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REPORT TO THE CONGRESS

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Greater Conservation Benefits Could Be Attained Under The Rural Environmental Assistance Program

B-114833

Agricultural Stabilization and Conservation Service
Department of Agriculture

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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FEB. 16, 1972



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114833

BEST DOCUMENT AVAILABLE

U To the President of the Senate and the
Speaker of the House of Representatives

This is our report pointing out that greater conservation benefits could be attained under the Rural Environmental Assistance Program, administered by the Agricultural Stabilization and Conservation Service, Department of Agriculture.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget, and to the Secretary of Agriculture.

Comptroller General
of United States

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ABBREVIATIONS

ASC	Agricultural Stabilization and Conservation
ASCS	Agricultural Stabilization and Conservation Service
GAO	General Accounting Office

D I G E S T

WHY THE REVIEW WAS MADE

Under the Rural Environmental Assistance Program, the Agricultural Stabilization and Conservation Service shares with farmers the cost of carrying out practices to build soil and conserve soil and water. The Federal cost share is usually 50 percent.

Annual Federal expenditures under the program, for the 4-year period ended 1970, averaged \$200 million plus \$36 million in administrative costs. The Congress authorized \$195.5 million for the program in 1971 and in 1972, exclusive of administrative expenses.

The General Accounting Office (GAO) reviewed the program in five States to find out whether it was achieving the highest attainable conservation benefits for the Federal funds spent.

FINDINGS AND CONCLUSIONS

Small additional payments should be eliminated

A legislative provision enacted in 1938 requires that, if a farmer receives cost shares totaling less than \$200 a year for carrying out conservation practices on a farm, he be paid an additional nominal amount. The intent of this provision was to provide greater financial assistance to operators of small farms. However, the nominal payments--which range from 40 cents to \$14 each and which total about \$7 million annually--do not further the objectives of the program and are an administrative burden. The funds could be used to enable thousands of additional farmers to participate in the program. (See p. 13.)

Program results

Although significant soil and water conservation benefits have been realized under the program, substantial amounts of funds have been spent on practices that have not produced any appreciable conservation benefits, that have stimulated agricultural production, or that are otherwise questionable.

Some practices did not yield appreciable conservation benefits. Congressional committees have stated that the program should be limited to practices having permanent conservation benefits. In 1970, however, the agency paid about \$14 million for practices not resulting in such benefits. Primarily these involved growing grass cover to be plowed under in preparation for the next crop or to be used for grazing. (See p. 17.)

Also, from 1965 to 1970, the agency paid about \$5 million for beautification practices which provided little if any conservation benefits. These included establishing windbreaks for farmsteads, screening unsightly areas, diverting cropland corners from production for traffic safety, and landscaping homesites. (See p. 22.)

Some practices stimulated agricultural production. The primary effect of several practices was to increase agricultural production rather than provide lasting conservation benefits. These practices included

- leveling farmland (p. 32),
- converting woodland to pastureland (p. 36),
- treating farmland for normal maintenance rather than long-term improvement (p. 38), and
- fencing grassland for grazing (p. 41).

Other questionable uses of program funds were for:

- Practices carried out on land that was predominantly urban and not used for agriculture. Some "farms," for example, were as small as half an acre. (See p. 43.)
- Conservation practices on land already being conserved for future agricultural use under another program administered by the agency. (See p. 49.)
- Practices on farms owned and operated by States, which reduced the funds available for family-owned farms. The Department informed GAO that cost sharing for such practices would be discontinued in 1972. (See p. 50.)

Program administration

Program funds are allocated to the States on the basis of the estimated amount of money needed annually by each State for soil and water conservation. The estimates, however, include costs for practices that do not provide appreciable conservation benefits or that stimulate agricultural production. Also the agency's method of allocating funds to the States does not provide sufficient flexibility to meet each State's conservation needs because the agency does not make realistic adjustments as provided for in the authorizing legislation. (See p. 52.)

The agency did not provide the States with guidelines for developing specific priorities at the State and county levels directed at solving their most urgent conservation problems. When GAO brought this matter to the attention of the agency, corrective action was initiated. (See p. 53.)

The agency does not have reporting procedures for informing its management about the progress of program activities, by conservation practice, at the county level. Such information on a periodic basis is essential for management to better direct the program. (See p. 54.)

RECOMMENDATIONS OR SUGGESTIONS

The Agricultural Stabilization and Conservation Service should

- eliminate practices which do not result in appreciable conservation benefits or which stimulate agricultural production,
- rescind the policy of approving conservation practices on land already in an approved conservation use,
- make a comprehensive review of the program in predominantly urban counties to eliminate areas having no significant agricultural soil or water conservation problems,
- eliminate low-conservation and production-oriented practices from the basis for allocating program funds to the States,
- allocate funds to the States in proportion to their needs by making appropriate adjustments as permitted by law, and
- develop reporting procedures to inform management of the current status of program commitments and expenditures by conservation practice. (See pp. 51 and 55.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Department agreed in general with these recommendations and said that a number of practices which GAO questioned had been eliminated from the program. GAO believes, however, that certain additional questioned practices should be eliminated. (See pp. 21, 47, and 49.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

GAO recommends that the Congress amend the Soil Conservation and Domestic Allotment Act to eliminate the provision for increases in small payments to farmers and thereby enable thousands of additional farmers to participate in the program. (See p. 16.)

CHAPTER 1

INTRODUCTION

PURPOSE AND ADMINISTRATION

The Rural Environmental Assistance Program is intended to encourage on-farm soil-building and soil- and water-conserving practices, such as establishing permanent vegetative covers and installing water conservation systems. Under the program Federal payments¹ are made to farmers, including ranchers and woodland owners, for part of the cost of carrying out such practices. These practices may include related wildlife conservation and pollution abatement. Until 1971 the program was known as the Agricultural Conservation Program.

Federal cost sharing under the program is based on the concept that conservation practices benefit the general public but yield little or no immediate special benefit to the farmers. The Department of Agriculture has explained to the public that:

"While the farmer or rancher bears the primary responsibility for conservation of the land, the public seeks to assure itself that the Nation's natural resources will be available for productive use by future generations. That is why Congress has consistently determined that a portion of the cost of conservation practices shall be assumed by the general public."

The Department also stated that cost sharing was being offered only for measures considered necessary to meet the most urgent conservation problems.

The program, administered by the Agricultural Stabilization and Conservation Service (ASCS) for the Secretary of Agriculture, is carried out in the field by Agricultural Stabilization and Conservation (ASC) State and county committees operating at 50 ASCS State offices and at 2,800 ASCS county offices serving 3,100 counties. The program is

¹Such payments are referred to in this report as cost shares.

carried out in Puerto Rico and the Virgin Islands by the Caribbean ASCS Area Office.

Each ASC State committee is comprised of (1) from three to five members appointed by the Secretary of Agriculture and (2) the State director of the Agricultural Extension Service, ex officio. An ASC county committee is under direction of the State committee and is comprised of (1) three farmers elected by the farmers in the county and (2) the county agricultural extension agent, ex officio.

The Soil Conservation Service and the Forest Service--constituent agencies of the Department of Agriculture--provide technical guidance to ASC committees and to farmers for carrying out conservation practices. The Department's Office of the Inspector General is responsible for auditing departmental programs. (See p. 57.)

PROGRAM DESCRIPTION AND EXPENDITURES

The program was established in 1936 by the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g-590p(a) and 590q). Annual appropriation acts for the Department of Agriculture authorize continuation of the program and enable ASCS to enter into agreements with farmers and thereby make commitments for cost sharing on conservation practices for each ensuing year.

Under the program farmers file applications with a county committee for cost sharing on conservation practices to be started. Eligible participants have been defined as landowners, landlords, tenants, or sharecroppers of farms that normally produce (1) crops, (2) cover, habitat, or food for wildlife, or (3) livestock and livestock products. The maximum cost share allowed each farmer annually by law is \$2,500; for a pooling agreement--when two or more farmers join to solve a common conservation problem--the maximum is \$10,000 for each farmer.

The county committee, in evaluating a farmer's application for cost sharing, is required by ASCS guidelines to consider the need for the practice, its benefit to the public, its relative urgency, the need for cost sharing in accomplishing the practice, and the availability of funds. After approving an application, the county committee notifies the farmer of the extent to which ASCS will share in the costs. The ASCS cost share is usually 50 percent of the cost of carrying out a conservation practice but can be as high as 80 percent. The percentage depends on the practice, the location, or the income level of the farmer. To receive a cost share, the farmer must certify that he has completed the practice in accordance with program regulations.

Annual expenditures under the program, for the 4-year period ended 1970, averaged \$200 million for conservation payments and technical services and \$36 million for administration. In 1970, payments to farmers amounted to \$173 million and the cost of technical services provided amounted to \$8 million, or a total program cost (excluding administrative expenses) of \$181 million. A summary of expenditures by State in 1970 is shown in appendix II.

From inception of the program in 1936 through December 1970, expenditures totaled \$6.8 billion. In addition, administrative expenses totaled an estimated \$800 million.

ACCOMPLISHMENTS

According to ASCS statistics, considerable farmland was protected under the program in 1970 through soil and water conservation practices on 829,000 farms. Some of the more significant accomplishments during 1970 and 1969 are summarized in the following table.

<u>Conservation practice</u>	<u>1970</u>		<u>1969</u>	
	<u>Number of farms (note a)</u>	<u>Cost share</u>	<u>Number of farms (note a)</u>	<u>Cost share</u>
----- (000 omitted) -----				
Establishment of permanent vegetative cover for soil protection	240	\$38,000	247	\$38,921
Improvement of established vegetative cover for soil or watershed protection	171	19,962	172	20,136
Construction or repair of dams or ponds to provide water for agricultural use	34	11,108	31	10,153
Installation or reorganization of irrigation systems for conserving water and preventing erosion	20	8,979	18	8,626
Installation of underground drainage systems for disposing of excess water	27	9,554	24	8,174

^aBecause farms are eligible for more than one practice, some farms may be reported under two or more practices.

Some of the apparent beneficial conservation practices which we observed are shown in the following photographs.



**WATER RESERVOIR
TO PREVENT FLOODING AND SOIL EROSION
COST SHARE \$400**



**TERRACE
TO RETAIN RAINFALL AND PREVENT
SOIL EROSION
COST SHARE \$242**



**ROOT-PLOWED PASTURE
TO ELIMINATE SHRUBS THAT REDUCE
VEGETATIVE COVER AND INDUCE EROSION
COST SHARE \$500**



**DAM AND SPILLWAY
TO SLOW VELOCITY OF WATER FLOW
AND MINIMIZE EROSION
COST SHARE \$127**

RESTRUCTURE OF PROGRAM

The President of the United States, in his budget message to the Congress for 1971, stated that the program would be terminated to help provide for higher priority programs. Subsequently, however, the Congress approved the program for 1971 by authorizing expenditures of \$195.5 million. Annual appropriation acts for the Department of Agriculture have provided for continuation of the program.

When signing the fiscal year 1971 appropriation act, the President emphasized that the program should be directed toward preserving and enhancing the environment at the lowest possible cost. He indicated that conservation practices which were low in public and environmental benefits should be eliminated.

The President stated:

"Another program which I recommended for elimination was the Agricultural Conservation Program. This program has been in operation for about 35 years assisting farmers in learning about and in establishing practices to conserve the use of their soil and water resources. Over the years, however, much of the taxpayers' money in this program has been used to stimulate farm production or to carry out farming practices the Federal Government need not support, rather than to support environmental preservation. For these reasons, four Presidents have proposed elimination or sharp reduction of this program. Congress insists upon continuation. I now propose a changed program.

"--Changed to focus upon preserving our environment.

"--Changed to focus upon demonstration of good environmental enhancement practices.

"--Changed to return more public benefits at less public cost.

"In this way, I hope, with the support of the Congress and of the agricultural community, to bring this program into line with the needs of today and tomorrow. I am directing the Secretary of Agriculture and the Director of the Office of Management and Budget to go forward with a program whose funding is consistent with these new directions and to review the management of the program to ensure attainment of these objectives as economically as possible. To lend emphasis to these new dimensions, the program will be renamed the Rural Environmental Assistance Program."

In January 1971 the Department allocated \$150 million for expenditure in 1971, \$45.5 million less than the amount authorized by the Congress. This reduction, according to congressional testimony by the Secretary of Agriculture, was ordered by the Office of Management and Budget. The President recommended \$140 million for the program in 1972, but the Congress authorized \$195.5 million.

ASCS announced in January 1971 that the program would be redirected to emphasize the prevention or abatement of agriculture-related pollution. In testimony before a Senate committee in March 1970, the Administrator, ASCS, stated that about 85 percent of program expenditures in 1970 were related to pollution control and abatement.

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The Department of Agriculture's comments on a draft of this report, in a letter dated September 20, 1971 (see app. I), have been recognized in appropriate sections of the report.

CHAPTER 2

NEED TO AMEND LAW TO ELIMINATE

SMALL COST-SHARE INCREASES

If the cost shares paid to a farmer for carrying out conservation practices total less than \$200 for a farm in a given year, the farmer is entitled to an additional amount called a small cost-share increase. Such increases, required by section 8(e) of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590h(e)), range from 40 cents (on a cost share of \$1) to \$14 (on cost shares of \$60 to \$186). Thus, if a farmer receives a cost-share increase, this amount plus his cost shares for the year may not exceed \$200.

In our opinion, significant conservation benefits could be derived by using cost-share-increase funds--about \$7 million annually--to pay thousands of additional farmers to accomplish good, enduring conservation practices. The cost-share increases do not further the conservation objectives of the program, and they represent an administrative burden. We are recommending that the Congress eliminate the requirement for cost-share increases.

The provision for small cost-share increases was added to the act in 1938 when, according to ASCS, the amount of the cost-share payment to a farmer tended to be closely related to the size of his farm. The increases were intended to provide greater financial assistance to operators of small farms who received small payments.

In 1938 the average-sized farm was about 166 acres compared with about 386 acres in 1970. Also the maximum increase--\$14--may have been a meaningful amount to a farmer in 1938. Because of the increase in price levels since 1938, however, the maximum increase of \$14 now offers little financial assistance to farmers.

Since 1938 the agricultural situation has changed and, for the most part, the cost-share increases no longer accomplish their main purpose--giving financial assistance to operators of small farms. Rather, the effect of the increases

today is to compensate farmers who do a small amount of conservation work regardless of financial assistance needed, farm size, or conservation needs.

Cost-share increases are being paid to operators of large farms, absentee landowners, and other persons for whom such increases were not intended. For example, two individuals, farming as a partnership, operated a number of rented farms. For nine of these farms on which conservation practices were carried out, the partnership received nine separate increases totaling \$117. These nine farms aggregated 567 acres of cropland--a sizable operation.

In another case, as shown in the following table, a farmer operating five farms totaling 3,003 acres received cost-share increases totaling \$27.60 for two of the farms; but the total cost shares earned by him was relatively substantial.

<u>Farm</u>	<u>Cost shares received</u>	<u>Cost-share increase</u>	<u>Total</u>
1	\$ 56.00	\$13.60	\$ 69.60
2	280.00	-	280.00
3	151.20	14.00	165.20
4	548.80	-	548.80
5	<u>487.20</u>	<u>-</u>	<u>487.20</u>
Total	<u>\$1,523.20</u>	<u>\$27.60</u>	<u>\$1,550.80</u>

The example in the foregoing tabulation shows that cost-share increases are not necessarily related to small operations.

In 1970 cost-share increases amounted to \$6.8 million. Cost shares amounted to \$166.3 million for 829,000 participating farms and averaged about \$201 for each farm. On the basis of this average, the \$6.8 million could have been used for conservation practices on an additional 34,000 farms. This number of farms approximates the number that participated in the program in Mississippi or Virginia.

The following table shows the additional number of farms that could have been included in the program during

the period 1966-70 had the amount paid as cost-share increases been paid to additional participants.

<u>Year</u>	<u>Cost shares</u>		<u>Cost-share increases (millions)</u>	<u>Additional farms that could have been included in program</u>
	<u>Received by farmers (millions)</u>	<u>Average per farm</u>		
1970	\$166.3	\$201	\$6.8	34,000
1969	170.3	195	7.4	38,000
1968	183.9	193	8.0	41,000
1967	204.5	207	8.1	39,000
1966	193.6	190	8.7	46,000

ASCS county officials have told us that many farmers do not understand the nature of the increase and believe that an error has been made when they receive it. One county office that we visited paid the cost-share increases at the end of the year after the farmers had received their cost shares. The county office's executive director told us that, as a last resort, he had explained to inquiring farmers that the additional payment should be considered as a Christmas present from the Federal Government.

The computation and payment of cost-share increases involve burdensome administrative work for ASCS. For example, when a farmer completes a conservation practice, the county office may pay him an amount equal to his cost share plus the related cost-share increase. Upon completion of any additional conservation practice on his farm in that year, the county office must recompute the cost-share increase on the basis of the new total of cost shares for the year. If the cost-share total exceeds \$200, the county office must recover the cost-share increase.

We estimated that the county offices' administrative costs to compute and pay the cost-share increases amounted to about \$350,000 in 1970. In addition, paying cost-share increases has necessitated the development of administrative controls and reporting requirements at both the State and national levels.

Because (1) significant conservation benefits could be derived by using cost-share-increase funds to pay thousands

of additional farmers to accomplish good, enduring conservation practices and (2) cost-share increases provide no conservation benefits and represent an administrative burden, we believe that the law should be amended to eliminate the requirement providing for payment of cost-share increases. This view was concurred in by ASCS officials at the county, State, and national levels.

MATTER FOR CONSIDERATION BY THE CONGRESS

We recommend that the Congress amend section 8(e) of the Soil Conservation and Domestic Allotment Act to eliminate the provision for cost-share increases.

CHAPTER 3

LOW-CONSERVATION AND PRODUCTION-ORIENTED

PRACTICES SHOULD BE ELIMINATED FROM THE PROGRAM

Although the program has resulted in significantly improved agricultural soil and water conservation, substantial amounts of funds have been spent on practices that have not resulted in appreciable conservation benefits or that are production oriented--have stimulated agricultural production. We believe that, because practices we observed in our review in five States (see p. 60) are typical of practices applied in other States, ASCS could attain significantly greater conservation benefits on a nationwide basis by eliminating such practices from the program.

We discussed our findings with ASCS officials at all levels--national, State, and county. Subsequently, some practices were eliminated. In our opinion, however, all practices that do not result in appreciable conservation benefits or that are production oriented should be eliminated to maximize program benefits.

TEMPORARY GRASS COVERS FOR PRODUCTION PURPOSES

A substantial amount of program funds have been expended annually on practices which temporarily protect the soil. The program could be made significantly more effective by eliminating such practices, which would allow more program funds for practices of an enduring nature.

From 1965 through 1970, cost shares for practices having only temporary conservation benefits averaged \$24 million a year. In 1970 ASCS paid about \$14 million in cost shares (excluding an estimated \$600,000 of cost-share increases) for temporary practices. A prevalent temporary practice was the growing of grass cover to be plowed under in preparation for the next crop or to be used for grazing.

Congressional committees have stated that the program should be limited to practices having permanent conservation benefits. The House Committee on Appropriations, in

referring to permanent conservation practices, stated in its report on the Department of Agriculture and Related Agencies Appropriation Bill, 1969 (H. Rept. 90-1335, April 30, 1968), that:

"In the opinion of a majority of the members of the committee, these conservation practices represent the best possible use of Federal funds in the preservation of our soil and water resources for future generations. In addition, they provide the best possible protection for the land upon which we must depend for our present and future food production."

The Senate Committee on Appropriations, in its report on the Department of Agriculture appropriation bill for fiscal year 1970 (S. Rept. 91-277, June 25, 1969), criticized the Department for not giving first priority to enduring practices. The Committee stated:

"Last year the committee report contained the following language in connection with its approval of the 1969 advance ACP [Agricultural Conservation Program] authorization:

"'In formulating and carrying out the 1969 program it is expected that program guides and requirements will give first priority to cost-share practices for the establishment of permanent soil and water conservation measures.'

"The hearings did not show any affirmative action on the part of the departmental administrative officials to make certain that the above quoted direction was carried out in formulation and conduct of the 1969 program.

"The committee will expect to have a full showing at the hearings next spring as to how the Department is implementing last year's committee direction in the formulation and administration of the 1970 program in order to reach the objective of limiting governmental cost sharing to enduring

type conservation practices and measures under the reduced program authorization." (Underscoring supplied.)

The Office of the Inspector General, Department of Agriculture, in a September 1969 report to ASCS on temporary grass practices in seven southeastern States, pointed out that such practices had been carried out on land having cover adequate to prevent erosion and that the grass covers were to provide year-round grazing for livestock. ASCS replied that temporary practices had been curtailed in 1970 and that any further restriction would meet with adverse reaction from farmers and county committees. In 1970, cost sharing on such practices was limited to not more than 30 percent of the total cost of the practice and, for each county, the number of acres on which temporary practices could be applied was limited to the number that had been approved in 1969.

Although the amount of cost shares for temporary practices was about 8.4 percent of the amount of cost shares for all practices in 1970--a reduction from 12.7 percent for the previous year--cost shares for temporary practices were as high as 39 percent in Delaware and 33 percent in Florida. A map showing the percentages of the Federal cost sharing for temporary practices in 1970 and 1969 by State is included as appendix III.

Continuation of practices having temporary benefits appears to be contrary to the concept on which Federal cost sharing under the program is based--the concept that conservation practices benefit the general public but yield little or no immediate special benefit to the farmer. The benefits to the farmer from temporary practices are relatively immediate. For example, a farmer told us that he grew a temporary grass cover on his land to build up the soil and increase production rather than to control erosion because he did not have an erosion problem.

The cost of practices which relate to production should, we believe, be borne by the farmer without Federal assistance. ASCS State and county officials told us that temporary practices should be eliminated and that such elimination would allow more program funds for practices having

permanent benefits. They said, however, that, as long as temporary practices are included in the national program, such practices must be made available to farmers.

In a letter dated July 28, 1970, we suggested to the Administrator, ASCS, that temporary practices be eliminated in 1971. We said that such elimination would permit concentration of program funds on conservation practices of an enduring nature.

In a reply dated November 5, 1970, the Administrator explained that winter or summer vegetative cover crops--temporary practices--were needed under certain circumstances. He said that:

"During the interim between the harvest of one crop and the establishment of the next crop many soils are subject to severe erosion which pollutes the air in the Great Plains States ***."

Data for 1970 shows, however, that, of \$25 million expended for cost shares in six States--Colorado, Kansas, Nebraska, Oklahoma, South Dakota, and Wyoming--comprising the core of the Great Plains area, only \$346,000, or about 1 percent, was applied to temporary practices.

The Administrator further stated:

"We also propose to limit the amount of cost-sharing approved for an agricultural producer in such a manner that the use of the practice on his farm will become a part of normal farming operations without the need for cost-sharing. This would permit the shifting of funds to other farms so that the conservation value of the practice can be demonstrated in such a way that it would be continued without the benefit of Federal assistance."

Temporary practices have been a part of the program since its inception in 1936. The continued use of Federal funds to demonstrate the value of temporary practices year after year is, in our opinion, unnecessary and should be terminated.

In a letter dated September 20, 1971 (see app. I), commenting on a draft of this report, the Department said that changes made in the program in 1971 and proposed for 1972 included elimination of most of the temporary practices. We believe, however, that all rather than most of the temporary practices should be eliminated.

PRACTICES TO BEAUTIFY FARMLAND

Beginning in 1965 program funds were spent for practices classified as beautification. We found that some of these practices provided little if any conservation benefit.

In 1965 the Secretary of Agriculture directed Department of Agriculture agencies to encourage beautification. The directive referred to a message from the President of the United States to the Congress on natural beauty and specified that ASCS would provide cost sharing for practices and programs that contributed to the natural beauty of farms and rural landscapes.

Administrative criteria for beautification practices were furnished in handbooks by ASC State committees for the guidance of their county committees. These handbooks were subject to approval by the ASCS national office. Through December 31, 1970, an estimated \$5 million of program funds had been spent on cost sharing for beautification practices as shown in the following table.

<u>Year</u>	Beautifica- tion cost shares re- ceived by <u>farmers</u>	Estimated cost-share <u>increases</u>	<u>Total</u>
	----- (000 omitted) -----		
1970	\$ 814	\$ 33	\$ 847
1969	798	35	833
1968	1,215	53	1,268
1967	1,219	49	1,268
1966 and 1965	<u>709</u>	<u>31</u>	<u>740</u>
Total	<u>\$4,755</u>	<u>\$201</u>	<u>\$4,956</u>

About half of the beautification funds were spent in Minnesota and Iowa. A table showing by State the amount (excluding cost-share increases) spent on beautification in 1970 is included as appendix IV.

Details of findings developed during our review follow.

Windbreaks adjacent to farmsteads

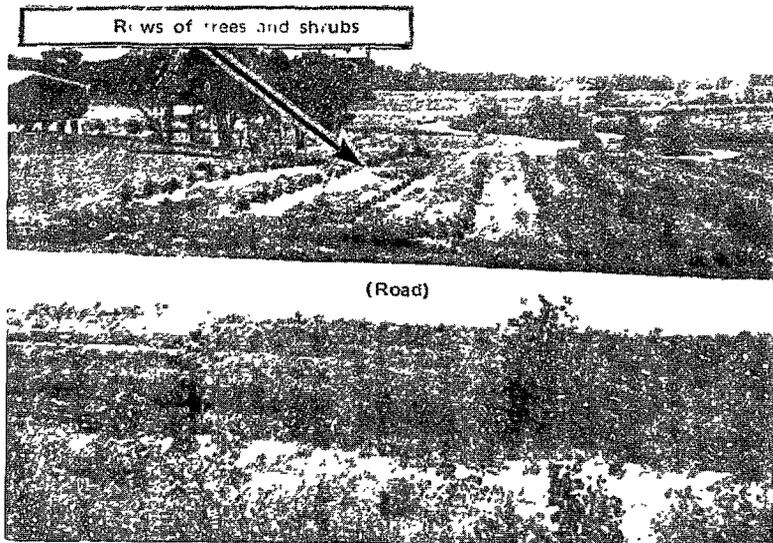
In 1969 about \$500,000 of cost shares were paid in two States for establishing windbreaks adjacent to farmsteads--the area of the farmhouse and buildings. This practice involved planting rows of trees and shrubs.

We visited nine farms where such windbreaks had been established. The photographs on the following page illustrate two examples of trees and shrubs planted for growth into a windbreak at a farmstead.

ASCS officials in these two States told us that windbreaks could be classified under other categories of conservation involving trees or shrubs. One official said that windbreaks had been classified under some other practice until about 1966 when the beautification category was established.



**WINDBREAK AT FARMSTEAD
COST SHARE \$411**



**WINDBREAK AT FARMSTEAD
COST SHARE \$517**

Because other States might have been spending funds on windbreaks at farmsteads and classifying them under some other practice, we reviewed the handbooks containing approved conservation criteria for several additional States. The handbooks for two States indicated that establishment of windbreaks adjacent to farmsteads was authorized under a classification other than beautification.

When we followed up this matter in one of these States, an ASCS official informed us that windbreaks had been established under a classification other than beautification. On the basis of statistical data furnished by the official, we estimated that \$140,000, under a classification other than beautification, had been spent for establishing windbreaks adjacent to farmsteads in that State in 1969.

On the basis of our observations of windbreaks and discussions with ASCS State and county officials, we concluded that windbreaks adjacent to farmsteads do not yield any appreciable soil or water conservation benefits. The officials told us that the windbreaks were good for wildlife--an explanation substantiated by a publication of the Soil Conservation Service. The annual appropriation act provides, however, that wildlife benefits must be related to soil and water conservation. It is apparent that the windbreaks were intended to shelter and beautify the farmstead areas.

Certain technical publications state that windbreaks around farmsteads add to the comfort and enjoyment of farm living. One publication states that the returns from a windbreak in terms of comfort and economy far outweigh the cost, and another publication states:

"A good shelterbelt or windbreak adds to the comfort and enjoyment of your farm home and farmstead. It also adds thousands of dollars to the value of your farm. A barren, exposed farmstead offers little for comfortable living ***."

We agree with these statements. These windbreaks, however, do not provide soil or water conservation benefits to the public. Therefore we believe that windbreaks adjacent to farmsteads should not be considered an allowable conservation practice, regardless of how they are classified.

Screens to hide unsightly areas

In a certain State funds were expended to establish screens of trees and shrubs along roadsides to hide unsightly areas, such as junkyards and dumps. As was the case with windbreaks, there were no appreciable soil or water conservation benefits. The following photograph illustrates the screening of an auto salvage yard.



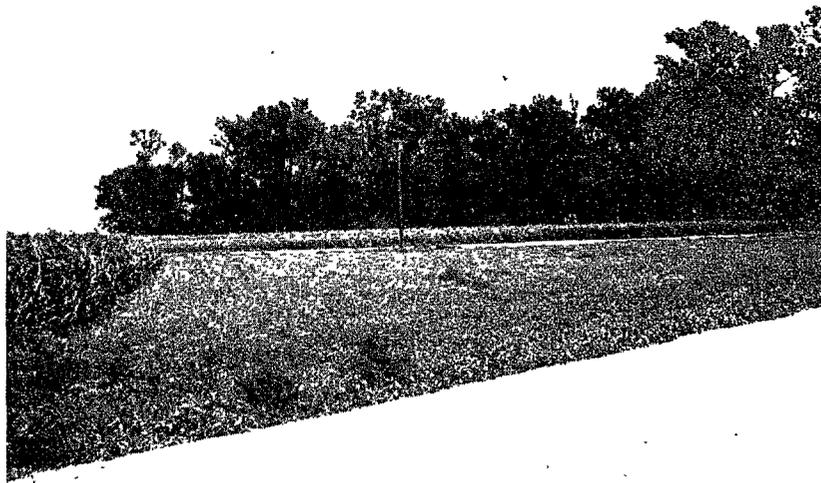
VIEW OF AUTO SALVAGE YARD FROM ROAD

Our review of the handbooks of several States, other than those States included in our review, indicated that screening of an unsightly area was an allowable practice in two of the States. For one of these States, the handbook authorized such screening under a category other than beautification. The category included the following criteria:

"The outside row in view of public roads may be planted with flowering shrubs to promote the 'Natural Beauty of the Countryside.'"

Diversion of cropland corners
to enhance traffic safety

Cost sharing was allowed in a State for growing grass cover on cropland corners diverted from production of corn--a tall-growing crop. This practice on small corner plots of cropland--classified as a beautification practice--was not necessary, in our opinion, for soil or water conservation. ASCS emphasized this practice as a highway safety measure to improve driver visibility at intersections. A photograph of a corner plot follows.



DIVERTED CROPLAND CORNER

In advertising cost sharing for such safety corners, the ASCS State office issued a booklet titled "It's Your Choice...Life Or Death". The booklet emphasized enhancing safety at corners and made virtually no mention of soil or water conservation. Some of the comments were:

"You can only lose by refusing to cooperate. And then your loss could be final, complete.....and deadly!!"

* * * * *

"A blind intersection. Many adjectives can be used to describe the potential here; dangerous--treacherous--accident prone--hazardous--perilous--risky--deadly."

* * * * *

"The driver may be my wife or yours. And the children may be with her."

To publicize participation of the farmers, the county offices provided heavy-gauge-metal signs for posting at highway corners. These signs were purchased with funds provided by ASCS. At one intersection we observed four signs that had been posted to publicize participation by the four adjacent farmers.

Although we concur in the objective of safeguarding lives through minimizing highway accidents, we believe that Federal funds provided for soil and water conservation should not be used for that purpose. In our opinion, non-agricultural problems, such as highway safety, should be left to appropriate jurisdictions for solution.

At other locations in the State, safety corners were established in connection with an ASCS program to divert acreage from production. In 1970, the ASCS State office emphasized the establishment of safety corners and in some instances cost sharing was provided for corners already under the acreage-diversion program. (See p. 49.)

We asked ASCS national officials what conservation benefits were derived by diverting cropland corners inasmuch as cornfields, after harvesting, had reasonable soil and water protection. The officials told us that diverting the corners from corn production to grass cover would improve the fertility of the soil. We were told by a soil scientist of the Soil Conservation Service, however, that, although the grass cover would improve the fertility of the soil, normal maintenance also would improve the fertility. Under program regulations, normal maintenance is the farmer's responsibility.

Other

The handbook prepared by an ASC State committee for its county offices provided that acceptable practices could include the planting of trees, shrubs, flowers, and grass around existing homesites and other farmland areas visible to the public. The handbook provided, however, that cost sharing was to be limited to measures that would provide soil and water conservation benefits.

In one county we visited in that State, about \$4,400 was expended in 1969 on beautification practices at 26 farms. At one of these farms, the practice involved the planting of shrubs along a dirt road in front of a swampy area. At another farm, shrubs were planted on an 11-acre tract which contained three commercial catfish ponds and which was being further developed to include a bridle path and picnic area.

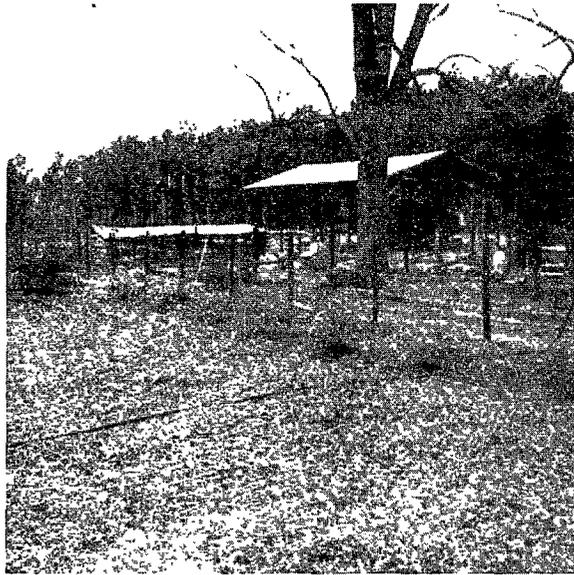
At the 24 remaining farms, the practices involved landscaping of homesites and farmyards. We observed that these practices included the planting of shrubs around the foundations of farmhouses, between farmhouses and stockpens, and on farmland along private driveways and public highways. The following photograph shows shrubs planted around a house that appeared to be newly constructed and relatively expensive.



SHRUBS PLANTED AROUND HOUSE
COST SHARE \$400

According to an ASCS county official, the house was owned and occupied by an officer of a bank located in a nearby city.

Following is a photograph which shows azaleas planted between a farmhouse and an adjacent stockpen.



**AZALEA PLANTS ALONG FENCE AT FARM
COST SHARE \$150**

We brought such beautification practices to the attention of ASCS national officials. The ASCS Deputy Administrator, State and County Operations, by letter dated April 30, 1970, requested the chairman of the ASC State committee to review the practices and clarify that ornamental plantings around houses and farm buildings, on lawns, and in yard areas were not eligible.

By letter dated May 5, 1970, the ASCS State executive director instructed the executive directors of ASCS county offices, where such landscaping practices had been authorized, to discontinue approving this type of practice. He also initiated a thorough review of beautification practices in the State for 1969 and 1970. In August 1970 we were advised of cancellations of such practices that had not been started and amendments of authorizations for practices that had not been completed to allow cost sharing only for work completed.

In a second county we observed a roadside beautification practice applied to correct an erosion problem. This problem resulted from removal of soil to be used for filling in a site for a gasoline station.

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In a letter dated July 28, 1970, we suggested to the Administrator, ASCS, that beautification practices be eliminated from the program because they yielded little or no conservation benefit. Subsequently we were told that such practices had been excluded from the national program for 1971. In September 1971 the Department told us of the intention to exclude beautification practices for 1972 also. (See app. I.)

FARMLAND LEVELED TO INCREASE PRODUCTION

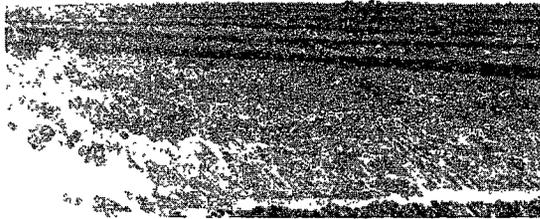
In one State program funds were expended for leveling farmland, although the primary effect of the practice was to increase production and facilitate harvesting. If the farmer benefits directly and immediately through increased productivity, the costs should not be shared by ASCS.

The practice provided for leveling land to permit "more efficient use of irrigation water and to prevent erosion." Thus cost sharing for leveling various types of cropland was allowed. In 1969 cost shares of \$462,000 were paid in the State for leveling 39 000 acres on 690 farms, an average cost of \$670 a farm. In one county that we visited, ASCS paid \$25,000, or 32 percent of its program allocation, for leveling land on 36 farms, an average of \$694 a farm. In another county ASCS paid \$26,000, or 47 percent of its program allocation, for leveling land on 48 farms, an average of \$542 a farm.

In both counties ASCS officials told us that practically all of the leveling was on riceland. The officials and local technicians of the Soil Conservation Service told us that the purpose of the leveling practice was to conserve water. The ASC committee for one of the counties said that the benefits derived from leveling land were (1) control of water, (2) reduction in water usage, (3) more uniform watering, (4) increased rice production and improved-quality rice, and (5) expeditious harvesting--elimination of low wet areas in the field. An ASCS official in the other county told us that, in his opinion, farmers probably would have leveled the land without Federal assistance because of the increased production.

ASCS State officials told us that, for the entire State, the land-leveling practice should receive a high priority. They said that the two counties we had selected, as well as other rice-producing counties, were not representative of the need for land leveling in the State. They said that rice production was very profitable and that farmers could afford to pay for the practice without cost sharing but that this was not so in counties producing less profitable crops.

Also we noted that ASCS shared costs for leveling land on cotton farms. Photographs of land leveled at a rice farm and a cotton farm follow.



RICE FARM
COST SHARE \$1,123



COTTON FARM
COST SHARE \$972

Although the practice of leveling cropland may have some conservation value, it increases production and yields an immediate benefit to the farmer. We therefore believe that the program should not absorb any part of the cost of leveling land. In 1970 cost shares totaled about \$4 million nationally for the land-leveling practice.

We discussed our views on this matter with officials at the ASCS national office. Subsequently the land-leveling practice was excluded from the national program for 1971.

COSTLY AND PRODUCTIVE GRASS
COVERS ESTABLISHED

In one State that we visited, program funds were expended at a 50-percent cost-sharing rate for establishing permanent soil covers of a comparatively costly and productive grass--Coastal Bermuda. The cost shares for this grass were much higher than they would have been for other grasses that could have provided an adequate protective cover.

According to technical information developed by a pasture specialist at a State agricultural college, Coastal Bermuda is drought resistant and is excellent for feeding cattle and thus stimulates production of meat and dairy products. Pasture specialists told us that other grasses also have these qualities, though to a lesser extent.

The high cost of Coastal Bermuda is indicated by the maximum cost-share rates allowed by ASCS in 21 selected counties in the State. The average maximum cost share allowed in these counties was \$8.21 an acre for Coastal Bermuda compared with \$4.25 for the nearest competing grass. The average maximum rates for other grasses ranged from \$1.99 to \$3.50 an acre.

The ASCS State executive director told us that Coastal Bermuda yields a greater conservation benefit than other grasses. Other State office officials said that this grass would not be used as extensively for cover if cost shares were not provided for 50 percent of the cost.

In one county where use of this grass was popular, we selected at random, and reviewed the records pertaining to, 25 farms approved for cost sharing. Of these farms, 15 participated in establishing permanent grass covers, and 12 of the 15 used Coastal Bermuda. According to a pasture specialist, this grass is popular in the south-southeast area of the United States. The ratio of farms using Coastal Bermuda--12 of 15--in the county that we visited indicates that cost sharing for this grass could amount to a substantial sum. The total amount of cost shares for permanent cover--Coastal Bermuda and other grasses--in 1970 in the south-southeast area comprising 10 States was about \$14 million.

We believe that ASCS should limit cost-share assistance for grass cover practices to the minimum necessary for satisfactory conservation. Thus, if costly and productive grasses, such as Coastal Bermuda, are selected by farmers, the increased costs should be borne by them.

In March 1971 ASCS officials told us that cost sharing would be limited to that needed to establish an adequate protective cover.

WOODLAND CONVERTED FOR PRODUCTION PURPOSES

We noted in one State that, in four of six counties where we reviewed the practice of controlling undesirable shrubs, cost shares had been paid for converting woodland to pastureland for grazing cattle. The activity was classified and reported by ASCS as being a conservation practice--controlling undesirable shrubs on range or pastureland to permit growth of desirable vegetative cover for soil protection.

In this State in 1969, cost shares of about \$4 million were paid for controlling undesirable shrubs. About \$100,000 was spent under this category in the four counties where woodland was converted to pastureland. This amount did not include program expenditures for establishing a vegetative cover on some of the woodland after it had been cleared.

For example, an ASCS county office paid a farmer \$420 toward clearing 30 acres of woodland. This tract, which we visited, was completely surrounded by woodland containing large trees and dense vegetation. The following photographs show the cleared land and the adjacent area, which indicates how the land appeared before it was cleared. A similar situation was observed at a farm operated by a manager for an absentee owner.



CLEARED LAND



ADJACENT LAND

For another example, program funds of \$360 were paid in 1969 for clearing 20 acres of woodland at a farm in another county. An additional 20 acres were being cleared in 1970 at the time of our visit. These tracts were surrounded by dense woodland.

In commenting on this matter, the Department stated that ASCS proposed to eliminate this practice from the national program for 1972. (See app. I.)

NORMAL MAINTENANCE OF FARMLAND

In one State that we visited, cost sharing was approved for normal maintenance measures which should have been done by farmers without cost sharing. Such cost sharing is specifically prohibited by program regulations.

The program provides for improving land already in a permanent vegetative cover but needing more than normal maintenance to provide adequate soil or watershed protection. Program regulations state that the improvement is intended to materially extend the life of the existing cover and exclude normal maintenance, such as routine treatment with fertilizer or other minerals.

For one county in the State, program expenditures in 1969 totaled \$66,000, of which \$32,000 was classified as improvement of permanent vegetative cover. This practice involved applying limestone and fertilizer to 3,296 acres on 293 farms. In this county payments had been made to the same farmers year after year under this classification.

In accordance with procedures prescribed by the ASCS State office, when applications were filed by farmers, county office personnel inquired as to whether the applicants had received any cost shares in the previous 3 years for the specific acreage. The personnel did not inquire, however, whether any normal maintenance had been performed.

Permanent grass cover may need normal maintenance, according to Soil Conservation Service technical standards applicable to the State. According to program regulations, however, farmers should perform such maintenance at their own expense.

An example of program funds used for normal maintenance follows. A farmer told us that each year since 1966 the ASCS county office had approved the improvement practice for 20 acres of his 100-acre tract. He received a cost share for fertilizing a 20-acre tract annually and assumed the total cost of fertilizing the remaining 80 acres. In this way ASCS annually shared in the cost of fertilizing 20 acres of land on a rotating basis. Federal cost shares for improvement practices on the farm from 1966 through 1969 totaled

\$903, according to county office records. The records showed that the farmer had received cost shares for improvement each year, except one, since 1958 and that the total Federal cost shares during this 12-year period amounted to \$2,200.

At another farm that we visited, the farmer had received cost shares totaling about \$3,000 for improvement practices on various parts of his farm since 1957. In 1968 he received a cost share for a practice to establish a permanent vegetative cover on 10 acres of his farm, and in 1969 he received a cost share for improving the same acreage. In our opinion, cost sharing for an improvement soon after establishment of a permanent cover is questionable since the farmer is responsible for normal maintenance.

At the county office we questioned the justification for payments made for the improvement practice. An official told us that there would be no need for the improvement practice if it could not be allowed for normal maintenance.

In contrast to the above examples, the ASC committee of another county that we visited required that farmers' applications for improvement practices be accompanied by recent soil analyses and written recommendations by the Soil Conservation Service, the County Extension Service, or the ASCS county office executive director. If this material was not furnished, the committee would not consider the application. Also the applicant was required to answer questions about the condition of the soil cover, when the cover was established, when limestone was last applied, and what caused the defective condition of the cover. This seems to us to be a thorough method of evaluating the merits of applications for the improvement practice.

At two other counties that we visited, the improvement practice had been eliminated from the program because of the difficulty in distinguishing between improvement and normal maintenance of vegetative cover.

Because of the indicated misuse of the improvement practice and the difficulty in distinguishing between permanent improvement and normal maintenance, we believe that, if procedures for evaluating applications for the

improvement practice cannot be strengthened, the practice should be eliminated.

In commenting on this matter, the Department stated that tighter rules on soil test requirements would help solve this problem and that a normal lifespan would be prescribed in the establishment of permanent vegetative cover. (See app. I.)

GRASSLAND FENCED FOR GRAZING

Program funds were expended in some counties for installing fences around land that had no soil or water conservation problems. Such land was already in a conserving use under other agricultural programs.

Grass covers had been established at some farms under ASCS programs for keeping farmland out of production. In anticipation of the expiration of these acreage-diversion programs, ASCS offered funds to farmers for fencing land so that it could be used for grazing cattle. This practice was considered necessary by the county committees mainly because, if the land were not used for grazing, the farmers might use it for growing crops.

In our opinion, the potential use of the land for growing crops was not a valid basis for Federal sharing in the fencing costs under the conservation program because the land was already in a conserving use. Furthermore the program was not intended for keeping farmland out of production.

Because the expenditure of conservation funds for fencing seemed questionable, we discussed the matter with five farmers who had received cost shares. All of them told us that they had planned to use the land for grazing and not for growing crops. Four of them said that they had planned to fence the land regardless of Federal cost sharing.

Because the fencing of grassland generally serves no soil or water conservation purpose, we expressed the opinion that the practice should be eliminated. Subsequently an ASCS official told us that the practice had been eliminated.

SOIL TREATMENT FOR HOME GARDENS

Beginning in 1969, ASCS provided cost sharing for vegetable gardens. A total of about \$500,000 (excluding cost-share increases) was spent for this practice in 1969 and 1970, an average cost of \$33 a farm.

We reviewed the practice in several counties in one State and concluded that it was devoid of soil and water

conservation benefits. The practice generally involved treating the soil with lime and fertilizer in preparation for a garden. One county office that we visited did not offer the practice because it did not provide conservation benefits.

We discussed with ASCS officials at the various operational levels the nonconservation aspect of treating home gardens. Subsequently the practice was excluded from the 1971 national program.

PRACTICES APPLIED TO NONAGRICULTURAL LAND

We noted in one county that program funds were being expended for practices in residential and recreational areas. These practices resulted in little if any conservation benefit to the public.

Program regulations and administrative instructions restricted program eligibility to agricultural producers. A producer is defined as a landowner, landlord, tenant, or sharecropper on a farm normally used to produce agricultural commodities. Some of the participants that we contacted stated that their operation was not farming.

According to ASCS data, funds were expended in this county mainly for lining irrigation ditches. Funds were also expended for leveling land and for constructing ponds for wildlife and wells to provide water for livestock.

Residential land

Cost shares up to 70 percent of cost were approved for practices carried out in residential areas on land having no apparent agricultural significance. These practices involved lining irrigation ditches with cement and leveling land. An ASCS county official told us that irrigation ditches were lined to prevent weeds from growing and blocking the flow of water.

Our review of these practices, on a sample basis, indicated that the participants were not farmers and that the "farm" areas, including the homestead, were as small as 1/2 acre. Some of the land involved a large subdivision--in lots of about 3 acres--of what was formerly a ranch. A real estate agent told us that 3 acres were required for each homesite and that the land sold for about \$7,000 to \$8,000 an acre.

One of the program participants, on whose land an irrigation ditch was lined, told us that his land could not be considered a farm because it contained only 3 acres with his home located in the center. He stated that alfalfa planted around the house as a ground cover was irrigated and harvested by a neighbor. At the time of our visit, the

lining of the ditch had just been completed; the Federal cost share was estimated at \$512.

As another example, program funds of \$1,314 were paid for lining an irrigation ditch under a pooling agreement involving seven persons who lived on adjacent lots ranging in size from 1/2 acre to 2 acres. Each lot included a house and backyard. We observed that the irrigation ditch served the backyard of each lot.

We contacted five of the seven participants (or family members) and learned that they were not farmers and that one used his backyard for a garden and that the other four used their backyards for grazing horses or growing alfalfa.

Under another pooling agreement, of which a local board of education was a participant, program funds of \$4,131 were expended toward lining a new irrigation ditch to reduce seepage. The previous ditch, routed through a school area, was replaced because, according to documented information at the county office, it was considered to be extremely dangerous for school children. The new ditch, much shallower than the previous ditch and routed along two side and the back boundaries of the school, extended to additional tracts of land that had not been served by the previous ditch.

The approval of the pooling agreement by the county office appeared questionable to us because one of the participants--the local board of education--was not a "farmer" as required by program regulations and instructions. Further there did not appear to be an agricultural conservation problem. We do not question the need for making the school area safe for children, but we do question the use of program funds for a practice which appears to be unrelated to agricultural soil and water conservation.

Recreational land

Program funds equal to 80 percent of costs were approved under a classification for water conservation--constructing ponds--to benefit wildlife. The ponds we visited, however, were constructed at sites that were not conducive to attracting wildlife.

One site was a commercial recreation area which, according to an advertisement, could accommodate 1,000 people and offered such attractions as pony rides, horseback riding, stagecoach rides, overnight camping, a picnic area, and a lake for fishing. The Federal cost share amounted to \$848.

An analysis of the land use prepared by the Soil Conservation Service showed that the land would be used for recreation, a pond would be constructed for production and harvest of fish, all parking areas would be graded and shaped, and other improvements pertaining to recreation would be made. The recreational use of the land is indicated by the following photographs.



FRONT PART OF AREA



ANIMALS FOR RIDING PURPOSES

At the request of the ASCS State office, the county committee reconsidered the participant's qualification as a farmer. The committee, on the basis of information furnished by the applicant, decided that he was a farmer because on his land unit he had--in addition to recreational facilities--sheep, goats, chickens, and horses and because his net proceeds from farm commodities totaled at least \$100 a year.

Cost sharing at another site involved construction of two contiguous ponds. According to an analysis of land use prepared by the Soil Conservation Service, the ponds were to be stocked with fish and the site was to include a picnic area and supporting facilities. The land area, 10-1/2 acres, contained the participant's homestead and the ponds. A view of one of the ponds, with the residence in the background, is shown in the following photograph.



POND AND HOMESTEAD

At the request of the ASCS State office, the county committee reconsidered the participant's qualification as a farmer. The committee decided that he was a farmer because he had about 10 fruit trees on his land and because he had 2 acres of permanent pasture on which he expected to graze sheep. During our visit to the site, the participant told

us that he planned to let people fish in the ponds for a fee. He also said that he did not have livestock on the land and was not producing any agricultural commodities.

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Since program funds were spent on residential and recreational land for practices that resulted in no appreciable agricultural conservation benefits, we questioned ASCS county officials as to the need for the program in the county. They indicated to us that it was difficult to determine whether land qualified as farming land. To qualify under county office criteria, the land must have yielded receipts (later changed to value of production) from agricultural commodities of at least \$100 a year. We were further informed that, if the definition of a farm were to be strictly interpreted, very few tracts of land in the county could qualify for cost sharing under the conservation program.

At the ASCS State office, an official told us that the situation would be reviewed. He said that whether land could be considered to be a farm was a matter of judgment. Another ASCS State official said that there was a trend toward helping people even though they did not make a living from farming and allowing urban people to participate in the program. He said that small plots near the city limits had always been considered eligible under the program and that it would be difficult to start excluding such plots.

In commenting on this matter, the Department of Agriculture stated that these cases, although contrary to official procedures, were isolated and few in number nationally. It stated further that a county's need for conservation measures did not lessen as the county became urbanized and that sharing costs in such areas would likely provide greater community benefits than sharing costs in counties which were not at all urbanized. The Department also questioned whether eligible farmers in counties becoming urbanized could be legitimately barred from the program if it were likely that they would continue to farm eligible land. (See app. I.)

We are not questioning the extent of community benefits or the eligibility of farmers in areas becoming urbanized.

Our point is directed toward eliminating areas that have no significant agricultural soil or water conservation problems. We believe that such areas should not be included in the program and that program funds should be directed to areas having urgent conservation needs.

PRACTICES UNNECESSARILY APPLIED
TO AGRICULTURAL LAND

Funds were spent for practices on land that was already in a conserving use. Also farms owned by States were included in the program. We noted instances where farmers' applications were rejected because of lack of funds.

Land already in conserving use

Funds were expended on cropland already being conserved for future agricultural uses under a program administered by ASCS for the Commodity Credit Corporation to divert acreage from production. These lands were obviously not in urgent need of conservation.

Under the acreage-diversion program, participating farmers were paid to divert land to ASCS-approved conserving uses. Despite this obligation of farmers, ASCS encouraged them to apply for conservation assistance on the diverted land. In a circular prepared for general distribution, ASCS stated that the conservation program "can help you with conservation treatment of land diverted from crop production ***."

Because ASCS county office records ordinarily did not show whether practices under the conservation program had been applied on diverted acreage, the extent to which the conservation program overlapped the acreage-diversion program could not be determined. In some instances, however, we were able to determine from county office records that practices under the conservation program had been applied on diverted acreage.

At the ASCS national office, we were told that the conservation program helped the farmer do a better conservation job on the diverted land. Although conservation funds may have enabled the farmer to do a better job, we believe that such funds could be used more effectively on acreage in urgent need of conservation practices.

The Department, in commenting on this matter, stated that a new concept of setting priorities for conservation practices would alleviate expenditures of program funds on

land already in a conserving use. (See app.I.) Although the use of priorities may reduce expenditures for this practice, we believe that, for the Department to make the most effective use of funds, such expenditures should be entirely discontinued.

Land owned by States

Costs were shared for conservation practices on farms owned by States and political subdivisions. Funds available for family-owned farms therefore were reduced to the extent of such payments.

Data was not readily available on the extent of cost sharing on farms owned by States. At one ASCS State office, we were told that payments on State-owned farms--at a few colleges--amounted to several thousand dollars in 1969. During that year applications of farmers were rejected by ASCS because of lack of funds. We noted that the eligibility list for State-owned farms included colleges, hospitals, forest divisions, prisons, and youth schools.

Program eligibility includes not only State-owned land but also land owned by corporations that are partly owned by the United States and land temporarily owned by the United States, including land administered by the Farmers Home Administration and the Department of Defense. Since the program is intended to assist farmers in accomplishing needed conservation which they would not otherwise be able to afford, we believe that sharing the cost of conservation practices on State-owned land should be discontinued.

The Department informed us that ASCS intended to discontinue cost sharing with States or State agencies in 1972. It stated, however, that cost sharing with farmers who are tenants on such land would be continued. (See app. I.)

RECOMMENDATIONS TO THE
SECRETARY OF AGRICULTURE

Although some practices have been eliminated and the program has been restructured, we believe that further improvements should be made to direct funds toward accomplishing program objectives more effectively. Therefore we recommend that ASCS revise the national program by (1) eliminating practices that do not result in appreciable conservation benefits or that stimulate agricultural production and (2) rescinding the policy of approving conservation practices on land already in an approved conserving use. We recommend also that a comprehensive review be made of the program in predominantly urban and nonagricultural counties, with a view toward eliminating from the program counties or areas of counties that have no significant agricultural soil or water conservation problems.

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The Department, in its letter dated September 20, 1971 (see app. I), said that it agreed in general with our recommendations and, as shown in the appropriate sections of this chapter, cited the actions which had been or would be taken on the matters discussed.

In our opinion, the actions taken or planned by ASCS, together with the additional actions which we believe should be taken--see pages 21, 47, and 49--will significantly increase the effectiveness of program expenditures in achieving agricultural soil and water conservation benefits.

CHAPTER 4

NEED TO IMPROVE ALLOCATION OF FUNDS

AND REPORTING OF EXPENDITURES

ASCS needs to develop (1) a more realistic basis for allocating program funds to the States, (2) a priority system at the State and county levels to direct funds toward solving the most urgent conservation problems, and (3) a timely reporting procedure to enable management at the national and State levels to better direct the program.

BASIS FOR ALLOCATING FUNDS TO THE STATES

The ASCS national office annually allocates program funds to ASCS State offices. This allocation is based on the estimated amount of money needed annually by each State, as compiled by ASCS, for soil and water conservation. The estimates, however, include costs for practices which do not provide appreciable conservation benefits or which are production oriented. (See p. 17.)

In allocating funds for 1971, ASCS estimated the national total of conservation needs at \$3.4 billion. This total, however, included a significant amount for low-conservation and production-oriented practices; temporary practices alone accounted for \$1.1 billion.

Each State, by law (16 U.S.C. 590o), is to receive an annual allocation of appropriated funds proportionate to its conservation needs as shown by the estimates, except that a State's share may not be reduced by more than 15 percent from its proportionate share for the previous year. In computing each State's proportionate share, however, ASCS has limited the reduction to 1 percent. This 1-percent limitation is unrealistic, in our opinion, because it does not allow sufficient flexibility in making annual allocations proportionate to the conservation needs of each State.

We estimate that, if ASCS's allocation of program funds to the States for 1971 had been adjusted to the maximum permitted by statute, rather than 1 percent, an additional

\$7 million could have been shifted among the States. Some States would have received larger allocations--up to an additional \$970,000--and other States' allocations would have been reduced by as much as \$650,000.

An ASCS official told us that reductions had been limited to 1 percent because of doubts about the accuracy of the compilation of conservation needs since the determination of such needs was not an exact science. He said, however, that the compilation, developed by ASCS, was the only basis available for allocating the funds among the States. We note that the 1-percent limitation has been applied consistently since 1952. Although a 15-percent reduction for a year might not be appropriate under some circumstances, we believe that limiting reductions to 1 percent is unrealistic.

PRIORITY SYSTEM AT STATE AND COUNTY LEVELS

In allocating funds to ASCS State offices, the ASCS national office did not provide guidelines for developing specific priorities directed at solving the most urgent conservation problems in the States. Also the national office encouraged State committees to reserve part of the State allocation for supplemental distribution to county committees to accomplish certain objectives, such as enrolling new applicants in the program and encouraging beautification practices, even though these objectives did not necessarily involve urgent conservation needs.

At two ASCS State offices that we visited, program funds were allocated to ASCS county offices in accordance with the allocation pattern of preceding years. No emphasis was given to defining conservation problems and goals of the counties nor to applying a priority system based on urgency of conservation in approving farmers' applications for cost sharing.

For example, at one ASCS State office, the State allocation for 1969 was distributed to the counties mainly on the basis of conservation needs determined in 1952. This basis did not recognize major agricultural changes in the counties during the 17-year interval. In that period the agriculture of some counties had changed from row crops to

predominantly livestock production involving the use of land for pasture. Such changes altered the conservation needs of the counties.

The general approach at the county level was to approve farmers' applications on a first-come-first-served basis without established guidelines or plans as to the relative need for the conservation practices. Little if any emphasis was given to the relative urgency of the conservation practices.

At one ASCS State office, we were told by officials that, in meetings with some ASC county committees, emphasis was being placed on the need for developing conservation plans which would give priority to the most urgent and enduring practices. The State executive director told us that acceptance of the idea by the county committees was encouraging and that the State office would emphasize this approach to other county committees.

In response to our inquiry regarding the approval of applications on a priority basis, the Administrator, ASCS, told us in November 1970 that important priorities would be identified and stressed in a written plan at both the State and county levels under a proposed redirection for 1971. In 1971 the ASCS national office took steps toward improving the allocation of program funds at the State and county levels. The ASC State committees were directed to identify, within counties, the areas or situations in which program funds should be concentrated to help solve high-priority conservation problems. The county committees were specifically instructed not to consider applications on a first-come-first-served basis.

IMPROVED REPORTING NEEDED FOR SURVEILLANCE OVER PROGRAM ACTIVITIES

ASCS does not have reporting procedures for informing its management at the State and national levels about the progress of program activities, by conservation practice, at the county level during the year. Information on program activities is assembled only once a year--several months after the end of the year to which it applies. In our opinion, the receipt of periodic information on the

amount of funds committed and expended, by conservation practice, is essential for management to better direct the program.

During the year financial commitments for cost sharing are made by ASCS county offices on the basis of applications approved for agricultural producers to carry out specified conservation practices. Monthly the county offices report the dollar amount of applications approved and the amount of cost sharing earned by producers. The information is not reported by conservation practice. ASCS then prepares consolidated reports showing the funding status of the program on a national, State, and county basis.

ASCS has no procedure, however, for informing its management, of the current status of commitments and expenditures by conservation practice. Such information would enable management at the State and national levels to act promptly if funds were not being directed toward solving conservation problems under the priority system to be implemented at the State and county levels. (See p. 54.) An official at the ASCS national office acknowledged the need for better and more timely information. He said that consideration would be given to compiling such data in a few years, when an expanded data processing system planned by ASCS becomes functional.

RECOMMENDATIONS TO THE SECRETARY OF AGRICULTURE

Although ASCS has taken or plans to take some actions toward improving the program, we believe that certain additional actions are needed to provide assurance that program funds are directed to accomplishing the most effective and important conservation practices. We recommend that, to achieve this objective, ASCS (1) eliminate low-conservation and production-oriented practices, such as those discussed in chapter 3, from the basis for allocating program funds to the States, (2) allocate funds to States in proportion to their conservation needs by making appropriate adjustments as permitted by law, and (3) develop reporting procedures for informing management of the current status of program commitments and expenditures, by conservation practice.

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The Department, in its letter dated September 20, 1971 (see app. I), said that serious consideration would be given to our recommendations for improving the basis for allocating funds to States and that some preliminary work was underway to improve the reporting procedures for better management control over program activities.

CHAPTER 5

FINDINGS BY INTERNAL AUDITORS

The Office of the Inspector General, in reviews of the program at ASCS county offices and at farms, revealed various types of activities that did not reasonably or effectively contribute to the accomplishment of program objectives. Corrective recommendations were made to agency management by the internal auditors, and, generally, corrective action was taken or planned.

Examples of deficiencies in program operations observed by the internal auditors follow.

1. Conservation practice applied on an untimely basis

Administrative controls were inadequate for ensuring the spraying of undesirable shrubs with herbicides at the most effective time. Spraying is done to minimize competition with desirable vegetative growth.

To be most effective, spraying of shrubs should be done before the blooming or flower-budding stages of growth. The best spraying period is usually late spring or early summer.

Under the program, spraying dates as late as September 30 were approved. It appeared that approving officials were not fully aware of the importance of timely spraying.

2. Questionable quantities of chemicals applied to soil

Farmers' applications for Federal sharing of the cost of soil chemicals (lime and fertilizer) were approved frequently without provision for soil tests. There was no assurance consequently that the quantities--and cost sharing--were in line with needs.

For example, fertilizer was not recommended in a selected county for about 90 percent of the farms that had undergone soil analysis. On the other hand, fertilizer

was approved for practically 100 percent of the farms for which a soil analysis had not been made.

Also the quantities of fertilizer approved without soil tests were, on the average, larger than the quantities approved on the basis of soil tests. For example, the application of fertilizer on farms for which soil tests had been made was 470 pounds an acre compared with 650 pounds on farms for which soil tests had not been made.

3. Ponds inadequate for wildlife

Some ponds, constructed with program assistance that averaged \$450, were developed for recreation rather than wildlife. The recreational uses included swimming, boating, and fishing. One pond was used to train dogs for hunting.

The regulations provided for cost sharing to construct ponds on farmland as a habitat for helping wildlife--geese, ducks, and fur-bearing animals--obtain food and water.

According to wildlife technicians, the ponds were designed to meet specifications for fish habitats. The ponds, as constructed, were too deep, the banks were generally too steep, and the surrounding vegetation was inadequate to provide a satisfactory habitat and food source for wildlife.

4. Cost-sharing payments based on inadequate cost data

ASCS county offices accepted incomplete documents submitted by producers as evidence of the cost of their labor and equipment in carrying out conservation practices.

The documents, used as a basis for determining the program's share of costs, lacked detailed information essential to properly evaluate the validity, accuracy, and reasonableness of the costs. The information lacking included (1) rates on which producers computed labor and equipment charges, (2) dates and hours that labor and equipment were used, and (3) sizes and types of equipment used.

5. Administrative inefficiency because of unidentified locations of conservation practices

County office records did not show the location of program practices on individual farms, thus State and county personnel were unable to expeditiously locate the practices for verifying compliance. This lack of documentation resulted in avoidable administrative expenses and sometimes resulted in arbitrary compliance determinations.

Because of this lack of documentation, it was necessary to have the farmer available to point out the location of the practice. Return trips had to be made if the farmers were not at home at the time of the visit, and difficulty was encountered in locating and transporting absentee owners or operators.

Sometimes farmers could not remember or were uncertain of the locations where, and the years during which, various practices had been carried out. As a result some compliance determinations had to be arbitrary.

When visiting some farms to test soil that had been limed, the internal auditors encountered difficulty, even with the aid of county office employees and owners of farms, in determining what fields had been treated.

CHAPTER 6

SCOPE OF REVIEW

We reviewed (1) the legislative history of the Rural Environmental Assistance Program, formerly known as the Agricultural Conservation Program, (2) ASCS policies and procedures for administering the program, (3) selected conservation practices at farms, and (4) reports by the Department's internal auditors on reviews made at ASCS county offices.

The review, pertaining mainly to program activities in 1969 and 1970, was made at the ASCS national office in Washington, D.C., five ASCS State offices, and 26 ASCS county offices in the five States. In Georgia and in Texas, we made a detailed review of the program in two counties. At 16 other counties in these two States and at two counties in each of the States of Iowa, Minnesota, and New Mexico, we reviewed only selected practices.

We discussed (1) our findings and program operations with agency officials, (2) technical aspects of conservation with soil scientists and specialists, and (3) conservation matters with participating farmers.

BEST DOCUMENT AVAILABLE



UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE • WASHINGTON D. C. 20250

Mr. Max Hirschhorn
Associate Director, Civil Division
General Accounting Office
Room 6828
441 G Street, N. W.
Washington, D. C. 20548

SEP 20 1971

Dear Mr. Hirschhorn:

We have completed our review of the draft of the GAO report to the Congress on opportunity for attaining greater conservation benefits with funds available under the Rural Environmental Assistance Program. In general, we agree with the recommendations in the report, which covers activities and findings under the 1969 and 1970 ACP. In fact, quite a number of the items questioned by GAO have been resolved because they were eliminated when the 1971 National REAP was developed and ACP was discontinued. Further improvements for the 1972 REAP have been recommended by the national program development group. The changes made in the 1971 program and proposed for the 1972 program include the elimination of most of the temporary and production oriented practices, the home garden and beautification practices. Major program effort and emphasis is now being placed on the more permanent soil and water conservation practices and the new pollution prevention and abatement practices. The county committee option to continue practices applicable under the 1970 program is preventing the national development group from achieving the program goals and objectives as rapidly as may be desired.

We offer the following comments regarding the following items:

1. Woodland Converted for Production Purpose (page 36). It appears that this item refers to practice B-3, Controlling competitive shrubs. We propose to eliminate this practice from the national program for 1972.

GAO note: Page number references in this appendix have been changed to correspond to the pages of this report.

APPENDIX I

Mr. Max Hirschhorn

2. Maintenance Measures (page 38). We assume that practice B-1, which provides for improvement of vegetative cover, is involved. A normal lifespan is required for this practice. Presumably, tighter rules on soil test requirements will help solve this problem. For 1972 we propose that a normal lifespan for practice A-2, Establishing perennial vegetative cover, be included in the wording in each county REAP.

3. Grassland Fenced for Grazing (page 41). It appears that this item refers to the special fencing practice developed to encourage farmers to keep land in grassland cover established under such programs as the Soil Bank, Cropland Adjustment, etc., rather than plowing it up and reverting to crop production after the contract expired. We believe that the regular fencing practice on range or pasture land does provide significant conservation benefits where the practice provides protection to the land by better grassland management through the proper distribution of grazing.

4. Predominantly Urban and Non-Agricultural Counties (pages 47 and 48). The fact that a county is becoming urbanized does not lessen the need for soil and water conservation measures. By sharing costs under REAP to treat soil and water conservation problems (with related pollution problems) in such areas with bona fide agricultural producers on eligible land will likely provide greater community benefits than in those counties which are not at all urbanized. There is also a question as to whether eligible farmers in counties becoming urbanized could be legitimately barred from participating under REAP if it is likely that they will continue to farm eligible land. We feel that the cases which caused this item to be included in the GAO report are isolated and few in number nationally. The specific cases discussed informally with representatives of GAO are contrary to official procedures. When these are called to our attention, corrective action is taken administratively.

5. Practices Unnecessarily Applied to Agricultural Land (page 49). We believe that the new concept of requiring written State and county investment plans will alleviate this problem because such plans must set forth priorities with primary consideration being given to those which are high.

6. Land Owned by States (page 50). For 1972 we propose to discontinue cost-sharing with States or State agencies. (OGC is presently researching whether there may be some legal obstacle to this change in policy.) We would continue to cost-share with farmers who are tenants on such land and who will benefit by the practice. This would be consistent with present policy on Federal lands.

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Mr. Max Hirschhorn

7. Basis for Allocating Funds (page 52). We will give serious consideration to GAO's recommendation regarding the manner in which program funds are allocated to States.

8. Reporting Procedures Needed for Surveillance Over Program Activities (page 54). Much study (including task force activities) has gone into improving methods of more rapid input of data into the ADP system and for rapid retrieval of progress and accomplishments on an "as occurs" basis. Some preliminary work on these items is now under way.

Sincerely,



Kenneth E. Frick
Administrator

Enclosure

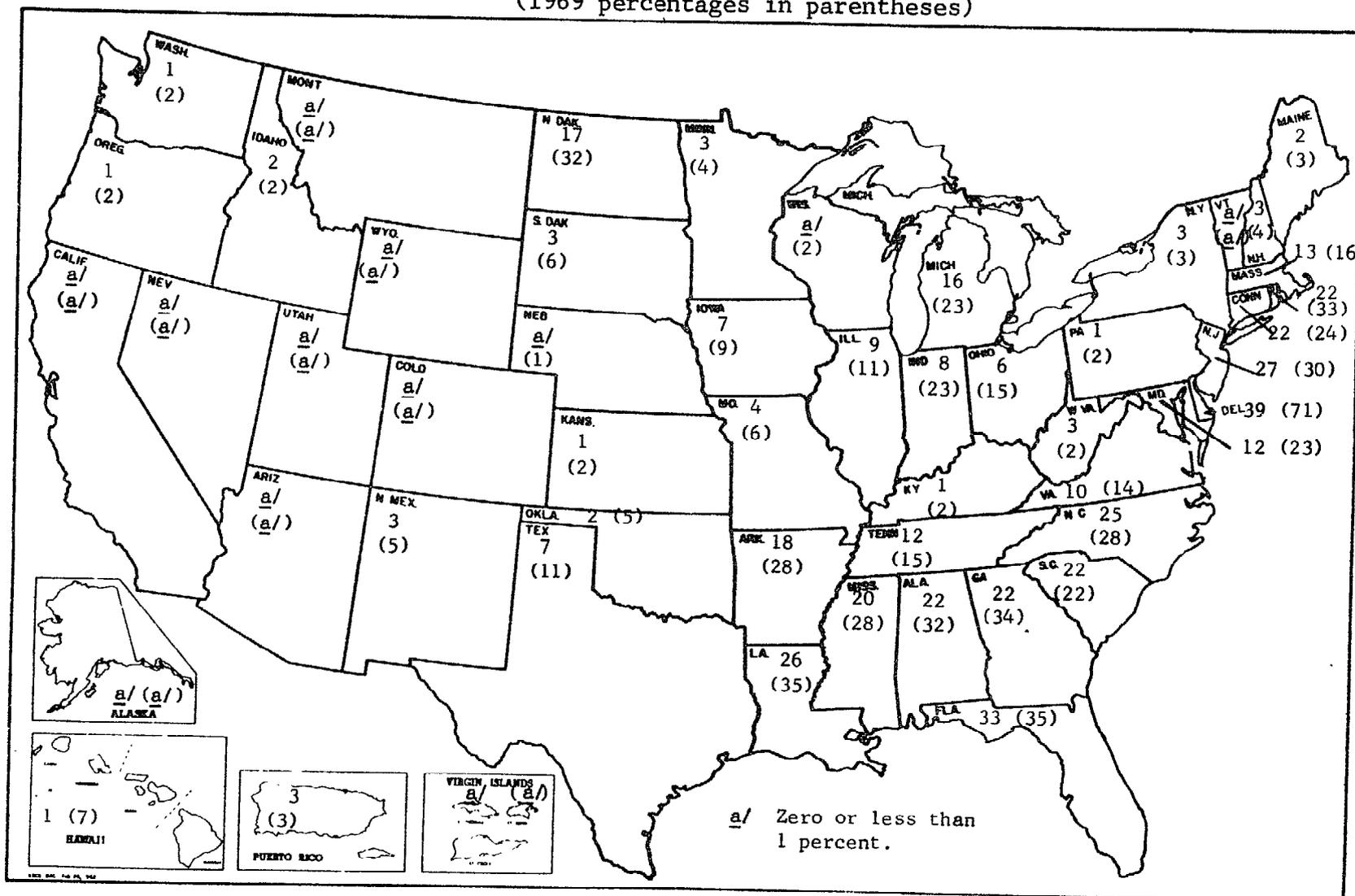
APPENDIX II

AGRICULTURAL CONSERVATION PROGRAM
SUMMARY OF EXPENDITURES
1970

STATE	Cost shares earned by farmers	Small cost-share increases	Total cost sharing	Technical services	Total expenditures	Number of farms	Average per farm
	(000 omitted)						
Alabama	\$ 4,231	\$ 178	\$ 4,409	\$ 205	\$ 4,614	20,734	\$ 223
Alaska	49	-	49	2	51	75	680
Arizona	1,453	3	1,456	69	1,525	1,431	1,066
Arkansas	3,816	163	3,979	208	4,187	18,180	230
California	4,019	10	4,029	241	4,270	5,852	730
Colorado	3,530	17	3,547	172	3,719	7,857	473
Connecticut	342	14	356	22	378	2,183	173
Delaware	218	8	226	11	237	897	264
Florida	3,208	76	3,284	112	3,396	10,939	310
Georgia	5,371	77	5,608	175	5,783	26,461	219
Hawaii	124	1	125	7	132	179	737
Idaho	1,873	45	1,918	96	2,014	6,963	289
Illinois	6,638	203	6,841	437	7,278	22,711	320
Indiana	4,496	151	4,647	399	4,891	22,474	218
Iowa	7,562	304	7,866	299	8,265	43,269	191
Kansas	6,014	101	6,115	257	6,414	16,598	386
Kentucky	4,901	286	5,187	136	5,444	31,753	171
Louisiana	3,024	115	3,139	41	3,275	13,928	235
Maine	934	29	963	51	1,004	4,554	220
Maryland	954	35	989	16	1,040	4,653	224
Massachusetts	444	13	457	221	473	1,849	256
Michigan	3,562	123	3,685	272	3,906	17,164	228
Minnesota	5,434	154	5,588	185	5,860	21,945	267
Mississippi	4,622	367	4,989	259	5,174	35,800	145
Missouri	6,731	562	7,293	155	7,552	51,161	148
Montana	3,993	29	4,022	244	4,266	6,618	645
Nebraska	4,825	72	4,897	240	5,137	12,567	409
Nevada	615	1	616	30	646	614	1,052
New Hampshire	431	10	441	22	463	1,673	277
New Jersey	545	17	562	28	590	2,607	226
New Mexico	2,034	14	2,048	102	2,150	3,871	555
New York	3,949	135	4,084	212	4,296	18,470	233
North Carolina	4,847	722	5,569	162	5,731	71,303	80
North Dakota	3,826	220	4,046	175	4,221	26,563	159
Ohio	4,410	154	4,564	225	4,789	19,518	245
Oklahoma	5,704	126	5,830	268	6,098	23,069	264
Oregon	2,168	21	2,189	106	2,295	4,744	484
Pennsylvania	3,711	74	3,785	170	3,955	12,320	321
Puerto Rico	639	97	736	33	769	14,941	51
Rhode Island	55	2	57	3	60	385	156
South Carolina	2,943	125	3,068	117	3,185	14,947	213
South Dakota	3,394	150	3,544	177	3,721	17,937	207
Tennessee	4,147	491	4,638	194	4,832	42,549	114
Texas	15,638	449	16,087	598	16,685	60,736	275
Utah	1,053	24	1,077	51	1,128	4,959	229
Vermont	943	34	977	46	1,023	4,483	228
Virginia	3,355	342	3,697	158	3,855	34,930	110
Virgin Islands	10	-	10	1	11	19	579
Washington	2,222	40	2,262	123	2,385	6,319	377
West Virginia	1,286	166	1,452	60	1,512	14,973	101
Wisconsin	4,326	118	4,444	301	4,745	15,192	312
Wyoming	1,675	12	1,687	69	1,756	3,127	562
Total	\$166,294	\$6,840	\$173,134	\$8,052	\$181,186	829,044	\$ 219

AGRICULTURAL CONSERVATION PROGRAM **BEST DOCUMENT AVAILABLE**
PERCENTAGE OF COST SHARING FOR TEMPORARY PRACTICES
1970 AND 1969

(1969 percentages in parentheses)



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APPENDIX IV

AGRICULTURAL CONSERVATION PROGRAM

SUMMARY OF BEAUTIFICATION PRACTICES

1970

State (note a)	Number of counties	Number of farms	Cost shares earned by farmers	
			Amount	Average per farm
Alabama	3	3	\$ 378	\$126
Arkansas	3	17	5,201	306
Colorado	2	3	1,482	494
Connecticut	7	16	2,340	146
Delaware	2	9	786	87
Florida	2	2	320	160
Georgia	27	99	17,831	180
Hawaii	2	2	527	264
Idaho	2	13	1,772	136
Illinois	6	6	1,375	229
Indiana	20	37	1,907	52
Iowa	94	2,342	256,768	110
Kansas	2	28	6,653	238
Kentucky	46	212	35,300	167
Louisiana	1	1	25	25
Maine	14	42	2,959	70
Maryland	1	1	147	147
Massachusetts	6	13	1,737	134
Michigan	6	37	1,778	48
Minnesota	73	1,396	328,652	235
Montana	21	42	13,167	314
Nebraska	14	31	2,429	78
New Hampshire	3	4	390	98
New Jersey	5	17	3,874	228
New York	16	59	6,945	118
North Carolina	20	106	7,553	71
North Dakota	45	485	45,874	95
Ohio	12	30	4,683	156
Oregon	3	8	1,868	234
Pennsylvania	23	41	11,014	269
South Dakota	39	213	22,243	104
Tennessee	13	105	11,630	111
Vermont	3	6	380	63
Virginia	9	19	1,730	91
Washington	6	29	5,764	199
Wisconsin	31	72	5,847	81
Wyoming	2	4	370	93
Total	<u>584</u>	<u>5,550</u>	<u>\$813,699</u>	<u>\$147</u>

^aThe following States reported no beautification practices: Alaska, Arizona, California, Mississippi, Missouri, New Mexico, Nevada, Oklahoma, Puerto Rico, Rhode Island, South Carolina, Texas, Utah, Virgin Islands, and West Virginia.

PRINCIPAL OFFICIALS OF
THE DEPARTMENT OF AGRICULTURE
RESPONSIBLE FOR ADMINISTRATION OF PROGRAM

	Tenure of office	
	From	To
<u>DEPARTMENT OF AGRICULTURE</u>		
SECRETARY OF AGRICULTURE:		
Orville L. Freeman	Jan. 1961	Jan. 1969
Clifford M. Hardin	Jan. 1969	Nov. 1971
Earl L. Butz	Dec. 1971	Present
UNDER SECRETARY OF AGRICULTURE:		
John A. Schnittker	June 1965	Jan. 1969
J. Phil Campbell	Jan. 1969	Present
<u>AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE</u>		
ADMINISTRATOR:		
Horace D. Godfrey	Jan. 1961	Jan. 1969
Kenneth E. Frick	Mar. 1969	Present
DEPUTY ADMINISTRATOR, STATE AND COUNTY OPERATIONS:		
Raphael V. Fitzgerald	June 1962	Feb. 1969
William E. Galbraith	Feb. 1969	May 1969
George V. Hansen	May 1969	Nov. 1971
Elvin J. Person (acting)	Nov. 1971	Present

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