



United States  
General Accounting Office  
Washington, D.C. 20548

**Resources, Community, and  
Economic Development Division**

B-265710

August 28, 1995

The Honorable Richard G. Lugar  
Chairman  
The Honorable Patrick J. Leahy  
Ranking Minority Member  
Committee on Agriculture,  
Nutrition, and Forestry  
United States Senate

The Honorable Pat Roberts  
Chairman  
The Honorable E (Kika) de la Garza  
Ranking Minority Member  
Committee on Agriculture  
House of Representatives

The Congress is considering significant changes to the nation's agricultural policy as it debates the 1995 farm bill. Some of these changes could affect the level of deficiency payments that producers receive under the U.S. Department of Agriculture's (USDA) income support program-- a program intended to protect producers' income when crop prices fall below set prices. To help you consider these changes, we are providing information on the distribution of deficiency payments under the current program. In particular, we compiled data on the size of the deficiency payments that individuals received either in their own name or through entities, general partnerships, or joint ventures. This information supplements data that we presented during March 1995 hearings before the Senate Committee on Agriculture, Nutrition, and Forestry.<sup>1</sup>

Our analysis covers the \$5.27 billion in deficiency payments that individuals received during crop year 1993-- the most current year for which complete data were available.

---

<sup>1</sup>Farm Payments: Distribution of USDA Income Support Payments (GAO/T-RCED-95-133, Mar. 16, 1995).

155059

In summary, we found the following:

- About 1.1 million individuals received payments either in their own name or through entities, general partnerships, or joint ventures. Most collected comparatively small amounts--about 76 percent received \$5,000 or less. About 21 percent of the value of all deficiency payments went to individuals in this payment range. Fewer than 0.5 percent of the individuals receiving payments collected over \$50,000.
- Although deficiency payments received by individuals averaged \$4,925, average payments varied from one commodity to another. Average payments for rice and cotton were among the largest at \$14,271 and \$9,070, respectively, while average payments for grain sorghum and oats were the lowest at \$600 and \$95, respectively.

Recipients of deficiency payments may obtain payments as individuals (in their own name) and/or through involvement with other business entities or corporations. Deficiency payments are currently limited to \$50,000 per person annually. A person is broadly defined to be an individual, an entity (such as a corporation, limited partnership, association, trust, or estate), or a member of a joint operation (such as a general partnership or a joint venture). A member of a joint operation may be an individual or an entity.

Because of the way a person is defined, an individual may qualify for deficiency payments of up to \$100,000 annually. That is, an individual could receive deficiency payments (1) as an individual and as someone owning a substantial interest in no more than two entities that qualify for payments or (2) as someone owning a substantial interest in no more than three entities that qualify for payments. The total payment received by a joint operation can exceed \$100,000 because many individuals or entities may be involved in this type of business arrangement.

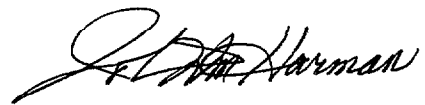
Enclosure I shows the distribution of the total payments received by individuals in their own name as well as the payments they received through business entities or other business operations. Enclosure II shows the same distribution by individual commodity. Enclosure III shows the distribution of payments according to the type of payee--individual, general partnership, joint venture, or other type of organization.

- - - - -

We obtained this information by analyzing the most recently available data in USDA's automated database in Kansas City, Missouri. Our analysis of the total deficiency payments to individuals excludes about \$130 million paid to entities and other organizations for which we could not readily obtain the information needed to allocate payments to individuals. We did not verify the accuracy of the database. We did, however, provide a draft of this letter to officials in USDA's Kansas City Management Office, including the office's Acting Director. These officials agreed with the methods we used to analyze the data.

We are sending copies of this report to the Secretary of Agriculture, and we will make copies available to others upon request.

Please call me at (202) 512-5138 if you or your staff have any questions about this information or would like any additional analyses of the data.



John W. Harman  
Director, Food and  
Agriculture Issues

Enclosures - 3

TOTAL DEFICIENCY PAYMENTS TO INDIVIDUALS, CROP YEAR 1993

This enclosure presents information on the total deficiency payments received by individuals in their own name as well as the payments they received through business entities or other business operations.

Table I.1: Total Deficiency Payments to Individuals, Crop Year 1993

Payment amount	Number of individuals	Total payments
\$1-5,000	811,939	\$1,114,850,694
5,001-10,000	117,068	825,285,282
10,001-20,000	75,582	1,062,818,193
20,001-30,000	30,887	753,228,881
30,001-40,000	16,048	554,996,436
40,001-50,000	13,591	625,357,750
<b>Subtotal</b>	<b>1,065,115</b>	<b>\$4,936,537,237</b>
50,001-60,000	1,817	99,264,228
60,001-70,000	1,265	81,957,831
70,001-80,000	912	67,446,398
80,001-90,000	357	30,362,591
Over 90,000	561	54,483,492
<b>Subtotal</b>	<b>4,912</b>	<b>\$333,514,540</b>
<b>Total</b>	<b>1,070,027</b>	<b>\$5,270,051,777</b>

Notes: This table excludes about \$130 million paid to entities and other organizations (such as public schools, governments, and Indian tribal ventures) because we could not readily obtain the information needed to allocate payments to individuals from the U.S. Department of Agriculture's (USDA) computer records. The payments for corn and grain sorghum are estimates because final payment data are not yet available.

Source: USDA.

TOTAL DEFICIENCY PAYMENTS TO INDIVIDUALS BY COMMODITY,  
CROP YEAR 1993

Table II.1: Total Rice Deficiency Payments to Individuals, Crop Year 1993

Payment amount	Number of individuals	Rice payments
\$1-5,000	19,245	\$26,856,423
5,001-10,000	3,878	28,105,060
10,001-20,000	4,361	64,105,831
20,001-30,000	3,828	94,732,152
30,001-40,000	2,881	100,220,046
40,001-50,000	3,140	143,788,561
<b>Subtotal</b>	<b>37,333</b>	<b>\$457,808,073</b>
50,001-60,000	497	27,254,120
60,001-70,000	421	27,416,456
70,001-80,000	279	20,586,986
80,001-90,000	128	10,881,085
Over 90,000	95	9,102,026
<b>Subtotal</b>	<b>1,420</b>	<b>\$95,240,673</b>
<b>Total</b>	<b>38,753</b>	<b>\$553,048,746</b>

Notes: This table shows the total rice deficiency payments received by individuals in their own name as well as the payments they received through business entities or other business operations. It excludes about \$18 million paid to entities and other organizations (such as public schools, governments, and Indian tribal ventures) because we could not readily obtain the information needed to allocate payments to individuals from USDA's computer records.

Source: USDA.

Table II.2: Total Upland Cotton Deficiency Payments to Individuals, Crop Year 1993

Payment amount	Number of individuals	Cotton payments
\$1-5,000	72,761	\$86,617,608
5,001-10,000	9,675	69,541,678
10,001-20,000	10,583	154,022,947
20,001-30,000	7,481	184,591,257
30,001-40,000	5,292	184,106,493
40,001-50,000	4,605	210,320,127
<b>Subtotal</b>	<b>110,397</b>	<b>\$889,200,111</b>
50,001-60,000	794	43,498,135
60,001-70,000	506	32,654,306
70,001-80,000	359	26,547,311
80,001-90,000	140	11,805,425
Over 90,000	159	15,324,841
<b>Subtotal</b>	<b>1,958</b>	<b>\$129,830,018</b>
<b>Total</b>	<b>112,355</b>	<b>\$1,019,030,129</b>

Notes: This table shows the total cotton deficiency payments received by individuals in their own name as well as the payments they received through business entities or other business operations. It excludes about \$38 million paid to entities and other organizations (such as public schools, governments, and Indian tribal ventures) because we could not readily obtain the information needed to allocate payments to individuals from USDA's computer records.

Source: USDA.

Table II.3: Total Wheat Deficiency Payments to Individuals, Crop Year 1993

Payment amount	Number of individuals	Wheat payments
\$1-5,000	464,363	\$514,747,143
5,001-10,000	48,811	346,177,619
10,001-20,000	35,042	492,240,013
20,001-30,000	12,155	292,900,396
30,001-40,000	4,140	140,960,009
40,001-50,000	1,449	64,654,091
<b>Subtotal</b>	<b>565,960</b>	<b>\$1,851,679,271</b>
50,001-60,000	136	7,386,252
60,001-70,000	42	2,706,093
70,001-80,000	23	1,687,370
80,001-90,000	12	1,005,604
Over 90,000	7	670,735
<b>Subtotal</b>	<b>220</b>	<b>\$13,456,054</b>
<b>Total</b>	<b>566,180</b>	<b>\$1,865,135,326</b>

Notes: This table shows the total wheat deficiency payments received by individuals in their own name as well as the payments they received through business entities or other business operations. It excludes about \$40 million paid to entities and other organizations (such as public schools, governments, and Indian tribal ventures) because we could not readily obtain the information needed to allocate payments to individuals from USDA's computer records.

Source: USDA.

Table II.4: Total Corn Deficiency Payments to Individuals, Crop Year 1993

Payment amount	Number of individuals	Corn payments
\$1-5,000	602,282	\$719,863,383
5,001-10,000	58,701	406,670,386
10,001-20,000	22,244	296,420,935
20,001-30,000	1,942	44,506,199
30,001-40,000	211	7,222,590
40,001-50,000	8	345,418
<b>Subtotal</b>	<b>685,388</b>	<b>\$1,475,028,909</b>
50,001-60,000	5	260,402
60,001-70,000	0	0
70,001-80,000	0	0
80,001-90,000	0	0
Over 90,000	0	0
<b>Subtotal</b>	<b>5</b>	<b>\$260,402</b>
<b>Total</b>	<b>685,393</b>	<b>\$1,475,289,312</b>

Notes: This table shows the total corn deficiency payments received by individuals in their own name as well as the payments they received through business entities or other business operations. The payments for corn are estimates because final data are not yet available. This table excludes about \$28.5 million paid to entities and other organizations (such as public schools, governments, and Indian tribal ventures) because we could not readily obtain the information needed to allocate payments to individuals from USDA's computer records.

Source: USDA.



Table II.5: Total Barley Deficiency Payments to Individuals,  
Crop Year 1993

Payment amount	Number of individuals	Barley payments
\$1-5,000	123,096	\$102,987,757
5,001-10,000	7,762	53,479,445
10,001-20,000	2,658	34,891,709
20,001-30,000	213	4,935,752
30,001-40,000	47	1,631,620
40,001-50,000	5	218,541
<b>Subtotal</b>	<b>133,781</b>	<b>\$198,144,823</b>
50,001-60,000	1	53,171
60,001-70,000	0	0
70,001-80,000	2	157,964
80,001-90,000	0	0
Over 90,000	0	0
<b>Subtotal</b>	<b>3</b>	<b>\$211,134</b>
<b>Total</b>	<b>133,784</b>	<b>\$198,355,957</b>

Notes: This table shows the total barley deficiency payments received by individuals in their own name as well as the payments they received through business entities or other business operations. It excludes about \$3 million paid to entities and other organizations (such as public schools, governments, and Indian tribal ventures) because we could not readily obtain the information needed to allocate payments to individuals from USDA's computer records.

Source: USDA.

Table II.6: Total Grain Sorghum Deficiency Payments to  
Individuals, Crop Year 1993

Payment amount	Number of individuals	Grain sorghum payments
\$1-5,000	241,675	\$115,429,695
5,001-10,000	3,626	24,115,678
10,001-20,000	555	6,986,295
20,001-30,000	37	851,988
30,001-40,000	2	62,636
40,001-50,000	0	0
<b>Subtotal</b>	<b>245,895</b>	<b>\$147,446,293</b>
50,001-60,000	0	0
60,001-70,000	0	0
70,001-80,000	0	0
80,001-90,000	0	0
Over 90,000	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>245,895</b>	<b>\$147,446,293</b>

Notes: This table shows the total grain sorghum deficiency payments received by individuals in their own name as well as the payments they received through business entities or other business operations. The payments for grain sorghum are estimates because final payment data are not yet available. This table excludes about \$3.5 million paid to entities and other organizations (such as public schools, governments, and Indian tribal ventures) because we could not readily obtain the information needed to allocate payments to individuals from USDA's computer records.

Source: USDA.

Table II.7: Total Oats Deficiency Payments to Individuals, Crop Year 1993

Payment amount	Number of individuals	Oats payments
\$1-5,000	123,397	\$11,735,518
5,001-10,000	2	10,497
10,001-20,000	0	0
20,001-30,000	0	0
30,001-40,000	0	0
40,001-50,000	0	0
<b>Subtotal</b>	<b>123,399</b>	<b>\$11,746,015</b>
50,001-60,000	0	0
60,001-70,000	0	0
70,001-80,000	0	0
80,001-90,000	0	0
Over 90,000	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>123,399</b>	<b>\$11,746,015</b>

Notes: This table shows the total oats deficiency payments received by individuals in their own name as well as the payments they received through business entities or other business operations. It excludes about \$0.1 million paid to entities and other organizations (such as public schools, governments, and Indian tribal ventures) because we could not readily obtain the information needed to allocate payments to individuals from USDA's computer records.

Source: USDA.

DEFICIENCY PAYMENTS FOR CROP YEAR 1993, BY TYPE OF PAYEE

Payment amount	Individuals	General partnerships and joint ventures	Entities <sup>a</sup>	Other <sup>b</sup>	Total	Total payments
\$1-5,000	632,158	17,538	36,816	1,761	688,273	\$1,015,527,672
5,001-10,000	94,762	5,053	9,226	72	109,113	770,088,050
10,001-20,000	58,570	4,251	8,928	34	71,783	1,010,392,133
20,001-30,000	21,673	2,181	4,402	20	28,276	689,994,500
30,001-40,000	10,439	1,484	2,895	13	14,831	513,016,210
40,001-50,000	8,379	1,322	4,020	10	13,731	633,424,342
<b>Subtotal</b>	<b>825,981</b>	<b>31,829</b>	<b>66,287</b>	<b>1,910</b>	<b>926,007</b>	<b>\$4,632,442,907</b>
50,001-60,000	0	1,232	0	2	1,234	67,832,334
60,001-70,000	0	1,135	0	2	1,137	73,752,986
70,001-80,000	0	848	0	1	849	63,652,937
80,001-90,000	0	734	0	2	736	62,573,921
90,001-100,000	0	1,093	0	1	1,094	105,600,378
<b>Subtotal</b>	<b>0</b>	<b>5,042</b>	<b>0</b>	<b>8</b>	<b>5,050</b>	<b>\$373,412,557</b>
100,001-200,000	0	1,691	0	4	1,695	240,186,042
200,001-300,000	0	347	0	2	349	87,181,005
300,001-400,000	0	81	0	0	81	28,388,068
400,001-500,000	0	32	0	1	33	14,945,201
<b>Subtotal</b>	<b>0</b>	<b>2,151</b>	<b>0</b>	<b>7</b>	<b>2,158</b>	<b>\$370,700,317</b>

Payment amount	Individuals	General partnerships and joint ventures	Entities <sup>a</sup>	Other <sup>b</sup>	Total	Total payments
500,001-600,000	0	16	0	0	16	8,680,821
600,001-700,000	0	3	0	1	4	2,665,280
700,001-800,000	0	1	0	2	3	2,188,676
800,001-900,000	0	2	0	0	2	1,762,448
900,001-1,000,000	0	2	0	2	4	3,794,547
<b>Subtotal</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>5</b>	<b>29</b>	<b>\$19,091,771</b>
1,000,001 & over	0	2	0	1	3	5,630,932
<b>Subtotal</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>\$5,630,932</b>
<b>Total</b>	<b>825,981</b>	<b>39,048</b>	<b>66,287</b>	<b>1,931</b>	<b>933,247</b>	<b>\$5,401,278,484</b>

Notes: Totals may not add because of rounding. A payee is the individual or organization that USDA made the payment to and may be different from the person or persons who met the requirements for the payment and who are subject to the payment limit. For example, payments to general partnerships or joint ventures are the combined total payments for which the members (individuals and entities) individually qualified.

<sup>a</sup>An "entity" is defined as a corporation, limited partnership, trust, or estate.

<sup>b</sup>Includes public schools, Indian tribal ventures, state and local governments, and charitable organizations. Public schools are exempt from the payment limit. Indian tribal ventures may exceed the payment limit if specified requirements are met.

(150064)



---

### **Ordering Information**

**The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.**

**Orders by mail:**

**U.S. General Accounting Office  
P.O. Box 6015  
Gaithersburg, MD 20884-6015**

**or visit:**

**Room 1100  
700 4th St. NW (corner of 4th and G Sts. NW)  
U.S. General Accounting Office  
Washington, DC**

**Orders may also be placed by calling (202) 512-6000  
or by using fax number (301) 258-4066, or TDD (301) 413-0006.**

**Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (301) 258-4097 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.**

**For information on how to access GAO reports on the INTERNET,  
send an e-mail message with "info" in the body to:**

**[info@www.gao.gov](mailto:info@www.gao.gov)**

---

**United States  
General Accounting Office  
Washington, D.C. 20548-0001**

**Bulk Mail  
Postage & Fees Paid  
GAO  
Permit No. G100**

**Official Business  
Penalty for Private Use \$300**

**Address Correction Requested**

---