



Highlights of [GAO-09-528T](#), testimony before the Subcommittee on Conservation, Credit, Energy and Research, House Committee on Agriculture

Why GAO Did This Study

The U.S. Department of Agriculture (USDA) administers conservation programs, such as the Conservation Stewardship Program (CSP, formerly the Conservation Security Program) and the Environmental Quality Incentives Program (EQIP), to help farmers reduce soil erosion, enhance water supply and quality, and increase wildlife habitat, among other things.

This testimony is based on GAO reports on CSP and EQIP, each issued in 2006, and a 2008 report on farm program payments. It discusses (1) the potential for duplicate payments between CSP and other conservation programs, (2) USDA's process for allocating EQIP funds to the states to optimize environmental benefits, and (3) USDA's management controls over farm program payments.

What GAO Recommends

Among other things, GAO recommended that USDA (1) develop a comprehensive process to preclude and identify duplicate payments between CSP and other conservation programs, (2) take steps to improve the EQIP general financial assistance formula, and (3) work with the Internal Revenue Service (IRS) to develop a method for determining whether all recipients of farm program payments meet income eligibility requirements. USDA agreed with these recommendations and has taken actions to implement them, but GAO has not assessed the effectiveness of these actions.

View [GAO-09-528T](#) or key components. For more information, contact Lisa Shames at 202-512-3841, shamesl@gao.gov.

U.S. DEPARTMENT OF AGRICULTURE

Improved Management Controls Can Enhance Effectiveness of Key Conservation Programs

What GAO Found

While legislative and regulatory measures are in place to reduce the possibility of duplicate payments, the potential still exists because CSP and other USDA conservation programs may be used to finance similar conservation activities. GAO previously reported that USDA did not have a comprehensive process to preclude or identify such duplicate payments, and GAO found a number of instances of duplicate payments. USDA was unaware of this duplication. However, USDA has since updated its contracting software to identify potential duplication and issued written guidance to its field offices outlining measures to preclude duplicate payments. As a result, USDA said that it has identified about 760 examples of potential or actual duplicate payments since fiscal year 2004 totaling about \$1 million, and has taken action to preclude or recover these payments, as appropriate.

GAO previously reported that USDA's process for allocating EQIP funds was not clearly linked to the program's purpose of optimizing environmental benefits. Therefore, USDA may not have directed funds to states with the most significant environmental concerns arising from agricultural production. To allocate most EQIP funds, USDA uses a general financial assistance formula that consists of 31 factors and weights. However, USDA did not have a documented rationale for how each factor contributes to accomplishing the program's purpose; some of the formula's data was questionable or outdated; and the funding allocation process was not linked to USDA's long-term performance measures. For fiscal year 2009, USDA has issued updated guidance for this formula that appears to address a number of these elements.

GAO reported that USDA does not have adequate management controls in place to verify that farm program payments, including those for conservation programs, are made only to individuals who do not exceed income eligibility caps. As a result, USDA cannot be assured that millions of dollars in farm payments are proper. GAO found that \$49.4 million in farm payments were made to about 2,700 potentially ineligible individuals between fiscal years 2003 and 2006. About 6 percent of this amount was for EQIP payments; 29 percent was for the Conservation Reserve Program, a program that pays farmers to retire environmentally-sensitive cropland. The need for management controls will remain critical, since recent legislation lowered the income eligibility caps and makes the number of individuals whose income exceeds these caps likely to rise. In March 2009, USDA announced that it has begun working with IRS to ensure that high-income individuals and entities who request farm payments meet income limits as set forth in law, and that once this verification system is fully operational, it should identify inappropriate payments before they are disbursed. As GAO has previously reported, ensuring the integrity and equity of farm programs is a key area needing enhanced congressional oversight. Such oversight can help ensure that conservation programs benefit the agricultural sector as intended and protect rural areas from land degradation, diminished water and air quality, and loss of wildlife habitat.