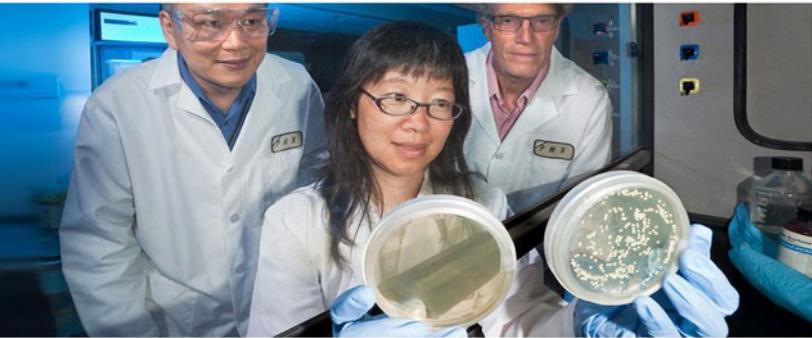




United States Department of Agriculture

SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION



FISCAL YEAR 2014

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About This Summary

The U.S. Department of Agriculture (USDA) Summary of Performance and Financial Information for Fiscal Year (FY) 2014 includes the most relevant performance and financial information in a brief, user-friendly format that is easily understood by a reader with little technical background in these areas. The goal of this summary is to increase accountability of agency heads and program managers by making the financial and performance information more transparent and accessible to Congress, the public, and other key constituencies. USDA's plans and reports are available at <http://www.performance.gov> and <http://www.usda.gov/performance>.

Who We Are and What We Do

USDA was founded by President Abraham Lincoln in 1862, when more than half of the Nation's population lived and worked on farms. The population has increased approximately tenfold and now exceeds 319 million people, the vast majority of whom do not live on farms or in rural areas.

Today, USDA improves the Nation's economy and quality of life by touching the lives of almost every person in America, every day. Nearly 100,000 employees deliver more than \$144 billion in public services through the Department's more than 300 programs worldwide.

Because America's food and fiber producers operate in a global, technologically advanced, rapidly diversifying, and highly competitive business environment, USDA is constantly helping agricultural producers meet the needs of the Nation and of the world.

Strategic Plan and Program Performance

USDA's mission is to provide leadership on food, agriculture, natural resources, rural development, nutrition, and related issues based on sound public policy, the best available science, and efficient management. Through implementing our mission, the Department aspires to achieve five strategic goals as reflected in USDA's 2014-2018 Strategic Plan:

- Assist rural communities to create prosperity so they are self-sustaining, re-populating, and economically thriving;
- Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources;
- Help America promote agricultural production and biotechnology exports as America works to increase food security;
- Ensure that all of America's children have access to safe, nutritious, and balanced meals; and
- Create a USDA for the 21st century that is high performing, efficient, and adaptable.

USDA has also established three Agency Priority Goals (APGs) for FY 2014 and 2015 that identify near-term goals to help USDA progress toward meeting our longer term strategic goals and objectives. USDA's APGs are:

- Create new economic opportunities;
- Improve soil health; and
- Reduce foodborne illnesses.

In addition, the Department utilizes annual key performance indicators as a mechanism to analyze USDA's year-over-year progress in achieving priorities, goals, and strategic objectives. In FY 2014, USDA had 40 key performance indicators, as reflected in the Department's FY 2014 Annual Performance Plan (<http://www.obpa.usda.gov/budsum/FY14budsum.pdf>).

The following provides a high-level description of key focus areas for the Department that are being tracked and managed through USDA's performance management process in alignment with the Department's strategic goals and objectives.

Rural Prosperity: A vibrant American economy depends on a prosperous rural America. Our four primary pillars of economic opportunity in agriculture are: exports, local food systems, conservation and outdoor recreation, and enhancing the biobased economy. USDA is making an impact on persistent poverty, out-migration, and rural income through increases in the number of homeownership opportunities provided in rural communities and the percentage of direct and guaranteed lending to beginning farmers.

Resource Conservation, Restoration, and Resiliency: A healthy and prosperous America relies on the health of our natural resources, and particularly our forests and agricultural working lands. Forests and other lands absorb approximately 14 percent of emissions. To help improve the health of our natural resources USDA has worked to increase the annual acres of public and private forest lands restored or enhanced and to increase the percentage of national forests and grasslands in compliance with a climate change adaption and mitigation strategy.

Increased Exports and Global Food Security: Working with other Federal partners, the Department is working towards reducing global food insecurity and increasing agriculture-led economic growth in developing countries. The Department continues to seek new trade opportunities for American agricultural producers and is also striving to bring products of new and emerging technologies to the worldwide marketplace. In addition, USDA is focused on improving efforts to reduce food insecurity across the world by providing technical assistance to people in food insecure countries.

Safe and Nutritious Food: A plentiful supply of safe and nutritious food is essential to the healthy development of every child in America and to the well-being and productivity of every family. In FY 2014, USDA has seen improvements in the reduction of foodborne *Salmonella* illnesses associated with meat, poultry, and processed egg products regulated by USDA's Food Safety and Inspection Service. Over the past 3 years, USDA's food assistance programs have contributed to the steady decrease seen in the prevalence of food insecurity in households with children.

Departmental Modernization: Through its Blueprint for Stronger Service, USDA is: building a modern workforce, implementing a modern workplace, and exercising good stewardship of the resources entrusted to the Department. During FY 2014, USDA implemented policies to achieve a more efficient use of funds through decreases in the amount of leased office and warehouse space controlled by USDA and to build a more effective workforce through process improvements and increased use of telework.

A detailed discussion of results for the Department's FY 2014 performance goals, assessment methodologies, metrics, external reviews, and documentation of performance data will be presented in the FY 2014 USDA Annual Performance Report, which will be released with the Department's FY 2016 budget.

Financial Information

The FY 2014 Agency Financial Report (AFR) includes USDA's audited financial statements and the Independent Auditor's Report. In addition to the basic financial statements, the AFR includes management's discussion and analysis, required supplementary information, and other information, such as the Schedule of Spending.

The following table presents a snapshot of USDA's results of operations and financial position. This information is based on the same underlying data as the financial statements presented in the AFR.

Exhibit 1: A Snapshot of USDA's Results of Operations and Financial Position

A Snapshot of USDA's Results of Operations and Financial Position (In Millions)		
	FY 2014	FY 2013
Gross Costs	\$155,456	\$152,861
Less: Earned Revenue	10,563	8,723
Net Cost of Operations	\$144,893	\$144,138
Assets:		
Fund Balance with Treasury	\$101,717	\$86,570
Direct Loan and Loan Guarantees, Net	101,243	100,710
Other	4,881	6,359
Total Assets	\$207,841	\$193,639
Liabilities:		
Debt	\$114,102	\$105,040
Other	45,233	46,302
Total Liabilities	\$159,335	\$151,342
Net Position (Assets Minus Liabilities)	\$48,506	\$42,297
Budgetary Resources	\$234,595	\$243,197
Outlays, Net	\$144,163	\$159,172

Significant Management Challenges

The Reports Consolidation Act of 2000 requires the USDA Office of Inspector General (OIG) to report annually on the most significant management challenges facing the Department.

On August 15, 2014, the OIG reported the following major management challenges. A detailed description of the challenges and assessment of the Department's progress in addressing these challenges may be found in the FY 2014 AFR.

- Interagency Communication, Coordination, and Program Integration Need Improvement.
- USDA Needs to Create Strong, Integrated Internal Control Systems Across Programs.
- Information Technology Security Needs Continuing Improvement.
- Departmental Outreach Efforts Need to be More Transparent.
- Strategic Plan on Trade Should be Strengthened to Assess the Impact of Agricultural Commerce and Trade.
- Action Needed to Improve Natural Resources Stewardship.
- Food Safety Inspection Systems Need Improved Controls.
- Identifying, Reporting, and Reducing Improper Payments Can Strengthen USDA Programs.
- USDA Needs to Increase Efforts for Appropriately Training and Preparing Human Resources.
- Food and Nutrition Service Needs to Strengthen Supplemental Nutrition Assistance Program Management Controls.
- USDA Needs to Develop Effective Performance Measures for its Programs.