

GAO Highlights

Highlights of [GAO-22-104259](#), a report to the Chairwoman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate

Why GAO Did This Study

To offset losses in agricultural export sales caused by international trade disruptions and increased tariffs on certain U.S. exported products, FSA distributed payments to farms through the MFP, a USDA supplemental assistance program. Such programs aid eligible farms that have been affected by various situations or events, including financial hardship or crop damage and loss following natural disasters.

FSA collects demographic information from farmers who participate in programs such as the MFP, including whether they belong to historically underserved groups and their income levels.

GAO was asked to review aspects of USDA's implementation and oversight of the MFP. This report examines (1) USDA's distribution of MFP payments to historically underserved and high-income farmers for both 2018 and 2019 and (2) the extent to which USDA verified farms' compliance with MFP eligibility requirements for both 2018 and 2019.

GAO reviewed USDA documents and data and interviewed agency officials.

What GAO Recommends

GAO is making four recommendations, including that FSA issue guidance for future compliance reviews of supplemental assistance programs to (1) design data collection and analysis in a way that ensures reliable results, (2) assess risk characteristics and take a more complete risk-based approach, and (3) communicate results and identify corrective actions. FSA generally agreed with the recommendations.

View [GAO-22-104259](#). For more information, contact Steve D. Morris at (202) 512-3841 or MorrisS@gao.gov.

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USDA MARKET FACILITATION PROGRAM

Oversight of Future Supplemental Assistance to Farmers Could Be Improved

What GAO Found

Under the Market Facilitation Program (MFP) launched by the U.S. Department of Agriculture (USDA) for 2018 and 2019, USDA's Farm Service Agency (FSA) made payments totaling \$23 billion to farms and farmers. GAO's analysis of FSA data found that historically underserved farmers—such as those belonging to socially disadvantaged groups that have been subject to racial, ethnic, or gender prejudice—received \$818.9 million collectively (3.6 percent) in MFP payments (see table; data shown cannot be totaled across groups).

Payments to Farmers from Historically Underserved Groups by USDA's Market Facilitation Program (MFP)

Historically underserved group	2018 MFP payments to farmers (number)	2018 MFP payments to farmers (dollars)	2019 MFP payments to farmers (number)	2019 MFP payments to farmers (dollars)	Total payments to farmers (dollars)
Socially disadvantaged	14,688	141,491,542	19,038	294,204,730	435,696,272
Military veterans	6,664	91,287,315	7,418	149,293,571	240,580,886
Beginning to farm	5,124	40,704,803	8,053	111,403,615	152,108,417
Limited resource	538	1,436,917	995	4,478,125	5,915,042

Source: GAO analysis of Farm Service Agency data. | GAO-22-104259

Note: Some farmers belonged to more than one historically underserved group.

FSA also paid \$163.4 million (0.7 percent) to 883 high-income farms and 1,164 farmers with adjusted gross incomes (AGI) over \$900,000 per year. To be eligible for MFP payments, FSA required applicants to have average AGIs of \$900,000 or less per year—unless they certified that at least 75 percent of their income was derived from farming, ranching, or forestry, in which case no income cap applied.

USDA agencies conducted several reviews of MFP payments to ensure they had gone to eligible applicants. However, FSA's review to verify that 2018 MFP payments were based on accurate information was limited in its usefulness for several reasons. For example:

- FSA did not ensure the results of its review were reliable because the agency did not collect or analyze information in a statistically valid manner.
- FSA reviewed a sample of larger payments at a higher rate than smaller payments but did not focus on other characteristics posing risk to the accuracy of payments, such as farms with which FSA lacked familiarity or historical data to corroborate eligibility.
- FSA did not communicate the results of its review, including a summary of findings and the types of errors found, or identify corrective actions.

FSA's guidance for the 2018 MFP review did not direct the agency to (1) ensure results were reliable using sound statistical methodologies; (2) take a more complete risk-based approach, as used for other FSA programs; or (3) communicate results and identify corrective actions. In addition, FSA discontinued its 2019 MFP compliance review because of competing agency priorities, including implementation of another supplemental assistance program. FSA would improve its oversight of payments and enhance the usefulness of future compliance reviews for supplemental assistance programs by developing better guidance for conducting such reviews.