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Report to Congressional Committees

July 2012

TRADE ADJUSTMENT ASSISTANCE

USDA Has Enhanced Technical Assistance for Farmers and Fishermen, but Steps Are Needed to Better Evaluate Program Effectiveness

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Highlights

Highlights of GAO-12-731, a report to congressional committees

July 2012

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USDA Has Enhanced Technical Assistance for Farmers and Fishermen, but Steps Are Needed to Better Evaluate Program Effectiveness

Why GAO Did This Study

Agricultural imports—including imports of fruit, vegetables, seafood, and other commodities that directly compete with U.S. products—have more than doubled over the last decade, according to data from USDA. The department's TAA for Farmers program provides technical and financial assistance to producers of commodities certified by USDA as eligible for assistance. The Trade and Globalization Adjustment Assistance Act of 2009 reauthorized and amended the program and directed GAO to prepare and submit a report on the operation and effectiveness of the amendments. In particular, GAO examined (1) the commodities and producers USDA approved for assistance and the type and amount of assistance it provided, and (2) the approach USDA is taking to evaluate the program's effectiveness and limitations, if any, in this approach. GAO analyzed USDA data and documents; interviewed USDA officials, their academic partners, producer groups, and commodity experts; and conducted fieldwork in two states to meet with producer groups for certified commodities.

What GAO Recommends

GAO recommends that, as part of any future TAA for Farmers program funding, USDA require spouses applying for assistance to submit documentation on how they contribute to producing a commodity, take steps to help ensure the program's financial assistance is used for the intended purpose, and broaden its program evaluation approach. USDA generally agreed with the recommendations.

View GAO-12-731. For more information, contact Lisa Shames at (202) 512-3841 or shamesl@gao.gov.

What GAO Found

The U.S. Department of Agriculture (USDA) certified relatively few commodities under its Trade Adjustment Assistance (TAA) for Farmers program, as reauthorized by the Trade and Globalization Adjustment Assistance Act of 2009, but provided assistance to most individual farmers and fishermen who produced certified commodities and applied for assistance. Specifically, USDA certified 5 of the 18 commodities for which it received petitions. As of April 2012, USDA approved 9,852, or about 90 percent, of the applicants who produced a certified commodity to participate in the program. In addition, out of the $202.5 million in appropriations for the reauthorized program, USDA paid nearly $50 million in financial assistance to help producers implement long-term business plans in order to become more competitive. GAO identified two issues regarding USDA's process for approving applications from spouses of producers and providing financial assistance:

- USDA determined that producers' spouses also shared in the risk of producing a commodity and could thus separately apply for assistance as individual producers. However, unlike other producers, spouses did not need to submit documentation showing how they contributed to and shared in the risk of production. USDA officials said they disapproved applications if spouses voluntarily disclosed that they did not contribute to producing a commodity but they likely approved applications from other spouses who similarly did not contribute. As a result, USDA did not have assurance that it targeted assistance to individuals who shared in the risk of production.
- USDA made financial assistance payments without requiring producers to show that the assistance would be used for the intended purpose. Under the 2009 legislation, payments for completion of approved long-term business plans are to be used to implement the plans, but approval of plans was not contingent on producers documenting how payments would be used. USDA officials said they received feedback that led them to believe that some producers used payments for unrelated expenses, such as housing costs.

USDA's approach to evaluating the TAA for Farmers program relies on performance measures and a series of surveys administered to producers. This approach provides USDA with data on producers' completion of program requirements and perceptions of effectiveness, but the approach has several limitations that hinder USDA's ability to fully determine the extent to which the program as a whole is effective. In particular, the performance measures do not measure outcomes, such as the percentage of producers who are able to remain in business. Leading practices indicate that outcome-oriented goals and quantifiable performance measures are important tools to determine if a program is achieving intended results. In addition, the time frame for administering the surveys is too short to gather producers' perceptions of long-term effectiveness. Moreover, the surveys provide little information on producer perceptions of the program's financial assistance, and USDA has not corroborated survey results by collecting data to help determine whether improvements in producers' conditions are due to the program or some external factor. It can be difficult to isolate the causal impact of programs from other influences on outcomes, but the use of multiple sources of data can help overcome this challenge.

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Abbreviations

FAS	Foreign Agricultural Service
GPRA	Government Performance and Results Act of 1993, as amended
NIFA	National Institute of Food and Agriculture
Recovery Act	American Recovery and Reinvestment Act of 2009
TAA	Trade Adjustment Assistance
USDA	U.S. Department of Agriculture

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United States Government Accountability Office
Washington, DC 20548

July 12, 2012

The Honorable Max Baucus
Chairman
The Honorable Orrin G. Hatch
Ranking Member
Committee on Finance
United States Senate

The Honorable Dave Camp
Chairman
The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
House of Representatives

Data from the U.S. Department of Agriculture (USDA) show that agricultural imports have more than doubled over the last decade. According to these data, the imports include fruit, vegetables, seafood, and other commodities that directly compete with U.S. agricultural products. USDA's Trade Adjustment Assistance (TAA) for Farmers program offers assistance to farmers and fishermen hurt by competition from such imports. In particular, the program provides help to individual producers of raw agricultural commodities, such as farmers and fishermen, to become more competitive in producing their current commodity or transitioning to a different commodity.[1]

Producers apply for TAA for Farmers assistance through a two-step process, which USDA publicizes through its website, news releases, and other means when funding to implement the program is available. First, a group of producers of a particular commodity, or an association that represents producers, must submit a petition for certification of eligibility for assistance. Petitions cover all producers of that commodity in the United States or in one or more specifically identified states. Petitions must be submitted within the filing period announced by USDA and provide supporting information, such as national data showing that the commodity's price declined in the most recent year for which such data

[1]In this report, we refer to both farmers and fishermen as producers.

are available. Second, after USDA certifies a commodity as eligible, any producer of the commodity who is interested in participating in the program must apply for assistance within 90 days of the certification. The benefits of the program include both technical and financial assistance. The technical assistance, which must be completed within the 3-year period following a commodity's certification, includes a minimum of 12 hours of training geared toward improving producers' competitiveness, as well as assistance in developing business plans. Individuals who complete approved business plans are entitled to receive payments of up to $12,000 to help them implement the plans.

The TAA for Farmers program was established by the Trade Act of 2002, which appropriated funding for the program at $90 million per year for fiscal years 2003 through 2007. In December 2006, we reported that the criteria for program eligibility were difficult for many producers to meet and that USDA spending for the program was well below the amount provided for by the Trade Act.[2] We also reported that the program's technical and financial assistance appeared to assist producers in adjusting to the effects of import competition on a limited, short-term basis. Funding for the program lapsed in fiscal year 2008.

The Trade and Globalization Adjustment Assistance Act of 2009, which was enacted as part of the American Recovery and Reinvestment Act of 2009 (Recovery Act), reauthorized and amended the program.[3] Appropriations for the reauthorized program were $90 million per year in fiscal years 2009 and 2010 and $22.5 million for the first quarter of fiscal year 2011.[4] USDA accepted petitions and certified commodities under the reauthorized program in 2010 and later that year began providing assistance to producers of certified commodities. These producers have until 2013 to complete the program's technical assistance. The Trade Adjustment Assistance Extension Act of 2011 reauthorized the program

[2]GAO, *Trade Adjustment Assistance: New Program for Farmers Provides Some Assistance, but Has Had Limited Participation and Low Program Expenditures*, GAO-07-201 (Washington, D.C.: Dec. 18, 2006).

[3]The Trade and Globalization Adjustment Assistance Act of 2009, Pub. L. No. 111-5, div. B, tit. I, subtit. I, 123 Stat. 367, 367-423.

[4]The Omnibus Trade Act of 2010 also appropriated $10.4 million for the program for the 6-week period from January 1, 2011, to February 12, 2011, but USDA did not use this funding because it determined that it was not able to certify petitions for assistance within a 6-week time frame.

through the first quarter of fiscal year 2014 but did not appropriate funds. USDA is continuing to spend funds to complete the program as reauthorized in 2009 but does not have funding to accept additional petitions for certification of commodities and continue the program.

The 2009 legislation mandated that GAO prepare and submit a report on the operation and effectiveness of the amendments to the TAA for Farmers program. In response, we examined (1) the commodities and producers that USDA approved for assistance under the program as reauthorized in 2009 and the type and amount of assistance it provided and (2) the approach USDA is taking to evaluate the program's effectiveness and limitations, if any, in this approach.

To examine the commodities and producers USDA approved for assistance and the type and amount of assistance it provided, we reviewed four key areas of the TAA for Farmers program as amended: the commodity certification process, the producer application process, technical assistance, and financial assistance. In particular, for commodity certification, we reviewed the criteria established by the 2009 legislation for USDA to use when certifying commodities, petitions submitted by groups of commodity producers, and USDA's documentation explaining the basis for its decisions to certify or deny commodities. We examined the producer application process by reviewing eligibility requirements for individual producers of certified commodities and USDA data on applications from individual producers, including the numbers approved and disapproved and the reasons for disapproval. We examined the amount of technical and financial assistance USDA provided to approved producers by reviewing data from USDA. We assessed the reliability of USDA data by checking for obvious errors in accuracy and completeness and through other means. We determined that the data were sufficiently reliable for reporting on the number of approved and disapproved applicants and the amount of technical and financial assistance provided to producers.

To examine the approach USDA is taking to evaluate the program's effectiveness and to identify any limitations in this approach, we reviewed USDA's performance measures for the program, and we analyzed surveys of producers participating in the program and preliminary survey results as of December 2011. We compared USDA's approach to principles for evaluating the effectiveness of programs, such as those embodied in the Government Performance and Results Act of 1993, as amended (GPRA), GAO guidance on designing evaluations, and federal standards for internal control.

For further explanation regarding both of our objectives, we interviewed USDA officials, USDA's academic partners for organizing and overseeing the program's technical assistance, and a nonprobability sample of producer groups that submitted petitions. Because we selected a nonprobability sample of producer groups to interview, the information we obtained from these interviews cannot be generalized to other groups. The interviews instead provided us with the perspectives of various producer groups about the program. We also interviewed the USDA Office of the Inspector General team conducting a separate review of the TAA for Farmers program. We planned our audit to minimize duplication in areas evaluated by the Office of Inspector General, such as USDA internal controls over the application of eligibility requirements for individual producers. Appendix I presents a more detailed description of the scope and methodology of our review.

We conducted this performance audit from September 2011 to July 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

In its amendments to the TAA for Farmers program, the Trade and Globalization Adjustment Assistance Act of 2009 changed the program in four key areas:

- *Commodity certification*. The act changed the criteria for groups of commodity producers to demonstrate they had been harmed by import competition and for USDA to certify commodities. Prior to the amendments, USDA certified a commodity if (1) imports of a "like or directly competitive" commodity—that is, imports that are substantially identical in inherent or intrinsic characteristics or substantially equivalent for commercial purposes—had increased and (2) the average price of the commodity submitted for certification decreased by more than 20 percent compared to the average of the previous 5 years. If these two criteria were met, USDA had to determine that the imports contributed importantly to the decrease in price, with "contributed importantly" defined by the TAA for Farmers legislation as a cause that is important but not necessarily more important than any other cause. Under the 2009 reauthorization, imports must have increased compared to the average of the previous 3 years. In addition, the act lowered the threshold for a decrease in price to more than 15 percent compared to the average of the previous 3 years. Furthermore, the act allowed groups of commodity producers to demonstrate harm on the basis of a more than 15 percent decrease in any one of three factors other than price: quantity of production, value of production, and cash receipts. The act retained the criterion for an increase in imports to have contributed importantly to a commodity's harm.

- *Producer application*. The act eliminated a requirement that a producer of a certified commodity experience a decline in net farm income. The act instead required a producer to have produced the commodity in the year covered by a certification and in at least 1 of the 3 years preceding the certification. In addition, the act required a producer to demonstrate a decrease in the individual producer's production quantity, or a decrease in the commodity's price—either the actual price received by the producer or the average price at the local level. Moreover, the act required that individual producers' applications for assistance include sufficient information to establish that a producer is not receiving benefits under another TAA for Farmers petition or under related TAA programs for workers or firms.

- *Technical assistance*. The act modified the technical assistance benefit that the program provides to eligible producers, which previously consisted of a workshop and counseling to improve competitiveness and profitability. Specifically, the act provided for a series of courses to help producers become more competitive in producing their current commodity or to transition to producing another commodity, and it required that eligible producers complete initial and long-term business plans before receiving financial assistance. The act specified that for an initial business plan to be approved, it must reflect the skills producers gained through the program's courses and demonstrate how those skills are to be applied to the circumstances of the producer. The act also specified criteria for approval of long-term business plans, including that plans incorporate steps to adjust to changing market conditions, take into consideration the interests of workers employed by producers, and demonstrate sufficient resources to implement the plans.

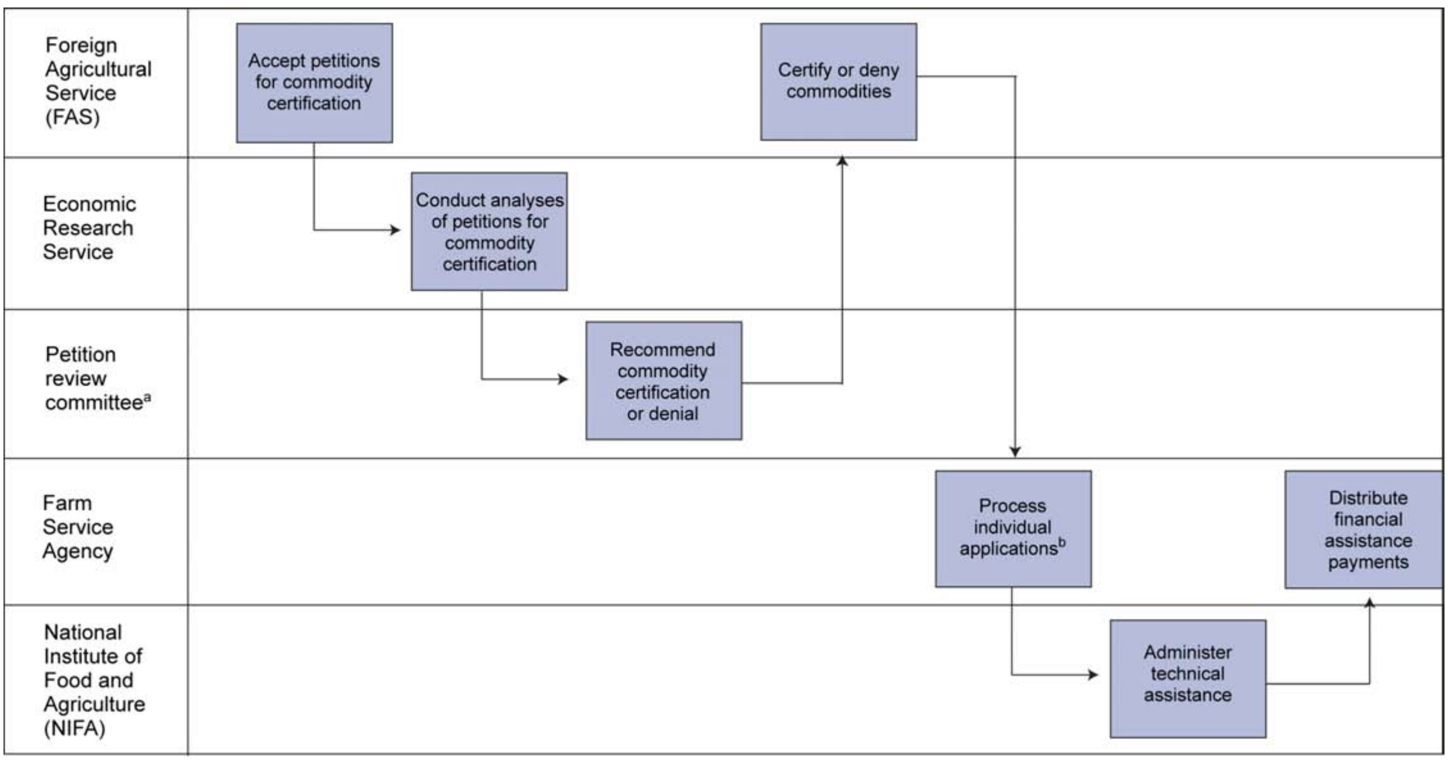
- *Financial assistance*. The act eliminated a formula that USDA was previously required to use to calculate the amount of financial assistance to a producer. The act instead entitled producers who complete an approved initial business plan to receive payments of up to $4,000 to implement the plan or develop a long-term business plan. The act further entitled producers who complete an approved long-term business plan to receive additional payments of up to $8,000 to implement the plan.

The Foreign Agricultural Service (FAS), which works to improve foreign market access for U.S. products, is the lead USDA agency for administering the TAA for Farmers program and is responsible for accepting petitions for assistance from groups or associations of commodity producers and certifying or denying commodities. After the reauthorization of the program in February 2009, FAS began developing regulations for the program, as amended, and completed the regulations in March 2010. FAS accepted petitions under the reauthorized program during two filing periods, first under the program's fiscal year 2010 appropriation of $90 million and then under the fiscal year 2011 appropriation of $22.5 million. Both filing periods occurred in 2010 after FAS completed regulations for the program—the first from March 11 through April 14, and the second from May 21 through July 16. The second filing period presented producer groups with an opportunity to resubmit petitions filed during the first period, either to provide additional supporting information (for denied commodities) or to petition for recertification of a commodity and thereby extend the 90-day postcertification period in which individual producers could apply for assistance (for certified commodities).

In addition to FAS, several other USDA agencies play or have played a role in implementing the program. The Economic Research Service, which conducts economic research and provides information related to agriculture, conducted analyses after FAS received petitions to verify the decline in the price, quantity of production, value of production, or cash receipts for petitioned commodities and to assess possible causes, including imports. A petition review committee with representatives from four USDA agencies—the Office of the Chief Economist, the Farm Service Agency, the Agricultural Marketing Service, and FAS—reviewed the analyses and made recommendations to FAS to certify or deny commodities. For commodities that FAS certified, the Farm Service Agency, which administers programs for farmers and ranchers, drew on its network of state and county offices to establish a system for accepting and approving individual applications for assistance and distributing payments to approved producers who have completed relevant program requirements. The National Institute of Food and Agriculture (NIFA), which supports state and local research and education efforts related to agriculture, administers the program's technical assistance component. After the 2009 reauthorization of the program, NIFA entered into a cooperative agreement with a lead academic partner—the Center for

Farm Financial Management at the University of Minnesota, which had been involved in implementing the initial TAA for Farmers program—to organize and oversee the program's technical assistance. The Center for Farm Financial Management established relationships with other academic partners across the country to promote the availability of assistance to producer groups and individual producers of certified commodities and to coordinate the delivery of technical assistance. Figure 1 depicts the roles of these agencies in administering the program.

Figure 1: USDA Agency Roles in TAA for Farmers Program



Source: GAO analysis of USDA information.

[a]The petition review committee includes representatives from four USDA agencies: the Office of the Chief Economist, the Farm Service Agency, the Agricultural Marketing Service, and FAS.

[b]The Farm Service Agency approves applications, and FAS decides whether to disapprove applications that do not meet eligibility requirements and whether to approve or deny appeals.

The TAA for Farmers program is one of four trade adjustment assistance programs; the other three provide assistance for workers, firms, and communities harmed by international trade. Under the TAA for Workers program, the Department of Labor provides services and benefits, such as training and re-employment services and income support, to eligible workers in manufacturing and service industries. The Department of Commerce administers a TAA program that provides funds for manufacturing and other types of firms to develop and implement a business recovery plan. Under a TAA program to assist trade-affected communities, the Department of Labor awards grants to institutions of higher education for expanding or improving education and career training programs for persons eligible for training under the TAA for Workers program, and the Department of Commerce provides technical assistance to trade-affected communities and awards and oversees strategic planning and implementation grants. In addition to mandating that GAO report on the TAA for Farmers program, the Trade and Globalization Adjustment Assistance Act of 2009 mandated that GAO report on the other TAA programs. Our reports on the other TAA programs are forthcoming.

USDA Certified Relatively Few Commodities but Has Provided Assistance to Most Covered Applicants

USDA certified relatively few commodities as eligible for assistance under the reauthorized TAA for Farmers program, but it has provided technical and financial assistance to most individual applicants who produced a certified commodity. Specifically, FAS, the lead agency for administering the program, certified 5 of the 18 commodities for which it received petitions under the reauthorized program. For the 5 certified commodities, the Farm Service Agency approved most applications from individual producers, including from producers' spouses, who were not required to show how they contributed to production. Producers who were approved to participate in the program received technical assistance that was tailored to their individual needs. In addition, as of April 2012, the Farm Service Agency paid close to $50 million in financial assistance to producers who completed initial and long-term business plans. The Trade and Globalization Adjustment Assistance Act of 2009 specifies that producers are to use payments for long-term business plans to implement those plans; however, approval of long-term business plans was not contingent on producers documenting how payments would be used to implement the plans.

FAS Certified Relatively Few Commodities

FAS certified 5 of the 18 commodities for which it received petitions under the reauthorized program (see fig. 2). The commodities for which FAS received petitions included seafood and specialty crops, such as fruits and vegetables, as opposed to commodities such as grains. Two of the 5 certifications—for asparagus and catfish—covered producers nationwide. All other petitions covered producers of a commodity in a particular state or group of states. (See app. II for further information on the certified and denied commodities.)

Figure 2: Commodities and Geographic Areas Certified as Eligible for or Denied TAA for Farmers Assistance

Certified commodities	Denied commodities
Asparagus (nationwide)	**Apples** (Maine, Michigan, Minnesota, and New York)
Catfish (nationwide)	**Blue crabs** (Georgia)
Lobster (Connecticut, Maine, Massachusetts, New Hampshire, and Rhode Island)	**Coffee** (Hawaii and Puerto Rico)
Shrimp (Alabama, Alaska, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Texas)	**Cranberries** (New Jersey, Oregon, and Washington)
Wild blueberries, frozen (Maine)	**Crawfish** (Louisiana)
	Cut lilies (Georgia, North Carolina, South Carolina, and Virginia)
	Lamb (Idaho, Montana, Ohio, Utah, and Wyoming)
	Multispecies fish[a] (Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, and Rhode Island)
	Prunes (California)
	Spiny lobster (Florida)
	Tilapia (Arkansas)
	Wild blueberries, fresh (New Hampshire)
	Wool (Idaho, Kansas, Montana, Ohio, Utah, and Wyoming)

Source: GAO analysis of USDA information.

[a]Multispecies fish includes various species of fish, such as cod and halibut.

The 2009 changes to the TAA for Farmers program's certification criteria were a factor in the decision to support 4 of the 5 commodity certifications, according to our review of the Economic Research Service's analyses of petitions under the reauthorized program and FAS's decision memos. For example, FAS would likely not have been able to certify asparagus or shrimp on the basis of a decrease in price—a requirement under the previous certification criteria—because the analysis of petitions for both commodities indicated that their prices had increased from the average of the 3 previous years. Under the modified certification criteria, FAS was instead able to certify these two commodities on the basis of a factor other than price, specifically a decrease in the quantity of production. For example, the Economic Research Service found that asparagus producers had reduced the number of acres harvested to adjust to the rapidly rising volume of imports.

The most common reason FAS cited for denying commodities was that the petitions for such commodities did not meet the criteria for both an increase in imports and a decrease in price or another factor. For example, the Economic Research Service found that Hawaiian coffee met the criterion for a decrease in price, but FAS denied the commodity because coffee imports had declined. FAS also denied several commodities that it determined did not meet the criterion for imports to have contributed importantly to a decline in price or another factor. For example, according to FAS's documentation explaining the basis for its determination, the agency found that California prunes met the criteria for both an increase in imports and a decrease in price but that imports were not an important factor in determining the price. FAS instead determined that the price decline had been affected by an increase in domestic production and other factors. To support such determinations on whether imports contributed importantly to a commodity's harm, the Economic Research Service conducted qualitative analyses that examined the impact of other factors, such as domestic production, consumption, and exports.

Through our interviews and analyses, we identified additional factors that contributed to FAS's denial of commodities. Because the certification criteria take into account a number of factors, it is difficult to identify these factors as the direct cause for a commodity being denied:

- *The time frame over which import competition had occurred*. Under the certification criteria, a commodity can face competition from imports over a long time frame but still be denied if, in the year covered by the petition, imports that compete with the commodity do not increase compared to the average of the 3 previous years. For example, an FAS official said that Florida fishermen of spiny lobsters had competed against imports over a long time frame but that FAS denied the commodity because imports that compete with such lobsters declined in 2009, the year covered by the petition and the most recent calendar year for which data were available during the period FAS accepted petitions under the reauthorized program. The FAS official attributed the decline in these imports to the economic recession. According to data compiled by the U.S. International Trade Commission, overall imports of agricultural products declined in 2009—a year characterized by a significant economic downturn. A USDA official who was a member of the committee that made recommendations to FAS to certify or deny petitions said that the certification criteria favor commodities that have experienced a surge in imports, as opposed to slow, steady erosion that occurs over time as a result of sustained competition from imports.

- *Information presented by producer groups in their petitions*. The outcome of the certification process depended in part on information producer groups presented in their petitions, such as which states to include in a petition and whether to submit a petition for a commodity that is frozen or fresh. For example, FAS certified frozen wild blueberries from Maine on the basis of an Economic Research Service analysis showing that the commodity met the criteria for a decrease in price and an increase in imports. In contrast, FAS denied fresh wild blueberries from New Hampshire in part because the quantity of production—the factor cited in the petition for demonstrating harm from import competition—had increased rather than decreased.

USDA Approved Most Individual Applications, Including from Spouses Who Were Not Required to Show They Contributed to Producing a Commodity

In contrast to the relatively small proportion of commodities that were certified as eligible for TAA for Farmers assistance, most applications submitted by individual producers of certified commodities were approved. Specifically, as of April 2012, the Farm Service Agency had approved 9,852, or about 90 percent, of the approximately 11,000 applications from individual producers.

The shrimp and lobster certifications accounted for 8,596 (87 percent) of the approved applications, and the asparagus, catfish, and frozen wild blueberry certifications accounted for the remaining 1,256 (13 percent). The distribution reflects the relative numbers of fishing or farming operations for the certified commodities. For example, according to data collected by the Maine Department of Marine Resources, in 2011 there were 4,341 active commercial lobster harvesters in the state (one of the five states covered by the certification for lobster). In contrast, according to USDA data, in 2011 there were 389 catfish operations in Alabama, Arkansas, and Mississippi, which are the three major catfish producing states. (See app. III for additional detail on individual applications.)

FAS officials said the agency took steps to broaden the scope of individuals eligible to apply for assistance in order to implement the program as reauthorized in 2009 and to increase program participation. For example, FAS determined that certain employees of eligible producers of certified commodities, such as crew members helping to harvest lobster or shrimp, met the definition of agricultural commodity producers as sharing in the risk of producing a commodity and could thus separately apply for assistance as individuals. To be approved for assistance, such individuals needed to provide sufficient documentation to establish that they were paid through a share of production—for example, by being paid through a portion of a lobster or shrimp catch.

FAS determined that spouses of eligible producers also shared in the risk of producing a commodity and could thus separately apply for assistance as individual producers. For example, according to the lead FAS official for the TAA for Farmers program, a spouse could share in the risk by performing the same type of work as a crew member. However, unlike crew members, spouses did not need to submit documentation showing their contribution to and share in the risk of producing a certified commodity. Several FAS officials said the agency disapproved the applications of spouses who voluntarily disclosed information indicating that they did not contribute to producing a certified commodity. The officials said that, because such information was not required, they likely approved applications from other spouses who did not contribute, but they did not have an estimate of the potential number of such spouses. Without requiring spouses applying for assistance as individual producers to submit documentation on how they contributed to producing a certified commodity, FAS did not have assurance that it targeted assistance to individuals who shared in the risk of production.

FAS disapproved about 10 percent of applications from individual producers for various reasons, such as when applicants did not provide evidence of producing a certified commodity in the year covered by the petition. According to an FAS official, the legislative requirement to have produced a commodity in the petition year excluded certain blueberry growers because the crop is generally harvested every other year, and not all Maine growers harvested their crop in the year covered by the certification. Other reasons for FAS disapproval of applications included individuals not submitting an application within the 90-day period following a commodity's certification, not being a U.S. citizen or lawful alien, or receiving benefits under another TAA for Farmers petition or under one of the TAA programs for workers or firms.

USDA Provided Most Applicants with Technical Assistance Tailored to Individual Needs

According to Farm Service Agency data, as of April 2012, 7,781 producers, or about three-quarters of the 9,852 producers approved to participate, had fully or partially completed the TAA for Farmers technical assistance, including training and the development of business plans. Specifically, 5,073 producers had completed the 12 hours of required training and the development of initial and long-term business plans. Another 2,708 producers had completed the training and submitted an approved initial business plan but had not yet submitted an approved long-term business plan. (See app. III for more detail.)

According to our analysis, the applicants received technical assistance tailored to their individual needs. Specifically, NIFA's academic partners responsible for coordinating the technical assistance took the following steps:

- *Commodity-specific courses*. Because of the differences among commodities, NIFA's academic partners developed separate courses for each certified commodity. For example, courses for lobstermen included information on how to harvest more efficiently and reduce fuel consumption, and courses for wild blueberry growers included fertilizer management practices to optimize inputs and reduce costs. In some cases, the courses also provided information on alternatives to producing the certified commodity. For example, the courses for shrimpers included information on obtaining licenses needed to operate a charter fishing boat. Courses could be taken in person and through a website.

- *One-on-one business planning assistance*. NIFA's academic partners assigned business consultants to provide one-on-one assistance to approved producers in developing long-term business plans. At a meeting of business consultants we attended, the consultants described various ways they helped producers develop or improve on their business plans—for example, by explaining financial statements and helping analyze the financial impact of a business expansion.

USDA Paid Close to $50 Million in Financial Assistance but Did Not Require That Producers Show How Assistance Would Be Used

According to USDA summary data, the department obligated $81.1 million, or 40 percent of the $202.5 million in Trade and Globalization Adjustment Assistance Act of 2009 appropriations for the TAA for Farmers program, for financial assistance payments to producers. As of April 2012, the Farm Service Agency paid close to $50 million of the $81.1 million obligated for financial assistance payments. The remainder of the obligated funds went toward USDA costs for administering the program and the cooperative agreement with NIFA's lead academic partner for organizing and overseeing the program's technical assistance. In addition, USDA did not obligate all of the appropriated funds because, for example, FAS did not complete regulations for the amended program until March 2010 and thus was not able to use fiscal year 2009 funding to make financial assistance payments to producers. The funds that were not obligated are no longer available for implementation of the program. (See table 1 on USDA's use of appropriations for the program.)

Table 1: USDA's Use of $202.5 Million in Trade and Globalization Adjustment Assistance Act of 2009 Appropriations for the TAA for Farmers Program

Category	Amount (millions)	Percentage
Financial assistance payments	$81.1	40
USDA administrative costs	$12.0	6
Cooperative agreement for organizing and overseeing technical assistance	$34.0	17
Not obligated	$75.3	37
Total	**$202.5**	**100**

Source: GAO analysis of USDA data.

Note: Dollar figures do not add up to $202.5 million due to rounding.

The final amount of payments will depend on the number of approved business plans that producers complete within the 3-year period following FAS's certification of commodities under the 2009 reauthorization of the program. For plans that do not initially meet the criteria for approval, individuals may continue to work on plans and resubmit them. The nearly $50 million paid as of April 2012 included

- about $20.2 million to producers who had completed initial business plans that met the criteria for approval,
- about $29.5 million to producers who had completed long-term business plans that met the criteria for approval, and
- about $60,000 for producers' transportation and related expenses to attend an initial orientation to the program.

Spouses that completed business plans received separate payments. According to guidance for the program, a spouse of a producer had to

Asparagus and Wild Blueberries

Asparagus and blueberries are examples of specialty crops, defined in law as fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops, including floriculture. Unlike wheat, feed grains, cotton, and other commodities, specialty crops are not a covered commodity for purposes of direct income support under Title I of the 2008 Farm Bill. According to USDA, specialty crops represent about half of the total value of U.S. crop production.

Asparagus: Asparagus is a labor-intensive crop grown primarily in California, Michigan, and Washington. About 75 percent of asparagus produced in the United States in 2009 was intended for the fresh-market, with the remainder of the crop being canned or frozen. According to USDA, the value of the U.S. asparagus crop reached close to $97 million in 2011.

Wild blueberries: Wild blueberries are indigenous to Maine and are grown on a 2-year cycle, with new plants emerging the first year after mowing or burning of harvested fields and berries being harvested the second year. According to USDA, Maine accounts for the vast majority of U.S. wild blueberry production, with a preliminary summary for 2011 showing that the crop's value exceeded $71 million.

complete a separate business plan before receiving a payment, but the plans of a spouse and a producer could be nearly identical.

Some producers received full financial assistance payments of $4,000 for completion of an initial business plan and an additional $8,000 for completion of a long-term business plan. Specifically, the fiscal year 2010 appropriation for the TAA for Farmers program was sufficient to allow full payments to producers approved under certifications from the first petition filing period (March through April 2010), which included certifications for asparagus, catfish, and shrimp. In contrast, FAS determined that it needed to prorate payments to producers approved under certifications from the second filing period (May through July 2010), which resulted in certifications for lobster and wild blueberries, as well as a recertified petition for shrimp. These certifications accounted for about 55 percent of producers participating in the program. To ensure sufficient funding for all individuals approved for assistance under these certifications, FAS calculated prorated amounts of about $971 for completion of an initial business plan and about $1,943 for completion of a long-term plan, for a total of about $2,914. FAS needed to prorate the payments in part because it certified the second round of petitions using the first quarter fiscal year 2011 appropriation of $22.5 million—one-quarter the amount appropriated for each of the 2 previous fiscal years. According to an FAS letter to producers, FAS may issue a third payment to producers receiving prorated cash benefits at the end of the program, depending on the availability of funding and on the number of producers who complete technical assistance and are therefore eligible for cash benefits. (See app. III for more detailed data on financial assistance payments.)

According to FAS, NIFA, and Farm Service Agency officials, the Farm Service Agency paid producers without the producers being required to show that the financial assistance would be used for the intended purpose. Under the Trade and Globalization Adjustment Assistance Act of 2009, payments for completion of long-term business plans are to be used to implement the plans. However, approval of long-term business plans was not contingent on producers documenting how payments would be used to implement the plans. FAS and NIFA officials cited various reasons for not requiring producers to document how payments would be used, including that technical assistance was a primary benefit of the program. The officials acknowledged, however, that they have received feedback that led them to believe that at least some producers used payments for expenses unrelated to their business plans, such as to cover housing costs.

USDA's Program Evaluation Approach Relies on Performance Measures and Surveys That Do Not Fully Assess Effectiveness

FAS is evaluating the effectiveness of the TAA for Farmers program by using performance measures and a series of producer surveys that focus on technical assistance. These tools provide USDA with data on some aspects of the program's effectiveness, but they have several limitations that hinder FAS's ability to fully determine the extent to which the program as a whole is effective. For example, the performance measures do not provide information on long-term program effectiveness, and the surveys capture producers' perceptions of program effectiveness that FAS has not corroborated through other means.

USDA's Performance Measures Do Not Provide Information on Long-Term Effectiveness or All Key Program Areas

Measuring performance allows agencies to track progress toward their goals and gives managers crucial information on which to base decisions. Congress enacted the Government Performance and Results Act of 1993 to improve the effectiveness of federal programs, among other purposes, and to establish a system for agencies to set goals for program performance and to measure results. Federal agencies must comply with GPRA requirements, but we have reported that these requirements also can serve as leading practices at lower levels within federal agencies, such as individual divisions, programs, or initiatives. Leading practices embodied in GPRA indicate that outcome-oriented goals, along with objective and quantifiable performance measures, are important performance management tools for agencies.[5] Performance measures gauge progress in meeting goals to determine if a program is achieving intended results.

FAS, with the input of the Farm Service Agency and NIFA, developed five performance measures as part of its approach to evaluating the effectiveness of the TAA for Farmers program. The first four measures consist of the number of producers completing each stage of the program's technical assistance, including

- initial orientation,
- 12 hours of required training,

[5] GAO, *Designing Evaluations*, GAO-12-208G (Washington, D.C.: January 2012).

- an approved initial business plan, and
- an approved long-term business plan.

The fifth performance measure consists of categorizing the amount of assistance provided, such as by certified commodity. NIFA's academic partners communicate data on the first four performance measures through weekly progress reports, and USDA communicates data on the fifth performance measure through its annual report on the program to Congress. According to lead FAS program officials, the performance measures help FAS understand how effectively the program is operating over the short term because they track producers' participation throughout the stages of the program and producers' completion of program requirements.

These performance measures do not provide information on the program's effectiveness over the long-term, however, because they do not measure outcomes. Outcome-oriented goals and performance measures assess the results of a program compared to its intended purpose and are important for ensuring accountability. For example, the Department of Labor's performance measures for the TAA for Workers program include several outcome-oriented measures, such as the percentage of participants that find jobs after exiting the program. According to the lead NIFA official, technical assistance programs such as TAA for Farmers are intended to promote changes in producers' knowledge, changes in producers' behavior when they act upon what they have learned, and ultimately improvements in producers' condition. Therefore, appropriate goals and performance measures for this program would capture changes in producers' knowledge, behavior, and condition. Given the purpose of the program's technical assistance to help producers better compete with imports or transition to the production of other commodities, such measures might include the percentage of producers who are able to remain in business because they have become more competitive, or the percentage of producers who successfully transition to producing another commodity.

Moreover, FAS's performance measures focus on the program's technical assistance, as opposed to other areas of the program—such as producers' use of financial assistance payments. Financial assistance is also an important component of the TAA for Farmers program, however—both as a benefit to producers and in terms of the programs' budget. Because FAS does not have performance measures on all key program areas, including financial assistance, FAS cannot comprehensively evaluate the program.

FAS officials said that, because technical assistance is the main benefit of the program, they are most interested in tracking progress in that area. Nevertheless, FAS and NIFA officials acknowledged that the performance measures do not measure outcomes and therefore cannot be used to evaluate the long-term effectiveness of the program. The officials explained that the reporting requirements of the 2009 legislation—which focuses on short-term economic stimulus—led them to select measures that could be tracked over the short term. The FAS officials added that they eventually plan to develop performance measures to report on the program's outcomes. However, because outcome measures were not selected in advance, the potential to collect objective data may be lost.

Surveys Capture Producers' Perceptions of the Effectiveness of Technical Assistance but Do Not Provide a Complete Picture of Program Effectiveness

Surveys developed by NIFA's academic partners are the other main tool that FAS is using to evaluate the effectiveness of the TAA for Farmers program. The surveys are to be administered to producers participating in the program after each stage of technical assistance, including after producers complete each training course and after they complete their initial and long-term business plans. As of March 2012, NIFA's academic partners developed six producer surveys out of a planned seven and were still drafting the seventh. According to our analysis of the six developed surveys, including versions adapted to each certified commodity, the surveys are well designed and appropriate to provide adequate data on producers' perceptions of the program—including perceived changes in their knowledge, behavior, and condition as a result of the technical assistance.

To provide survey results for our review, NIFA's academic partners analyzed the preliminary results of surveys received as of December 2011 (the survey results may not be representative of all producers participating in the program). According to the lead NIFA official, the survey results are too preliminary to assess any changes in producers' condition—the ultimate goal of the technical assistance—but the results suggest that producers find the program's technical assistance to be effective in helping them improve their knowledge and begin to change their behavior. For example, responses from about 1,800 producers (approximately 19 percent of the producers who were approved to participate in the program) surveyed after completion of their initial business plans, indicate the following:

Lobster, Shrimp, and Catfish

Source: U.S. Fish and Wildlife Service.

In the United States, shrimp and lobster are generally harvested from the wild, and catfish is raised under controlled conditions (known as aquaculture). Fishing businesses comprise a mix of full-time, part-time, and occasional operators and could be one person on a small boat, a family-run operation, or a fleet of trawlers.

Lobster: The Department of Commerce valued the 2010 U.S. commercial harvest of American lobster, which is harvested along the Atlantic coast from Maine to Virginia, at nearly $400 million. Most fishermen use traps to harvest lobster.

Shrimp: According to the Department of Commerce, the value of shrimp landings totaled close to $417 million in 2010. Shrimp are harvested in the South Atlantic and Gulf of Mexico, as well as in Alaska and other parts of the country. Commercial shrimpers use trawlers to tow nets through the water near the ocean floor.

Catfish: According to USDA, U.S. catfish growers had sales of $423 million during 2011. The catfish growing process takes place primarily in southern states in several types of ponds, including breeding and nursery ponds.

- *Knowledge*. About 56 percent of producers who responded to the survey learned “quite a bit” or “a great deal” from the training that would benefit their business. Almost 34 percent said they learned “some,” almost 9 percent said they learned “a little,” and less than 2 percent said they learned “nothing.”

- *Behavior*. Over 57 percent of producers who responded to the survey felt that developing an initial business plan was “very” or “completely” helpful in assisting them identify changes they could make to their business operations. About 28 percent felt it was “moderately” helpful, and about 14 percent said it was of “slight” or “no” help.

NIFA’s academic partners also collected anecdotes from producers to provide specific examples of the TAA for Farmers program’s value. For example, according to an anecdote from a lobster producer in Maine, the direct marketing workshop provided ideas on how to market lobster differently from other vendors, such as having lobster certified as organic. According to another anecdote from a catfish producer in Arkansas, the training helped him understand the need to look at every aspect of the cost of his operation and control the spread of disease among his stock.

The surveys can be used to gather insights into producers’ perceptions of the program, but limitations in the surveys’ design will hinder FAS and NIFA’s ability to use them as a program evaluation tool. In particular,

- *The surveys’ time frame is insufficient to gather insights into producers’ perceptions of long-term effectiveness*. According to NIFA’s academic partners, they will administer the final survey 6 to 12 months after producers complete the program’s technical assistance in 2013. The lead NIFA official said, however, that technical assistance programs require at least 3 years after program completion to begin demonstrating results because long-term behavioral changes are not easily or quickly adopted. The official added that the academic partners would like to administer a final follow-up survey 3 to 5 years after program completion but said there is currently no funding available for such a survey.

- *The surveys provide little information on producers’ perceptions of the effectiveness of the program’s financial assistance*. Like USDA’s performance measures, the surveys focus primarily on the program’s technical assistance. The lead NIFA official explained that the agency tasked its academic partners with evaluating only the program’s technical assistance. Without evaluating the program’s financial assistance as well as its technical assistance, however, NIFA and FAS cannot know the extent to which the program as a whole is effective in helping producers become more competitive. For example, some commodity experts we spoke with suggested that the financial assistance for producers of capital-intensive commodities, such as catfish, may be less effective than such assistance for producers of labor-intensive commodities, such as blueberries, because the assistance constitutes a smaller percentage of the amount needed to make changes to the production of capital-intensive commodities.

In addition to these limitations, FAS has not corroborated the survey results by collecting data to help determine whether improvements in producers' conditions are due to the TAA for Farmers program or some external factor. In November 2009, we reported that program evaluation methods to rule out plausible alternative explanations for outcomes that may be influenced by a variety of external factors, such as changes in the economy, can help strengthen the evaluations.[6] In practice, it is generally difficult to isolate the causal impact of programs from other influences on outcomes, but use of multiple sources of data can help address concerns about using only one source. FAS officials explained that there were challenges to collecting data on producers and their businesses because of privacy and other constraints and that FAS did not want to discourage producer participation by appearing too invasive. FAS officials also acknowledged that there are some types of data they could have collected, such as producers' cost structures before they participated in the program, and that FAS could have potentially collected this information through producers' individual applications.

Conclusions

USDA provided enhanced technical assistance to most producers of certified commodities who applied for TAA for Farmers assistance. In determining which individual applicants qualified, USDA considered certain employees as well as spouses of producers to be eligible on the grounds that they shared in the risk of producing the agricultural commodities. However, USDA did not require spouses applying for assistance to submit documentation on how they contributed to producing a certified commodity. As a result, USDA may have approved the

[6] GAO, *Program Evaluation: A Variety of Rigorous Methods Can Help Identify Effective Interventions*, GAO-10-30 (Washington, D.C.: Nov. 23, 2009).

applications of spouses who did not contribute to producing a certified commodity and therefore does not have assurance that it targeted assistance to individuals who are intended to benefit from the program. In addition, USDA made financial assistance payments to producers without the producers being required to show how payments would be used to implement their long-term business plans. Under the Trade and Globalization Adjustment Assistance Act of 2009, the payments for completion of long-term business plans are to be used to implement those plans. USDA officials acknowledged that some producers likely use the payments for unrelated expenses.

The performance measures and surveys USDA is using as part of its approach to evaluate the TAA for Farmers program are well designed for measuring the number of producers completing the program and for capturing producer perceptions of the effectiveness of the program's technical assistance. However, USDA cannot use its current performance measures to fully evaluate the program's effectiveness because they do not measure quantifiable outcomes or cover all key areas of the program. Furthermore, the surveys have several limitations. For example, the time frame for administering the final survey—6 to 12 months after producers complete the program—is insufficient to gather insights into producers' perceptions of the program's long-term effectiveness. In addition, USDA has not corroborated the survey results to help isolate the impact of the TAA for Farmers program from other influences. Because of limitations with USDA's program evaluation approach, USDA cannot establish the extent to which the program as a whole is ultimately effective. Performing comprehensive program evaluations can be difficult for agencies because of resource constraints and data collection challenges. Nonetheless, a broader program evaluation approach could enable USDA to better evaluate the impact of the TAA for Farmers program on producers' competitiveness. The TAA for Farmers program as reauthorized in 2009 is almost over, and no new funds have been appropriated. If the program receives future reauthorizations and funding, USDA will have an opportunity to improve the operation and evaluation of the program.

Recommendations for Executive Action

We recommend that the Secretary of Agriculture direct the Administrators of FAS and the Farm Service Agency and the Director of NIFA, as appropriate, to take the following three actions, as applicable under the structure of any future round of trade adjustment assistance for farmers and fishermen for which Congress may appropriate funds:

- Require spouses who may be eligible to apply for assistance to submit documentation on how they contribute to a commodity's production.
- Take steps to help ensure that any financial assistance payments that may be provided under the program are used for the intended purpose—for example, by requiring producers to state in their business plans how they intend to use the payments.
- Broaden the program's evaluation approach to help ensure that USDA can comprehensively evaluate the effectiveness of the program. Steps to broaden the program's evaluation approach could include developing quantifiable outcome-oriented performance goals and measures for all key areas of the program and collecting data to help isolate the impact of the TAA for Farmers program from other influences.

Agency Comments and Our Evaluation

We provided a copy of our draft report to USDA for review and comment. In written comments from the department, FAS stated that the department generally agrees with our recommendations. In addition, FAS stated that, assuming any future TAA for Farmers program has the same statutory requirements, the department will make every effort to address our recommendations in order to strengthen and improve the program.

We recognize that the statutory requirements for any future TAA for Farmers program may differ from current requirements. For example, as noted in our report, the Trade and Globalization Adjustment Assistance Act of 2009 amended the program, making changes to the program in key areas. Given the potential for future changes to the program's statutory requirements, we revised our recommendations related to the eligibility requirements for spouses and the use of financial assistance payments toward implementation of business plans. In particular, we revised the wording of these two recommendations to account for the potential that a future reauthorization of the program may make further changes to the program's eligibility requirements or to the technical and financial assistance provided to producers.

We are sending copies of this report to the Secretary of Agriculture, the appropriate congressional committees, and other interested parties. In addition, the report is available at no charge on GAO's website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-3841 or shamesl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.

Lisa Shames
Director, Natural Resources
and Environment

Appendix I: Scope and Methodology

To examine the commodities and producers approved for assistance under the 2009 reauthorization of the Trade Adjustment Assistance (TAA) for Farmers program and the type and amount of assistance provided, we reviewed four areas of the program:

- *Commodity certification*. We reviewed petitions submitted by groups of commodity producers, Economic Research Service analyses, petition review committee decision memos with recommendations to the Foreign Agricultural Service (FAS) on whether to certify commodities, and FAS letters to producer groups and *Federal Register* notices announcing whether commodities had been certified or denied. We analyzed the documentation to determine the basis for FAS's determinations and the extent to which the 2009 changes to the certification criteria were a factor in commodities being certified.

- *Producer application*. We reviewed Farm Service Agency documents describing the application process and individual eligibility requirements, including the requirements for crew members and spouses of eligible producers. In addition, we obtained and analyzed Farm Service Agency data on the number of applicants for each certified commodity, including the number approved and disapproved and the reasons for disapproval.

- *Technical assistance*. We reviewed documents prepared by the National Institute of Food and Agriculture's (NIFA) academic partners for organizing and overseeing the program's technical assistance, a list of training courses provided to producers, templates for initial and long-term business plans, and sample long-term business plans. We also analyzed Farm Service Agency data on producers' completion of each stage of technical assistance.

- *Financial assistance*. We analyzed Farm Service Agency data on payments to producers who completed initial and long-term business plans, as well as for transportation and related expenses to attend an initial orientation to the program. In addition, we reviewed summary data from the U.S. Department of Agriculture (USDA) on its use of appropriations for the program.

We assessed the reliability of Farm Service Agency data by checking for obvious errors in accuracy and completeness. In addition, we assessed the data's consistency with equivalent data maintained by the Center for Farm Financial Management on producers' completion of technical assistance. We also reviewed documentation describing the Farm

Service Agency database used to produce the data, and we interviewed Farm Service Agency officials who had knowledge of the data. We determined that the data were sufficiently reliable for reporting on the number of approved and disapproved applicants and the amount of technical and financial assistance provided to producers.

To examine the approach USDA is taking to evaluate the program's effectiveness and to identify any limitations in this approach, we reviewed USDA's performance measures and producer surveys:

- *Performance measures*. We reviewed the performance measures FAS selected for program reporting purposes and compared the performance measures against guidelines embodied in the Government Performance and Results Act of 1993, as amended (GPRA). We also reviewed available data on these measures to understand how FAS and NIFA's academic partners were tracking and using the performance measures.

- *Producer surveys*. We reviewed templates developed by NIFA's academic partners for surveys of producers participating in the program. The templates included the surveys to be completed after each stage of the program's technical assistance. We evaluated the templates and the academic partners' survey development methodology against GAO guidelines for designing evaluations and the Office of Management and Budget's (OMB) *Standards and Guidelines for Statistical Surveys* to understand the extent to which the academic partners incorporated generally accepted survey research practices. In addition, we reviewed an analysis of preliminary survey results, as of December 2011, that NIFA's academic partners prepared for purposes of our audit.

For further explanation regarding both of our objectives, we interviewed USDA officials involved in administering each stage of the program, including officials from FAS, the Economic Research Service, the TAA for Farmers petition review committee, the Farm Service Agency, and NIFA. In addition, we interviewed NIFA's academic partners and representatives of the teams established to develop commodity-specific training courses, and we attended a meeting of TAA of Farmers business consultants organized by NIFA's lead academic partner. The meeting provided us with the opportunity to obtain business consultants' perspectives on various aspects of the program and to learn about their experiences working with producers. To better understand the type of information contained in long-term business plans, we reviewed sample plans (with personal information removed) that NIFA's academic partners selected to serve as a basis for discussing the criteria for approval of the plans at the meeting of business consultants. We also interviewed members of the USDA Office of the Inspector General team conducting a review of the TAA for Farmers program during the same time we conducted our review. We planned our audit to minimize duplication of effort in areas evaluated by the Office of Inspector General, such as FAS and Farm Service Agency internal controls over the application of eligibility requirements for producers of certified commodities.

To gather additional perspectives, we interviewed a nonprobability sample of producer groups that submitted petitions for TAA for Farmers assistance. Because we selected a nonprobability sample of producer groups to interview, the information we obtained from these interviews cannot be generalized to other groups. The interviews instead provided us with the perspectives of various producer groups regarding the program. We conducted interviews by phone and in person as part of fieldwork in Maine and Mississippi, during which we also interviewed two producers (a catfish producer and a shrimp producer) regarding the impact the program has had on their businesses. We selected these two states in order to meet with representatives of producer groups for three of the five certified commodities (catfish, lobster, and frozen wild blueberries). In addition, Maine accounted for the majority of approved lobster producers and all approved wild blueberry producers, and Mississippi accounted for the largest number of approved catfish producers.

We conducted this performance audit from September 2011 to July 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Commodities Certified and Denied for TAA for Farmers Assistance

Table 2 summarizes our analysis of the basis for FAS's certification of five commodities under the 2009 reauthorization of the TAA for Farmers program, including the Economic Research Service analyses of petitions and FAS decision memos. FAS certified four commodities on the basis of a decrease in factors added as options (in addition to price) for demonstrating harm from imports: quantity of production and value of production. None of the certifications were based on a decrease in cash receipts (the third factor added for demonstrating harm). In its analyses of petitions for lobster, shrimp and frozen wild blueberries, the Economic Research Service identified factors other than imports that contributed to a decline in the commodity's price or other factor. Nevertheless, FAS found that the commodities met the requirement for an increase in imports to have contributed importantly to the decline.

Table 2: Commodities Certified for Assistance under the 2009 Reauthorization of the TAA for Farmers Program

Commodity and year covered by the petition	Area covered by the certification	Basis for FAS's determination[a]	Increase in imports[a]	Other contributing factors cited by the Economic Research Service
Asparagus (2009)	Nationwide[b]	17 percent decline in quantity of production	17 percent	None
Catfish (2009)	Nationwide	16 percent decline in value of production	48 percent	None
Lobster (2009)[c]	Connecticut, Maine, Massachusetts, New Hampshire, and Rhode Island	State-level declines in the value of production ranging from 16 percent to 36 percent	6 percent	Increased domestic production
Shrimp (2008)[d]	Alabama, Alaska, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Texas	22 percent decline in the quantity of production	5 percent	A natural variation in harvest and a rapid increase in the price of diesel fuel
Wild blueberries, frozen (2009)	Maine	56 percent decline in average annual price	3 percent	Increased domestic production, high inventory levels from previous years, and decreased exports

Source: GAO analysis of FAS determinations to certify TAA for Farmers petitions.

[a]Percentage changes are in comparison to the average of the 3 preceding years.

[b]FAS received petitions from asparagus producers in California, Michigan, Pennsylvania, and Washington. FAS certified producers of asparagus nationwide on the basis of data from the top asparagus-producing states (California, Michigan, and Washington).

[c]FAS initially denied a nationwide petition for lobster in part because imports decreased in 2008. Producer groups from five New England states submitted separate petitions during the second filing period FAS announced in 2010. The petitions used more recent data that had become available for 2009, when imports had increased.

[d]FAS certified petitions submitted during both the first and second filing periods. Recertification of the initial petition extended the 90-day postcertification period in which individual producers could apply for assistance. In addition, producers in Alaska joined the second petition. Producers of both wild and pond-raised shrimp and prawns were eligible to apply for assistance.

Table 3 summarizes our analysis of the basis cited by FAS when denying commodities. Reasons for denial included not meeting the requirements for both an increase in imports and a decrease in price or another factor and not meeting the requirement for an increase in imports to have contributed importantly to a commodity's harm. In cases in which FAS found that imports had not contributed importantly to a commodity's harm, the Economic Research Service identified other contributing factors, such as an increase in domestic production. For several commodities, including apples, coffee, and cranberries, FAS received separate state petitions and cited differing reasons for not certifying the commodities in those states.

Table 3: Basis Cited by FAS for Denying Commodities under the 2009 Reauthorization of the TAA for Farmers Program

		Basis for FAS's determinations		
Commodity	**Area covered by petitions**	**Requirement for greater than 15 percent decline not met**	**Imports decreased in the year covered by the petition**	**Factors other than imports contributed to a greater than 15 percent decline**
Apples	Maine	X	X	
	Michigan and New York			X
	Minnesota		X	
Blue crabs	Georgia		X	
Coffee	Hawaii		X	
	Puerto Rico	X	X	
Cranberries	New Jersey	X	X	
	Oregon and Washington			X
Crawfish	Louisiana		X	
Cut lilies	Georgia, North Carolina, South Carolina, and Virginia	X		
Lamb	Idaho, Montana, Ohio, Utah, and Wyoming	X	X	
Multispecies fish	Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, and Rhode Island		X	
Prunes[a]	California			X
Spiny lobster	Florida		X	
Tilapia	Arkansas	X	X	
Wild blueberries, fresh	New Hampshire	X		
Wool	Idaho, Kansas, Montana, Ohio, Utah, and Wyoming		X	

Source: GAO analysis of FAS decision memos, letters to petitioners, and *Federal Register* notices.

[a]FAS received two petitions for California prunes, one during each of the two filing periods announced in 2010. For the first petition, FAS found, based on partial year data, that imports had declined. For the second petition, FAS found that imports had increased but that imports were not an important factor in determining the average price.

Several commodities for which FAS received TAA for Farmers petitions have been the subject of other federal efforts addressing the impact of imports. For example, the Food, Conservation and Energy Act of 2008 appropriated $15 million for USDA to compensate producers of asparagus (a commodity certified for TAA for Farmers assistance) for market loss and reduced prices resulting from an increase in imports. In addition, the U.S. International Trade Commission, an independent federal agency that conducts investigations that can lead to the imposition of antidumping duties on imports sold at less than fair value, has conducted investigations into imports of shrimp and crawfish, two commodities for which FAS received petitions for TAA for Farmers assistance. The TAA for Farmers certification criteria, however, differ from the criteria used by the U.S. International Trade Commission to support the imposition of antidumping duties. As a result, the outcomes of certification process and commission investigations also differed. In particular, FAS certified shrimp but denied crawfish even though antidumping duties have been imposed on both commodities.

Appendix III: Technical and Financial Assistance Provided to Producers Approved for TAA for Farmers Assistance

Farm Service Agency data on individual applicants under the five commodities certified for TAA for Farmers assistance included the numbers of approved applicants, disapproved applicants, and applicants waiting for a decision on their application or appeal of disapproval (see table 4). Shrimp producers included those who applied in the 90-day period following the commodity's initial certification, as well as those who applied in the period following the commodity's recertification.

Table 4: Number of TAA for Farmers Applicants as of April 2012, by Certified Commodity and Application Status

Commodity	Approved	Disapproved	Pending[a]	Total
Asparagus	259	13	8	**280**
Catfish	743	40	2	**785**
Lobster	3,842	340	-	**4,182**
Shrimp (initial certification)	3,405	485	7	**3,897**
Shrimp (recertification)	1,349	204	1	**1,554**
Wild blueberries, frozen	254	24	-	**278**
Total	**9,852**	**1,106**	**18**	**10,976**

Source: GAO analysis of Farm Service Agency data.

[a]Includes applicants waiting for a decision on their application or appeal of disapproval.

A FAS official estimated that about 80 percent of the approved applicants met the eligibility requirement for a decrease in the price received for a commodity through a process whereby industry officials could submit data for all producers in a state or certain counties within a state. For example, FAS allowed all asparagus growers in Michigan to rely on such data when applying for assistance rather than submit their own price data. According to information from FAS and the Farm Service Agency, less than 1 percent of the total number of approved applicants did not meet the program's eligibility requirements but partially or fully completed the initial training requirements after receiving approval letters that were sent in error. In consideration of the time such applicants spent on technical assistance, the Deputy Under Secretary for Farm and Foreign Agricultural Services granted equitable relief to the applicants, meaning they were allowed to continue to participate in the program and receive cash benefits. According to an official in the Farm Service Agency, the agency did not develop software to track applicants until after it began accepting applications. As a result, staff needed to manually enter applicant data into spreadsheets, which led to data entry errors and approval letters being inadvertently sent to some applicants who did not meet eligibility requirements.

Table 5 summarizes Farm Service Agency data on the number and percentage of approved producers for each certified commodity who completed initial and long-term business plans as of April 2012, as well as the total amount of financial assistance payments to the producers.

Table 5: Financial Assistance Provided to Producers as of April 2012, by Certified Commodity (Dollars in Millions)

	Initial business plans		Long-term business plans		
Commodity	Number (percent) of producers with approved plans	Cash benefits	Number (percent) of producers with approved plans	Cash benefits	Total cash benefits, including transportation and related expenses
Asparagus	218 (84%)	$0.9	73 (28%)	$0.6	**$1.5**
Catfish	668 (90%)	$2.7	452 (61%)	$3.6	**$6.3**
Lobster	2,237 (58%)	$2.2	1,040 (27%)	$2.0	**$4.2**
Shrimp (initial certification)	3,272 (96%)	$13.1	2,716 (80%)	$21.7	**$34.8**
Shrimp (recertification)	1,180 (87%)	$1.1	729 (54%)	$1.4	**$2.6**
Wild blueberries	206 (81%)	$0.2	63 (25%)	$0.1	**$0.3**
Total	**7,781 (79%)**	**$20.2**	**5,073 (51%)**	**$29.5**	**$49.7**

Source: GAO analysis of Farm Service Agency data.

Note: Column and row totals may not add up due to rounding. In addition, the column for total cash benefits includes about $60,000, distributed among the certified commodities, for producers' transportation and related expenses to attend an initial orientation to the program.

NIFA's academic partners developed separate templates and approval criteria for the initial business plans and long-term business plans. The template for the initial business plan is two pages, with space for producers to provide brief descriptions of their businesses, key challenges, skills gained from the TAA for Farmers training courses, plans for applying those skills, changes being considered to improve business profitability and the ability to compete with imports, and whether producers intend to complete a long-term business plan. According to the TAA for Farmers technical assistance procedures guide, producers had the option of completing the initial business plans during the last 30 minutes of a training course on how to develop a long-term business plan. NIFA's academic partners said they designed the initial business plan to serve primarily as a starting point for developing a long-term plan. They said that, as a result, they approved most initial business plans without returning them to producers for additional work.

NIFA's academic partners developed templates for several different types of long-term business plans that producers could choose to develop to suit their individual needs: a traditional business plan with separate versions for farmers and fishermen, a plan to pass a business on to successors and plan for retirement, and a career plan for producers such as crew members who do not own a business. The templates were also translated for the benefit of shrimpers who speak Vietnamese as a first language. According to the technical assistance procedures guide, the long-term plans are to undergo two levels of review before they are approved and producers can receive their payments—first by the business consultant assigned to work with a producer, and then by NIFA's academic partners. In addition, the templates for the long-term business plans are more extensive than the template for the initial business plans. For example, the template for traditional long-term business plans includes sections for

- a business description, including location, facilities, business history, and ownership structure.
- business operations, including management of inventory, product quality, customer service, and risk; compliance with regulations; and an implementation timeline for any changes.
- a marketing plan with subsections for an analysis of the market, the business's competitive position and market segments to be targeted, and pricing, promotion, and distribution plans.
- management of the business, including new positions to be filled and the plan for finding and training people for those positions.
- a financial plan with subsections for a balance sheet showing assets, liabilities, and net worth; historical performance and projections; asset management; and capital requests.

Appendix IV: Comments from the U.S. Department of Agriculture

USDA

United States Department of Agriculture

Farm and Foreign Agricultural Services

Foreign Agricultural Service

1400 Independence Ave, SW
Stop 1060
Washington, DC 20250-1060

JUL 2 2012

Ms. Lisa Shames
Director, Natural Resources and Environment
United States Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. Shames:

The U.S. Department of Agriculture (USDA) appreciates this opportunity to review the Government Accountability Office (GAO) draft report entitled "Trade Adjustment Assistance: USDA Has Enhanced Technical Assistance for Farmers and Fishermen, but Steps Are Needed to Better Evaluate Program Effectiveness" (GAO-12-731). USDA is pleased that the GAO noted many positive aspects of the Trade Adjustment Assistance (TAA) for Farmers Program, including the program's enhanced technical assistance, the reliability of program data for reporting on the number of approved and disapproved applicants, and the amounts of technical and financial assistance provided, as well as the Department's well-designed surveys for capturing producer perceptions of the program.

USDA took several new actions to implement statutory changes for the 2009-2011 TAA for Farmers Program, some of which were based on recommendations made in the GAO report on the previous 2003-2007 TAA for Farmers Program (GAO-07-201). Two of the more notable actions included broadening the 2009-2011 program's eligibility criteria so that more applicants qualify, and modifying the program to further emphasize the training and technical assistance component in order to help producers adjust to the effects of import competition.

USDA also notes the GAO recommendations for future TAA for Farmers Programs that are found in this draft report. USDA generally agrees with these recommendations, and assuming any future program has the same statutory requirements, will make every effort to address them as follows in order to strengthen and improve any future TAA for Farmers Program.

Documentation Requirement for Spouses

The GAO recommends that USDA require spouses applying for program assistance to submit documentation on how they contributed to producing the program commodity.

Current legislation requires that all TAA producers, including spouses, submit documentation to meet the program's eligibility requirements.

In August 2010, USDA determined that spouses of eligible producers who are closely involved in the operation -- estimated to be less than 20 percent of total program applicants -- also shared in the risk of producing a commodity and could, therefore, apply separately for program benefits. This determination applied as long as the spouse met the general program eligibility requirements as set forth in 1-SP, subparagraph 52A, of the

FSA handbook; completed all required technical assistance training; and completed and received approval on all required business plans. On August 20, 2010, USDA issued a notice to FSA county offices that clarified the application guidelines for spouses by stating that documentation of a family farming/fishing operation could be used by each spouse if both applied separately, and that the same documentation of production and prices could be used to qualify each spouse.

In any future TAA for Farmers Program, USDA will consider requiring spouses applying for program assistance to submit additional documentation of their individual contribution to producing the program commodity. This could be achieved by requiring spouses to submit their own evidence of how, precisely, they contributed to producing a commodity, in keeping with what is already required of crewmen on fishing vessels under the program.

Showing Intended Use of TAA Financial Assistance Payments

The GAO recommends that USDA take steps to help ensure that producers use the program's financial assistance payments toward implementation of their business plans, such as requiring producers to state in their business plans how they intend to use the payments.

The current program expands the training and technical assistance component, making it a key benefit of the 2009-2011 program, rather than the cash assistance, which was the primary benefit of the 2003-2007 program. Because of this, less focus was placed on requiring producers to report the intended use of their financial assistance, even though many producers already included in their business plans, under the "Executive Summary's Capital Request" section, how they intended to use their financial assistance payments.

Current TAA applicants also are well-informed of the intended use for which the program's financial assistance is provided, as stated in USDA press releases, program notices, fact sheets, training courses, and other program literature. USDA believes that the vast majority of applicants make every effort to use these payments for the intended purposes. Because a large number of program applicants are small business owners, many with at-home offices or operations, it is not uncommon for some of them to use their financial assistance payments toward related home office or operation expenses as part of implementing their business plans.

In any future TAA for Farmers Program, USDA will consider developing a mechanism to help ensure that producers use the program's financial assistance payments toward implementation of their business plans. This could be achieved by requiring producers to sign an agreement upon which payments are contingent.

Broadening Evaluation Approach to Measure Program Effectiveness

The GAO recommends that USDA broaden the program's evaluation approach to help ensure that USDA can comprehensively evaluate the effectiveness of the program.

Although current funding restrictions and TAA for Farmers outlay requirements present significant challenges, USDA agrees that improvements in long-term program evaluation could be beneficial. However, it might be appropriate to assess results of program participation approximately 3-5 years after completing the training.

The reporting requirements of the American Recovery and Reinvestment Act of 2009 (ARRA), to which the 2009-2011 program is subject, seek to measure the short-term economic stimulus provided by that legislation. Most ARRA-required performance measures (such as job creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and state and local fiscal stabilization) are not closely aligned with the purpose of the TAA for Farmers Program, which offers training and technical assistance to currently employed producers. Therefore, USDA selected performance indicators that can be quantified over a short period of time, such as focusing program evaluation almost exclusively on the initial training and technical assistance component of the program, instead of seeking to measure the long-term effectiveness of the 2009-2011 program.

In any future TAA for Farmers Program, USDA could consider broadening the program's evaluation approach and performing a more comprehensive evaluation of its long-term effectiveness. This could be achieved by establishing a process to analyze applicants' long-term successes as indicators of overall program effectiveness.

USDA would like to thank the GAO for its review and recommendations regarding the 2009-2011 TAA for Farmers Program. The Department looks forward to addressing these issues in an effort to further improve any future TAA for Farmers Program.

Sincerely,

Suzanne Heinen
Administrator
Foreign Agricultural Service

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Lisa Shames, (202) 512-3841 or shamesl@gao.gov

Staff Acknowledgments

In addition to the contact named above, Mary Denigan-Macauley (Assistant Director), Kevin Bray, Joseph Cook, Barbara El Osta, Cynthia Norris, Anne Rhodes-Kline, and Heather Salinas made key contributions to this report.

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