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U.S. DEPARMENT OF AGRICULTURE

Status of Closing and Consolidating County Offices

Statement of Lawrence J. Dyckman,
Director, Food and Agriculture Issues,
Resources, Community, and Economic
Development Division

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Mr. Chairman and Members of the Committee:

We are pleased to be here today to discuss the status of the U.S. Department of Agriculture's (USDA) consolidation and closure of its county offices for three of its field-based organizations—the Farm Service Agency (FSA), the Natural Resources Conservation Service (NRCS), and the Rural Development (RD) mission area. These offices, known as county office service centers, currently account for about 30,000 employees, or about 27 percent of USDA employees across the United States and its territories. At your request, we examined USDA's progress in meeting the reorganization goals of reducing the number of county offices for all three agencies to about 6,300 and reducing the number of county office locations—facilities that include from one to three offices—to about 2,555. As you know, USDA established these goals in 1994, in response to legislation requiring it to streamline the Department. As you also requested, we examined the data reported by USDA to this Committee on consolidating field offices, particularly the reasons for inconsistencies in the Department's reported progress in reorganizing these offices. Finally, as requested, to further determine the accuracy of USDA's data, we compared the Department's most recently reported reorganization data with the data that we obtained directly from the Department's state agency offices in 10 states.

In summary, as of March 1998, USDA had made substantial progress in meeting its 1994 goals, although it is more than a year behind schedule in completing its closures and consolidations. USDA has reduced the number of county offices by 21 percent, from about 7,375 in 1994 to about 5,800. This reduction exceeded USDA's own target of 15 percent. During this same period, USDA reduced the number of county locations by about 30 percent, from about 3,760 to about 2,700, and expects to reach its goal of 2,555 locations by the end of 1998. USDA had planned to complete all closures and consolidations by the end of 1997.

Inconsistencies in USDA's reporting of its results to this Committee over the last 4 years stem from (1) differences in which states and territories have been included in reports, (2) changes in reorganization plans, and (3) differences in reporting the types of field offices included in reorganization reports.

Finally, our limited review of recently reported reorganization data found some differences between USDA's reports and the statistics on office

closures and consolidations that we obtained directly from 10 states. However, in most cases, the differences were not significant.

Background

The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (P.L. 103-354, Oct. 13, 1994) directed the Secretary of Agriculture to streamline and reorganize USDA to achieve greater efficiency, effectiveness, and economies in its organization and management of programs and activities. In response to the act, USDA reconfigured and consolidated the program responsibilities of its seven mission areas and reduced the total number of USDA agencies and offices from 43 to 29. It also reduced its overall staff years from about 129,500 in 1993 to about 110,000 by the end of 1997. About two-thirds, or 13,400, of these reductions were made in field offices. The Department plans to reduce staffing by another 3,000 by the end of fiscal year 1999.

A key aspect of this reorganization was the closure and consolidation of county offices delivering services across the country. In December 1994, USDA had about 7,375 FSA, NRCS, and RD offices in about 3,760 locations in the United States and its territories. Most agency offices were located with at least one other agency office. The Department's goals for consolidating county offices were to reduce the number of field offices to about 6,300 and the number of office locations to around 2,555. Furthermore, USDA expected each remaining office to be a one-stop shopping service center—a single location that would provide customer access for all farm, conservation, and rural development services.

The three agencies with offices in county office service centers—FSA, NRCS, and RD—serve a broad base of customers. FSA serves farmers at the local level by administering a variety of farm commodity, farm loan, conservation, and emergency assistance programs. NRCS serves farmers and other private, nonfederal land owners in rural and nonrural areas by providing technical assistance in planning the use and protection of soil, water, and related resources. RD, which includes the Rural Housing Service, the Rural Business-Cooperative Service, and the Rural Utilities Service, serves rural communities by providing loans and other financial assistance for projects that create jobs and provide services, housing, and utilities.

In addition to county office service centers, FSA, NRCS, and RD have about 150 state offices and hundreds of other field offices. The state offices—generally one for each agency in each state—provide

administrative support for all of the agency's offices in the state and coordinate the delivery of agency programs within the state. The other field offices—area, regional, and special project offices—provide management and technical support below the state level. Most of these offices are staffed by NRCS soil and conservation specialists, who deal with specific technical conservation and resource issues.

Overall responsibility for obtaining and reporting information on county office closures and consolidations rests with USDA's National Food and Agriculture Council (NFAC)—which includes the Administrator of FSA, the Chief of NRCS, and the Deputy Undersecretary for Rural Development. NFAC relies on each agency's state office to maintain and report these data through the state's Food and Agriculture Council (FAC).

In preparation for our testimony today, we reviewed USDA's goals, directives, and reports, including the most recent report USDA provided to this Committee, dated March 18, 1998. We discussed USDA's progress in meeting the 1994 reorganization goals and reporting issues with USDA officials. We compared the data that we requested from FSA, NRCS, and RD officials in 10 states with similar data provided to the Committee by USDA. We also visited USDA officials in three states to discuss changes in county office locations and the reporting of their data. State offices were selected to obtain geographic representation and a mixture of states where the agencies state offices are collocated and not collocated. USDA's reports and our analysis distinguish between offices that represent individual agencies and locations that serve as facilities for one to three offices. We conducted our review in accordance with generally accepted government auditing standards in June and July 1998.

Over the past 13 months, we have issued several reports addressing different aspects of USDA's reorganization. These reports are listed in appendix I.

USDA Has Made Substantial Progress in Closing and Consolidating County Offices

USDA reports show that since December 1994, the Department has closed about 1,500 FSA, NRCS, and RD county offices, reducing the total number from 7,375 to about 5,800 and exceeding the Secretary's original goal of reducing the number of offices to about 6,300. During this same period, USDA reports show that it reduced the number of county office locations by more than 1,000, from 3,760 to about 2,700. These reductions fell somewhat short of the Secretary's goal of reducing the number of county office locations to 2,555 by December 31, 1997. According to USDA officials,

the Department did not complete all planned closures and consolidations by the end of 1997 because (1) it was unable to acquire all needed office space in a timely manner and (2) some states were reluctant to move too quickly, knowing that additional cuts might be made in FSA as a result of a contracted study that is to be completed in October 1998. The final closures and consolidations needed to reach the Secretary's goals for office locations are currently scheduled to be completed by December 1998.

Table 1 summarizes changes in the number of county offices by agency and total locations since 1994.

Table 1: Changes in the Number of County Offices and Locations, December 1994 Through March 1998

Agency	Dec. 1994	March 1998	Change
Number of offices			
FSA	2,773	2,432	–341
NRCS	2,942	2,542	–400
RD	1,627	815	–812
Total offices reported by USDA	**7,342**	**5,789**	**–1,553**
U.S. territories[a]	33	34	+1
Total	**7,375**	**5,823**	**–1,552**
Number of locations			
FSA only	398	[b]	[b]
NRCS only	549	[b]	[b]
RD only	330	[b]	[b]
FSA/NRCS	1,160	[b]	[b]
FSA/RD	57	[b]	[b]
NRCS/RD	75	[b]	[b]
FSA/RD/NRCS	1,158	[b]	[b]
Total locations reported by USDA	**3,727**	**2,703**	**–1,024**
U.S. territories[a]	33	20	–13
Total	**3,760**	**2,723**	**–1,037**

[a]Territories include the countries in the Pacific Basin, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands. The 1998 data for the territories are actual numbers as of June 1998.

[b]USDA was unable to provide summary data in this format as of March 1998. Accordingly, an analysis of changes between 1994 and 1998 is not provided.

Source: GAO's analysis of USDA's data.

As the table shows, RD experienced the largest reduction in offices, going from 1,627 offices in 1994 to about 815 offices in 1998. Most remaining county office locations will include both FSA and NRCS offices. However, only about a third of the office locations will have RD offices.

As we have reported previously,[1] USDA's county office closings and consolidations represent significant progress towards accomplishing the Secretary's overall goals for reorganizing and streamlining the Department. However, the extent to which these changes will save money or improve the efficiency of departmental operations is still unclear because USDA's assessment of measurable benefits to date have focused only on estimating savings stemming from staff reductions and not from other administrative savings or program efficiencies.

Reporting Inconsistencies Have Created Some Confusion About Progress

The data that USDA has provided on county office closings and consolidations over the last 4 years, including the data in reports to this Committee, have been inconsistent and have led to some confusion about the extent of progress actually achieved and future plans. There are three primary reasons for these inconsistencies: (1) some states and territories were not included in some reports, (2) reorganization plans changed, and (3) different types of field offices have been included in different reorganization reports.

First, with regard to the states and territories included in its reports, in December 1994, USDA reported that it had 3,704 county office locations. However, this number included only office locations in the contiguous 48 states, not Alaska and Hawaii, and the U.S. territories, including those in the Pacific Basin, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands. In 1995, when NFAC took responsibility for coordinating and reporting data on county office consolidations, it modified the report to include Alaska and Hawaii, and it reported it had 3,727 county office locations—23 more than USDA reported in December 1994. And finally, some USDA reports included the 33 office locations in the Pacific Basin, Puerto Rico, and the Virgin Islands, increasing the number of locations to 3,760, as of December 1994.

Not including some states and territories in some of its reports also affected USDA's reporting of offices planned to remain after consolidation. For example, in December 1994, USDA reported that it planned to have

[1]U.S. Department of Agriculture: Update on Reorganization and Streamlining Efforts (GAO/RCED-97-186R, June 24, 1997); and U.S. Department of Agriculture: Status of USDA's Reorganization (GAO/RCED-98-109R, Mar. 19, 1998).

2,536 office locations open after consolidation was completed. However, this number did not include office locations in Alaska and Hawaii. Once the estimates covered all 50 states, the number of locations expected to remain open increased to 2,547. USDA's current plan to retain 2,555 county office locations does not include 18 planned county office locations for the U.S. territories.

Second, changes in the Department's reorganization plans led to inconsistencies in the reported data, causing some confusion about which offices would remain after streamlining was completed. For example, USDA adjusted its reorganization plan in 1996 to account for the downsizing and restructuring of the RD mission area. This change resulted in closing about 400 offices that were not part of the original reorganization plan. At the same time, however, some RD offices that were area offices were designated as USDA service centers, slightly increasing the number of planned stand-alone RD service center offices. These changes were precipitated by RD's implementation of its new Dedicated Loan Origination and Servicing System in October 1997. This new system allows the agency to provide loans for single-family housing in rural areas through a centralized loan origination and servicing center, and it requires fewer field offices.

USDA has also changed the data reported to this Committee to a lesser degree because of changes it made to the reorganization plans in response to requests from its state agency offices. For example, a reduced budget may have required a state agency director to reconsider how many offices to keep open and where to locate them. The state FAC, with the approval of NFAC, may change the mix of offices planned for closure on the basis of changed budgetary or program delivery needs within the state. However, according to the executive officer of NFAC, these changes have had a greater effect on where offices are located within a state than on how many office locations there are within a state. Our review of the number of locations scheduled to remain open in each state for 1997 and 1998 showed minor differences between the two reports for 19 of the 50 states and no differences for the other 31 states. However, overall, the total number of locations reported to remain open changed by only one.

Finally, inconsistencies in reports have occurred because field locations other than service centers have been included in some reports. For example, USDA's March 1998 report to this Committee on consolidating county office service centers includes detailed information on other field offices—such as area, district, regional, and other special project

offices—that the agencies may use to carry out their management and technical responsibilities. According to USDA officials, these offices are not set up to directly serve the public and therefore are not considered service centers. These other field offices were not included in the service center consolidation plans.

Data for 10 States Are Generally Consistent With USDA's Reports to the Committee

Data reported to us from 10 states were generally consistent with the data USDA provided to this Committee. However, for more than half of the 10 states, the data USDA submitted to this Committee in March 1998 differed from the data that we obtained directly from FSA, NRCS, and RD state offices. While the differences, in most cases, are not great enough to raise questions about the validity of the reported progress on consolidating and streamlining, they do raise questions about the precision of the data being accumulated and reported by USDA. The differences appear to be primarily caused by inconsistent reporting to USDA by its state offices.

Table 2 compares the number of offices and locations as of March 1998, as reported to the Committee by USDA and as reported directly to us by the three state agencies in 10 states.

Table 2: USDA and State Agency-Reported Information on County Offices and County Office Locations for 10 States, as of March 1998

	As reported by USDA		As reported to GAO		Difference	
State	**Offices**	**Locations**	**Offices**	**Locations**	**Offices**	**Locations**
Georgia	192	95	199	101	+7	+6
Kansas	218	104	218	104	0	0
Missouri	239	100	239	100	0	0
New Mexico	85	39	75	35	–10	–4
North Carolina	204	85	206	86	+2	+1
Oklahoma	154	82	158	84	+4	+2
South Dakota	137	65	131	62	–6	–3
Texas	467	224	455	224	–12	0
Virginia	149	79	128	68	–21	–11
Washington	73	35	73	35	0	0
Total	**1,918**	**908**	**1,882**	**899**	**–36**	**–9**

As the table shows, there was a difference in the reported number of offices for 7 of the 10 states and a difference in the reported number of locations for 6 of the 10 states. In most cases, the numerical difference was small relative to the total number of offices or locations in the state. However, for Virginia and New Mexico, the difference in the number of

offices and locations reported by USDA and the number reported by the states to us was about 10 percent. The difference for Virginia occurred because USDA double-counted some offices and locations in its reports to the Committee—including both the current address and the proposed new address in the report for several counties. For New Mexico, the difference was caused primarily by RD's reporting to USDA that temporary space was permanent offices. In reviewing the data, we also noted instances where the reported address of a location in a county was different between the two reports.

USDA's state and headquarters officials said that many of the problems in reporting were caused because of weaknesses in the methods used to obtain and report this information. For example, until recently, NFAC had obtained most of its updated information on office closures manually from USDA's state agency staff. Generally, NFAC sent each state FAC the most recent hard-copy submission of data and asked the office to update it. These data may have been reported inconsistently for various reasons—including different types of offices, using different reporting periods, or accounting for ongoing changes differently. State officials told us that one of the problems in providing consistent information was the lack of guidance on the types of offices that should be included in the report. According to the executive officer of NFAC, NFAC's first attempt to automate the reporting process in 1997 was not successful because of programming problems. For example, computer instructions were sometimes difficult to understand, and the program did not include needed edit-checks to ensure accuracy. On July 6, 1998, NFAC implemented a new automated system to obtain and report information on office consolidations. The Department believes this new system will increase the accuracy of its reports.

Mr. Chairman, that concludes my prepared statement. We will be happy to respond to any questions you may have.

Related GAO Products

Farm Programs: Service to Farmers Will Likely Change as Farm Service Agency Continues to Reduce Staff and Close Offices (GAO/RCED-98-136, May 1, 1998).

Farm Programs: Administrative Requirements Reduced and Further Program Delivery Changes Possible (GAO/RCED-98-98, Apr. 20, 1998).

U.S. Department of Agriculture: Status of USDA's Reorganization (GAO/RCED-98-109R, Mar. 19, 1998).

Farm Programs: Impact of the 1996 Farm Act on County Office Workload (GAO/RCED-97-214, Aug. 19, 1997).

U.S. Department of Agriculture: Update on Reorganization and Streamlining Efforts (GAO/RCED-97-186R, June 24, 1997).

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