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GAO Audits of the Commodity
Food Area

Statement of
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Before the
Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition
House Committee on Agriculture



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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our work on the commodity food area, which is administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service. Specifically, we will discuss our current work on commodity distribution program reforms that were mandated by the Commodity Distribution Reform Act and WIC Amendments of 1987, and a recently issued report on the commodity food distribution program at four Indian reservations. The 1987 act mandated reforms in the way USDA distributes commodities under food assistance programs. The act also mandated time frames for completing some reforms and that we review USDA's progress in implementing the reforms.

Let me briefly summarize the results of our work.

SUMMARY OF FINDINGS

Our ongoing review shows that USDA has implemented all of the legislated reforms. However, as part of its reform efforts, USDA intends to take additional actions on 4 of the 31 implemented reforms to formalize procedures or provide guidance for federal, state, and local operations. Some of the statutory implementation time frames were missed because of lengthy review and approval procedures, the complexity of the reforms, and the act's broad application. We will be recommending some actions that we believe will enhance USDA's reform efforts.

Three Senate committee chairmen and seven Senators requested that we review the effectiveness of food assistance programs on four Indian reservations. Food aid is provided to Indians through federal programs, such as the Food Stamp Program and the commodity food distribution program, and food assistance from nonfederal sources. In our recently issued report on Indian commodity programs we concluded that the Food Stamp Program along with

commodity foods and nonfederal food assistance have contributed to the improved diet of Indian households living on or near reservations.¹ However, tribal officials told us that some hunger exists on two of the four reservations included in our review. A greater concern than hunger on each of these reservations was the prevalence of diet-related diseases, such as diabetes, heart disease, and hypertension, and how federal food assistance and the lack of nutrition education may impact those diseases. Although we did not make any recommendations, it appears that providing an adequate food supply and proper education that addresses the nutritional needs of the general reservation population, as well as those with diet-related diseases, could improve quality of life.

I will now discuss each of these areas in more detail.

USDA'S IMPLEMENTATION OF LEGISLATED
COMMODITY DISTRIBUTION REFORMS

Following a decade of concern and heated debate about problems with USDA's program to distribute agricultural commodities, the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237) required the Secretary of Agriculture to implement a broad range of reforms to improve the overall commodity distribution program. These reforms were to improve (1) the manner in which donated agricultural commodities are distributed to recipient agencies, (2) commodity quality, and (3) the response of the commodity distribution program to recipient agencies' needs.

In recent years one program goal--removing agricultural surpluses from the marketplace--has not always complemented the

¹FOOD ASSISTANCE PROGRAMS: Nutritional Adequacy of Primary Food Programs on Four Indian Reservations (GAO/RCED-89-177, September 29, 1989).

goal of providing nutritious, high-quality foods to needy individuals through recipient agencies. Often, the quantities and kinds of food that the agencies received increased their storage and handling costs and hindered the donated commodities' effective use. Section 3 of the act directed the Secretary to implement 31 specific reforms to ensure effective and consistent program operation at the federal, state, and local levels. Sixteen had to be implemented by specific dates. USDA's January 1988 work plan called for the act's implementation within the statutory deadlines (by October 1988), by means of interim, proposed, and final rules and administrative actions.

In response to the 1987 act, we monitored and assessed USDA implementation efforts primarily at the three USDA agencies involved in the program's management--the Food and Nutrition Service, Agricultural Marketing Service, and Agricultural Stabilization and Conservation Service. Our review focused on determining (1) the status of the implementation efforts, including USDA's meeting the act's deadline requirements; (2) the reasons for any unmet deadlines; and (3) any adverse impacts resulting from USDA's implementation actions or unmet deadlines. We provided you and others in the Congress and USDA with the results of our work in July 1988 and expect to issue our report shortly.

Status of Implementation Efforts

USDA officials recognized the reforms' importance to the commodity distribution program's future operation and implemented reform initiatives. For example, over a year before the reform legislation's enactment, the Secretary (1) ordered a comprehensive review of the commodity distribution program, (2) established "special commodity initiatives" to improve commodity donations throughout the National School Lunch Program, and (3) appointed a departmental task force to coordinate USDA's reform activities.

In October 1989, USDA issued final rules for 6 legislatively required reforms that remained to be implemented. As a result, USDA has implemented all of the 31 legislated reforms. However, 4 of the implemented reforms await additional USDA action to formalize procedures or provide guidance for federal, state, or local operations.

Specifically, the yet-to-be completed actions involve USDA's publicly announced intent to (1) establish formal procedures for the commodity field testing program that USDA implemented through an April 1988 Federal Register notice, (2) formalize review procedures of the costs and benefits of providing commodities in a way that best meets recipient agencies' needs (also implemented through the April notice); and (3) develop product acceptability testing and monitoring guidance for distributing agencies implemented through July 21, 1988, interim rules.

Completing actions on these reforms--the primary responsibility of the Food and Nutrition Service with involvement by the other two Services--would help ensure consistent and uniform operations at the federal, state, and local levels. For example, USDA uses informal procedures that lack uniformity in conducting its commodity field tests. At the time of our review, however, USDA had no current plan in place directed at completing these actions. Its January 1988 work plan was not updated with revised time lines or the tasks required for the reforms' completion. We believe an up-to-date plan for completing these actions is needed to help avoid further delays and ensure the reforms' consistent and uniform operation. Therefore, we plan to recommend that the Secretary of Agriculture direct the Food and Nutrition Service, in concert with the other Services, to develop a revised work plan to ensure that the remaining reforms are implemented in a consistent and uniform manner at the federal, state, and local levels.

Reasons for Unmet Deadlines

Regarding the timeliness of USDA's actions on the 31 reforms, the 1987 act set implementation time frames for 16. USDA implemented 6 of these reforms before the legislated deadlines; 10 missed their mandated dates for a variety of reasons. According to USDA officials, the delays were caused principally by (1) the sometimes lengthy USDA regulatory clearance process, (2) some unrealistic implementation time frames, (3) the complexity of some reforms, (4) the difficulty of applying the reforms to agencies with differing program requirements, and (5) the need to ensure the consistency of some reforms with other regulatory changes.

Impact of USDA Actions

To determine whether the implementation actions themselves, or the fact that USDA did not meet some of its deadline requirements under section 3, have had any adverse impact on the commodity distribution program, we reviewed public comments on USDA rules used to implement or propose regulatory changes for specific reforms. We also obtained comments from national associations representing program participants' views on those reform actions where USDA did not invite public comments as part of their implementation. None of the comments cited any specific adverse impacts from USDA's implementation delays. Many did take issue with the appropriateness and feasibility of specific reform requirements or proposals and raised some concerns resulting from USDA's discretionary rulemaking. Other concerns involved changes that were specified by the law; for example, some objected to the legislatively required frequency of state agency reporting to USDA. Overall, the respondents' comments tended to show a broad range of concerns for how the 1987 act and the rules would affect them. Generally, they were concerned with such factors as implementation costs and the doability of some requirements. Associations noted

some improvements in the program's operation under the reforms but told us there is a need for additional improvements.

Both commenters and Service officials identified concerns about staffing, resources, and delays in developing evaluation guidance that limit USDA's ability to effectively monitor state and recipient agency compliance with reforms. In this regard, a continuing concern of ours and USDA's Office of Inspector General is the Food and Nutrition Service's ability to effectively monitor and account for inventories of donated commodities stored at the state and local levels for school and nonschool programs. At the time of our review, the Service was acting to improve its method of planning future management evaluations. The Service also planned to resolve related inventory management deficiencies. Considering past delays in providing evaluation guidance and continuing problems with inventory accountability, we believe the Food and Nutrition Service needs to ensure the timely implementation of its plan to conduct future management evaluations and provide inventory management information. In our draft report, which was submitted to USDA for comment, we proposed that the Service complete changes to its management evaluations planning process and ensure that specific program monitoring improvements are included. USDA subsequently changed its planning process and some monitoring improvements are ongoing.

In our view, consistent and complete implementation of all the reforms is essential if they are to have the effect anticipated by the Congress when it passed the act. In addition, the act's full "implementation" goes beyond issuing rules and includes USDA's ensuring that the reforms are in fact implemented consistently by all organizations and that appropriate monitoring and coordinating mechanisms are in place. Otherwise, the program may encounter many of the same problems that led to the reforms in the first place.

COMMODITIES ON INDIAN RESERVATIONS

One of USDA's commodity programs--the Food Distribution Program on Indian Reservations--was created primarily to help meet the nutritional needs of Indian households located on or near Indian reservations and was the subject of the report we issued in September 1989.

Our objective was to determine the extent to which the Indian commodity program is meeting the nutritional needs of households located on four Indian reservations: Fort Berthold in North Dakota; Pine Ridge in South Dakota; White Earth in Minnesota; and Navajo in Arizona, New Mexico, and Utah.

Indian commodities and Food Stamps are the principal food assistance programs on the four reservations. Three of the four reservations also received some type of nonfederal food assistance through national organizations, local food banks, churches, and nonprofit social service agencies. Indian commodities provides participants with a monthly food package containing a variety of surplus and purchased commodities. This package is intended to be consistent with national dietary guidelines, but is not designed to specifically address the special dietary needs of Indians. Reservation households that are eligible to participate in both the commodity program and the Food Stamp Program may choose to participate in either but not in both programs simultaneously.

The average national participation in the Indian commodity program in 1988 was about 135,000 persons in 27 states. Benefits totaled about 100 million pounds of food valued at about \$49 million that provided an average monthly benefit value of just under \$29 per person. Participation rates in December 1988 ranged from 12 to 45 percent of the resident Indian population on the four reservations we reviewed. (The December data were the most recent

data uniformly available for all four reservations at the time of our review.)

USDA considers the Indian commodity program to be a supplemental food program which is not intended to be the sole source of food for recipient households for the complete month. However, tribal officials told us that with unemployment rates ranging from 50 to 79 percent on the four reservations, there are a number of reservation households that rely on the food packages as their sole source of food. The size of the food package does not vary with income nor does it vary with household composition. For example, a household with six adults receives the same amount of food as does a household with two adults and four children.

There were varying opinions about whether food packages contain enough food. Tribal officials at the Navajo and White Earth Reservation told us that the size of the food packages appears to be adequate. Tribal officials at the Pine Ridge and Fort Berthold Reservations, however, said that some hunger among recipients does exist. Although a food package by itself may not contain enough food to meet a family's entire monthly food requirement, food from other sources, when available, may make up for the shortage. Inadequate information and varying opinions among tribal officials prevented us from making a precise assessment of potential food shortages on the four reservations.

Tribal and federal officials recognized that the food packages did not contain a proper variety of food, especially fruits and vegetables. We found that the food package contents, as originally designed, were not based on nutritional considerations. However, as a result of administrative and legislative changes, the food package was expanded to include a variety of surplus and purchased commodities intended to be more consistent with national dietary guidelines. A typical package, selected from about 60 types of foods (most of which are canned) and weighing between 50 and 75

pounds, contains foods from each of four basic food groups, including meat, vegetable/fruit, dairy, and grain. An 1985 USDA study disclosed that the FDPIR food package met most of the nutrient and energy goals of the Thrifty Food Plan--a low cost food plan sufficient to provide a nutritionally adequate diet. The food package contents also vary according to food availability. Not all of the food items are consistently available for selection by recipients of food packages. Various factors such as adverse market conditions, food preferences of tribal members, ordering practices of the tribal distribution staff, and storage space limitations at state and reservation levels may limit the variety of foods available to food package recipients.

All recipients, regardless of individual health conditions, receive basically the same choice of monthly food items. Indians with heart disease, hypertension, or diabetes and told by their doctors to avoid sodium and fat, for example, would have a difficult time using many of the food package items. Although USDA says it has reduced the salt, fat, and sugar content of some of the food package items, federal nutritionists told us that more reductions are necessary to improve the overall health conditions on the reservations.

Tribal officials and federal nutritionists told us that reducing the diet-related health problems on the four reservations can, in part, be accomplished through better nutrition education. Since poor eating habits have been linked to a wide spectrum of diseases and disorders, better nutrition education is viewed as an effective way to instill wise and nutritious food preparation skills among program participants. However, the amount and type of nutrition education available at the four reservations varied from providing brochures to individual counseling and cooking demonstrations.

Many factors affect the quality of life of Indians residing on reservations. With continuing high unemployment, many families on the reservations will have to continue to depend on federal and nonfederal food assistance. Although the food package is designed to provide the nutritional needs of the normal, healthy Indian population, limitations on the availability of some food items, and the fat and sodium content of many available food items, create the need to expand nutrition education to convince Indians to adopt more healthful food preparation and consumption practices. Unless food packages are improved and adequate nutrition education is provided, diet-related health problems among the Indian population are likely to continue.

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Mr. Chairman, this concludes my prepared statement. We will be pleased to respond to any questions.