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Statement of
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Comptroller General of the United States
before the
Subcommittee on Agriculture, Rural Development,
and Related Agencies, *S. 317*
d1 Senate Committee on Appropriations
on
[General Accounting Office reviews of
Department of Agriculture activities]

We are here today at your invitation to provide *42*
information on various Department of Agriculture activities,
including food programs, conservation, and location of
field offices; and on a mission budgeting study we are
doing for this Subcommittee. I will discuss each of the
various areas briefly.

DOMESTIC FOOD ASSISTANCE PROGRAMS

WIC program

Domestic food assistance programs make up the bulk of
Agriculture's budget. One of the fastest growing programs
is the special supplemental food program for women, infants,
and children, commonly called WIC. It cost about \$370
million in fiscal year 1978. Its authorized funding level
rises to \$950 million in 1982.

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Our February 1979 report on this program, requested by this Subcommittee, noted that although many local WIC programs provided needed health services and operated as adjuncts to good health care as the Congress intended, some did not. We recommended several measures to help this situation, but with the difficulty in ensuring that medical services will be available for WIC participants, and the program expanding rapidly, this could continue to be a problem. Solutions could require difficult decisions by the Congress and the Administration, possibly involving reducing funds for WIC, increasing funds for health services, some combination of these, or some other measures. However, such decisions must be made if WIC is to avoid becoming simply a food assistance program rather than having a strong and direct health tie-in.

Summer food service program

We have reported three times since 1975 on problems in the summer food service program for children. Although substantial improvement in the program's design and operation have been made, problems continue. A critical remaining problem is the funding of State and sponsor administrative costs.

In November 1977 the Congress changed the authorizing legislation to provide flexibility in funding sponsors' administrative costs in line with our April 1977 recommendation. This provision has not been implemented, however,

because Agriculture has not conducted an adequate study of sponsor administrative costs to serve as a basis for overall criteria and ceilings. In addition, our recommendation for changes in the legislation to provide more flexibility in funding State administrative costs has not been adopted, although the basic funding rate has been increased from 2 to 2-1/2 percent of program costs.

We understand that the funding problem has resulted in several public sponsors and State agencies withdrawing from the program. When public sponsors withdraw, private sponsors usually take their place. Experience shows that private sponsors are more prone to serious abuse. Also, when a State withdraws, the Department's Food and Nutrition Service must administer the program in that State. The Service has said that Federal administration of the program is more expensive and less effective than State administration. This could be a particular problem in California this year where the State withdrew at a late date, leaving the Service little time to prepare to administer the program.

Food program benefit gaps and overlaps

In June 1978 we reported on overall benefit gaps and overlaps and administrative inconsistencies in 13 major domestic food assistance programs. By participating in several such programs simultaneously, which is specifically sanctioned by the programs' authorizing legislation, households can receive more in food benefits than the average amounts American families of comparable size spend for

food, and more than is needed to purchase a thrifty food plan diet. We estimated that if food stamp allotments alone were tailored to meet the differing nutritional needs of household members of different ages and sex, over a half billion dollars might be saved each year.

Administrative inconsistencies among the 13 programs include different eligibility criteria relating to income and asset limits and exclusions from income, different requirements for verifying income, and different accounting periods for measuring income.

Food stamp work requirements

On food stamp work requirements, we advised the Subcommittee last year that registering food stamp recipients for jobs appeared to be treated as a paper-pushing exercise rather than as a tool for reducing the program's size. Although we have seen little, if any, effort to improve this situation since our April 1978 report, the Food and Nutrition Service has initiated efforts to compare the costs and benefits of work registration with the workfare pilot projects, as we recommended. We plan to review the workfare projects, in which food stamp recipients will be required to work on public service jobs for the value of their benefits, and to monitor the Service's evaluation of work registration activities.

Proposed budget cuts

This year, we testified on the Department's 1980 budget proposals which would cut \$357.6 million from

the child nutrition programs, including \$261.8 million from the school lunch program and \$47 million from the summer feeding program, and cut the special milk program by \$110 million, from \$142 million to \$32 million.

The Department tried to limit program cuts to children who would be least affected by them. The lack of program information and evaluation material, however, severely constrained both us and the Department from fully assessing the impact of the cuts and the viability of alternative proposals.

The Department had little convincing evidence to support its proposed modifications in the school lunch program. However, it had some basis for cutting back on the special milk program. It also had a rationale for reducing the summer feeding program budget, although, even here, it seems that the Department did not fully consider available options for decreasing costs without eliminating eligible children from the summer program.

We recommended that the Congress require the Secretary of Agriculture to make a comprehensive evaluation of all the child nutrition programs. Such an evaluation should consider the interaction of all Federal feeding programs in meeting legislative objectives. This recommendation was subsequently embodied in Senate Resolution 90.

NUTRITION

Two of our reports during the past year dealt with nutrition. One discussed recommendations we had made earlier for more effective nutrition intelligence. The

Departments of Agriculture and HEW are developing plans to implement a proposed Nutritional Status Monitoring System, taking our recommendations into account.

The other report dealt with our review of the concept of recommended dietary allowances and their determination, to see if they appropriately met the needs of consumers and Government feeding programs. These allowances are intended to be guidelines for nutrient intakes to ensure a healthy population.

We concluded that the allowances are a reasonable standard for use by nutrition professionals in planning and evaluating diets but that meeting these standards did not ensure an adequate diet and that the allowances were generally too complex for general public understanding.

We recommended that HEW and Agriculture have the National Academy of Sciences assist in identifying nutrition research needs and establishing research priorities related to the allowances. Results of this research should be used to expand the allowances to additional nutrients. We also recommended that the two Departments, with the assistance of other experts, develop food guides so that the allowances might be better used and that current nutrition concerns regarding fat, sugar, salt, and fiber be addressed.

FOOD PROGRAM INFORMATION

In June 1978 the Chairmen of the Senate Appropriations Committee and this Subcommittee asked us to compile a

Government-wide nutrition, food, and agriculture information base and conduct an organizational analysis of existing programs. It was expected that the information developed would be useful not only for hearings but would also be beneficial in obtaining a Government-wide perspective of the food and agriculture area in years to come.

Through a cooperative effort between GAO and Agriculture with assistance from the Office of Management and Budget, a list of 359 different Federal programs has been developed. We collected data from 28 different Government organizations that are now on Agriculture's computer system. The information contained in this data base includes such things as enabling legislation; budget authority, outlays, and obligations; program accomplishments and objectives; and users and agency contact points in each of the 359 programs.

Such information should satisfy the Committee's request in the short term, but more importantly, the structure has now been developed to continue this effort in future years. Through periodic updating, the Committee will be able to maintain a continuing Government-wide perspective of the food, agriculture, and nutrition issue. This information will prove useful in Committee deliberations on budget decisions as well as organizational problems.

In a broader context, this pilot effort in developing a Federal program inventory can be used in implementing the Sunset and Oversight legislation that has again been

introduced in this Congress. The proposed Sunset legislation requires that a Government-wide program inventory be developed for all Federal programs. This job has demonstrated that it is possible to create such an inventory that is useful, up-dateable, and easily used by decisionmakers.

FOOD PRICES

We recently issued a report on food prices which discussed (1) how food prices are determined, (2) what makes them change, (3) why retail food prices don't always decline when farmers get less for the raw commodity, (4) the adequacy of Federal food price statistics, and (5) what can be done in the future to stabilize food prices. The report recommended actions which should be taken to reduce food marketing costs, improve efficiency, stabilize food prices, and improve food price statistics.

TOXIC RESIDUES IN RAW MEAT AND POULTRY

Last week we reported that Federal efforts to protect consumers from illegal and potentially harmful residues of animal drugs, pesticides, and environmental contaminants in raw meat and poultry have not been effective. Many of these substances to which food-producing animals are exposed are known to cause or are suspected of causing cancer, birth defects, or other toxic effects. Residues of many such substances have been found in raw meat and poultry, often at levels exceeding established tolerances.

We recommended a number of legislative and administrative changes to improve Federal efforts to prevent the marketing of raw meat and poultry containing potentially harmful residues. While Agriculture, the Food and Drug Administration, and the Environmental Protection Agency did not agree with all of our specific recommendations, they did agree that improvements are needed in Federal efforts to control illegal residues in raw meat and poultry.

CONSERVATION PROGRAMS

Water Bank Program

We reported in February 1979 that Agriculture's Water Bank Program was not as effective as it could be in preserving wetlands. We recommended that the Congress increase the Secretary's administrative flexibility by giving him (1) greater discretion as to what wetlands should be preserved and (2) the ability to adjust payment rates during the course of the program's 10-year agreements.

We also identified several areas where the Department should improve its understanding of the way in which the program operates to increase its effectiveness and efficiency. Department officials agreed with our recommendations; legislation addressing our recommendations has been introduced in both the House and Senate.

We also pointed out that wetland preservation involves the Department of the Interior, the Army Corps of Engineers, the Environmental Protection Agency, and the Water Resources

Council. We observed an apparent emphasis by these agencies on the value of wetlands to waterfowl and other wildlife, perhaps neglecting other wetland values such as flood control, pollution and sediment control, and ground water supply. Because information on these values is lacking and not well coordinated among the agencies, we recommended that a coordinated data collection and research effort be carried out under the leadership of the Water Resources Council.

Resources conservation act

We have been reviewing the Department's efforts in implementing the Soil and Water Resources Conservation Act of 1977. This act requires a continual appraisal of soil, water, and related resources, and the development of a national soil and water conservation program.

We were concerned that during the initial phase of implementing this act, the potential results would be quite disappointing, primarily because of a lack of commitment on Agriculture's part to tap the full resources and information capabilities of the Department and other Federal agencies. We feel that the Department has made significant improvements in recent months. However, in view of the complexity of the task and the short time for its completion, the Department may have difficulty in reaching its goals.

We recognize the importance of this act in leading to more effective and better managed soil and water conservation

programs. We are developing an evaluation framework, along with guidelines for its use, which will provide a checklist for use in congressional oversight. We believe that the Department will also be able to use this framework for identifying important management and evaluation issues with which it should be concerned.

Erosion control programs

In February 1977 we reported that technical and financial assistance programs designed to help farmers control erosion had not been as effective as they could have been in establishing enduring conservation practices. The Soil Conservation Service and the Agricultural Stabilization and Conservation Service responded by taking a number of actions to better accomplish these objectives.

The appropriations legislation for the 1979 program reflected our recommendation to emphasize the funding of critically needed conservation practices and limit program spending on production-oriented practices that have little or no conservation or pollution abatement benefits. The Department requested \$65 million less for the 1980 program than was appropriated for the 1979 program as a result of this shift in program emphasis.

Nonpoint source pollution control program

To help control nonpoint sources of pollution and improve water quality, the Clean Water Act of 1977 established a new program in the Department of Agriculture to provide technical and financial assistance to landowners in

implementing long-term control measures. Although a total of \$600 million was authorized for the program, funds have not yet been appropriated. Some nonpoint source problems on agricultural lands are being addressed, however, under the Agricultural Conservation Program. For fiscal year 1980, the Department is requesting \$75 million to initiate the new program.

We believe an aggressive nonpoint source pollution control program is needed if legislatively mandated water quality goals are to be met in many parts of the country. Many expensive waste treatment facilities have been built to address point sources of pollution, but the full impact of these facilities in improving water quality may never be realized unless nonpoint sources of pollution are economically brought under control.

LOCATION OF FIELD OFFICES

We are submitting to your Subcommittee today a report on our review of Agriculture's efforts to colocate its field offices to improve service delivery and achieve program missions. The Subcommittee expressed interest in this matter at last year's hearings.

Since 1962 the Department has had a colocation program providing that its agencies' field offices in the same community be located together in the same building. Although progress has been made in collocating field offices

at the local level, there is substantial potential for additional colocation.

We are recommending several actions that the Department and the General Services Administration should take to resolve their conflicts in locating field offices and to enhance colocation efforts so as to improve service delivery and to achieve the Department's rural development objectives and program missions as efficiently and effectively as possible.

MANAGEMENT PRACTICES OF THE AGRICULTURAL
STABILIZATION AND CONSERVATION SERVICE

Another review which is nearing completion relates to Agricultural Stabilization and Conservation Service management activities, including the work measurement and workload forecasting systems for determining staffing requirements. Our review, done at the request of this Subcommittee, has turned up problems in staffing determinations and in other areas of management control.

Our judgment is that the Service's work measurement and workload forecasting systems, which are also used in developing the agency's budget, cannot yet be relied on to determine the minimum number of people needed to effectively administer Service programs.

We also believe that the Service needs to strengthen management oversight of State and county offices. Especially noteworthy was its limited involvement in various State and

county office spending decisions. For instance, these offices acquire aerial observation services and equipment and have purchased programable calculators with minimal headquarters' planning and control. In the case of the programable calculators, we believe about \$1.2 million more than necessary was spent. Greater top management oversight should contribute to more efficient use of the Service's limited resources.

INTERNATIONAL FOOD ASSISTANCE

Poverty and malnutrition are pervasive in the developing countries. To alleviate these conditions, the Congress has stressed humanitarian and developmental objectives of Public Law 480 food aid programs. Large numbers of needy people are helped by U.S. food donations, but in a recent review of the Title II donation programs, we found that organizational and management problems and inadequate recipient country facilities hindered program effectiveness.

Too many agencies are involved in program management. The Agency for International Development oversees the program; Agriculture controls the appropriation and determines commodity type and availability; and both Agriculture and the Office of Management and Budget review AID's programing decisions. This diffusion of responsibility has not been a motivating force for integrating food aid and economic development programs.

Another major problem in reaching the needy with food aid programs is nonexistent or inadequate recipient country facilities. More needs to be done to help the voluntary agencies and cooperating governments improve their food distribution capabilities.

The likelihood of spoilage and waste of U.S.-provided food and the potential adverse impact on local production have been of concern to us and the Congress. A 1977 amendment to Public Law 480 requires the Secretary of Agriculture to determine that adequate storage facilities are available and that U.S. food aid will not be a substantial disincentive to domestic production in the recipient country. Although these determinations were being made, we found at selected U.S. overseas missions that they were inadequately supported by analytical documentation. We recommended in a recent report that the Agency for International Development make a greater effort to insure that the determinations are supported by adequate analysis and thus assure that the intent of the legislation is achieved.

FARMERS HOME ADMINISTRATION ACTIVITIES

We reported in May 1978 that variances in the laws and procedures governing the disaster programs of the Farmers Home Administration and the Small Business Administration resulted in confusion and inequitable treatment of farmers and that there was overlapping and duplication

of effort. We recommended that the Congress determine what the Government's policy should be on making loans to farmers who can obtain credit elsewhere. Once this policy issue is decided, the Small Business Act should be amended so that the Small Business Administration is no longer authorized to make disaster loans to farmers and, if necessary, appropriate changes reflecting the policy decision should be made to the Farmers Home Administration's enabling legislation. We recommended that if this action was not taken, the agencies make the changes needed to achieve consistency between the programs and to avoid overlapping and duplicative efforts. We understand the agencies are currently working toward this end.

A report released yesterday discusses the long-term cost implications of Farmers Home Administration subsidized and guaranteed loan programs. We identified the several types of costs associated with the programs, including interest subsidies, default and administrative costs, and related payments for grants and rental assistance. We developed annual and cumulative cost estimates for 10 of the larger loan programs and used this data to estimate that the 1979 loan authorization would result in 10-year and 20-year costs of \$2.6 billion and \$3.8 billion, respectively.

We recommended that the agency develop cost projections and incorporate them in its budget requests. Future costs

of Federal loan programs can represent a substantial commitment of Federal funds. We brought this report to the attention of the Office of Management and Budget with the expectation that other agencies can benefit from introducing long-term cost projections into their planning processes and budget requests.

A similar study is currently underway to examine the costs and subsidies of programs in the Rural Electrification Administration. Results of this study will be issued shortly.

SUGAR PROGRAM

We have recently completed two reports on sugar policy and programs. The first was an overview report which described the principal elements of the U.S. sugar and corn sweetener industries, the sugar industries of major U.S. trading partners, and the International Sugar Agreement. It also discussed some of the issues involved in developing sugar legislation. We recommended that the Congress enact comprehensive sugar legislation and direct the Secretary of Agriculture to obtain needed information on sugar and corn sweeteners.

In the other report, we pointed out that Agriculture's sugar price-support payment program on 1977 crop-year sugar had resulted in questionable payments of millions of dollars and that the loan program was beset with problems of

storage, underpayments to growers, and failure to verify or enforce minimum wage requirements. Substantial defaults on Government loans have been occurring as a result of low-cost sugar imports, but no final plans have been made to dispose of the sugar forfeited to the Government as loan collateral.

We recommended that the Congress enact legislation to permit sugar agricultural workers to benefit from payment programs and that the Congress provide guidance on any future program implementation. We also made several recommendations to Agriculture to help solve the problems of its two programs intended to aid sugar producers.

CHANGING STRUCTURE OF AMERICAN AGRICULTURE

Last September we issued a report which discussed the importance of agriculture and its changing character and structure and presented a series of issues which warrant attention by the Congress and others responsible for the viability of the American farm sector. Some of the points highlighted in the report were:

1. Farmers have been going out of business at the rate of 2,000 per week since the 1940's. This has concentrated the production of agriculture in fewer and fewer people.
2. The remaining farmers have stayed in business by seeking off-farm income and/or getting larger. But the continuing cost/price squeeze suggests that getting larger may no longer be a solution for staying in business.

3. Aggregate Federal Government statistics mask what is happening to the individual farmer in different regions and by crops. As a result policymakers do not know the full impact of their decisions.
4. The changing structure of American agriculture raises many questions which need to be addressed. The basic question is: Is the U.S. losing its farm family resiliency to produce during adverse economic times?

MISSION BUDGETING

This Subcommittee has asked us to develop a mission budgeting structure for the Department of Agriculture. We are exploring the feasibility and utility of mission budgeting in a step-by-step way that would retain the information and visibility now provided by the current appropriation account structure.

The initial focus of the study is to develop, in consultation with Department officials, departmental mission statements and their associated mission areas and mission needs, as well as identification of specific programs intended to implement each stated mission. To date, we have developed a draft mission structure, with identification of mission-related programs. During the next few weeks, we will be obtaining comments on this material from Department officials and the Subcommittee's staff.

Subsequently, we will analyze the technical feasibility, including level of difficulty, advantages/disadvantages, and impact on the current process, of employing mission budgeting within the Department. We will also examine the value of mission budgeting as a resource tool that can be used by the Congress in reviewing Agriculture's budget submission.

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This highlights some of the work we have done on food, agriculture, and nutrition activities during the past year. We have, of course, provided the Congress a number of other studies and reports on these activities and we have a number of other jobs underway. We plan to continue to devote substantial resources to reviews of these activities and we appreciate this Subcommittee's continuing interest in our work.

That concludes my statement, Mr. Chairman. We will be glad to respond to any questions you may have.

GAO Reports Discussed in StatementStatement
referenceReport TitleDomestic Food Assistance Programs

- p. 2 The Special Supplemental Food Program for Women, Infants, and Children (WIC)--How Can It Work Better? (CED-79-55), February 27, 1979.
- p. 2 The Summer Feeding Program for Children: Reforms Begun--Many More Urgently Needed (CED-78-90), March 31, 1978.
- p. 2 The Summer Feeding Program--How to Feed the Children and Stop Program Abuses (CED-77-59), April 15, 1977.
- p. 2 An Appraisal of the Special Summer Food Service Program for Children (RED-75-336), February 14, 1975.
- p. 3 Federal Domestic Food Assistance Programs--A Time for Assessment and Change (CED-78-113), June 13, 1978.
- p. 4 Food Stamp Work Requirements--Ineffective Paperwork or Effective Tool? (CED-78-60), April 24, 1978.
- p. 5 Future of the National Nutrition Intelligence System (CED-79-5), November 7, 1978.
- p. 6 Recommended Dietary Allowances: More Research and Better Food Guides Needed (CED-78-169), November 30, 1978.

Food Price Statistics

- p. 8 What Causes Food Prices to Rise? What Can be Done About It? (CED-78-170), September 8, 1978.

Toxic Residues in Raw Meat and Poultry

- p. 8 Problems in Preventing the Marketing of Raw Meat and Poultry Containing Potentially Harmful Residues (HRD-79-10), April 17, 1979.

Conservation

- p. 9 Better Understanding of Wetland Benefits Will Help Water Bank and Other Federal Programs Achieve Wetland Preservation Objectives (PAD-79-10), February 8, 1979.
- p. 11 To Protect Tomorrow's Food Supply, Soil Conservation Needs Priority Attention (CED-77-30), February 14, 1977.
- p. 12 National Water Quality Goals Cannot Be Attained Without More Attention to Pollution From Diffused or "Nonpoint" Sources (CED-78-6), December 20, 1977.

Location of Field Offices

- p. 12 Colocating Agriculture Field Offices--More Can be Done (CED-79-74), April 25, 1979.

Management Practices of the Agricultural Stabilization and Conservation Service

- p. 13 Report in process on Agricultural Stabilization and Conservation Service Management Activities, Including the Work Measurement and Workload Forecasting Systems.

International Food Assistance

- p. 14 The Overseas Food Donation Program--Its Constraints and Problems (ID-75-48), April 21, 1975.
- p. 14 Disincentives to Agricultural Production in Developing Countries (ID-76-2), November 26, 1975.
- p. 14 The World Food Program--How the U.S. Can Help Improve It (ID-77-16), May 16, 1977.
- p. 15 Hungry Nations Need to Reduce Food Losses Caused by Storage, Spillage, and Spoilage (ID-76-65), November 1, 1976.
- p. 15 Efforts To Improve Management Of U.S. Foreign Aid--Changes Made and Changes Needed (ID-79-14), March 29, 1979.

Farmers Home Administration

- p. 15 Difficulties in Coordinating Farm Assistance Programs Operated by Farmers Home Administration and Small Business Administration (CED-78-118), May 25, 1978.
- p. 16 Long-Term Cost Implications of Farmers Home Administration Subsidized and Guaranteed Loan Program (PAD-79-15), April 24, 1979.

Sugar Program

- p. 17 Sugar and Other Sweeteners: An Industry Assessment (CED-79-21), February 26, 1979.
- p. 17 Questionable Payments and Loan Defaults in Sugar Programs (CED-79-24), March 16, 1979.

Changing Structure of American Agriculture

- p. 18 Changing Character and Structure of American Agriculture (CED-78-178), September 26, 1978.