



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

Resources, Community, and
Economic Development Division

B-283233

August 5, 1999

The Honorable Larry Combest
Chairman, Committee on Agriculture
House of Representatives

Subject: Conservation Reserve Program: Funding Requirements for the Natural Resources Conservation Service's Technical Assistance

Dear Mr. Chairman:

The Conservation Reserve Program is a land retirement program authorized to remove up to 36.4 million acres of highly erodible or environmentally sensitive land from agricultural production. In general, the program is financed through the borrowing authority of the Commodity Credit Corporation, a government-owned corporation located within the U.S. Department of Agriculture (USDA). USDA's Farm Service Agency implements the program on behalf of the Corporation. In doing so, this agency is assisted by USDA's Natural Resources Conservation Service, which provides technical assistance. The Commodity Credit Corporation reimburses the Conservation Service for this assistance.

Concerned about the Conservation Service's 6-week suspension of technical assistance for the Conservation Reserve Program in the spring of 1999 and about the possible reoccurrence of such a suspension, you asked to provide information on budgetary authorities and other statutory requirements that constrain the Conservation Service in carrying out congressional direction on this program. Specifically, you asked us to provide information on (1) the nature and costs of the Conservation Service's technical assistance; (2) the reasons the Conservation Service suspended its technical assistance for the program; (3) budgetary authorities and other statutory requirements that constrain the Conservation Service's performance of technical assistance for the program; and (4) the potential to use contractors to provide this assistance in lieu of the Conservation Service.

RESULTS IN BRIEF

The Natural Resources Conservation Service provides technical assistance to support the Conservation Reserve Program, including evaluating the environmental benefits of

the land offered for enrollment and preparing conservation plans for the land accepted into the program. The Commodity Credit Corporation reimburses the Conservation Service for this assistance in accordance with the provisions of a Memorandum of Agreement signed by the Corporation, the Conservation Service, and the Farm Service Agency. The Farm Service Agency, which is principally responsible for implementing the program, makes the final decisions on which land will be enrolled in it. In general, the Conservation Service charges \$98 to evaluate each parcel of land offered by farmers for enrollment and \$456 per parcel to prepare conservation plans for land accepted for enrollment. The total cost of the Conservation Service's technical assistance for the Conservation Reserve Program was \$38.8 million in fiscal year 1997, \$49.2 million in fiscal year 1998, and an estimated \$46.9 million in fiscal year 1999.

The Conservation Service suspended most of its technical assistance for the Conservation Reserve Program for about 6 weeks during the spring of 1999 because the Commodity Credit Corporation lacked sufficient funds to reimburse the Conservation Service for this assistance. Specifically, the Conservation Service, with the subsequent concurrence of the Farm Service Agency, stopped providing technical assistance related to enrolling new land in the program because the funds for reimbursing the Conservation Service for this assistance were almost exhausted. However, follow-up work on land already enrolled in the program continued uninterrupted because the Conservation Service had already received its reimbursement. The funds used to reimburse the Conservation Service were derived from unobligated funds appropriated for the Conservation Reserve Program prior to fiscal year 1997. The Conservation Service resumed providing technical assistance for this program on May 17, 1999, because of the imminent enactment of an emergency supplemental appropriations act. This act became law on May 21, 1999. Among other things, the act provides up to an additional \$28 million for technical assistance for the program in fiscal year 1999.

According to USDA officials, the Conservation Service was constrained from continuing its technical assistance for the program by limitations on budgetary authorities and other statutory requirements after the unobligated funds previously appropriated to the Conservation Reserve Program ran out. Concerning budgetary limitations, the Conservation Service, in consultation with an attorney in USDA's Office of General Counsel, concluded that it could not use funds appropriated to its conservation operations budget account to support the Conservation Reserve Program because the purposes for which these funds were appropriated did not include this program. Concerning other statutory requirements, legislative provisions related to the Commodity Credit Corporation cap the amount of annual reimbursements made to government agencies for supporting the Corporation's operations at \$36.2 million. USDA officials maintain that nearly all of the \$36.2 million has been committed for other purposes in fiscal year 1999, and thus sufficient funds were not available to reimburse the Conservation Service for the technical assistance it provides for the Conservation Reserve Program.

In late 1998, the Farm Service Agency examined the potential to use contractors to provide technical assistance. The agency identified a variety of farming and

conservation organizations as potential contractors. Agency officials also said these entities could have been hired relatively quickly using purchase agreements. However, these officials also noted several potential drawbacks to using these organizations as contractors, including a lack of consistency across these organizations in terms of technical skills; concerns about the ability of these organizations to uniformly apply the criteria used to evaluate the environmental benefits of land offered for the Conservation Reserve Program; and questions about the availability of suitable contractors in some rural areas.

BACKGROUND

The Conservation Reserve Program (CRP) was established in 1985 with several objectives: to reduce water and wind erosion, protect the nation's long-term capability to produce food and fiber, reduce sedimentation, improve water quality, create and enhance wildlife habitat, and encourage permanent conservation practices.¹ The program encourages private land owners, such as farmers, to remove highly erodible cropland or other environmentally sensitive acreage from production and apply conservation measures to reduce and control erosion and the impairment of water quality. USDA provides farmers or other private landowners with an annual payment—known as a rental payment—for the term of the multiyear contract—usually 10 to 15 years—for taking the land out of production and shares the costs of applying the necessary conservation measures.

The Farm Service Agency is the USDA agency with primary responsibility for implementing CRP. Specifically, this agency is responsible for (1) issuing federal regulations and other public announcements, such as notices of future signup periods, that govern the operation of the program; (2) determining which parcels of land are enrolled in the program, on the basis, in part, of the Conservation Service's evaluation of the land offered for enrollment; (3) determining the allowable amount of rental and cost-share payments that will be made under each enrollment contract; and (4) issuing these rental and cost-share payments to program participants (farmers or other private landowners). According to Farm Service Agency officials, because the agency's field staff lack the specific skills and expertise needed to perform technical assistance, they depend on Conservation Service to provide this support.

Land may be enrolled in the program by three means: (1) a general signup, which competitively selects the most environmentally sensitive land (most land is enrolled in the program by this method); (2) a continuous noncompetitive signup of highly desirable environmental practices, such as filter strips (areas of grass or other vegetation that filter runoff by trapping sediment, pesticides, or other pollutants) and riparian buffers (areas of trees and/or shrubs next to ponds, lakes, and streams that filter pollutants from runoff as well as provide shade, food sources, and shelter for fish and other wildlife);

¹ The Conservation Reserve Program was established under title XII of the Food Security Act of 1985, P. L. No. 99-198, 99 Stat. 1354 (Dec. 23, 1985).

and (3) the Conservation Reserve Enhancement Program,² which combines the resources of the federal and state governments to address targeted environmental concerns—such as the Chesapeake Bay. As of October 1998, about 30 million acres were enrolled in CRP. Funding for this program amounted to about \$9.2 billion for fiscal years 1994 through 1998. Program funding for fiscal year 1999 was estimated at \$1.7 billion.

With the passage of the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127, Apr. 4, 1996)—more commonly known as the 1996 farm bill—CRP became a program of the Commodity Credit Corporation, a government-owned corporation within USDA.³ In general, the Corporation's programs,⁴ including CRP, are classified as mandatory spending programs, and therefore the Corporation does not require annual appropriations in order to make outlays for them. Instead, the Corporation borrows funds from the Department of the Treasury to finance these programs; this borrowing is later repaid with appropriated funds.⁵

Provisions of the 1996 farm bill limit the Corporation's funding for the reimbursement of agencies within USDA and other government entities for their support of the Corporation's programs. This limit on reimbursements, also known as the reimbursement cap, sets a ceiling on the amount of obligations that the Corporation can make for this purpose each year. As provided for in the farm bill, the cap is based on the level of these obligations made in fiscal year 1995—\$36.2 million.⁶ Reimbursements related to CRP were not included in this cap because this program was not funded through the Corporation's borrowing authority in fiscal year 1995.⁷ Instead, reimbursements for the provision of technical assistance for this program were to be made from unobligated funds appropriated to CRP prior to fiscal year 1997. At the start

² The Conservation Reserve Enhancement Program began in 1997. Since its inception, about \$350,000 has been obligated to carry out its objectives.

³ The Commodity Credit Corporation was originally chartered in 1933 under a Delaware charter and was reincorporated in 1948 as a federal corporation within USDA by the Commodity Credit Corporation Charter Act (P. L. 80-806, June 29, 1948). The Corporation was established to stabilize, support, and protect farm incomes and prices and to assist in maintaining balanced and adequate supplies of agricultural commodities and in facilitating their orderly distribution. It carries out this mission by financing a variety of farm income and commodity support programs through direct payments and loans to farmers.

⁴ In addition to its income and commodity support programs, the Commodity Credit Corporation's mission has been expanded in recent years to include the financing of a range of commodity export, resource conservation, and disaster assistance programs.

⁵ For a more detailed discussion of the Corporation's financial operations, see Commodity Credit Corporation: Information on the Availability, Use, and Management of Funds, (GAO/RCEID-98-114, Apr. 28, 1998).

⁶ This cap was originally calculated as \$45.6 million per year starting with fiscal year 1997. However, USDA has made several adjustments to the cap to correct errors in its original cap calculation; the net effect of these corrections is to reduce the cap to \$36.2 million.

⁷ CRP was funded through the Corporation's borrowing authority in fiscal years 1986 and 1987. From fiscal year 1988 through fiscal year 1995, this program was financed through annual appropriations. According to USDA officials, however, if in any of these years the program had not received an appropriation, USDA was authorized to use the Corporation's borrowing authority to carry out the program's operations. Thus, in the view of these officials, CRP was technically a Corporation program even before the 1996 Farm Bill's enactment.

of fiscal year 1997, these unobligated funds amounted to \$134 million. Thus, the Natural Resources Conservation Service was reimbursed with these unobligated funds.⁸

NATURAL RESOURCES CONSERVATION SERVICE'S
TECHNICAL ASSISTANCE FOR THE CONSERVATION
RESERVE PROGRAM AND ITS COSTS

The technical assistance the Natural Resources Conservation Service provides for the Conservation Reserve Program includes evaluating land offered for enrollment in the program and, for the land accepted for enrollment, preparing conservation plans that outline the measures that will be undertaken on this land to reduce erosion and protect water quality. In addition, the Conservation Service provides assistance to farmers and other private landowners to install and maintain these conservation measures; however, this installation and maintenance is primarily the landowner's responsibility. According to USDA officials, the Conservation Service's field staff, located in about 2,500 county offices, are USDA staff that are uniquely qualified to provide this type of assistance. For example, these staff have expertise in such fields as agronomy, biology, engineering, range management, and soil science, which are needed to assess the environmental benefits of land offered for enrollment and to plan and implement conservation measures on land enrolled in the program.

Regarding the evaluation of land offered for enrollment, the Conservation Service determines whether each parcel of land offered meets CRP's eligibility criteria, including whether the land is highly erodible or otherwise environmentally sensitive. The Conservation Service also evaluates the relative merits of the land on the basis of the potential environmental and conservation benefits obtained by its enrollment in CRP. To do this, the Conservation Service completes an Environmental Benefits Index form to evaluate the land on the basis of such criteria as the expected environmental improvement in soil resources, water quality, and wildlife habitat.⁹ The relative cost of enrolling the land—the annual rental payments and cost-share benefits the landowner is seeking—are also a factor in making enrollment determinations.¹⁰

Before the Farm Service Agency and landowner sign an enrollment contract, the Conservation Service assists the landowner in developing a conservation plan for the land to be enrolled. This plan outlines the measures the landowner will undertake in exchange for the annual rental payments provided under the program. Among other things, the plan includes a schedule of the operations, activities, and estimated expenditures needed to implement these measures, such as establishing a permanent vegetative cover (grass, trees, or shrubs) on the land. The final conservation plan must be approved by the Conservation Service and the local conservation district in which the

⁸ Some of these funds were also used to reimburse the U.S. Forest Service, which has a relatively minor role in providing technical assistance for the Conservation Reserve Program.

⁹ Using this form, the Conservation Service scores—assigns a numerical value—to each offer. Generally, the higher the score, the more the environmental benefits of the offer.

¹⁰ Under the continuous sign-up program, land that meets certain criteria automatically qualifies for CRP enrollment.

land is located.¹¹ After the land is enrolled, the Conservation Service provides technical advice to landowners, when requested, regarding the installation and maintenance of the conservation measures called for in their conservation plans.

The Conservation Service currently charges the Commodity Credit Corporation \$98 to evaluate parcels of land offered for enrollment in CRP and \$456 per parcel to develop conservation plans for land accepted for enrollment. This latter fee is a one-time charge intended to cover all technical assistance provided by the Conservation Service over the life of a CRP enrollment contract. According to Conservation Service officials and related documentation, these rates, which became effective in fiscal year 1998, are based on the actual time charged by Conservation Service field staff for the technical assistance they provided to CRP between March 2, 1997, and June 21, 1997, and the salary and employee benefits related to these time charges. The rates were also agreed to in a Memorandum of Agreement, revised annually, and signed by the Corporation, the Conservation Service, and the Farm Service Agency. The total cost of the Conservation Service's technical assistance for CRP was \$38.8 million in fiscal year 1997, \$49.2 million in fiscal year 1998, and an estimated \$46.9 million in fiscal year 1999.

**THE NATURAL RESOURCES CONSERVATION SERVICE
SUSPENDED ITS TECHNICAL SUPPORT FOR CRP
BECAUSE OF INSUFFICIENT FUNDS FOR THIS PURPOSE**

The Conservation Service suspended most of its technical assistance for the Conservation Reserve Program for about 6 weeks during the spring of 1999 because there were insufficient funds to reimburse the Conservation Service for this assistance. Specifically, on April 7, 1999, the Conservation Service, with the subsequent concurrence on April 12, 1999, of the Farm Service Agency, stopped providing technical assistance related to enrolling new land into the program because the funds for reimbursing the Conservation Service for this assistance were almost exhausted. However, follow-up work on land already enrolled in the program continued uninterrupted because the Conservation Service had already received its reimbursement. The funds used to reimburse the Conservation Service were derived from unobligated funds appropriated for CRP prior to fiscal year 1997. The Conservation Service resumed its technical assistance for the program on May 17, 1999, because an emergency supplemental appropriations act was about to be enacted. On May 21, 1999, this act became law. Among other things, the act provides up to an additional \$28 million from the Commodity Credit Corporation for technical assistance for CRP during fiscal year 1999.¹²

¹¹ A conservation district is a legal subdivision of state government, with an elected governing body, which develops and implements soil and water conservation programs within a certain area, usually coinciding with county lines.

¹² This act also provided up to an additional \$35 million from the Commodity Credit Corporation for technical assistance for CRP in fiscal year 2000.

Purposes of the Suspension

On April 7, 1999, the Conservation Service, with the subsequent concurrence of the Farm Service Agency, suspended most of its technical assistance for CRP. Assistance was suspended in order to determine how much of the unobligated funds used to reimburse the Conservation Service remained for the balance of fiscal year 1999.¹³ The suspension also allowed the Conservation Service, in conjunction with the Farm Service Agency, to determine priorities on how to best use the unobligated funds that remained. The suspension applied to the provision of technical assistance for new offers of land for enrollment. However, the suspension did not apply to follow-up technical assistance for land already enrolled in the program. According to USDA officials, payment for this follow-up work is covered in the original reimbursement the Conservation Service received to prepare conservation plans for enrolled land.

When the suspension was undertaken, the Conservation Service and the Farm Service Agency had expected CRP technical assistance to resume by April 16, 1999. However, the agencies discovered that the unobligated funds used for this purpose were nearly exhausted, with only about \$10,500 available for the balance of fiscal year 1999. According to USDA officials, although they were surprised by how little funding remained, the fact that unobligated funds would not carry them through fiscal year 1999 was anticipated. For example, in a September 1998 memorandum from the Farm Service Agency's Administrator to USDA's Under Secretary for Farm and Foreign Agricultural Services, the Administrator observed that a shortfall in the funding needed for CRP technical assistance in fiscal year 1999 was expected, largely because of (1) an increase in the rate the Conservation Service charged for evaluating land offers—the Conservation Service increased this rate from \$77 to \$98 per parcel in 1998—and (2) charges that were not reimbursed prior to fiscal year 1998 for preparing new conservation plans for re-enrolled acreage.¹⁴ USDA officials advised the Congress in appropriations hearings held in February and March 1999 that the unobligated funds used for CRP technical assistance would likely run out before the end of fiscal year 1999.

¹³ The U.S. Forest Service also suspended its technical assistance for CRP on April 7, 1999, for the same purpose.

¹⁴ Per the Memorandum of Agreement signed by the Commodity Credit Corporation, the Conservation Service, and the Farm Service Agency, starting in fiscal year 1998 the Conservation Service was to receive a reimbursement of \$456 per parcel for conservation planning work on those re-enrolled acres when one or more of the following conditions occurred: (1) contracts were reduced in size and (2) contracts required significant revision because of the enhancement of the Environmental Benefits Index. In these cases, the Conservation Service is required to develop detailed conservation plans, estimate the cost of conservation measures, oversee the implementation of these measures, and perform other work as if the re-enrolled land was being enrolled in CRP for the first time. According to USDA officials, the Conservation Service and the Farm Service Agency negotiate which re-enrolled land requires this level of technical assistance from the Conservation Service.

Resumption of Technical Assistance

On May 17, 1999, the Conservation Service resumed CRP technical assistance because an emergency supplemental appropriations act was about to be enacted. This act, the 1999 Emergency Supplemental Appropriations Act (P.L. 106-31), became law on May 21, 1999. Among other things, it provides up to an additional \$28 million for technical assistance for CRP and the Wetlands Reserve Program in fiscal year 1999.¹⁵ However, according to USDA officials, because technical assistance for the wetlands program is already fully funded, the \$28 million in funds available under the emergency supplemental appropriations act will be used only for CRP technical assistance.

USDA formalized its resumption of technical assistance for CRP in a May 28, 1999, memorandum that was signed by the Conservation Service and the Farm Service Agency.¹⁶ However, as of July 27, 1999, USDA had not requested an apportionment¹⁷ from the Office of Management and Budget of the funds provided for CRP technical assistance in the emergency supplemental appropriations act.¹⁸

According to USDA officials, the \$28 million available under the emergency supplemental appropriations act may not be sufficient to cover the costs of CRP technical assistance through the end of fiscal year 1999. According to these officials, the Department had sought \$31 million in additional funding for this technical assistance in the appropriations act. They indicated that the difference (\$3 million) between the amount appropriated versus the Department's request could leave USDA short of funding for CRP technical assistance by the end of the fiscal year.¹⁹ According to the officials, a possible shortfall will largely depend on the level of activity under the continuous signup portion of CRP; land that meets certain minimal criteria is automatically enrolled under this part of the program, subject to available funds.

¹⁵ Administered by the Conservation Service on behalf of the Commodity Credit Corporation, the Wetlands Reserve Program provides land rental and restoration cost-share payments to landowners who permanently return converted or farmed wetlands to their prior wetlands condition.

¹⁶ The May 28, 1999, memorandum also indicated that the U.S. Forest Service would resume its technical assistance for CRP.

¹⁷ An apportionment is the action by which the Office of Management and Budget distributes funds available for obligation, including budgetary reserves established pursuant to law, in an appropriation or fund account.

¹⁸ We have asked USDA for a written explanation of the source of funding for the Conservation Service's resumption of CRP technical assistance before the enactment of the 1999 Emergency Supplemental Appropriations Act. We have also asked why USDA has not requested or received an apportionment by the Office of Management and Budget of the supplemental appropriation, as required by 31 U.S.C. 1517.

¹⁹ USDA is concerned about a similar funding shortfall in fiscal year 2000. Specifically, USDA officials indicated that the \$35 million in Commodity Credit Corporation funding for CRP technical assistance in fiscal year 2000, as provided for in the supplemental appropriations act, may be insufficient. These officials said an addition \$5 million may be needed for anticipated new activity under the program in that year.

**BUDGETARY AUTHORITIES AND OTHER STATUTORY REQUIREMENTS
AFFECTING THE CONSERVATION SERVICE'S PROVISION OF TECHNICAL
ASSISTANCE FOR THE CONSERVATION RESERVE PROGRAM**

The Natural Resources Conservation Service's principal source of technical assistance funds is its conservation operations appropriation. However, in an October 7, 1998, memorandum, an attorney in USDA's Office of General Counsel notified Conservation Service officials that the Conservation Service could not use its conservation operations appropriation to fund technical assistance for CRP because this appropriation does not provide funds for this purpose. This attorney also noted that the Conservation Service's performance of technical assistance for the program without adequate funds being legally available would be a violation of the Anti-Deficiency Act, as amended (31 U.S.C. 1341).

Furthermore, as discussed, legislative provisions of the 1996 farm bill capped at \$36.2 million the amount of Commodity Credit Corporation funds that could be used to reimburse federal and state government agencies for their support of the Corporation's operations.²⁰ According to USDA officials, nearly all of this \$36.2 million has been committed for other purposes in fiscal year 1999. Thus, despite the fact that CRP is a program of the Corporation, sufficient funds are not available under the reimbursement cap to cover the costs of the Conservation Service's technical assistance for this program. These officials noted that unless the amount of this cap is increased in the future, the use of the Corporation's funds to reimburse the Conservation Service for technical assistance for CRP will only be possible when specifically provided for in appropriations legislation.²¹

**THE FARM SERVICE AGENCY HAS IDENTIFIED POTENTIAL CONTRACTORS
AND A WAY TO HIRE THEM QUICKLY TO PROVIDE TECHNICAL ASSISTANCE
FOR THE CONSERVATION RESERVE PROGRAM**

The Farm Service Agency has examined the potential to use contractors to provide technical assistance for the Conservation Reserve Program. The agency undertook this analysis in late 1998 because it anticipated future problems in the Natural Resources Conservation Service's provision of this assistance as a result of funding uncertainties. The Farm Service Agency's analysis did not address the relative costs of each approach. Instead, it focused on the identification of possible contractors and a mechanism to hire them quickly if the Conservation Service had to suspend its technical assistance for the program for an indeterminate length of time. According to Farm Service Agency officials, a variety of farming and conservation organizations were identified as potential

²⁰ These provisions are found in section 161 of the 1996 farm bill, which amended section 11 of the Commodity Credit Corporation Charter Act.

²¹ USDA officials also said that under section 11 of the Commodity Credit Corporation Charter Act, the Secretary of Agriculture could direct a USDA agency to provide services to the Corporation, including technical assistance for CRP, on a nonreimbursable basis. In addition, these officials said that there may be other funds available for the provision of these services, such as the reprogramming of funds from other purposes. Further elaboration on these funding issues may be provided in USDA's response to our request described in footnote 18.

contractors. These officials also said these organizations could have been hired relatively quickly using purchase agreements and that these agreements would have been funded through the borrowing authority of the Commodity Credit Corporation in light of CRP's status as a Corporation program. However, these officials also noted several potential drawbacks to using these organizations, including a lack of consistency across these organizations in terms of technical skills; concerns about the ability of these organizations to uniformly apply the evaluative criteria used in completing the Environmental Benefits Index form; and questions about the availability of suitable contractors in some rural areas.

Relatedly, USDA officials also indicated that the Farm Service Agency is not required by statute to use the Conservation Service for the provision of technical assistance for CRP. Similarly, the Conservation Service is not required by statute to provide this assistance. Thus, these officials indicated that the Farm Service Agency has the latitude to hire contractors to provide this technical assistance. However, Farm Service Agency officials indicated that they prefer to continue using the Conservation Service for this assistance, noting that the Conservation Service's field staff have the skills, expertise, and experience needed to provide this assistance. These officials also noted that the Conservation Service's provision of this assistance ensures a nationwide, consistent application of evaluative criteria in completing the Environmental Benefits Index form.

AGENCY COMMENTS

We provided a draft of this report to USDA for its review and comment. We met with officials of the Conservation Service, including the Deputy Chief for Programs; the Farm Service Agency, including the Director of the Conservation and Environmental Programs Division; the Office of General Counsel, including the Assistant General Counsel for the International Affairs and Commodity Programs Division; and the Office of Budget and Program Analysis and the Office of the Inspector General. The officials generally agreed with the information presented in the report. These officials also provided a number of technical changes and clarifications to the report, which we incorporated as appropriate.

SCOPE AND METHODOLOGY

To determine the nature and costs of the Conservation Service's technical assistance for the Conservation Reserve Program as well as the reasons the Conservation Service suspended its technical assistance, we interviewed and obtained documentation from officials of the Conservation Service and Farm Service Agency. To determine the budgetary authorities or statutory requirements that may constrain the Conservation Service from performing technical assistance for the program, we interviewed and obtained documentation from officials of the Conservation Service, Farm Service Agency, and USDA's Office of General Counsel. We also reviewed applicable legislation and legislative histories.

To determine the potential to use contractors to provide technical assistance for CRP in lieu of the Conservation Service, we interviewed and obtained documentation from officials of the Conservation Service and the Farm Service Agency. Because neither agency has prepared an analysis comparing the costs of using the Conservation Service's staff versus private contractors to perform this technical assistance, we were unable to assess these comparative costs in the limited time available for this review.

We conducted our review from May 1999 through July 1999 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 30 days after the date of this letter. At that time, we will provide copies to appropriate congressional committees; interested Members of Congress; the Honorable Dan Glickman, Secretary of Agriculture; the Honorable Jacob Lew, Director of the Office of Management and Budget; and other interested parties. We are also making copies available to others upon request.

If you have any questions about this report, please contact James R. Jones, Jr. or me at (202) 512-5138. Key contributors to this report were James Dishmon, Oliver Easterwood, and Richard Shargots.

Sincerely yours,



Lawrence J. Dyckman
Director, Food and
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