



FARM PROGRAM INTEGRITY

Background

USDA implements voluntary programs that are available to agricultural producers to help promote the security and stability of America's food supply. This provides farmers and ranchers with the opportunity to participate in farm commodity, credit, conservation, environmental, and emergency assistance programs. USDA State and county staff and committees provide local knowledge of producers' operations and are well positioned to make accurate and timely decisions regarding their needs and program applicability. Compliance is monitored to identify false or erroneous data, or an intentional misrepresentation of a material fact to enhance potential program payments.

The Agricultural Risk Protection Act of 2000 required USDA's Farm Service Agency (FSA) and Risk Management Agency (RMA) to identify, address, and reconcile discrepancies of all relevant producer-derived information. FSA assists RMA and insurance providers in monitoring crop conditions throughout the growing season and referring all suspected cases of fraud, waste, and abuse to RMA.

FSA also is required by the Federal Managers' Financial Integrity Act of 1982 to have internal accounting and administrative controls established. The County Office Review Program is utilized to determine if county office operations are being implemented according to applicable laws, regulations, and procedures.

FSA county offices collect acreage reports from producers relating to crops to determine compliance with farm programs, disaster assistance programs, conservation compliance, eligibility for price support or loan deficiency payments, and the noninsured assistance programs. County offices also collect producer certifications in regard to highly erodible land conservation and wetland conservation provisions to ensure compliance with conservation provisions before producer eligibility determinations.

Additionally, county offices inspect farms to ensure that producers comply with applicable FSA program requirements; to check for the accuracy of reported acreages, crop production, and the type and number of livestock; and to identify potential violations of conservation compliance provisions.

Farm inspections are required for all State- and county-level FSA employee-owned operations (in the counties where they work), including State executive director, county executive director, State committee and county committee (COC) members, Federal employees, district directors,

and their spouses and minor children. Farm inspections of producers with controlling interest in a firm, such as a gin or warehouse—if the records of the firm are used to substantiate production for other producers—are also required.

Automated and manual selection processes are in place to randomly select farms for inspection. If the discrepancy rate exceeds 25 percent, then additional farms are selected for “spot checks” to ensure program compliance and accurate information for current and future program utilization. Spot checks are required on all late filing acreage reports. Failed acreage reports are reviewed by the COC before disposition of the crop to determine if the crop was planted with the intent to harvest using farming practices consistent for the crop and area.

Maintenance inspections are completed in regard to Direct and Counter-cyclical Payment and Conservation Reserve Program participants to ensure appropriate measures have been taken by participants applicable to the contract provisions. Employee reviews are conducted in county offices to ensure that each employee involved in compliance activities is following procedures and that the compliance determinations are accurate.

The COC requires adequate documentation before a producer can be considered eligible for benefits subject to “actively engaged in farming,” “person” determinations, and the determination of average adjusted gross income compliance. Producers must have filed the appropriate forms, documentation, and determinations made by the COC before FSA program benefits are disbursed to the producer. A spot-check selection process is also performed on a nationwide basis to select producers for review to determine if the actual farming operations are in compliance with the approved farm operating plans submitted by the producer. This process is designed to ensure that recipients do not circumvent payment limitation provisions and adjusted gross income compliance. To make an informed determination requires the collection of specific additional information from the producer.

General Opinions Expressed

- Participants generally expressed support for retaining a local grassroots method in the delivery and oversight of farm programs. Local control and the understanding of what’s happening on the farm were important.
- Producers enjoy and want to continue the face-to-face contact with the FSA employees.
- Participants generally expressed the need for FSA to be adequately funded so program delivery is done in a timely manner and program integrity is maintained. There is concern that with possible office closures, the integrity of programs will be negatively affected.
- Participants agreed that FSA has a good infrastructure in place to ensure program integrity. Participants also indicated that with the tremendous amount of paperwork involved, this type of delivery system should not be dismantled.
- Other participants indicated that the current program structure should be streamlined and simplified and that data sharing between agencies should be enhanced to ensure program integrity.
- A few stated that FSA staff need to be better trained.
- Some participants were concerned over the growing disconnect with the public about agriculture, and the perception of widespread abuse of farm entitlement programs.

- FSA should work with Homeland Security, Animal ID, and other disaster-related programs.
- Some support keeping the commodity check-off programs, while others suggest that producer participation/contribution to these programs should be made voluntary.

Detailed Suggestions Expressed

- Producers should be granted the right to vote on the beef check-off periodically, in order to ensure the dollars are used adequately to promote and represent producer needs.
- Loopholes need to be plugged so the large farmers and corporations cannot get around the rules.
- Most land in American Samoa is communal land owned by families, and it is difficult to prove land ownership which makes it hard to meet current participation requirements.
- USDA needs to increase accountability for FSA employees who discriminate or inappropriately deny program benefits to individuals.
- State and local governments should be provided the flexibility to apply and adapt policy to the needs of a particular region.
- Reduce commodity payments to producers not actually conducting the farming, and take those dollars and pay farmers who are proactive towards a profitable farming operation.
- Federal and rural programs should include standards of conduct or a code of ethics for producers participating in any USDA program. A producer or participant should not be eligible for federally aided programs if there is conflict of interest, such as an elected official who supports landfill permits—which typically discourages agricultural production.
- Carefully review farm and conservation programs to ensure producers are doing what they were intended and that unintended consequences are resolved.
- There needs to be oversight to ensure that those who really need the assistance (indeed growing the crops) receive the benefits.
- There is an attitude problem with most of the bureaucratic personnel. They need to follow the Code of Federal Regulations.
- Eligibility forms should be consolidated into as few as possible.
- FSA acreage certification software is needed to interface with that of RMA to prevent abuse. FSA can handle the acreage reports.
- It was a mistake to give all conservation programs to NRCS as they do not have the administrative structure to implement program requirements and oversight.
- Give the minority advisor voting rights if you want to continue to serve the black community in the best possible way.
- Hire bilingual people who can use the Navajo language.
- Agencies within USDA should work more closely together.
- Accountability is needed for the mishandling of funds.
- Common terminology between agencies is needed, as is the need for uniform definitions.
- The only way to achieve complete program integrity is to mandate a single acreage report with a uniform deadline.
- Increase the monitoring of the compliance provisions within the farm bill.