.				
Number of jobs created or saved:				
B&I Guaranteed Loans	36,507	29,118	36,800	29,927
B&I Direct Loans	1,163	1,080	2,200	1,816
IRP Loans	25,245	29,266	49,300	29,866
Rural Business Enterprise Grants	11,464	9,550	12,700	39,292
Rural Economic Development Loans	3,783	2,967	3,700	3,697
Rural Economic Development Grants	1,677	1,521	600	624
Community economic benefits (millions)				
B&I Guaranteed Loans	$3,109.2	$2,568	$3,125	$2,689
B&I Direct Loans	$65.3	$75.5	$125	$126.3
IRP Loans	$82.5	$95.6	$161	$97.6
Rural Business Enterprise Grants	$91.0	$86.0	$101.7	$123.1
IRP dollars lent by intermediaries/IRP dollars obligated to intermediaries (cumulative since Program inception).	89.41%	78.5%	75%	80.6%
Non-IRP funds leveraged for each dollar of IRP funds.	$3.76	$3.12	$3.76	$3.12
Number of businesses benefiting from RBEG program.	2,331	1,483	2,606	3,792
Non-RBEG funds leveraged for each dollar of RBEG.	$2.40	$1.12	$2.40	$1.29

Non-REDLG funds leveraged per dollar of program funds:				
Loans	$3.00	$4.56	$3.00	$6.44
Grants	$3.00	$7.16	$3.00	$5.29

2001 Data: Data comes from a variety of sources including: an internal management system, the Rural Community Facilities Tracking System (RCFTS); two internal accounting systems; the Program Loan Accounting System (PLAS) and the Guaranteed Loan System (GLS); Department of Labor employment estimates; and an external report, Revolving Loans for Rural America, by Robert Rapoza (the Rapoza report). Data is final and considered sufficiently accurate to be used for management decisions. Reports from PLAS and GLS are used by the OIG in the development of the mission area's audited financial statement.

The number of jobs created or saved for the B&I guaranteed and direct programs, plus the RBEG program, is reported by the applicant/borrower and input into the RCFTS automated system by the field staff. The number of jobs created for REDLG is reported by the applicant/borrower and summarized by the National Office staff in the process of reviewing the loan or grant requests.

Determining the number of jobs saved and created for the IRP is much more difficult. These are loans made to an intermediary lender who then uses the funds to make loans to entrepreneurs. As the loan is repaid to the intermediary, the funds are used to make new loans to other entrepreneurs. In order to recognize the impact of the relending of funds for this program on jobs, the findings of the Rapoza report have been used. This report indicates on page 70, Table 17, that the average cost per job, or amount of IRP loan per job, is $4,278. This translates into 23,375 jobs per $100,000 in loan funds invested in an intermediary lender. To maintain a conservative estimate of the number of jobs created or saved, we have used 22.5 jobs per $100,000 invested. Table 13, page 68, of the Rapoza report indicates that the average term of an IRP loan to the ultimate recipient is 8.8 years. Since virtually all IRP loans to the intermediaries have a loan term of 30 years, the funds revolve 3.4 times during the term of the loan.

The community economic benefits are calculated by multiplying the program level by 2.5. This multiplier is based upon a study done for the Department of Labor by the Department of Commerce.

Analysis of Results: This goal was met. The FY 2001 target was short by 78 jobs, or 0.07 percent. However, while the total number of jobs to be saved or created was not achieved in totality, success in meeting the Agency's targets for the individual business programs varied.

The RBEG program surpassed its target by over 200 percent. The B&I Direct Loan program utilized all of the $50 million available in FY 2001. Information on the achievement of the targets for these three programs is drawn from the RCFTS, which continues to have significant problems. Data is placed in RCFTS by the field staff as a part of their loan making and servicing efforts. The system lacks the edits needed to ensure all data fields are completed for each project and that the data placed in the system is reasonably accurate. During FY 2001, a concerted effort was made to increase the reliability of information in RCFTS. An unnumbered letter was issued to all field offices on March 7, 2001, defining the critical fields related to annual performance goals and discussing the importance of keeping RCFTS fully populated with current information. RCFTS was also discussed with the state office staff during monthly teleconferences and the National Training Conference. In addition, data from the Program Loan Accounting System (PLAS) was compared with data in RCFTS in a diligent effort to reconcile loan obligations for

this fiscal year between the two systems. This entailed reviewing borrower records in RCFTS and determining why the records were not being pulled in the report query. Field offices were called individually to discuss the problems found and the field staff asked to update the records accordingly. As a result, all Specialty Lenders Division program obligations were reconciled between RCFTS and PLAS for FY 2001. In spite of the diligent efforts to clean up the records in RCFTS, there are still a number of records without populated fields.

The targets established for IRP for jobs and community economic benefits were not met due to the volume of program activity. The target was based on an initial request for considerably more program funds than was actually appropriated by Congress. Also, the Agency was unable to use $1.6 million that was earmarked for Native Americans and $5.8 million earmarked for the Lower Mississippi Delta due to lack of applications that qualified for the earmarks.

Description of Actions and Schedules: The performance goal will be revised for FY 2002. Work is underway to replace the RCFTS with a new automated management system which will expand our ability to track the activity of third-party recipients which will be helpful in documenting program performance. In the meantime, we will continue to monitor RCFTS and work with field offices individually, if necessary, to ensure there is a clear understanding on the importance of maintaining RCFTS. The unnumbered letter regarding updating critical fields for performance measures will be reissued.

Development of the Rural Development Application Processing and Tracking System (RDAPTS) is underway which will provide a basis for approving and measuring the progress of projects. The RDAPTS will allow integration of information from multiple systems in a data warehouse thereby improving the integrity of the data used for reporting of policy targets, loan applications, obligations and servicing actions. Development of this common computing environment will eliminate the redundant data entry and provide the data in a location that can be easily consolidated, transitioned and loaded into the data warehouse. Screens are being developed to collect information on characteristics of ultimate recipient loans made under revolving loan fund programs such as IRP. This is expected to provide more reliable jobs and leveraging data for revolving loan fund programs.

Current Fiscal Year Performance: The demand for RBS programs increases from year to year. It is anticipated that all funds appropriated for business programs will be used in FY 2002.

Program Evaluations: N/A

Objective 1.2: Encourage and promote the use of marketing networks and cooperative partnerships to increase and expand business outlets.

Key Performance Goal and Indicators	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
Assist marketing networks and cooperative partnerships in the establishment and expansion of business outlets.				
Number of Technical assistance and educational services provided.	215	205	200	244
Customer rated quality of technical assistance (0-5 rating scale).	3.0	3/5	3/5	N/A

Leverage of research expenditure (dollar value of RBS sponsored research per dollar of RBS research expenditures).	$1.25	$1.25	1.2	1.44
Research and educational materials provided to customers.	99,600	51,137	100,000	53,594
Number of responses to inquires for information.	16,500	16,000	15,000	16,000
Percentage of B&I Guaranteed funds obligated to cooperatives.	4.4%	11%	20%	3.9%

2001 Data: Data is compiled from State reports, surveys, contracts let, shipment logs and customer service logs. The data is final. This information, while not audited, is considered sufficiently accurate to be used for management decisions.

Analysis of Results: This goal was met. No technical assistance recipient survey was administered during fiscal year 2001 due to excessive requirements on the part of CS staff to administer significant new programs, so no data is available for this measure. Distribution of cooperative materials was constrained during the first half of the year due to depleted inventories that resulted from the lack of a printing budget to produce new and reprinted materials. Leverage ratios on research were higher than expected due to a relatively small number of research agreements being established causing the ratio to be skewed by one agreement with far higher than usual non-federal contribution.

Description of Actions and Schedules: Efforts to establish a set publications budget for fiscal year 2002 remain unfulfilled. The full library is available online, but access to internet materials remains a significant barrier for many rural residents. Plans have been made for re-issuance of the technical assistance customer survey. Improvements in procedures for collecting technical assistance data for State Rural Development Offices are planned. Leveraging of research expenditures will depend upon availability of cooperative agreement research funds.

Current Fiscal Year Performance: We anticipate that all funds will be utilized this fiscal year.

Program Evaluations: No GAO, OIG, or other formal program evaluations were conducted in FY 2001.

Objective 1.3: Direct Rural Development program resources to those rural communities and customers with the greatest need.

Key Performance Goal and Indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY 2001 ACTUAL**
Direct Rural Development program resources to those rural communities and customers with the greatest need.				
Percentage of funds obligated in Empowerment Zones/Enterprise Communities and REAPs. B&I Guaranteed IRP	 1.3% 12.1%	 2.0% 4.7%	 1.4% 19% *	 .8% 10.8%

RBEG	21.5%	20.3%	22% **	12.7%
Percentage of funds obligated for other Presidential or Departmental Initiatives.				
B&I Guaranteed	37.6%	10.0%	10%	7.1%
IRP	48.0%	75.9%	20%	17.9%
RBEG	48.8%	71.2%	20%	6.5%
REDLG	47.3%	70.9%	2%	0%

* Should be 16.5% based on appropriated funds. The initial RBS target was 19% for the IRP, based on our budget request. However, the appropriation language only provided 16.5% earmark for the program. The Agency obligated 10.8% for FY 2001.

** The initial RBS target was 22% for the RBEG program based on our budget request. However, the appropriation language only provided 17.2% earmark for the program. The Agency actually obligated 12.7% for FY 2001.

2001 Data: Data is compiled from RCFTS, the Program Loan Accounting System (PLAS), and state surveys. PLAS, while not audited by OIG, provides reports used by OIG in their audit of the mission areas financial statement and information in PLAS is generally considered reliable. While data from RCFTS and state surveys is considered soft, it is considered sufficiently accurate to be used for management decisions. Information regarding the Rural Economic Area Partnership (REAP) zones was added to this statement because REAP zones were combined with Empowerment Zones and Enterprise Communities (EZ/EC) for FY 2000. (1999 actual data shown is for assistance to EZ/ECs only.)

Analysis of Results: This goal was not met. The Specialty Lenders Division used $6,249,648 of the $7 million earmarked (or 15.4%) of the $40,664,000 appropriation. Therefore, the Specialty Lenders Division came within .7% of using the EZ/EC/REAP appropriated earmarks.

For the indicator related to usage of IRP funds in EZ/EC/REAP communities, the estimates were based on the percentage of the projected appropriation earmarked for these targeted communities. All applications that were received before the June 30 deadline, and were eligible for the earmarked funds, were funded. However, in spite of Agency outreach efforts, the applications received were only enough to use 10.8 percent of the total IRP and 15.4 percent of the total RBEG funds appropriated for the programs. Also, the actual RBEG and IRP earmark appropriation was only 17.2 and 16.5 percent respectively versus 22 and 19 percent targeted. For other initiatives, there were fewer applications than expected, which caused the goal to not be met.

Presidential or Departmental initiatives changed during the fiscal year due to an administration change. Data being reported for FY 2001 is based on usage of Native American and Mississippi Delta earmarked funds only. The REDLG Program had no earmarks for FY 2001. FY 2001 was the first year these earmarks were funded. Prior emphasis on assistance to Champion Communities, special set aside programs, etc., were not included in the FY 2001 accomplishments.

Description of Actions and Schedules: We will continue to stress the importance of IRP outreach to communities of greatest need to our State Offices through teleconferences, memorandums, training meetings, and other methods. The EZ/EC and other initiatives are included as part of the Administrator's goals.

Current Fiscal Year Performance: All targets are expected to be met in FY 2002.

Program Evaluations: None.

Objective1.4: Manage the loan portfolio in a manner that is efficient and effective.

Key Performance Goal and Indicator	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
Manage the B&I portfolio effectively to minimize the delinquency rate.				
Delinquency rate (excluding bankruptcy cases)	4.8%	4.2%	3%	4%

2001 Data: Data is reliable and final. RCFTS is a non-accounting management system, which contains a variety of data related to Business Programs, such as the number of jobs created or saved. Data in RCFTS is input by the field staff and does not contain edits to verify the accuracy of the data. Manual reports from State Directors will be used to obtain data regarding several of the performance measures. This information will be less reliable because it is obtained manually and its accuracy cannot be verified. However, confidence in this data is high enough to be acceptable for the purposes for which it is used. Therefore, the information is considered sufficiently accurate to be used for management decisions.

Analysis of Results: The FY 2001 Delinquency Goal was established at 3 percent. The delinquency achievement for this period was 4 percent (excluding loans in bankruptcy). While the goal was not met, there was a reduction from the FY 2000 delinquency level which was 4.2 percent (excluding loans in bankruptcy).

We were able to lower the delinquency percentage by adding additional guaranteed loans and by carefully monitoring the lending and servicing activities of the State Offices. We are concerned with the potential rise in delinquencies for fiscal year 2002 and are presently employing various strategies to mitigate, to the extent possible, the delinquencies in both the guaranteed and direct programs.

Description of Actions and Schedules: The National Office is establishing individual delinquency goals based on the States present achievement.

Current Fiscal Year Performance: The National Office will monitor at least quarterly for achievement levels**.**

Program Evaluations: The National Office conducts a Business Programs Assessment Review of 10 states per year, to determine if the program intent is being properly met by interviewing both lenders and borrowers and by reviewing the States loan processing and servicing activities. Areas found to be deficient are documented, recommendations for corrections are made and National Office staff performs monitoring to ensure conformance.

The Office of the Inspector General initiated a preliminary audit of the servicing activities in a cross section of states to determine the need for a complete audit. The information obtained from the States involved revealed the need for a full audit. This audit will be conducted during fiscal year 2002.

Goal 2: Quality Housing and Modern Community Facilities. Rural Development will improve the quality of life of rural residents by providing access to technical assistance, capital, and credit for quality housing and modern, essential community facilities.

MAJOR PROGRAM FUNDING: Rural Housing Service	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 * PROJECTED**	**FY 2001 ACTUAL**
Single Family Housing Programs	$4.04b	$3.357b	$4.324b	$3.51b
Rural Rental Housing Programs	$810m	$941m	$952m	$859m
Community Facilities Programs	$278m	$302m	$763m	$535m

* Amount of funding on which the targets were established may not include all supplementals or recissions which occurred during the fiscal year. Starting with the FY 2001 budget, the S&E budget for all Rural Development agencies are combined. Therefore S&E and FTE figures, at the agency level, cannot be provided separately.

Objective 2.1: Improve the quality of life for the residents of rural communities by providing access to decent, safe, sanitary and affordable housing.

Key Performance Goal and Indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY 2001 ACTUAL**
Improve the quality of life of residents of rural communities by providing access to credit for decent, safe, and sanitary housing.				
Rural households receiving financial assistance to purchase a home of their own.	55,941	45,420	57,000	44,073**
Total Units Sec. 502 Direct and Guaranteed 502 and Sec. 504 Loan and Grant	65,721*	58,018	84,000	57,234***
Number of houses financed through the Section 502 Direct Loan Program	16,145	17,026	15,600	14,638**
Number of houses financed through the Section 502 Direct Loan (Natural Disaster) Program	44	519	126	143**
Number of houses financed through the Section 502 Guaranteed Loan Program	39,752	29,123	42,000	29,326**
Number of existing houses improved (Section 504 Loans and Grants)	9,075	10,360	12,000	11,762**
Number of existing houses improved (Section 504 Loans and Grants Natural Disaster)	321	990	4,000	507**
Number of jobs created (Direct 502)	14,257	17,520	16,000	16,171
Number of jobs created (Guaranteed 502)	21,409	14,323	21,000	14,438

* Includes 384 Individual Water and Waste Disposal Grants
** These figures are initial loans only, since subsequent loans do not create additional houses.

*** This figure is total units obligated, including subsequent loans.

2001 Data: Data on the number of homes financed or improved came from Obligations Report 205 which is derived from Rural Development Finance Office obligation records, which are reliable and used by OIG in the development of the mission area's financial audit. The number of jobs created was based on a construction industry multiplier of 2.448 jobs per new home built. The multiplier, obtained from the National Association of Home Builders, is not subject to governmental audits. All data is final.

Analysis of Results: The goal overall and most targets were met for the direct loan program but were not met for the guaranteed loan program. The target of 42,000 loans assumed the use of all of the funds allocated for the program. This situation did not occur because the number of loans closed for the year under the Section 502 Guaranteed Loan Program (29,236) was 30.2 percent, or 12,674 loans, less than the 42,000 target for the Section 502 Guaranteed Loan Program. This decline is the opposite of the increase in home mortgages originated throughout the country and is attributable to factors in the RHS program such as the lack of an automated underwriting capability, the lack of a refinancing capability for much of the year, and the prohibition on cash-out or equity withdrawal refinancing. General industry data for the first half of 2001 show a 94 percent increase in loans originated when compared to the first half of 2000. However, the majority of the increased volume, 55.7 percent, is due to refinancing activity generated by interest rate declines and home price appreciation. (Footnote 1) According to the Mortgage Bankers Association of America, more than 50 percent of those refinancing their mortgages have taken out equity in the process. (Footnote 2) Section 502 loans do not permit equity withdrawals when refinancing an existing RHS loan, and RHS refinancing activity for the year was not generally available until after May 2001. VA's preliminary FY 2001 data show a 69 percent increase in loan volume over the previous year. Roughly 72,800 (or 29 percent) of the approximately 250,009 loans guaranteed during FY 2001 were refinancing loans. Of those, 5,100, or only 2 percent of all VA guaranteed loans, involved cash-out financing. Information derived from information through July 2001 supplied by the Federal Housing Administration shows approximately a 30 percent increase in loan volume over 2000, with approximately 23 percent of the total as refinancing loans. Of those, only about 6 percent were cash-out refinances.

1. National Mortgage News, August 27, 2001, p1.

2. Real Estate Finance Today, October 15, 2001, p2.

Descriptions of Actions and Schedules: Efforts are underway to improve the acceptance of USDA guaranteed mortgages by the mortgage origination and investment industry by increasing their similarity to other governmental insured or guaranteed mortgages. This includes development of an automated underwriting system, which we are proposing to have completed and deployed by FY 2003.

Additionally, since the program now has limited refinance authority, many guaranteed loans that would otherwise refinance through other Government programs may now stay in the guaranteed program by refinancing, thus improving the performance of the loan and lowering the Government's risk.

Current Fiscal Year Performance: All current performance indicators for this goal will continue for FY 2002. RHS will continue to monitor performance progress quarterly and take necessary and appropriate actions in the event performance is less than expected.

Program Evaluations: N/A

Key Performance Goals and Indicators	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
Improve the quality of life for the residents of rural communities by providing access to decent, safe, sanitary and affordable rental housing.				
Total Number of units selected for funding for new construction (FY) *	5,351	5,357	5,519	2,557
Sec. 515	2,189	1,626	1,800	1,578
Sec. 514/516	622	680	790	855
Sec. 514/516 Natural Disaster	0	156	29	24
Sec. 538	2,540	2,895	2,900	0
Total Number of units selected for funding for rehabilitation (FY) *	4,736	7,100	8,000	8,267
Sec. 515	2,340	4,990	5,500	5,511
Sec. 514/516	626	696	500	1,003
Sec. 533	1,770	1,414	2,000	1,729
Direct resources to those rural communities and customers with the greatest need.				
Average tenant income.	$7,671	$7,775	$7,980	$7,980
Income of tenants who do not receive Rental Assistance.	N/A	N/A	N/A	N/A
Income of tenants who receive Rental Assistance.	N/A	N/A	N/A	N/A
Number of tenants who are rent overburdened.	N/A	N/A	N/A	74,377
Number of households not displaced by loss of rental assistance (number of renewals).	38,311	38,489	42,000	39,159
Percent of tenants not displaced by loss of rental assistance.	100%	100%	100%	100%
Number of tenants living in affordable, decent, safe, and sanitary housing.	426,330**	429,288**	432,246**	453,275

*For purposes of clarification, the wording of this indicator has been changed from "Number of units funded" to "Number of units selected for funding". The new wording does not create a new indicator, but merely clarifies it. Numbers from previous years are correct according to the new wording.
**Estimated, actual data not available.

2001 Data: The number of new units built and the number of units rehabilitated were derived from Multi-Family Housing staff's internal records, which are not audited but are considered reliable for management purposes. The data on rental assistance was obtained from the 205 Obligations Report, which is subject to audit by OIG. System development needed to provide data for those indicators showing "Not Yet Available" was nearly completed at the end of FY 2001. Data for most of these indicators should be available in the next fiscal year.

Analysis of Results: Overall the goal was met but success in meeting the individual targets was mixed. Decisions were made to place emphasis on disposing of inventory properties and to shift money from new construction to repairs of existing properties. The number of new units built was below target for Section 515, reflecting this shift of funds to the much needed rehabilitation of existing units. Targets for the number of units rehabilitated were exceeded for the Section 515 Rural Rental Housing Loan Program and the 514/516 Farm Labor Housing Programs. The Section 514/516 Natural Disaster program was slightly under target because a small amount of the funds was not obligated. The Section 533 target fell short by 247 units. This grant program has a provision that permits State Directors to move some of these funds to the Section 504 Grant Program, which can be done after the allocation of funds and after the establishment of the target, thus making this a moving target. We are comfortable that even with shifting funds, the program selected 339 more units for funding in FY 2001 than in FY 2000. The Section 538 Rural Rental Guaranteed Loan Program was below target because: (1) the necessary enhancements to the program to make it acceptable to its customers have not yet been completed; (2) the Memorandum of Understanding with Freddie Mac did not get executed until June 21, 2001, which limited the lenders' access to the Secondary Mortgage Market; and (3) the Notice of Funds Availability (NOFA) closed August 16, 2001. On this date we received approximately $93 million of the total $113.5 million in NOFA responses received for the entire year. It was not possible to process NOFA responses, receive and process the application packages from the lenders, and do the Environmental Assessments in the 45 days remaining in the Fiscal Year. We have made adjustments to meet the FY 2002 target. The number of households not displaced by loss of rental assistance (number of renewals) was slightly below target because the number of actual renewals was less than projected due to several factors: tenant income, vacancies, etc. No tenants were displaced by loss of rental assistance. The rental assistance (RA) not needed for renewals was used for additional RA units in existing and new MFH projects.

Description of Actions and Schedules: Target performance will be established for the various tenant income indicators when data becomes available from the new Multi-Family Tenant File System, currently scheduled to be completed by the end of 2002.

Current Fiscal Year Performance: RHS will monitor performance progress quarterly and take necessary and appropriate actions in the event performance is less than expected.

Program Evaluations: N/A

Objective 2.2: Improve the quality of life in rural America by providing essential community facilities.

Key Performance Goal and Indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY 2001 ACTUAL**
Provide new or improved essential community facilities				
Number of rural residents with improved standards of living through new or improved essential community facilities (in millions).	8	8.1	20	12
Number of jobs created or retained.	9,600	4,493	10,998	5,814
Community Health				
Number of new or improved health care facilities.	123	116	280	156

Number of new or improved elder care facilities	42	32	75	47
Number of beds available at new or improved elder care facilities.	4,932	2,558	6,000	935
Emergency Services				
Number of new or improved fire and rescue facilities.	72	104	250	161
Number of new or improved fire and rescue vehicles.	140	128	300	212
Education and Child Care				
Number of new or improved child care centers.	69	55	130	63
Number of children served by new or improved child care centers.	5,628	4,049	9,800	2,167
Number of new or improved schools.	32	44	100	67

2001 Data: Community Facility Program data were derived from the Community Facility staff's internal tracking system in unison with the Rural Community Facilities Tracking System (RCFTS). The RHS field staff input the data into RCFTS and it does not contain edits nor is it audited or reports from it used by the auditors. Although the agency considers this soft data, it is used in managing the program and is considered reliable for the purposes for which it is used. The data is final.

Analysis of Results: Target performance assumed full usage of the program funds, which did not occur. As a result, the targets were generally not achieved and the goal was not met. CF direct loans and CF grants were fully obligated, however, only 66 percent of guaranteed loans were utilized. Community Facilities received an additional $255 million for natural disasters and economically distressed areas, however, only 50 percent could be utilized. Last year's efforts to provide training and tools for field staff members to market CF guaranteed loans at the local level have proven successful. States are actively conducting outreach meetings with local lenders to promote the program.

The performance indicators for the Community Facilities programs are difficult to predict because the outcomes depend on the mix of projects funded. Program funds have been used for more than 75 different purposes, including child care centers, assisted living facilities, hospitals, health clinics, fire stations, libraries, telecommunications, school facilities, community buildings, and industrial parks. The mix of projects funded depends on community needs across the country and the timing of loan and grant applications. The FY 2001 variance of actual performance compared with the targets reflects the unpredictability of the project mix and is no cause for alarm. A review of the previous two fiscal years activity shows that these indicators do not move in unison with the program levels.

In FY 2001, CF invested approximately $555 million to help rural communities develop 1203 essential community facilities for public use. Through leveraging with both public and private partners, program funds were stretched to address the needs of more rural communities. Community health care services, fire, rescue and public safety, and community support services continue to be a high priority for funding in addressing the needs of rural communities.

In FY 2001, program emphasis was placed on promoting rural education. As a result, 97 projects were funded for schools and libraries amounting to almost $78 million from combined CF programs. This included funding for libraries, schools for people with mental or physical disabilities, dormitories, school maintenance and equipment service centers, and all-purpose college campus buildings.

Program resources in FY 2001 continued to be invested heavily in rural health care facilities as $179 million in combined program resources were used to fund 156 new or improved health facilities, which greatly benefit seniors and residents in medically under-served areas greatly benefit. Projects funded include nursing homes, boarding homes for elderly with ambulatory care, assisted living facilities, and adult day care centers. Program emphasis will be to continue to serve the ever-increasing rural elderly population.

Qualification on accuracy of data provided: In the following tables, we are providing only actual data from RCFTS and are not projecting the number of people served or the capacity of facilities based on the data reported in RCFTS. The following tables are provided to show the percentage of facilities with accurate data reported:

Elderly	Number	Amount	Units	Percent Reported
Nursing Home (Sr. Citizen Retirement Home)	14	$32,099,010	397	28.57%
Boarding Home for Elderly – Ambulatory Care	4	$3,171,290	24	25.00%
Assisted Living Facility	25	$21,782,570	514	68.00%
Adult Day Care Center	4	$620,950		
Total	47	$57,673,820	935	

Education	Number	Amount	Units	Percent Reported
Educational Institution for Disabled	6	$2,392,568	12	50.00%
Public School	20	$21,941,064	256	15.00%
College Dorm	3	$2,085,500	200	66.67%
College	19	$29,299,552	1245	21.05%
Vocational School	5	$1,345,500		0.00%
Charter School	2	$4,200,000	27	50.00%
All Purpose Campus Building	12	$8,947,083		
Library	26	$6,882,290		
School Maintenance and Equipment Service Center	4	$579,300		
Total	97	$77,672,857	1740	

Child Day Care Center	63	$27,067,928	2167	38.10%

Some facilities are shown with no units because units measured varies for different types of facilities or the number reported was community population and therefore not accurate.

Description of Actions and Schedules: RHS will continue efforts to increase utilization of Community Facility Guaranteed Loan Program funds through extensive outreach to lenders. During FY 2000 and 2001 efforts were made which are starting to produce results. Outreach efforts have continued through meetings with local lenders, training States on conducting outreach meetings, and issuing CD's to States on the outreach efforts at the training meeting.

Current Fiscal Year Performance: RHS will monitor performance periodically, and take any corrective action needed. All performance indicators, except for the one mentioned above, will be included in the next performance plan.

Program Evaluations: None conducted.

Objective 2.3: Maximize the leveraging of loan funds to increase the number of rural residents assisted by Rural Development programs.

Key Performance Goal and Indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY 2001 ACTUAL**
Maximize the leveraging of loan funds to increase the number of rural residents assisted by Rural Development programs.				
Number of borrowers assisted through leveraging (Direct 502).	5,371	6,448	7,500	7,753
Number of Guaranteed lenders participating in low-income housing finance.	1,147	2,400	2,400	2,400
Number of Rural Home Loan Partnerships.	78	177	180	239
Number of CF funding partnerships.	565	866	2,000	452
Number of CF borrowers assisted through leveraging.	429	492	1,200	414

2001 Data: The actual performance data for the Direct Section 502 program comes from the Single Family Housing staff's internal tracking system, while data on Guaranteed Section 502 comes from a FOCUS ad hoc report. The Community Facility Program data were derived from the Rural Community Facility Tracking System (RCFTS). RCFTS data is considered to be soft, but reliable. It is not audited nor are reports from RCFTS used by the auditors. The data is final.

Analysis of Results: The number of CF borrowers assisted through leveraging was below the target. Community Facilities funding included $255 million for natural disasters and economically distressed communities. Targets for leveraging were increased based on increased funding without considering that funding from other sources is diminished when a natural disaster occurs or an area is economically distressed. In the SFH guaranteed program, although the total number of lenders approved increased, the total number of loans originated nationwide decreased, which was a reflection of the mortgage business as a whole. The lack of an automated loan origination system is another reason that the SFH Guaranteed Loan program is falling behind in loan production. This has become a significant issue for the program.

Description of Actions and Schedules: No corrective action is necessary.

Current Fiscal Year Performance: RHS will monitor performance periodically. All performance indicators will be included in the next performance plan.

Program Evaluations: None conducted during FY 2001.

Objective 2.4: Manage the loan portfolio in a manner that is efficient and effective.

Key Performance Goal and Indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY 2001 ACTUAL**
Provide effective supervision to minimize delinquencies and future loss.				
First-year delinquency rate (SFH Direct).	5.3%	3.2%	4.3%	3.2%
Number of RRH projects with accounts more than 180 days past due.	164	153*	130	146

* Includes 18 properties in inventory.

2001 Data: Data were derived from Rural Development Finance Office loan servicing reports, which are reliable and used by OIG in their audits of the mission area. The SFH first-year delinquency rate, as of September 30, 2001, was obtained from a FOCUS ad hoc report. The RRH delinquency data come from a 616 report. The data is final.

Analysis of Results: The performance goal was not met for RRH. The target was exceeded for the first-year delinquency rate for Single Family Housing Direct loans. Although the target for RRH projects with accounts more than 180 days past due was not achieved, the number was reduced from the FY 2000 actual figure. (Note: Rural Development's FY 2000 and FY 2001 Performance Plan erroneously stated the performance indicator for RRH as less than 180 days past due, rather than more than 180 days past due.)

Description of Actions and Schedules: No special corrective action is necessary.

Current Fiscal Year Performance: All current performance indicators for this goal will continue for FY 2002. RHS will continue to monitor performance progress at least quarterly and take necessary and appropriate actions in the event performance is less than expected.

Program Evaluations: None conducted in FY 2001.

Goal 3: Modern Affordable Utilities. Rural Development will improve the quality of life of rural residents by promoting and providing access to capital and credit for the development and delivery of modern affordable utility services.

MAJOR PROGRAM FUNDING: **Rural Utilities Service**	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 PROJECTED**	**FY 2001 ACTUAL**

Water and Environmental Programs	$1.301b	$1.337b	$1.548b	$1.410b
Telecommunications Programs	$461m	$670m	$669m	$669m
Distance Learning and Telemedicine Programs	$68m	$25m	$427m	$26.8m
Electric Programs	$1.556b	$2.117b	$2.615b	$2.616b

* Amount of funding on which the targets were established. May not include all supplementals or recissions which occurred during the fiscal year.

Objective 3.1: Provide financing for modern, affordable, water and waste disposal services in rural communities.

Key Performance Goal and indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY 2001 ACTUAL**
Provide rural residents with modern, affordable water and waste services.				
Rural water systems developed or expanded which provide quality drinking water in compliance with the Safe Drinking Water Act.	579	590	668	613
Rural waste disposal systems developed or expanded which provide quality waste disposal service in compliance with State and Federal environmental standards.	328	325	368	309
Total jobs generated as a result of facilities constructed with W&W funds.	33,017	39,771	46,670	40,600

2001 Data: These data are considered final and are considered reliable. Data on the number of loans for water systems and for waste disposal systems are obtained from the Program Loan Accounting System (PLAS). Data on jobs generated, however, also requires data from the Rural Community Facilities Tracking System (RCFTS).

Analysis of Results: The number of loans for both water systems and waste disposal systems did not meet the established targets. The primary reason for this is the unusually large amount of allocated funds which were switched from loan to grant during the fiscal year, a tool available to States so they can adjust amounts allocated to meet actual needs. A total of $112 million was switched, which was more than double the amount for the previous year. Based on the average for the year, this would have equaled approximately 130 loans, which exceeds the shortfall. The number of jobs generated is also lower than the target. This is also due in part to the switching of funds.

Description of Actions and Schedules: No additional actions are considered necessary to meet the FY 2002 targets.

Current Fiscal Year Performance: Performance for FY 2002 is expected to be sufficient to meet targets, assuming the amount appropriated equals or exceeds that used to establish the targets.

Program Evaluations: None.

Objective 3.2: Provide financing for modern, affordable telecommunications, including Distance Learning/Telemedicine services, in rural communities.

Key Performance Goal and Indicators	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
Provide modern, affordable telecommunications services to rural communities.				
Number of new subscribers receiving service.	170,000	154,899	67,000	188,908
Jobs generated as a result of facilities constructed with Telecommunication funds.	10,603	15,410	17,700	15,387
Number of subscribers with improved service.	N/A	275,196	275,000	315,308
New Rural subscribers capable of receiving broadband service.	N/A	N/A	111,000	N/A
Schools receiving transmission facilities for Distance Learning applications.	15	N/A	N/A	N/A

2001 Data: Data related to the number of new residents and businesses receiving service comes from project files on the loan applications received. While this data does not come from an automated system, it is centrally maintained and is considered reliable by management. The jobs generated data is determined using a methodology devised by the Economic Research Service. The basic formula is 23 jobs per $1 million of funds invested.

Analysis of Results: The performance goal was met. Only the target for jobs generated was not met. The target for number of new residents and businesses receiving service was greatly exceeded due to the use of a new formula to better estimate the number of persons to be served.

Description of Actions and Schedules: RUS is taking actions to ensure that the total funds available for FY 2002 will be used and the targets will be met. These actions include enhanced outreach activities by RUS staff and Rural Development State Offices.

Current Fiscal Year Performance: Performance for FY 2002 is expected to be sufficient to meet targets. For the second year, the pilot broadband loan program was authorized. $80 million in loans have been made available to facilitate the deployment of broadband service in rural communities with populations of up to 20,000 inhabitants. During the first year of the pilot program, $100 million in lending authority was used in its entirety providing new service to over 30,000 customers.

Program Evaluations: N/A

Key Performance Goal and Indicators	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
Provide distance learning and telemedicine services, utilizing modern telecommunications technologies, to rural communities.				
Number of schools receiving distance learning facilities.	287	277	840	590
Number of health care providers receiving telemedicine facilities.	131	138	570	236

2001 Data: This data is obtained from RUS program records of projects funded, applications received, and although not part of an automated system, is considered reliable for management purposes. This data is final.

Analysis of Results: The Performance goal, as measured by the targets, was not met. Target performance assumed full usage of all funds available and this did not occur. While all grant funds were used, none of the loan funds available were obligated. Revisions are again being implemented to increase the use of loan funds.

Description of Actions and Schedules: Program revisions are expected to have an impact in FY 2002 including purposes for which loan funds can be utilized and a new expedited application review process. In addition, continued outreach activities by the National Office and Rural Development State Offices will be implemented.

Current Fiscal Year Performance: RUS targets are based on full utilization of funds and are expected to be met.

Program Evaluations: None.

Objective 3.3: Provide financing for modern, affordable electric service to rural communities.

Key Performance Goal and Indicators	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
Provide modern, affordable electric service to rural residents and communities.				
Number of rural electric systems upgraded.	179	137	180	220
Number of consumers benefiting from system improvements (millions).	2.8	2.3	2.8	3.5
Jobs created as a result of facilities constructed with Electric funds.	36,018	48,700	35,600	45,000

2001 Data: The data is obtained from RUS program records of projects funded and applications received and is considered reliable for management purposes. This data is final.

Analysis of Results: The goal and all performance indicators were exceeded.

Current Fiscal Year Performance: Performance for FY 2002 is expected to be sufficient to meet targets. No change is planned in the performance indicators.

Program Evaluations: GAO Report AIMD-00-288, "financial Management Impact of RUS' Electricity Loan Restructuring".

Objective 3.4: Direct Rural Development resources to those rural communities and customers with the greatest need.

Key Performance Goals and Indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY 2001 ACTUAL**
Direct program resources to those rural communities with the greatest need.				
Number of water and waste assistance projects in the identified persistent poverty counties	247	219	248	236
Total W&W project cost	$298m	$341m	$401m	$308m
RUS amount	$257m	$249m	$278m	$240m
Special initiative – number of projects and amount of W&W funding (in millions)				
EZ/EC	28 ($21)	33($46)	74($65)	59($49)
Colonias	38 ($22)	36 ($19)	40($20)	32($20)
Pacific Northwest	34 ($32)	0	0	0
Alaskan Villages	14 ($29)	24 ($20)	23($20)	18($20)
Guaranteed Loans	7 ($5.8)	9 ($11)	49($75)	6($5)
Electric loans (number and amount) to clients serving persistent poverty counties (dollars in millions).	72 $538	72 $615	88 $750	98 $829
Electric loans (number and amount) to clients serving persistent out-migration counties (dollars in millions)	83 $379	73 $321	89 $390	97 $530

2001 Data: The data for RUS assistance provided in persistent poverty counties are considered final and are considered reliable. Data on numbers and amounts of RUS loans and grants are obtained from the Program Loan Accounting System (PLAS); data on total project costs are obtained from the Rural Community Facilities Tracking System (RCFTS). Data on special initiatives are from PLAS. Data is final.

Analysis of Results: The goal overall was not met. The number and amount of RUS Water and Waste loans and grants provided in persistent poverty counties are lower than the targets, but the performance measures for Electric Loans were exceeded. The number for Water and Waste for both Colonias and Alaskan Villages was somewhat lower than the target, since the average amount was higher than projected; however, all of the available funds were expended. Overall EZ/EC performance was lower than projected in terms of both number and amount. However, the entire amount allocated for EZ/EC grants was utilized. Due to the nature of projects funded in FY 2001, a higher level of grant was required, resulting in fewer projects and some loan funds reverting to the regular program. The

number of guaranteed loans was once again small, due primarily to the lack of authority to guarantee tax-exempt loans.

Description of Actions and Schedules: No specific additional actions are necessary to meet the goal for FY 2002. Achievement of target levels is a function of available funding and the number and dollar amount of applications received that meet RUS criteria, as well as adjustments to loan and grant levels during the year.

Current Fiscal Year Performance: Performance for FY 2002 is expected to be sufficient to meet targets, assuming the appropriation equals or exceeds that used to establish the targets.

Program Evaluations: GAO Report AIMD-00-288, "Financial Management Impact of RUS' Electricity Loan Restructuring".

Objective 3.5: Maximize the leveraging of loan funds to increase the number of rural residents assisted by Rural Development programs.

Key Performance Goal and Indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY 2001 ACTUAL**
Maximize the leveraging of loan funds to increase the number of rural residents assisted.				
Leveraging of telecommunications financial assistance (private investment to RUS and RTB funding).	$5.22:1	$6.51:1	$5:1	$5.7:1
Leveraging of telemedicine and distance learning financial assistance (private investment to RUS funding).	$1.45:1	$1.21:1	$2:1	$0.94:1
Leveraging of rural electric financial assistance (private investment to RUS funding).	$2.70:1	$2.88:1	$2.87:1	$ .70:1

** In previous years this number has been between $ 2.00-3.00 of private investment to Govt. funding. However, in FY 2001 50% of the Govt. advances ($ 978 million of $ 1.957 billion) (65.4% of the $ 1.495 billion FFB advances) went to G&T's to finance Generation and Transmission projects. G&T financing makes use of FFB loan guarantees. FFB financing does not require a private financing component to finance energy projects as does RUS insured and direct loans to distribution borrowers.

The increase in loan guarantees and the advance of loan funds was in direct response to the uncertainty of the wholesale power market and the need for borrowers serving rural areas to manage their electricity supply portfolio to ensure reliable electric service at a competitive cost. RUS responded quickly to the demands placed on the nation's energy supply and delivery system.

2001 Data: This data is derived from RUS records, is verifiable, and is final. The telecommunications leverage ratio is available from RUS Form 479, Part F. This information is provided by RUS and is considered reliable.

Analysis of Results: The purpose of leveraging funds with the private sector is to stretch limited program funds and this purpose was achieved. The targets related to telecommunications and electric power were met. The target

related to telemedicine and distance learning was not met but the impact of this result is not significant. As indicated earlier, the demand for loan funds for this program has been less than the supply of funds. Continuing these indicators is important because leveraging will be more important in future years as these programs grow.

Description of Actions and Schedules: RUS is increasing its outreach activities to the telemedicine and distance learning programs. As the requests for loan funds increase, the interest of private lenders in the program is also expected to increase.

Current Fiscal Year Performance: RUS expects to fully utilize the total funds available for FY 2002 and expects to meet the leveraging targets.

Program Evaluations: None conducted.

Goal 4: Community Capacity Building: Rural Development will provide information, technical assistance, and, when appropriate, leadership to rural areas, rural communities and cooperatives to give their leaders the capacity to design and carry out their own rural development initiatives.

MAJOR PROGRAM FUNDING: Community Development	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 PROJECTED**	**FY 2001 ACTUAL**
Rural Empowerment Zone and Enterprise Community	$0	$15m	$14.967	$14.967m

Key Performance Goals and Indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY 2001 ACTUAL**
Increase the Capacity of Rural Communities and Their Leaders				
Rural communities that apply for non-USDA Rural Development assistance to implement their community plans.	612	676	400	No longer collected
Partnerships built that implement a technical assistance network for communities within each state.	N/A	233	235	No longer collected
Jobs created or saved in EZ/EC and REAP communities.	2,288	3,354	1,000	11,997
Maximize Resources Available in EZ/EC's.				
Ratio of non-EZ/EC grants to EZ/EC grants	8.4:1	10.7:1	7:1 or greater	17.77:1

2001 Data: Information regarding job creations and the success of EZ/EC communities in obtaining funding from non-EZ/EC sources is derived from OCD's benchmark management system. The EZ/EC program requires that a set of performance benchmarks be established and maintained for each EZ/EC community. Each community reports on

their progress in meeting the benchmarks through the web-based benchmark system. While the system is dependent upon the data input by the recipients of the assistance, the data in the system is considered sufficient for management decisions. All information is final.

Analysis of Results: The data for the first two indicators is usually self-certified by the State Directors and input via the annual Administrator's priority performance goal. The requirement was waived during FY 2000, and data for last year was gathered via a query to the States Offices. OCD anticipated that Administrator's priority performance goals would be reinstated with the new fiscal year, but they were not. Due to a 40% reduction on OCD staff since January 2001, and the announcement of Round III of the Empowerment Zone program in December of 2000, OCD was unable to perform an additional survey this year, as we did last year. These are still valid indicators, but the administration did not gather any data to measure them. Since we no longer have a source for this data, these indicators will be discontinued. The remaining two indicators were exceeded. With the emphasis being placed on the third round of the EZ/EC program, Rural Development anticipated much lower numbers. However, due to extraordinary efforts by all involved, we were able to exceed the goal.

Description of Actions and Schedules: None planned.

Current Fiscal Year Performance: The two remaining indicators will be retained for FY 2002. Performance in FY 2002 is expected to be similar subject to funding and staffing being restored. Although the FY 2001 goals were exceeded, the Office of Community Development (OCD) is now responsible for additional clients brought in through the third round of the Empowerment Zone program and believes that this will affect resources available for other activities.

Program Evaluations: Fourteen management Control Reviews were conducted in fourteen states in FY 2001. It was consistently found that there was a direct correlation between those communities that are successfully implementing their strategic plans and the commitment, skills and abilities of the Rural Development staff charged with assisting these communities. However, inconsistencies were found among Rural Development State offices as to how the community development staffs are organized, trained and allocated to the community development functions. A committee under the direction of the under Secretary has been convened to address this finding.

Goal 5: Effective, Efficient Service to the Public "Rural Development will develop the staff, systems, and infrastructure needed to ensure high quality delivery of its programs to all rural residents."

Objective 5.1: Create and sustain a work environment that develops and fosters partnerships, cooperation, full and open communications, teamwork, mutual respect, and maximum individual development.

Key Performance Goals and Indicators	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
Developed policies and practices which are employee and family friendly.				
Develop common	Published	Partnership	Publish	Telecommuting

Policies with FSA and NRCS in support of the Service Center Initiative.	common policies regarding performance evaluations, hours of work, and recognition and awards.	Council approval obtained regarding common policies on hours of duty, telecommuting and leave. Common regulation on hours of duties published. Training conducted via teleconference.	common policies regarding leave, telecommuting and grievances.	policy document is in the clearance process. Leave and other common policies are on hold pending NFAC decision and guidance on future direction.
Provide fair and equitable treatment to all customers				
Provide civil rights training to employees	95% of employees received training.	68% of employees trained	90% of employees not trained in FY 2000 will be trained.	93% of employees not trained in FY2000 received training.
Reduce backlog of complaints	36% Program and 75% EEO reductions.	Reductions in complaints of 38% Program and 34% EEO complaints.	35% of complaints filed will be closed.	36% of complaints filed were closed.
Provide efficient, timely personnel support.				
Implement CAMS.	Basic modules piloted in 5 States.	Basic modules implemented in 37 States.	Basic modules implemented nationwide.	Basic modules implemented nationwide.
Implement an automated staffing system.	N/A	Research performed.	Participate in USDA evaluation team to assess alternative systems.	Participate in USDA evaluation team to assess alternate systems. Partici-pation on-going.

2001 Data: Information regarding the development of personnel regulations came from the files of the Human Resources staff. The information related to civil rights training and EEO complaints is provided by the civil rights staff. Information on the program complaints is provided by the State Civil Rights Managers. All information is final.

Analysis of Results: The performance goals were largely achieved. CAMS basic modules were implemented nationwide. The policies on Hours of Duty, Telecommuting, and Leave were developed as common administrative policies in cooperation with the other USDA service center agencies, the Farm Services Administration (FSA) and the National Resources Conservation Service (NRCS). All three policies won conceptual approval from the RD partnership Council. Hours of Duty was finalized and implemented. This policy allows for a variety of family/employees friendly work schedules, including "compressed" and "maxiflex" schedules. Feedback from field employee organizations has been very positive.

Rural Development exceeded the target for civil rights training. This was achieved by aggressively contacting states with less than 100% completion rates. Those states were encouraged to contact all employees who had not taken the training. The Civil Rights staff reduced its backlog of EEO complaints by focusing most of its resources in the informal process to increase the resolution rate. A dynamic EEO counselor was added to the staff and his presence has done much to bring creative approaches to complaint resolution at the earliest stages. In the formal process we continue to encourage managers to resolve complaints that have merit.

Description of Actions and Schedules: Telecommuting agreements with individual employees have been implemented as a practice on a case by case basis mission area wide. The final Telecommuting policy is in the RD issuance clearance system and will be published as an RD instruction. The Leave policy is being redrafted to incorporate recent legislation and Executive orders promoting family friendly leave program changes. Leave and other common policies are currently on hold at the direction of the National Food and Agriculture Council (NFAC) pending review and guidance from policy officials of the new Administration.

Current Fiscal Year Performance: It is anticipated that the Telecommuting policy will be issued and implemented in FY 2002 as an RD Instruction. Training will be provided as needed.

Resolutions of complaints will likely be low because related costs are paid from the State Directors' budgets, rather than the National Office's budget. We continue to strongly encourage resolution of complaints with merit as early in the process as possible.

Program Evaluations: None.

Objective 5.2: Develop information systems which support cost-effective delivery of programs and maximize the availability of information to all employees.

Key Performance Goal and Indicators	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
Enhance and build information systems which support the mission area's programs.				
Fully support the utility programs.	40% of requirements operational.	45% of requirements operational.	65% of requirements operational.	N/A

Implement the new Guaranteed Loan System (GLS).	Phase I implemented.	Phase II, III. & IV completed. Phase V, Funds Reservation system, completed.	Legacy GLAS System retired. Electronic Data Interchange implemented.	GLAS System retired. Electronic Data Inter-change im-plemented.
Develop Program Funding Control System (PFCS)	Cost analysis and functional requirements developed.	Evaluation of commercial 0ff-the-shelf systems completed. Request for proposal completed.	Select and install commercial software and begin developing unique capabilities.	Deferred FY 2001 targets to FY 2002.
Implement the provisions of the E-File legislation.	N/A	Completed required GPEA and freedom to E-File plans to achieve compliance.	Implement web farm. Convert existing forms to web-enabled access.	Implement-ed web farm. Con-verted existing forms to web enabled format

2001 Data: Actual performance is based on measurable project accomplishments as established and monitored by the Information Technology staff. There is no variance to consider and the assessment of results is accurate. The assessment of results, although not audited, is considered by management to be reliable. Information is final.

Analysis of Results: The performance goal was met with achievement of the targets for the GLS, Electronic Data Interchange and, E-file targets. The fist indicator was not reported on because the former project is now defunct. This work was transferred to a new project effort and a new contract has been awarded. This indicator will be redefined and identified as the "Implementation of the Rural Utilities Loan Servicing System".

Description of Actions and Schedules: A new performance indicator for the effort previously included as the "Fully support the utility programs" will be redefined as the "Implement the Rural Utilities Loan (RULSS)". New schedules and new targets will be established.

Current Fiscal Year Performance: Targets related to the continuing development of GLS, PFCS, and RULSS be included in the Annual Performance Plan for 2002.

Program Evaluations: None.

Objective 5.3: Improve financial management to ensure fiscal accountability.

Key Performance Goals and Indicators	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY2001 ACTUAL
Manage the Mission Area's Financial Resources Efficiently and Effectively				
Percent of disbursements made electronically.	32%	53%	60%	58%
Credit Reform - % of programs with clean opinion form OIG	0%	16%	100%	Subject to OIG approval
Reach management decision on OIG financial management audit recommendations within 6 months of audit report issuance	90%	90%	90%	77%
Percent of material FMFIA deficiencies corrected timely	N/A	75%	50%	50%
Receive an unqualified opinion on RD's financial statement.	Qualified opinion received.	Qualified opinion received.	Clean opinion received.	Subject to OIG approval

2001 Data: The data comes from the systems and files of the Chief Financial Officer and is final. The percentage of EFT disbursements is based on the percentage of the number of EFT disbursement to the total number of all disbursements made during FY 2001. For FY 2000, the percent of programs reported with a clean opinion from OIG is related to the guaranteed loan portfolio. Based on Rural Development's FY 1999 financial statements, guaranteed loans represent approximately 16% of the dollar value of Rural Development loan portfolio. The results of the FY 2001 indicators related to 100 percent of the Credit Reform programs having a clean opinion are pending final testing of the Credit Reform model that calculates subsidy for the direct single and multi family housing programs, and OIG's approval of the of the model.

Analysis of Results: Success in achieving the goal is mixed. Software has been implemented to disburse funds electronically (EFT). Rural Development did not meet the 60 percent target for EFT disbursements. However, it is anticipated the percent of EFT disbursements will increase as programs continue to expand the practice of using EFT. Additionally, the established target for obtaining a management decision within 6 months on 90 percent of the audits was not met for FY 2001. Rural Development succeeded in achieving the 90 percent target for FY's 1999 and 2000 and the target will remain at 90 percent for 2002.

Rural Development succeeded in achieving the 50 percent target for the performance indicator "percent of material FMFIA deficiencies corrected timely." Rural Development also anticipates meeting the indicators related to Credit Reform and receiving a clean opinion on the financial statements. Rural Development is one of a number of agencies struggling to develop more reliable Credit Reform models required to calculate subsidy rates. A task force consisting of several USDA agencies, The Department CFO, and OIG are jointly working to develop improved cash flow models. The development of these improved cash flow models should lead to an unqualified audit opinion.

Description of Actions and Schedules: OIG lifted the credit reform qualification for guaranteed loans in Rural Development's FY 2000 audited financial statements. Rural Development has completed and OIG has approved, two of three models required to calculate subsidy rates. The development of the third model to calculate subsidy rates for the direct single and multi family housing programs is being tested and Rural Development is hopeful that OIG will accept the model for FY 2001 financial statements.

Current Fiscal Year Performance: All indicators will be included in the FY 2002 Annual Performance Plan.

Programs Evaluation: OIG Audit 85401-001-FM, Audit of FY 2000 Rural Development Financial Statement, dated February 2001. Rural Development completed a Federal Managers' Financial Integrity Act (FMFIA) Compliance Review of the Automated Multi-housing Accounting System (AMAS) and the Core financial systems.

Objective 5.4: Improve procurement process and effectiveness.

Key Performance Goals and Indicators	**FY 1999 ACTUAL**	**FY 2000 ACTUAL**	**FY 2001 TARGET**	**FY2001 ACTUAL**
Improve procurement process and effectiveness.				
Increase use of performance based contracts.	N/A	N/A	5% of SOW's contain performance standards and Government Quality Assurance Plans.	14% of new contracts were performance based.
Expand on-line procurement.	N/A	N/A	Post all solicitation synopses into www.FedBizOpps.gov 80% of solicitations available for download by contractors.	78% were posted to FedBizOpps

2001 Data: Data for the Procurement Based Service Contract (PBSC) indicator is reviewed from procurement actions in the reporting systems for Rural Development field offices and contractual reports of Procurement

Management Division (PMD procurement system for new contract actions valued at $100,000 or more). Data for the FedBizOpps indicator is from reporting requirements of synopses in the Federal Business Opportunity (FedBizOpps) system and the Commerce Business Daily (CBDnet) system for the field offices and PMD. The Procurement Management Division deems the information reliable.

Analysis of Results: Overall, Rural Development, Procurement Management Division believes that the performance-based service contract goals have been met. The PBSC is a new initiative for the technical/program personnel and the Procurement Management Division attempted to exceed the goal by increasing the performance-based actions for contract that were greater than or equal to $100,000. Although the FedBizOpps indicator was missed by 2%, Rural Development, Procurement Management Division believes that we were still successful. Posting of actions of $25,000 or more to FedBizOpps was implemented in April and the contraction personnel were not trained before this date on this new system. There were synopses actions posted to CBDnet prior to April's implementation of FedBizOpps by Rural Development.

Description of Actions and Schedules: On October 1, 2001, regulation mandated that all agencies post synopses/contractual actions of $25,000 or more to FedBizOpps as the single point of entry for public access.

Current Fiscal Year Performance: Rural Development, Procurement Management Division encourages the technical/program personnel to take the performance-based course and to tailor the statement of work for new requirements to performance-based contracting where applicable. Since regulation requires agencies to use FedBizOpps, we expect to meet the FedBizOpps goal for synopsizing proposal/contractual actions, where applicable.

Program Evaluations: There are no program evaluations.