



Resources, Community, and  
Economic Development Division

B-279377

March 19, 1998

The Honorable John R. Kasich  
Chairman, Committee on the Budget  
House of Representatives

Subject: U.S. Department of Agriculture: Status of USDA's Reorganization

Dear Mr. Chairman:

The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (P.L. 103-354, Oct. 13, 1994) directed the Secretary of Agriculture to streamline and reorganize the U.S. Department of Agriculture (USDA) to achieve greater efficiency, effectiveness, and economies in its organization and management of programs and activities. On February 20, 1998, we briefed your office on USDA's progress in meeting the act's mandate and on issues requiring additional attention. This report summarizes that briefing.

In summary, USDA has made progress in consolidating offices, reducing staffing, and streamlining some operations. In this regard, USDA estimates that it has saved about \$3 billion since 1993 as a result of staff and administrative reductions.<sup>1</sup> However, a number of issues requiring additional attention remain. For example, as we reported in June 1997,<sup>2</sup> USDA has made only limited progress in reducing staffing levels for common support functions performed by agencies within the Department, and little progress has been made in streamlining administrative functions at the state level. Similarly, the extent to which USDA's reorganization has improved its efficiency or effectiveness is uncertain because the Department has not measured the efficiencies resulting from its actions. Finally, two other issues that require attention are (1) the

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<sup>1</sup>This estimate is based on staff-year reductions from fiscal years 1993 through 1997. The estimate does not consider any offsetting expenses, such as those associated with staff buyouts or reductions in force.

<sup>2</sup>*U.S. Department of Agriculture: Update on Reorganization and Streamlining Efforts* (GAO/RCED-97-186R, June 24, 1997).

potential for USDA to use new strategic plans to identify and reduce areas of duplicate responsibility, either within USDA or in relationship to other departments of government, and (2) the Department's success in implementing its integrated service center modernization effort to provide complete data sharing among USDA's field-based agencies.

#### USDA'S PROGRESS IN REORGANIZING AND STREAMLINING OPERATIONS

USDA's reorganization initiatives have been focused on three areas: (1) the organizational consolidation of mission-related activities, (2) staff reductions and office closures, and (3) the consolidation of administrative functions. At the end of 1997, USDA had reconfigured and consolidated its mission areas and reduced its total number of agencies from 43 to 30. The Department reduced its overall staffing by about 20,000 since 1993 and closed more than 1,200 field offices and laboratories since October 1994.

##### Organizational Consolidation of Mission-Related Activities

In response to the 1994 Reorganization Act, USDA reconfigured and consolidated the program responsibilities of its seven mission areas. Six of the seven mission areas were renamed, and in most cases, their responsibilities were modified. The economics mission area was eliminated and several of USDA's agencies, such as the Economic Research Service and the National Agricultural Statistics Service, became part of the new Research, Education and Economics mission area. One new mission area was created for food safety. Consisting only of the Food Safety and Inspection Service (FSIS), this mission area was created when USDA separated FSIS from the Marketing and Inspection Services, where it had been collocated with five other agencies prior to the reorganization. Only the Natural Resources and Environment mission area remained essentially unchanged in the reorganization.

In addition to changes in mission areas, USDA reduced the total number of agencies from 43 to 30. In most cases, agency reductions were accomplished by combining two or more existing agencies into one new one. For example, the former Food and Nutrition Service, Human Nutrition Information Service, and the Office of the Consumer Advisor were combined under the Food and Nutrition Service. Similarly, the Federal Grain Inspection Service and the Packers and Stockyards Administration were combined to make the new Grain Inspection, Packers and Stockyards Administration.

### Staff Reductions and Office Closures

Since 1993, USDA has reduced its overall staffing by about 15 percent—from 129,495 staff-years in fiscal year 1993 to 109,856 staff-years in fiscal 1997.<sup>3</sup> Of these reductions, more than 16,000 were federal positions, and about 3,500 were nonfederal positions. Federal reductions represented about 14 percent of total federal staffing, and nonfederal reductions represented about 24 percent of total nonfederal staffing. In terms of headquarters versus field office reductions, headquarters staffing was reduced by about 2,700 staff-years, or 22 percent. By contrast, field office staffing was reduced by 13,382 staff-years, or about 13 percent.

USDA has closed about 1,200 field office locations since 1994. Most of the closings—951 offices—affected USDA's county-based Farm Service Agency, the Natural Resources Conservation Service, and the Rural Development mission area. These closings were completed as part of the Secretary's "one-stop shopping" initiative to better serve farmers and other customers by bringing all county-based agencies into one central location within the county. USDA also closed 237 other agency offices and laboratories since 1994. The number of offices closed for some agencies was not large, but the closings represented a large portion of the affected organizations' operations. For example, FSIS closed 28 of 50 offices and opened 3 new offices—which amounted to a 50-percent net reduction.

In the long term, USDA plans to use information technology to integrate its common business practices at local service centers. The projected completion date and costs associated with this effort are still uncertain.

### Consolidation of Administrative Functions

As we reported in June 1997, USDA has made only limited progress in streamlining its headquarters and field office administrative activities. We identified 15 support or staff functions performed within multiple USDA agencies or offices. These functions include legislative/legal affairs, public information/community affairs, and human resources. In addition, we reported that USDA has made little progress in streamlining administrative functions at the state level for its field-based agencies. Later this month, the Secretary of Agriculture is expected to approve an Administrative Convergence Plan, which will consolidate a number of administrative activities for seven field-based

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<sup>3</sup>Actual staffing changes may differ slightly, since actual staffing may not equal staff years authorized.

agencies.<sup>4</sup> The plan establishes a Support Services Bureau in headquarters and one State Administrative Support Unit in each state to provide administrative services, including financial management, human resources, civil rights, information technology, and management services (including procurement). USDA anticipates having this new organization operational by October 1998. After implementing this plan, USDA expects to have reduced total administrative staffing levels by about 44 percent from 1993 levels—1,604 at the national level and 710 at the state level.

#### ISSUES REQUIRING ADDITIONAL ATTENTION

Although USDA has met the specific goals included in the 1994 act—(1) reducing the number of full-time staff equivalents by at least 7,500, (2) consolidating headquarters offices, and (3) combining field offices and jointly using field office resources—a number of issues still require attention. These issues include the following: consolidating state-level operations, eliminating duplicative administrative positions, developing program efficiency measures, reducing duplicate program areas, and successfully implementing USDA's integrated service center modernization effort. These issues are discussed briefly below:

- The Department's proposed Administrative Convergence Plan seems to address the issues of consolidating state-level operations and eliminating duplicative administrative positions. However, because the implementation of this plan is still in the early phases, it should be monitored to ensure that operational streamlining is achieved.
- USDA has not yet instituted a performance measurement system to determine the economies realized as a result of its streamlining actions. Accordingly, although it has developed savings estimates associated with staff-year reductions, USDA does not know the extent to which it has achieved the act's overall objective of achieving greater efficiency, effectiveness, and economies in its organization and management of programs and activities. This area deserves additional attention so that when the reorganization is completed, USDA and the Congress know to what extent USDA's actions achieved the objectives of the act.
- Most of USDA's projected savings are premised on staff reductions associated with its revised organizational structure. USDA has not studied

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<sup>4</sup>The seven agencies are the Farm Service Agency, Natural Resources Conservation Service, Risk Management Agency, Foreign Agricultural Service, Rural Business-Cooperative Service, Rural Housing Service, and Rural Utilities Service.

the possibility of additional savings that could be achieved by analyzing recently completed strategic plans to identify the areas of program duplication and overlap within USDA's mission areas and across other government agencies that could lead to additional organizational and programmatic changes. This is an area that deserves additional attention and study.

- USDA is working to implement a major information technology initiative to, among other things, provide complete data sharing among USDA's field-based agencies. Historically, USDA has had problems implementing major information technology acquisitions. Accordingly, USDA's progress in implementing this new effort warrants continued attention.

Enclosures I through III provide additional information on the status of USDA's reorganization, including a summary of each of the seven mission areas and the departmental activities.

#### SCOPE AND METHODOLOGY

We reviewed relevant documents and interviewed cognizant USDA officials to obtain information on USDA's reorganization and streamlining efforts. We used data from USDA's National Food and Agriculture Council to determine the number of office closures in the field-based agencies. We did not independently verify the accuracy of these data.

We provided USDA with a draft of this report for review and comment. We met with USDA officials, including the Chief of the Budget Control and Analysis Division in USDA's Office of Budget and Program Analysis. USDA noted that the report fairly represented the status of the reorganization. The Department also provided technical and clarifying comments that were incorporated as appropriate. We performed our work from December 1997 through March 1998 in accordance with generally accepted government auditing standards.

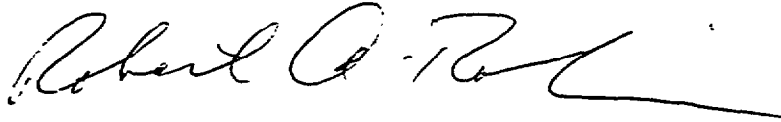
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As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies to the House and Senate Committees on Agriculture, other interested congressional committees, the Secretary of Agriculture, and other interested parties. We will also make copies available upon request.

B-279377

Major contributors to this report were Ron Maxon and Deborah Justice. Please contact me on (202) 512-5138 if you or your staff have any questions.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Robert A. Robinson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert A. Robinson  
Director, Food and  
Agriculture Issues

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## ABBREVIATIONS

AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
CSREES	Cooperative State Research, Education, and Extension Service
ERS	Economic Research Service
FSA	Farm Service Agency
FSIS	Food Safety and Inspection Service
GAO	General Accounting Office
GIPSA	Grain Inspection, Packers and Stockyards Administration
NASS	National Agricultural Statistics Service
NRCS	Natural Resources Conservation Service
RD	Rural Development
USDA	U.S. Department of Agriculture

## Status of the Department of Agriculture's Reorganization

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### GAO Background

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- The U.S. Department of Agriculture's (USDA) reorganization was mandated by the Department of Agriculture Reorganization Act of 1994 (P.L. 103-354, Oct. 13, 1994).
  - The act authorized the Secretary to streamline and reorganize USDA for greater efficiency, effectiveness, and economies.
  - Some USDA streamlining efforts directed by the President predated the act.
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**GAO** Results In Brief

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- Status of The Reorganization
    - Program areas consolidated.
    - Staffing reduced and offices closed.
    - "One-stop shopping" initiated.
    - Administrative consolidation for field-based agencies just beginning.
    - Some dollar savings; other measures of success not developed.
  - Issues Requiring Additional Attention
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**GAO** Program Areas Consolidated

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- Prior to the 1994 act, USDA had 43 agencies and 7 mission areas.
  - USDA now has 30 agencies and 7 mission areas. (See enc. III for a summary of the USDA changes.)
  - Economics mission area eliminated.
  - Food Safety mission area created.
  - Some agencies combined.
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**GAO Staffing Reduced and Offices Closed**


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	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	Total reduced since 1993
Total USDA staff-years	129,495	124,241	117,387	113,538	109,856	-19,639
Federal vs. nonfederal	114,542 14,953	110,065 14,176	103,955 13,432	100,800 12,738	98,457 11,399	-16,085 -3,554
Headquarters vs. field <sup>a</sup>	12,249 102,293	11,797 98,268	10,940 93,015	9,866 90,934	9,546 88,911	-2,703 -13,382

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**Legend**

FY = fiscal year

Note: USDA uses fiscal year 1993 staff-year ceilings as its baseline for measuring reductions.

<sup>a</sup>Federal only.

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**GAO** Staffing Reduced and Offices Closed  
(con'd)

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- Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), and Rural Development (RD) closed 951 county office locations--from 3,726 to 2,775--as of Dec. 1997.
- Other USDA agencies have closed 237<sup>a</sup> offices--from 1,966 to 1,729--as of Dec. 1997.
- FSA, NRCS, and RD state offices collocated in 19 of 50 states; in 31 states, they are not collocated.

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<sup>a</sup>13 ARS laboratories were converted to satellite sites for other existing laboratories and are not counted as closed locations.

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**GAO** One-Stop Shopping Initiated

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- County-based agencies--FSA, NRCS, and RD--consolidating county offices into "one-stop shopping" service centers to provide service to customers from all agencies in one location.
  - Over 600 single-agency offices closed during calendar years 1995 and 1996; 480 more will close or move to reach the target number of 2,554 by 1999.
  - More than 80 percent of all county office program operations had been consolidated as planned in one location per county as of Dec. 1997.
  - USDA plans to fully integrate common business practices in the future. (Dates and costs uncertain.)
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**GAO** County Office Reductions From  
 Consolidating Into Service Centers
 

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Number of offices in:	Dec. 1994	Dec. 1996	Reduction
FSA	2,773	2,383	-390
RD	1,627	1,269	-358
NRCS	2,942	2,486	-456
<b>Total offices</b>	<b>7,342</b>	<b>6,138</b>	<b>-1,204</b>
Number of locations with agency offices:	Dec. 1994	Dec. 1996	Reduction
FSA only	398	201	-197
RD only	330	168	-162
NRCS only	548	282	-266
FSA/RD	57	27	-30
FSA/NRCS	1,160	1,130	-30
NRCS/RD	75	49	-26
FSA/RD/NRCS	1,158	1,025	-133
<b>Total locations</b>	<b>3,726</b>	<b>2,882</b>	<b>-844</b>

Note: 1997 data by mission/agency not available at the time of our review.

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**GAO** Administrative Consolidation at Field-Based Agencies Just Beginning

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- Administrative Convergence Plan consolidates administrative functions, including civil rights, financial management, management services, human resources, and information technology.
  - Plan establishes a Support Services Bureau operating in headquarters and each state for the seven field-based agencies including FSA, RD, and NRCS; to be operational by October 1998.
  - Administrative staff reduction of 2,314 staff by 2002 (44% reduction from 1993 levels)
    - 1,604 at national level and
    - 710 at state level.
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**GAO** Some Dollar Savings; Other Measures  
of Success Not Developed

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- USDA estimates that nearly \$3 billion has been saved from staff and administrative reductions from fiscal years 1993 through 1997. (This amount does not include offsetting personnel reduction expenses.)
  - USDA has not measured efficiencies or other gains realized from the reorganization.
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## Issues Requiring Additional Attention

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GAO

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- Consolidating state-level operations.
  - Eliminating duplicate administrative positions across USDA.
  - Developing measures of savings realized and efficiencies gained.
  - Reducing duplicate program areas within USDA and across the government.
  - Progress implementing USDA's integrated service center modernization.
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## Summary of Changes in USDA's Organizations

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### **GAO** Farm and Foreign Agricultural Services Mission Area

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- Ensures the well-being of U.S. agriculture through delivery of farm programs, including crop insurance and other risk management programs, and improves trade opportunities to raise farm income.
  - Comprises FSA, the Risk Management Agency, and the Foreign Agricultural Service.
  - Since 1993, federal staff-years reduced by 1,938-- from 9,215 to 7,277.
  - Additional staff reductions and office closings are anticipated. Administrative support to be provided by the new Support Services Bureau.
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**GAO** Food, Nutrition, and Consumer  
Services Mission Area

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- Provides children and needy families with access to a more healthful diet through food assistance programs and comprehensive nutrition education efforts.
  - Mission area is one agency---the Food and Nutrition Service--which administers several programs including food stamps; Women, Infants, and Children; and the national school lunch.
  - Since 1993, staff-years reduced by 298 from 2,009 to 1,711; 14 offices closed, leaving 70 in operation.
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**GAO** Marketing and Regulatory Programs  
Mission Area

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- Facilitates marketing of U.S. agricultural products and ensures the health and care of animals and plants while improving market competitiveness for American agriculture.
  - Comprises of the Agricultural Marketing Service (AMS); Animal and Plant Health Inspection Service (APHIS); and Grain Inspection, Packers and Stockyards Administration (GIPSA).
  - Since 1993, staff years reduced by 908, from 11,515 to 10,607, and 105 offices closed in the three agencies; 544 offices remain open.
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**GAO** Marketing and Regulatory Programs  
Mission Area (con'd)

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- Administrative consolidation under a Deputy Administrator for Management in APHIS completed.
- Consolidation included creating new offices and realigning people according to function.
- Budget and civil rights functions were not included in consolidation.

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**GAO** Food Safety Mission Area

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- Ensures that the nation's meat, poultry, and processed egg supply is safe, wholesome, and properly labeled.
  - Mission area is one agency--the Food Safety and Inspection Service--but includes some divisions formerly in AMS (egg products) and APHIS (pathogen reduction).
  - Since 1993, staff-years reduced by 253, from 9,950 to 9,697; 25 of 50 offices have been eliminated.
  - Administrative consolidation complete; all support provided by three centralized offices.
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**GAO** Natural Resources and Environment  
Mission Area

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- Promotes conservation and sustainable use of natural resources on private lands and in the production of goods and services in national forests.
  - Comprises NRCS and the Forest Service.
  - NRCS programs carried out through nearly 2,500 county offices; the Forest Service has more than 800 field locations.
  - Since 1993, the Forest Service reduced staff-years by 6,695, from 43,025; NRCS reduced staff-years by 1,896, from 13,784.
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GAO Natural Resources and Environment  
Mission Area (con'd)

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- Office closures since 1993:
    - Forest Service--27 (817 remain).
    - NRCS--456 as of Dec. 1996 (2,486 remain).
  - NRCS is part of the service center consolidation; future administrative support will be provided by the proposed Support Services Bureau and state Administrative Support Units.
  - Forest Service is not included in the Administrative Convergence effort; reorganization plans not yet approved for implementation.
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**GAO** **Research, Education, and Economics  
Mission Area**

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- Provides federal leadership in the discovery and dissemination of knowledge related to agriculture research, economic analysis, statistics, extension, and higher education.
  - Comprises the Agricultural Research Service (ARS); the Cooperative State Research, Education, and Extension Service (CSREES); the Economic Research Service (ERS); and the National Agricultural Statistics Service (NASS).
  - Administrative consolidation completed; ARS provides administrative support for all mission area agencies.
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**GAO Research, Education, and Economics  
Mission Area (con'd)**

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- Since 1993, staff-years reduced by 1,527, from 11,109.
  - Office closures for the four agencies since fiscal year 1994:
    - ARS--Opened 1 and closed 13 laboratories; converted 13 other labs into satellite worksites; 105 locations remain--103 labs and 2 headquarters sites.
    - NASS--Added 1 headquarters site (70 Census Bureau employees transferred to NASS); currently 45 state and 3 headquarters sites.
    - CSREES--Unchanged (3 sites).
    - ERS-- Unchanged (1 site).
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**GAO Rural Development Mission Area**

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- Coordinates federal assistance to rural areas and administers programs that provide loan, grant, and technical assistance for helping rural Americans build strong economies.
  - Comprises the Rural Housing Service, Rural Utilities Service, Rural Business-Cooperative Service, and the Alternative Agricultural Research and Commercialization Corporation.
  - Since 1993, staff-years reduced by 2,249, from 9,547; 358 offices closed (1,269 remain) as of Dec. 1996.
  - Administrative support to be provided by the new Support Services Bureau.
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**GAO** Departmental Activities

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- Provides leadership, coordination, and support for all administrative and policy functions of USDA.
  - Comprises seven departmental offices and three offices within executive operations:
    - Office of the Secretary.
    - Departmental administration staff offices.
    - Office of the Chief Financial Officer.
    - Office of the Chief Information Officer.
    - Office of the General Counsel.
    - Office of the Inspector General.
    - Office of Communications.
    - Office of the Chief Economist.
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**GAO Departmental Activities (con'd)**

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- National Appeals Division.
  - Office of Budget and Program Analysis.
  - Since 1993, staff reduced by 417 in 9 of 10 offices (from 2,800).
  - Office of Chief Financial Officer added 96 staff to its 1993 staff level of 1,588--18 in headquarters and 78 in its Thrift Savings Plan activity.
  - Closed 2 Inspector General audit residency offices (50 remain) and 5 General Counsel offices (18 remain). Other activities have one to four office sites; none have been closed since 1993.
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