United States General Accounting Office

GAO

Report to the Honorable
Gil Gutknecht, House of Representatives

May 1998

FARM PROGRAMS

Service to Farmers Will Likely Change as Farm Service Agency Continues to Reduce Staff and Close Offices

GAO

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

Resources, Community, and
Economic Development Division

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May 1, 1998

The Honorable Gil Gutknecht
House of Representatives

Dear Mr. Gutknecht:

For more than 60 years, farmers have relied on their local U.S. Department of Agriculture (USDA) county office to provide them with personalized advice and assistance with federal agriculture programs. However, since 1994, USDA's Farm Service Agency (FSA)—the primary agency charged with administering farm programs at the local level—has reduced its staff by about 15 percent and closed more than 300 offices. In addition, USDA's 1998 budget proposal included an additional reduction of 5,000 staff, or over 50 percent of the current staffing level, and 500 more office closings by fiscal year 2002.

You asked us to examine the impact of actual and proposed staff reductions and office closings by FSA on the quality of service to farmers. To address this issue, we reviewed USDA's 1997 National Customer Service Survey of farmers, conducted phone discussions with farmers, and spoke with agency officials.

Results in Brief

The Farm Service Agency's staff reductions and office closures to date do not appear to have affected the quality of service provided to farmers. According to the U.S. Department of Agriculture's 1997 customer survey and our recent discussions with farmers and Farm Service Agency officials, most farmers are highly satisfied with the service they receive from their local office of the Farm Service Agency. Farmers are still generally able to receive prompt service when they walk into their county office and have the Farm Service Agency staff complete most of their required paperwork. If the Farm Service Agency's staffing continues to be reduced and county offices are closed, however, the traditional level of service provided to farmers is likely to decrease. Among other things, farmers will be required to accept greater responsibility for program requirements, including completing paperwork, with less assistance from agency staff. However, this change is consistent with changes in the 1996 Federal Agriculture Improvement and Reform Act, which reduces federal controls over production and places more responsibility on farmers for planting and marketing decisions.

Background

Historically, most farm programs have been implemented at the county office level. The current county-based delivery structure originated in the 1930s, when the first agricultural acts established farm support programs. At that time, more than one-fourth of all Americans engaged in farming, and the lack of an extensive communication and transportation network limited the geographic boundaries that could be effectively served by a single field office. In addition, most farm programs required farmers to visit the local office to learn about and sign up for these programs.[1] FSA staff assisted farmers in completing the administrative requirements, including the necessary paperwork, associated with the programs.

Over the last 60 years, the number of farms in the United States has declined significantly, as has the number of people engaged in farming. Improvements in communication and transportation in rural areas have mitigated some of the problems associated with large distances between farmers and program resources. Additionally, two recent legislative changes have significantly affected USDA's delivery of farm programs. 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 USDA to achieve greater efficiency, effectiveness, and economies in its organization and management of programs and activities. In addition, the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127, Apr. 4, 1996) fundamentally changed the federal government's role in supporting production agriculture by replacing traditional commodity programs and reducing many of the administrative requirements related to the remaining agriculture programs.[2] Prior to the 1996 act, farmers participating in federal commodity programs were restricted to planting certain types and amounts of crops. Following the 1996 act, farmers are expected to plant and market crops by considering market conditions rather than by relying on government programs.

As a result of the 1994 act, USDA has closed more than 300 offices, or about 14 percent of the 2,773 offices that were operating at the end of 1994. These closures required the farmers served by those offices to travel to a neighboring county for assistance. In addition to these office closings, USDA reduced FSA's nonfederal staff from 13,432 in 1995 to 11,399 in 1997, a

[1]FSA administers a range of farm programs: farm loan programs; conservation programs such as the Conservation Reserve Program; and 7-year production flexibility contracts, which replaced the commodity programs for wheat, feed grains, cotton, and rice.

[2]Farm Programs: Administrative Requirements Reduced and Further Program Delivery Changes Possible (GAO/RCED-98-98, Apr. 20, 1998).

reduction of 2,033 employees, or about 15 percent. According to the 1998 budget proposal, USDA is scheduled to close 500 additional offices and reduce FSA's county office staff by an additional 57 percent, from 11,399 employees in 1997 to 4,879 by 2002.[3] The proposal's estimated savings would total more than $1 billion for the 6 years through 2002. To date, USDA's reductions in county office staff have been achieved primarily by reducing the staff at larger county offices and by closing or consolidating smaller county offices (those with three or fewer employees).

Furthermore, USDA is undertaking an effort to streamline its administrative activities at the state and national level, which may affect the quality of service farmers receive. In December 1997, the Secretary of Agriculture approved a plan that will consolidate a number of administrative activities at headquarters and in state offices. The plan establishes a Support Services Bureau in headquarters and one state administrative support unit in each state. This organization will provide administrative services—including financial management, human resources, services supporting civil rights, information technology, and management services (including procurement)—to field-based agencies.

USDA also has contracted for an independent study to examine FSA, the Natural Resources Conservation Service, and the Rural Development mission area for opportunities to improve overall customer service and the efficiency of the delivery system. The results of this study, expected to be completed in October 1998, will be incorporated into the future iterations of FSA's strategic plan.

Reductions to Date Have Not Affected Most Farmers' Positive Views of FSA's Service

Despite recent office closings and staff reductions, most farmers continue to be very satisfied with the quality of service they have been receiving from USDA, according to a USDA survey and our discussions with farmers.

In USDA's 1997 national survey, 90 percent of the more than 4,000 respondents said that they were very satisfied with the service they received from their county office and that local staff were responsive to their needs, provided reliable service, and showed empathy towards customers when conducting business.[4] In addition, the participants said that "personalized face-to-face service" was important to them. In fact,

[3]The 11,399 FSA employees do not include 2,220 former Farmers Home Administration employees who were assigned to FSA's county offices to help administer agricultural credit programs.

[4]USDA conducted this nationwide survey of over 4,000 farmers in various farm programs between Feb. and Apr. 1997.

when asked to identify alternative ways of doing business with the county office, such as by computer or telephone, nearly 60 percent of the farmers said that they did not want any changes and preferred to continue to conduct most business in person.

According to all 60 farmers we spoke with by telephone, the quality of service in late 1997 was the same or better than it was in 1995, despite staff reductions and office closures. These farmers lived in all parts of the nation and had participated in the Conservation Reserve Program, the farm loan programs, and/or the commodity programs. In some cases, these farmers lived in counties in which their local county office had been closed. They stated that the quality of service was high because FSA staff were efficient and knowledgeable. One farmer said that service in the county office was good because the county office employees took the time to become familiar with each farmer's operation.

Farmers we spoke with were particularly pleased with FSA staff's performance in the following areas:

- Completing paperwork. FSA staff have historically completed most farmers' paperwork for the commodity programs for them. FSA staff told us that by completing the paperwork, they reduce the possibility of errors that would occur if farmers completed the paperwork on their own. Many farmers we talked to said that they like having FSA staff fill out their paperwork because it is very complex and they would have difficulty doing it by themselves.
- Storing and maintaining records. FSA staff maintain farmers' commodity program records because, according to one FSA county executive director, many farmers like FSA to keep their historical farming records, such as acreage reports, on file in case farm programs change and the information is needed to establish eligibility for the new programs.
- Reminding farmers about key sign-up dates. FSA uses mail and telephone calls to remind farmers of key dates for enrolling in a program because officials are concerned that some farmers may otherwise forget to sign up. One farmer said that he appreciated receiving postcards from his county office when it was time for him to visit the office. Under the commodity programs, for example, FSA staff reminded farmers 15 days prior to the ending date of a sign-up period that they had not enrolled in the current year's programs.
- Providing prompt walk-in service. At most county offices, farmers can visit without an appointment and receive prompt service for commodity programs. This service could range from answering simple questions to

filling out a farmer's paperwork. Farmers like the flexibility of coming into the office when it is convenient for them—when the weather is bad, for instance, without having to make an appointment.

In commenting on a draft of this report, FSA officials noted that while the results of USDA's survey and our discussions with farmers indicate that most farmers are satisfied with the service that they receive, some are not. For example, some small and minority farmers involved in the farm loan programs have criticized USDA recently for not providing adequate service. FSA officials stated that they would like to provide a better level of service for participants in the farm loan programs, but they lack adequately trained staff.

Additional Reductions Will Likely Change the Level of Service FSA Provides to Farmers

As of December 1997, FSA had 2,396 offices and 11,399 county office employees. These office and staffing levels reflect the closing of more than 300 offices and staff reductions of about 15 percent since December 1994. If the 1998 budget proposal to further reduce staffing by an additional 50 percent and to close an additional 500 offices were carried out, FSA would average about two to three employees per office, in comparison with the current average of about five. As we have previously reported, county offices need a minimum of two staff just to conduct the administrative functions for maintaining basic office operations, such as obtaining and managing office space and processing the paperwork for the payroll.[5] As a result, FSA staff in these smaller offices will have less time to provide service to farmers than they did when county offices were staffed more fully. The proposed staffing reductions will result in more county office closures than the 500 proposed, according to FSA officials we interviewed.

As FSA closes offices, farmers will have to travel farther and visit offices that serve more farmers. Although they stated that they are still receiving quality service, some farmers we spoke with whose county office had recently closed have already experienced the service impacts associated with these changes. For example, according to one farmer—whose current county office is 45 miles away compared with his former office, which was 10 miles away—the staff at the new office did not have personal knowledge of his specific operations, such as the crops he grows, the farming techniques he uses, and the programs in which he normally participates.

[5] Farm Programs: Impact of the 1996 Farm Act on County Office Workload (GAO/RCED-97-214, Aug. 19, 1997).

FSA officials recognize that additional staff reductions and office closings will reduce the level of personalized service to farmers and require them to accept greater responsibility for program requirements, including completing paperwork. At the same time, officials recognize that the 1996 act places more responsibility on farmers for planting and marketing decisions. In this regard, FSA officials told us that they are beginning to talk with farmers and the various groups involved in farming about the types of services FSA should provide in the future.

Agency Comments

We met with USDA officials, including the Associate Administrator for the Farm Service Agency, the Deputy Administrator for Farm Programs, and the Deputy Administrator for Farm Loan Programs. USDA generally agreed with the information presented in the report. In their comments, however, the officials noted that the services provided to farmers vary among the USDA programs. For example, Farm Service Agency officials stated that because the staff for the farm loan programs are not located in each county, these staff are not able to provide the same level of service that farmers participating in the traditional commodity programs received, such as having their paperwork filled out for them. Furthermore, these officials stated that some small and minority farmers have recently criticized USDA for not providing adequate service. We made changes to the report to reflect these concerns. In addition, USDA provided technical and clarifying comments that we incorporated as appropriate.

Scope and Methodology

To determine farmers' opinions of the quality of service FSA provides in county offices, we reviewed selected aspects of the results of USDA's National Customer Service Survey of farmers in 1997. Specifically, we analyzed and summarized responses on (1) the services that matter the most to farmers and (2) farmers' general satisfaction with services provided by USDA's service centers. This survey included over 4,000 farmers nationwide who participated in various farm programs. To verify and update these results, we obtained a database from USDA of the names, location, and phone numbers of farmers who had previously completed a USDA customer service survey. We judgmentally selected 90 farmers who had participated in the Conservation Reserve Program, the farm loan programs, and/or the Acreage Reduction Program in 1995. We were able to contact 60 of these farmers across the nation by telephone to obtain information on the quality of service in FSA county offices in 1997 compared with the quality of service in 1995. Some of these farmers lived in counties in which the local county office had been closed.

We also visited FSA officials at headquarters and FSA state and county office officials in eight states to discuss the quality of service farmers currently receive. The offices we visited were located in California, Connecticut, Illinois, Massachusetts, Missouri, Nebraska, North Carolina, and Washington State. In most of these county offices, we met with the county executive director, agricultural credit manager, and farmers from the FSA county committee. We also met with the state executive director in six states and members of the state committee in two states.

We conducted our work from October 1997 through April 1998 in accordance with generally accepted government auditing standards.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 15 days after the date of this letter. At that time, we will provide copies to the House and Senate Committees on Agriculture; other interested congressional committees; the Secretary of Agriculture; and the Director of the Office of Management and Budget. We will also make copies available to others on request.

Please call me at (202) 512-5138 if you or your staff have any questions about this report. Major contributors to this report were Ronald E. Maxon, Jr.; Fred Light; Renee D. McGhee-Lenart; Paul Pansini; Carol Herrnstadt Shulman; and Janice M. Turner.

Sincerely yours,

Robert A. Robinson
Director, Food and
Agriculture Issues

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