GAO Highlights

Highlights of GAO-14-428, a report to the Ranking Member, Committee on Homeland Security and Governmental Affairs, U.S. Senate

July 2014

USDA FARM PROGRAMS

Farmers Have Been Eligible for Multiple Programs and Further Efforts Could Help Prevent Duplicative Payments

Why GAO Did This Study

USDA administers farm programs to provide financial assistance to farmers, particularly when they experience losses. FSA, NRCS, and RMA administer most such programs. USDA's Office of Inspector General has reported on duplicative payments between USDA programs that pay for crop losses.

GAO was asked to examine the potential for overlap and duplication among USDA's farm programs. This report examines (1) USDA programs that provided financial assistance to farms during the effective period of the 2008 farm bill (2008 through 2013) and the potential for overlap and duplication among these programs; (2) the extent that farms received payments from farm programs and the amount of these payments; and (3) the internal controls USDA has designed to help prevent duplicative payments for the same crop losses to the same farms. GAO developed an inventory of USDA farm programs in existence during the 2008 farm bill, analyzed USDA data on farm payments from 2008 through 2011, and compared USDA's internal control activities for programs covering crop losses with federal standards for internal control.

What GAO Recommends

GAO recommends that RMA and FSA (1) monitor to identify the extent of duplicative payments and (2) develop a plan to prevent or recover any duplicative payments in 2014 involving a pilot RMA crop insurance policy. USDA generally agreed with GAO's recommendations.

View GAO-14-428. For more information, contact Anne-Marie Fennell at (202) 512-3841 or fennella@gao.gov.

What GAO Found

From fiscal years 2008 through 2012, the U.S. Department of Agriculture (USDA) reported spending about $114 billion on 60 programs providing financial assistance to farmers, including about $28 billion in crop insurance subsidies. Those programs existed during the effective period of the Food, Conservation, and Energy Act of 2008 (2008 farm bill). Most were administered by the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), and Risk Management Agency (RMA). The 2014 farm bill eliminated some programs covered by this report, including FSA's Direct Payments Program, and added or expanded other programs. Under the 2008 farm bill, farmers were eligible for multiple programs depending on the commodities they produce and other factors. Some of these programs were overlapping, meaning they have similar goals, engage in similar activities or strategies, or target similar beneficiaries. However, based on a review of the programs, GAO did not find sufficient evidence to conclude that these programs were duplicative, meaning that they engaged in the same activities or provided the same services to the same beneficiaries.

Annually, USDA surveys individual farm costs and returns, including government payments. The survey among other things is aimed at estimating the farm sector's financial condition. The survey allows linking payments to farm characteristics, but it does not account for all payments in a given fiscal year. Based on these survey data, except crop insurance subsidies, most of the estimated 2.2 million farms reported receiving no program payments from 2008 through 2011, and about 37 percent (800,000) received a payment from at least one farm program. Farms receiving payments reported receiving $11,293 on average (median payment of $3,719) annually from various programs. Payments were higher if a farm received assistance from multiple farm programs—less than 1 percent of farms received payments of $57,899 on average (median payment of $27,412) annually from multiple programs. Larger farms or farms producing cash grains such as corn were more likely to receive payments from multiple programs than small farms or farms producing other crops. Larger farms also received more crop insurance premium subsidies than other farms.

The three largest USDA programs that pay for crop losses are FSA's Noninsured Crop Disaster Assistance Program (NAP), FSA's Supplemental Revenue Assistance Payments (SURE) Program, and RMA's Federal Crop Insurance Program. SURE and NAP assist farmers with losses due to natural disasters. Crop insurance, the largest program covering losses, makes payments based on revenue and production losses. These programs have controls to help prevent duplicative payments; however, GAO asked FSA to conduct data matching to compare payment data for RMA's Adjusted Gross Revenue crop insurance policy and FSA's NAP from 2010 through 2012, and that effort, with RMA analyses, identified 13 duplicative payments that may amount to about $188,000. It is possible there were other duplicative payments made by NAP and other crop insurance policies, but USDA has not taken steps to compare or monitor these payments. Without monitoring by engaging in activities such as data matching, agencies will find it difficult to identify such payments. In addition, a 2013 FSA decision to allow farmers in six states to have coverage for forage under both NAP and a pilot RMA crop insurance policy could result in duplicative payments in the 2014 crop year. FSA officials said they estimated potential duplicative payments to be less than $10 million resulting from this decision. RMA and FSA officials told GAO that they had not developed a plan to prevent or recover duplicative payments that may result from FSA's decision.