

GAO Highlights

Highlights of [GAO-18-54](#), a report to the Honorable Nancy Pelosi, Minority Leader, House of Representatives

Why GAO Did This Study

“Got milk?” and “Pork: The Other White Meat” are examples of advertising campaigns undertaken by 2 of the 22 federal agricultural research and promotion programs, commonly known as commodity check-off programs. These programs, funded by a fraction of the sale of each unit of a commodity, are led by boards consisting of industry members appointed by the Secretary of Agriculture. The programs conduct research and promotion activities to strengthen a commodity’s position in the market. In 2016, check-off funds totaled over \$885 million. By law, funds cannot be used for lobbying or disparaging other commodities, among other things. AMS has primary responsibility for overseeing the check-off programs.

GAO was asked to review AMS’s oversight of the check-off programs. This report examines (1) the extent to which AMS has addressed previously identified weaknesses in its oversight and (2) how the effectiveness of the programs has been evaluated and what the results have indicated. GAO selected a sample of 8 such programs—selected, in part, based on total funds collected—and reviewed laws, regulations, and agency guidance. GAO interviewed agency officials, check-off board executives, and economists.

What GAO Recommends

GAO is making five recommendations, including that USDA revise its standard operating procedures to include the review of subcontracts, include key documents on check-off program websites, and develop criteria to assess evaluations. USDA generally agreed with GAO’s recommendations.

View [GAO-18-54](#). For more information, contact Steve Morris at (202) 512-3841 or morris@gao.gov.

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AGRICULTURAL PROMOTION PROGRAMS

USDA Could Build on Existing Efforts to Further Strengthen Its Oversight

What GAO Found

The U.S. Department of Agriculture’s (USDA) Agricultural Marketing Service (AMS) has improved its oversight of check-off programs since USDA’s Office of Inspector General (OIG) made recommendations in a 2012 report. In response to two OIG recommendations, AMS developed and implemented standard operating procedures, which outline specific oversight responsibilities of AMS, and began to conduct internal reviews of its oversight functions. However, GAO found that AMS does not consistently review subcontracts—a legal agreement between a contractor and third party—or ensure that certain documents are shared with stakeholders on program websites.

- **Subcontracts.** Under AMS’s 2015 guidelines for check-off programs, which cover broad oversight activities, staff are to review a sample of subcontracts during agency reviews of program operations. However, AMS did not revise its standard operating procedures to match its guidelines with this responsibility, and GAO found that AMS reviewed subcontracts for only one check-off program in its sample of eight. Without revising the standard operating procedures to include a review of subcontracts, AMS’s ability to prevent misuse of funds is impaired.
- **Transparency.** According to leading business principles, transparency is central to stakeholders’ access to regular, reliable, and comparable information. However, GAO found that four of the eight check-off programs reviewed posted all key documents, such as budget summaries and evaluations of effectiveness, to program websites. GAO found that AMS’s guidelines state that budget summaries should be posted on program websites, while the other key documents are to be available on the website or otherwise made available to stakeholders. Agency officials said that boards would supply documentation if contacted by a stakeholder. Industry representatives GAO interviewed said that transparency of how funds are used and the effectiveness of programs are important to their members. Without including in its guidelines and standard operating procedures that all key documents should be posted on a check-off program’s website, AMS may miss an opportunity to ensure that stakeholders have access to information on program operations and effectiveness.

Independent economic evaluations of the effectiveness of check-off programs, required by law to be conducted every 5 years, have generally shown positive financial benefits. For the eight evaluations GAO reviewed, benefits ranged from an average of \$2.14 to \$17.40 for every dollar invested in the programs. However, the evaluations varied in the methods used and had certain methodological limitations. For example, some evaluations did not account for the effects of promotion from competing commodities, which could overstate the programs’ benefits. AMS’s standard operating procedures state that the agency should review the evaluations to ensure that there is a credible methodology, among other things; however, AMS did not consistently document reviews of the evaluations or have criteria by which to review the evaluations. Without developing criteria to assess the methodology and results of evaluations, the agency’s assessments of independent economic evaluations may be inconsistent across check-off programs and misleading to stakeholders.