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DEPARTMENT OF AGRICULTURE

Restructuring Will Impact Farm Service Agencies' Automation Plans and Programs

Statement for the Record by JayEtta Z. Hecker, Director
Resources, Community, and Economic Development
Information Systems
Information Management and Technology Division

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Mr. Chairman and Members of the Committee:

I appreciate this opportunity to discuss possible implications that proposed restructuring of the U.S. Department of Agriculture (USDA) would have on its agencies' information technology plans. Because of the Committee's interest in identifying ways to more efficiently serve the needs of rural America and conserve federal resources, I will focus on four USDA agencies that provide service to the farm sector--Agricultural Stabilization and Conservation Service (ASCS), Farmers Home Administration (FmHA), Federal Crop Insurance Corporation (FCIC), and Soil Conservation Service (SCS).

History has shown that the farm service agencies' information technology investments have not always provided the expected improvements. We have identified specific instances where an agency acquired computer equipment and developed information systems without fully considering how information could best be used within the agency or by the other farm service agencies.

This hearing then comes at an opportune time for two reasons. First, over the next 5 years, the farm service agencies plan to spend about $2 billion upgrading, operating, and maintaining the information technology used to support their programs. At the same time, the Secretary of Agriculture and the Congress are exploring ways to streamline USDA's field structure. Changes to this field structure will have significant implications for the farm service agencies' information technology modernization plans and could require a complete reevaluation of the field offices' technology needs.

BACKGROUND

USDA, with the fourth largest budget in the federal government, affects the lives of each and every American as well as millions of people around the world. USDA oversees a food and agriculture sector of major importance to the nation's economy, accounting for 17 percent of the gross national product and 20 million jobs. In 1991 alone, USDA spent about $54 billion and employed over 125,000 people in 36 agencies.

USDA administers its farm programs and services through one of the largest and most decentralized field structures in the federal government. Operating this field network is costly. In fiscal year 1991, the four farm service agencies spent about $10 billion, with over 32,000 employees[1] administering programs in about 8,000 field offices.

Additionally, USDA spent about $650 million in fiscal year 1991 to acquire, operate, and maintain information technology--computer

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[1]This does not include about 15,000 ASCS field office employees who are not classified as federal employees, but are funded by the federal government.

equipment, software, and telecommunications. Of this amount, the four farm service agencies spent about $280 million (about 40 percent) to support a wide variety of farm service programs. Over the next 5 years, farm service agencies' information technology budgets will account for almost 50 percent of USDA's total $4 billion information technology budget (see table 1).

Table 1: Farm Service Agencies' Information Technology Budgets For Fiscal Years 1993 Through 1997

Amount

	(millions)
ASCS	$ 865
FmHA	646
FCIC	133
SCS	334
Total	$1,978

AUTOMATION HAS NOT ALWAYS IMPROVED OPERATIONS

Although the farm service agencies have spent over half a billion dollars since 1984 to acquire, operate, and maintain field office information technology,[2] field office staff are continuing to rely on manual processes for such basic management functions as loan management. For instance, FmHA has spent over $200 million since 1985 to automate its field office operations. However, FmHA has not developed the software its field offices need to compile consistent, reliable management information for program managers in FmHA headquarters. These managers need the information to monitor and evaluate basic program areas, such as loan obligations, delinquencies, and inventory property. Instead, FmHA's field office staff use the information technology primarily to access FmHA's centralized accounting systems and for general functions such as word processing and electronic mail. Because FmHA has developed limited software capabilities for managing loans, its field office loan managers continue to manage FmHA's approximately $57 billion loan portfolio in essentially the same way they did 20 years ago--by thumbing through boxes of color-coded index cards that contain information on borrowers.

On the other hand, some field office automation efforts have improved efficiency and service. For instance, since 1984 ASCS has spent about $250 million to automate its field office operations. Through this automation, ASCS is able to maintain most farm program data on its field office computers. These data can then be

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[2]USDA could not provide the exact amount expended for field office automation because three of the four agencies did not account for their field office technology expenditures separately from their other technology expenditures.

automatically accessed, used, and updated while servicing the
farmer. In addition, after summary data have been compiled in
field offices, they can be electronically transmitted to ASCS state
offices and used for program management and oversight purposes.

Data Cannot Be Readily Shared
Among Agencies' Systems

USDA and its agencies depend upon reliable information to
administer the numerous agriculture programs. Often,
responsibilities for these programs are spread over agency lines.
For instance, responsibilities for the conservation provisions of
the 1985 Farm Act are shared among the four agencies; no one agency
is solely responsible for the program. However, even though more
and more of the issues and responsibilities facing the farm service
agencies require coordination and cooperation across agency lines,
the agencies seldom take into account the need to exchange
information with other agencies when acquiring information
technology and developing information systems. Instead, they
independently acquire computer equipment and information systems,
and develop data definitions that are not consistent with other
agencies. As a result, the farm service agencies' computer systems
cannot easily share information with each other. In such an
environment, the needed information is exchanged principally by
mailing or carrying documents from one agency's office to the next.
This is an inefficient, error-prone, and time-consuming process.
For example:

-- Conservation compliance program responsibilities require SCS to
   determine whether a farmer's land is highly erodible or is
   converted wetland, while ASCS must determine whether the farmer
   produced an agricultural commodity on that land. In addition,
   ASCS must share information with both FmHA and FCIC, who use
   this information to determine farm loan and crop insurance claim
   eligibility. All of this information sharing is done manually.
   SCS and ASCS have been working to share information
   electronically for this program since 1986. However, national
   implementation of such sharing has been delayed until compatible
   software and data definitions are in place. SCS estimates that
   about $2 million worth of staff time could be saved annually if
   field office staff were able to electronically share
   conservation program data rather than having to separately enter
   data into their systems from hardcopy documents.

-- USDA's Office of Inspector General reported in 1989 that over a
   half-million dollars of improper ASCS and FCIC payments had been
   made to farmers who had farmed land that had been foreclosed on
   by FmHA. The Inspector General concluded that these erroneous
   payments had been made primarily because the foreclosure
   information was inconsistently shared among the agencies. While
   these agencies' manual information sharing processes contributed
   to the inconsistencies, the agencies continue to share
   information using the same inefficient, error-prone processes.

In 1985 the Secretary of Agriculture convened a task force on streamlining the USDA. Among other things, the task force recommended that where appropriate, serious attention should be given to methods for sharing information electronically. However, this recommendation went unheeded and the agencies continued to develop information systems that were not compatible.

The task force also recommended that USDA ensure that agencies' develop consistent data definitions. Consistent data definitions are a necessary step towards electronic information sharing and integration of data bases because nonstandard definitions make it difficult and time-consuming to combine information from separate data bases. This recommendation also went unheeded, and only recently has USDA begun to identify the needs and opportunities for standard data definitions for such commonly used terms as farmer or farm land.

Agencies' Data Bases Are Not Integrated

In addition to needing to share information to administer cross-cutting issues, often the farm service agencies collect and maintain similar or duplicate information. However, the agencies' data bases are not integrated across agency lines, and some are not even integrated within the agency. Consequently, the agencies must maintain redundant data, increasing the time and paperwork burden for field office staff and customers as well as increasing the risk for errors. In an attempt to remedy this situation, the 1990 Farm Bill requires the Secretary of Agriculture to take appropriate action to integrate the various data bases that relate to agricultural program data.

If properly planned and managed, integrating various agricultural data bases will offer several benefits. For example, several state governments use single, integrated systems to determine if applicants are eligible for diverse public assistance programs, such as Aid to Families with Dependent Children, Food Stamps, and Medicaid. By integrating these eligibility systems the states have eliminated the need to enter and store the same data, such as an applicant's name and number of dependents, for each program. Public assistance programs are similar to agricultural programs in that each has several agencies that serve a similar group of clients through a network of field offices. Consequently, integration of the agricultural data bases would reduce the need for each agency to maintain similar data on farmers and would make data sharing easier.

Not only are the farm service agencies' information systems not integrated across agency lines, some of the information systems are not internally integrated within the same agency. Consequently, agency employees have to enter duplicate information on the same customer into different data bases. For example, FCIC employees must enter the same information into three different data bases in order to process a crop insurance claim. To determine a borrower's credit worthiness for a loan, FmHA employees must first enter data

into FmHA's Farm and Home Plan data base. After the loan is approved, the employees reenter this information into the loan accounting data base. Then, if the loan becomes delinquent, the employees must enter much of the same information a third time into the Debt and Loan Restructuring data base to develop a plan of action for restructuring the loan.

USDA ACTIONS TO ADDRESS INFORMATION
AND INFORMATION TECHNOLOGY PROBLEMS

USDA recently began taking steps to improve its information technology environment to better serve its clients and to improve efficiency. Since Fall 1991, USDA has been conducting pilot tests on eight projects as part of its "Easy Access" program. USDA initiated this program to respond to 1990 Farm Bill provisions to reduce paperwork and the number and length of visits to USDA offices required of a typical farmer.

Three of these projects in particular embody concepts for using information technology to improve service. If planned and employed properly, these should reduce paperwork and improve service to farmers. The projects are (1) placing a shared computer in a field office to allow field office employees and farmers access to ASCS, FmHA, and SCS agency information, all from one computer terminal; (2) issuing farmers "smart cards" that contain their specific farm program information; and (3) installing a geographic information system in field offices.

The other five Easy Access projects could also improve operations and service, but most are concepts that have been available for years and not all are information technology related. These projects involve the use of FAX machines, 1-800-numbers, video conferences, the modification of work hours, and the development of an abbreviated conservation compliance form and standard definitions for terms on the form.

Other recent actions by USDA include initiating a county office profile data base and forming a Data Management Steering Committee. USDA management realized they needed a county office data base because they could not quickly respond to this Committee's request for general information, such as the work load or number of staff in each office. The data base was successfully piloted in Macon County, Illinois, and tested in the state of Indiana. USDA plans to have this data base implemented nationwide by July 1992. In addition, USDA formed a steering committee in April 1992 to coordinate and oversee a USDA-wide data management program to reduce duplication and improve data sharing.

STREAMLINING USDA's FIELD STRUCTURE WILL
AFFECT AGENCIES' INFORMATION TECHNOLOGY NEEDS

Both the Secretary and the Congress are considering actions to streamline USDA's field structure to save federal resources. Change in USDA's field structure would have implications on any

information technology modernization efforts that the farm service agencies are planning.

One possibility being considered involves establishing single service centers that will be responsible for all programs administered by the four farm service agencies. Another action involves consolidating two or more of the agencies' field offices. Either of these actions would impact agencies' information technology needs. For example, moving to a single service center approach would alter the business processes and information flow within and among the offices, significantly changing field office computer equipment and information system requirements. On the other hand, consolidating field offices will mean more work for the remaining offices and an increased need for technology to support the additional work load.

After a decision is made on streamlining the field structure, USDA will need to develop long-range business and strategic information technology plans to reflect the new organizational structure and ways of doing business. However, ASCS, FmHA, FCIC, and SCS are all currently planning to spend millions over the next 5 years modernizing their field offices' information technology. As a result, the agencies are running the risk that they will acquire technology that does not meet the needs of a new field structure or that must be significantly altered down the road.

CONCLUSIONS

USDA has an opportunity to take a fresh look at using information technology to improve its operations and support USDA's future field office structure. Secretary Madigan has recently demonstrated his commitment to using information technology by such actions as creating a task force and initiating the Easy Access program. To his credit, the Secretary is exercising leadership in trying to improve service delivery to farm sector clients.

However, modernizing information technology for the four farm service agencies in the presence of the changes that this Committee and Secretary Madigan are considering is risky. If the agencies modernize their field office information technology before knowing what the changed structure will be, they will be gambling that they can develop technology-based solutions that are flexible enough to allow them to respond to fundamentally new and different ways that USDA may do business in the next few years. If the agencies' acquire information technology that cannot be retrofitted to meet a new field office structure, it could cost millions to replace or redesign the technology. Consequently, it would be unwise for farm service agencies to make major investments in modernizing their information technology until they know what USDA's reorganized field structure looks like.

In the meantime there are several actions that need to be aggressively pursued while the Congress and the Secretary are deliberating on how USDA is to be restructured. For instance, USDA

should take action to ensure that farm service agencies move effectively towards integrating the farm service agency data bases, as required by the 1990 Farm Bill. This will require better coordination among the agencies on information technology issues instead of independently acting as the agencies have done in the past. In addition, the Secretary must continue the effort begun through the Easy Access pilot project to establish common data definitions and ensure that agencies use these common definitions in developing information systems. Without coordinated information technology plans and common data definitions, USDA cannot be assured that the agencies' information technology modernization efforts will result in technology that will meet its cross-cutting needs into the 21st century.

This concludes my statement. I will be glad to respond to any questions you or other Members of the Committee may have.

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