United States General Accounting Office

GAO

Resources, Community, and Economic Development Division

August 1998

Food and Agriculture Issue Area

Active Assignments

GAO/AA-98-17(3)

161026

Foreword

This report was prepared primarily to inform Congressional members and key staff of ongoing assignments in the General Accounting Office's Food and Agriculture issue area. This report contains assignments that were ongoing as of August 17, 1998, and presents a brief background statement and a list of key questions to be answered on each assignment. The report will be issued quarterly.

This report was compiled from information available in GAO's internal management information systems. Because the information was downloaded from computerized data bases intended for internal use, some information may appear in abbreviated form.

If you have questions or would like additional information about assignments listed, please contact Lawrence Dyckman, Director, on (202) 512-5138; or Robert Robertson, Associate Director, on (202) 512-9889.

Contents

FOOD AND NUTRITION ASSISTANCE

TITLE: **CHANGES IN FOOD STAMP PARTICIPATION RATES FOR HOUSEHOLDS WITH CHILDREN AND THE ELDERLY (150079)**

KEY QUESTIONS : The number of individuals receiving food stamps declined from 28 million in 1995 to an estimated 19.7 million this year. Welfare reform, enacted in 1996, was designed to reduce welfare rolls, but may also have had unintended effects of reducing food stamps rolls as well. In particular, the requesters are concerned that state assistance offices may be cutting off food stamp benefits for children when their parents' Temporary Aid to Needy Families cases are closed, even though the children are eligible to receive food stamps. (1) What are the trends in food stamp participation in recent years? (2) Are children and the elderly experiencing problems in getting food stamps for which they are eligible?

TITLE: **FOOD STAMP PROGRAM EMPLOYMENT AND TRAINING FUNDS (150081)**

KEY QUESTIONS : In August 1996, the Welfare Reform Act required abled-bodied adults without dependents (ABAWDs) to work or to participate in state employment and training programs as a condition for receiving Food Stamps. Projected savings attributed to these requirements were estimated at $5.1 billion. States have also been authorized to receive up to $600 million in federal grant funds to pay for employment and training programs for ABAWDS. Q.(1) How many ABAWDs have been offered the opportunity and agreed to participate in a state food stamp employment and training program? Q.(2) What amount of federal grant funds has each state received to fund its food stamp employment and training programs?

TITLE: **PARTICIPATION IN THE FOOD STAMP PROGRAM BY DISQUALIFIED INDIVIDUALS (150082)**

KEY QUESTIONS : USDA's $21 billion Food Stamp Program (FSP) is vulnerable to, and is being victimized by, significant fraud, waste, and abuse. (Q1) How do states ensure that individuals who commit intentional program violations (IPV) are disqualified; (Q2) To what extent are disqualified individuals included in food stamp households?; if included, how many, and what was the estimated value of the improper benefits that were issued to the households during calendar year 1997?, (Q3) Is the Disqualified Recipient System (DRS) used effectively to track disqualified individuals; and, can the DRS be utilized to ensure that disqualified individuals do not participate in the Food Stamp Program.

TITLE: **FOOD ASSISTANCE: COMPUTERIZED INFORMATION MATCHING COULD REDUCE FRAUD AND ABUSE IN THE FOOD STAMP PROGRAM (150084)**

KEY QUESTIONS : The Food Stamp Program, a $21 billion dollar federal food assistance program, has been subject to both the participation of ineligible recipients and the improper use of benefits. Q1. What is the scope of the fraud and abuse in the Program? Q2. How can computerized information be used to identify and reduce it? and Q3. What is the potential for current draft legislation to reduce fraud and abuse in the program?

TITLE: **INDIVIDUALS COUNTED AS FOOD STAMP HOUSEHOLD MEMBERS IN MORE THAN ONE STATE (150283)**

KEY QUESTIONS : This is a continuation of our work to identify ineligible participants in the Food Stamp Program. Previous work identified more than 12,000 inmates and almost 26,000 deceased individuals included in food stamp households. (1) Are individuals included as members of Food Stamp Program households in multiple states during the same time period and, if so, what was the estimated value of the improper benefits that were issued to the households during calendar year 1996?, (2) How has multistate participation in the Food Stamp Program taken place and gone undetected?, and (3) Can computer matching effectively identify multistate participation, and is matching used by states to detect such participation?

TITLE: **EFFECTS OF WELFARE REFORM CHANGES ON THE SUMMER FOOD SERVICE PROGRAM (150285)**

KEY QUESTIONS : USDA's Summer Food Service Program--through public and private nonprofit sponsors--provides meals to low-income children when school is not in session. The 1996 Personal Responsibility and Work Opportunity Reconciliation Act made substantial changes to the program including a reduction in the subsidies that sponsors receive for meals served. Q1. How has the reduction in meal subsidies in the Summer Food Service Program affected program sponsors and participation? Q2. How have other reform changes (i.e., elimination of grants and some reimburseable meals for certain sponsors) affected the program?

TITLE: **IMPLEMENTATION STATUS OF THE SIMPLIFIED FOOD STAMP PROGRAM (150286)**

KEY QUESTIONS : The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193, Sec. 854) allows states to operate a Simplified Food Stamp Program for households in which one or more members receive assistance under the Temporary Assistance for Needy Families (TANF) block grant. The simplified program allows for a single set of rules and procedures to determine eligibility and benefits for the food stamp and TANF programs. (1) How many states have adopted or are planning to adopt the Simplified Food Stamp Program? (2) What impacts may the adoption of the simplified program have on household food stamp participation and benefit levels? (3) What obstacles or concerns may impede other states from adopting the simplified program?

TITLE: **FNS' COLLECTION OF FINES ASSESSED STORE OWNERS IN THE FOOD STAMP PROGRAM (150287)**

KEY QUESTIONS : USDA's Food and Nutrition Service (FNS) assesses fines against store owners for Food Stamp Program violations. Store owners owe FNS about $20 million of fines at any given time. However, FNS collects only about 10 percent of the dollar value of the fines and writes off the remaining 90 percent as uncollectible. By not collecting these fines, the federal government is losing revenues and store owners that violate program regulations are not punished to the fullest extent allowed by law. (Q1) What are FNS' procedures and practices for assessing and collecting fines levied against store owners for Food Stamp Program violations? (Q2) What are the dollar amounts of Food Stamp Program fines, collections, and debt write offs relating to store owners for FY 1993-97?

TITLE: **FOOD STAMP OVERPAYMENTS TO ELDERLY IN LONG-TERM CARE FACILITIES (150289)**

KEY QUESTIONS : About one out of every 10 Americans participated in the Food Stamp Program in 1997. Over $21 billion in benefits were provided to these 23 million recipients. Persons who live in institutional settings are not eligible for food stamp benefits. In 1997, Medicaid agencies provided assistance to over 1.8 million residents of long-term care facilities. This job addresses: (Q1) Are persons included as members of Food Stamp Program households during the same time that they are living in long-term care facilities; and if so, how many individuals and what was the estimated value of the improper benefits that were issued to the households during calendar year 1997? (Q2) Can computer matching be a practical method to identify such food stamp overpayments?

TITLE: **REVIEW OF EFFORTS TO DETECT AND PREVENT FRAUD, WASTE AND ABUSE IN THE WIC PROGRAM (150290)**

KEY QUESTIONS : USDA's Women, Infants, and Children Program (WIC) provides nutrition assistance to eligible women and children who are at nutritional risk. Information suggests there is significant variation in the emphasis state/local agencies place on fraud/abuse. Very little data exist about the amount of program fraud/abuse on a national level or about the need to establish additional fraud/abuse detection and prevention strategies. (1) What efforts are USDA and state and local WIC agencies taking to detect and prevent fraud and abuse in the Program? (2) What is the level of detected WIC fraud and abuse? (3) What estimates exist regarding the overall level of fraud and abuse? (4) What are the barriers to implementing additional fraud prevention and detection strategies?

USDA MANAGEMENT AND BUDGET

TITLE: **STATUS OF USDA COUNTY OFFICE CLOSURES (150077)**

KEY QUESTIONS : As part of USDA's reorganization, USDA planned to reduce the number of county office locations from about 3700 to about 2550 one stop service centers. However, since the secretary announced his original plans and reported data to the Congress on the status, the progress of office consolidation has been inconsistent and sometimes confusing. (Q1) What progress has USDA made in closing and consolidating county offices? (Q2)What is USDA's methodology for obtaining, verifying, and reporting the number of county office locations?

TITLE: **REVIEW OF USDA'S OFFICE OF CIVIL RIGHTS DISCRIMINATION COMPLAINT PROCESSES (150740)**

KEY QUESTIONS : Responding to concerns about discrimination in program delivery and treatment of minority employees, the Secretary of Agriculture appointed a Civil Rights Action Team to improve USDA's civil rights climate. The Team's Feb. 1997 report recommended actions aimed at addressing underlying discrimination problems and increasing accountability. In Mar. 1997, civil rights functions were consolidated under a new Office of Civil Rights (Office) with separate employee and program components. (Q1) Are the USDA Office's discrimination complaints being processed in a timely manner? (Q2) What are the reasons for delays in USDA's EEO and program complaint processes? (Q3) What actions, if any, can USDA take to address the causes of the delays in the EEO and program complaint processes?

TITLE: **REVIEW OF USDA'S ADMINISTRATIVE REORGANIZATION AND CONSOLIDATION (150748)**

KEY QUESTIONS : The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (P.L. 103-354, Oct. 13, 1994) directed the Secretary of Agriculture to streamline and reorganize the U.S. Department of Agriculture (USDA) to achieve greater efficiency, effectiveness, and economies in its organization and management of programs and activities. What progress has USDA achieved in (Q1) consolidating state office level agency operations (limited to Farm Service Agency, Natural Resources Conservation Service, and Rural Development), (Q2) reducing administrative positions across the department and (Q3) measuring the savings realized and economies gained as a result of its reorganization and consolidation?

TITLE: **ANALYSIS OF USDA'S FUNCTIONS/MISSIONS AND PROGRAM OVERLAP (150749)**

KEY QUESTIONS : USDA was created in 1862 primarily to assist the more than 60 percent of Americans who where then engaged in farming. Over time USDA's mission and responsibilities have grown larger and more diverse. Its budget is now over $55 billion annually with about two-thirds of this amount going to the food stamp program. (Q1) What was the original mission of USDA and how has it grown and changed over time? (Q2) Is USDA's current mission and functions similar to the missions and functions of other federal departments.

REDUCING FEDERAL AGRICULTURAL SUBSIDIES

TITLE: **MILK FARM TO RETAIL PRICE SPREAD (150123)**

KEY QUESTIONS : The U.S. dairy pricing system was created to ensure adequate milk supplies and stable prices for consumers and economic stability for producers. The Northeast Dairy Compact was created to protect New England dairy farmers by stabilizing milk prices at the farm level. The objectives of this review are to provide information on (1) what portion of the retail price for fluid milk is attributable to farmers, cooperatives, wholesalers, and retailers in selected markets in the six New England states as well as other selected locations throughout the U.S. for the period 01/01/96 through 02/28/98? and (2) what major factors, such as marketing costs and pricing strategies at the wholesale and retail level, may influence the price of milk as it moves from the farm to the consumer?

TITLE: **REVIEW OF USDA'S SPECIALTY CROP INSURANCE PROGRAMS (150125)**

KEY QUESTIONS : Of 1,700 crops grown in the U.S., USDA currently provides insurance for 70 costing about $1.4 billion annually. Congress is concerned about the many crops that are not insured. (Q1) What progress and problems has USDA encountered in implementing insurance programs for specialty crops? (Q2) To what extent does USDA expect to implement additional insurance programs? (Q3) How adequate are the data and methods used to develop actuarially sound policies? (Q4) What sales and claims experience has USDA encountered with specialty crop programs? (Q5) How does the cost of catastrophic coverage affect participation among specialty crop farmers? (Q6) Will participation in catastrophic coverage increase if cooperatives are allowed to pay for policies purchased by their members?

TITLE: **REVIEW OF USDA'S RISK MANAGEMENT EDUCATION INITIATIVES (150126)**

KEY QUESTIONS : The phasing out of direct federal support to farmers as a result of the 1996 Federal Agriculture Improvement and Reform Act places greater responsibility on farmers for managing the many risks associated with farming. USDA's Risk Management Agency has initiated efforts to educate and assist farmers in managing risks. (1) What federal and private-sector tools are used by farmers to help manage the production and marketing risks associated with farming? (2) What programs and projects has USDA directed and/or initiated to prepare farmers for managing risk? (3) To what extent have farmers participated in these programs? and (4) Are additional federal actions needed to assist farmers in managing risk?

FOOD SAFETY

TITLE: **REVIEW OF EGG AND EGG PRODUCT SAFETY ISSUES (150083)**

KEY QUESTIONS : USDA recently reported that each year over 600,000 Americans get sick from eating eggs contaminated with Salmonella enteritidis. This raises questions about the federal system for ensuring the safety of eggs and egg products. (1) Who are the responsible agencies and what are their authorities for ensuring egg and egg product safety at both the federal and state levels?, (2) How consistent are federal safety standards and those of selected states on such issues as temperature controls and product age?, (3) How effective are current federal egg and egg product inspection efforts?, and (4) What actions are needed, if any, to ensure eggs and egg products are safe for public consumption?

TITLE: **REVIEW OF BARLEY VOMITOXIN CONTAMINATION (150651)**

KEY QUESTIONS : Background: During 1997, extremely wet growing conditions in North Dakota damaged that state's barley crop by causing vomitoxin, a fungal toxin. Vomitoxin can cause vomiting in livestock, and a undesirable gushing quality to beer. Farmers receive much lower prices for barley contaminated with vomitoxin. Some farmers believe uncertainty over vomitoxin test results has depressed prices. (1) What has been vomitoxin's financial impact on North Dakota barley producers? (2) How accurate are the methods used to test for vomitoxin? (3) What short and long-term actions could help reduce the impact of vomitoxin on North Dakota barley producers?

TITLE: **USE OF ANTIBIOTICS IN ANIMALS AND ITS IMPACT ON ANTIBIOTIC RESISTANCE (150652)**

KEY QUESTIONS : The use of antibiotics in livestock production may be contributing to the increase in antibiotic resistance. (1) How are antibiotics used in animals and animal feed and what are the implications of that use on human health? (2) What are the federal roles and responsibilities for overseeing the use of antibiotics in veterinary medicine and agriculture? (3) What issues surround the debate over whether to regulate or restrict the use of antibiotics in animals, including the availability of alternatives to antibiotics for growth promotion and strategies used by other developed countries?

TITLE: **FOREIGN GOVERNMENTS EXPERIENCES WITH A SINGLE FOOD SAFETY AGENCY (150653)**

KEY QUESTIONS : Recent foodborne illnesses raise concerns about the safety of the US food supply and the fragmented federal food safety system. Congress earmarked part of USDA's fiscal year 1998 appropriation to fund a National Academy of Science study on the possible benefits of a single food safety agency. To supplement the Academy's work, GAO will review the experiences of, and lessons learned by, foreign countries who have adopted a single food safety system. Q1. What food safety responsibilities have been consolidated? Q2. What, if any, savings were achieved through consolidation? Q3. How the effectiveness of the consolidated agencies is being assessed?

TITLE: **REVIEW OF FEDERAL CONTROLS OVER THE HANDLING OF IMPORTED FOODS (150654)**

KEY QUESTIONS : FDA, USDA, and Customs are responsible for ensuring that importers properly handle imported food shipments, but recent reports and investigations have found many cases where importers have avoided laws, regulations, and procedures to distribute contaminated products in U.S. commerce. For example, a Customs operation in San Francisco in 1997 discovered that 70% of shipments held for inspection or refusal evaded review, destruction, or export. (1) Do federal controls ensure that importers present food shipments for inspection when required by FDA? (2) Do federal controls ensure that refused food imports are properly exported or destroyed? (3) What options are available for strengthening federal controls over food imports that have been refused entry or held for inspection?

OTHER ISSUE AREA WORK - FOOD & AGRI.

TITLE: **TOBACCO: LIABILITY ISSUES FACING THE TOBACCO INDUSTRY (150078)**

KEY QUESTIONS : In June of 1997, the major tobacco companies and 40 attorneys general reached a proposed settlement in which the companies agreed to compensate the states for medicaid costs incurred as the result of smoking. In return, the tobacco companies received limited immunity from future lawsuits and settled others. Specifically, the companies would be protected from future class action law suits based on past conduct. Individual law suits would still be allowed. Over the past several months, numerous bills have been introduced in the Congress that offer various types of settlements. Some of these bills offer liability protection--others do not. This issue has proven to be particularly controversial. Q1. What is the extent of liability faced by the tobacco industry?

TITLE: **FINANCIAL STATUS OF THE RURAL BUSINESS-COOPERATIVE SERVICE'S (RBS) LOAN PORTFOLIO (150745)**

KEY QUESTIONS : The Rural Business-Cooperative Service (RBS) operates USDA's credit programs in which loans are provided to create or preserve jobs and/or to promote a clean environment in rural America. Q1: What is the extent of RBS' lending in fiscal years 1993 through the first half of 1998 and what level of loan applications were on hand at the end of those fiscal years? Q2: What is the financial condition of RBS' loan portfolio and what is the level of losses incurred by RBS on loans in recent years?