

September 2001

# FARM PROGRAMS

## Changes to the Marketing Assistance Loan Program Have Had Little Impact on Payments



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United States General Accounting Office  
Washington, DC 20548

September 28, 2001

The Honorable Tom Harkin  
Chairman, Committee on Agriculture,  
Nutrition, and Forestry  
United States Senate

The Honorable Thad Cochran  
Ranking Minority Member  
Subcommittee on Agriculture, Rural Development,  
and Related Agencies  
Committee on Appropriations  
United States Senate

Federal payments to farmers have reached an historic high—over \$26 billion in fiscal year 2000. Much of this assistance was targeted to help farmers cope with persistently low commodity prices and was provided principally through the Marketing Assistance Loan Program, which is administered by the U.S. Department of Agriculture (USDA). This program was designed originally to provide short-term financing so that farmers could pay their bills right after harvest and spread their sales over the entire marketing year. However, at times of low commodity prices—as in 1999 and 2000—the Marketing Assistance Loan Program has become a major source of income for farmers growing wheat, rice, feed grains, oilseeds (primarily soybeans), and upland cotton.

Under the Marketing Assistance Loan Program, the federal government accepts harvested crops as collateral for interest-bearing loans (marketing assistance loans) that are typically due in 9 months. When market prices drop below the loan rate (the loan price per pound or bushel), the government allows farmers to repay the loans at a lower rate and retain ownership of their commodities for eventual sale. The difference between the loan rate and the lower repayment rate is called the “marketing loan gain.” Conversely, farmers who do not have marketing assistance loans can also receive a benefit when prices are low called a “loan deficiency payment.” The loan deficiency payment is equal to the marketing loan gain that the farmer would have received if he had a loan. Farmers may choose to obtain either a marketing loan gain or a loan deficiency payment—both of which are known as the marketing loan benefit. Prior to the 1999 crop

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year, farmers were limited annually to a total of \$75,000 in marketing loan benefits.<sup>1</sup>

Farmers who have reached their payment limit can still get some help from the government if crop prices are below the loan rate. They can always obtain a marketing loan and collect the loan payment, then, after 9 months, forfeit the crop to the government. In this way, farmers keep the loan amounts and the government owns their crops, incurring storage costs and, most likely, losses when it sells the crops. To discourage forfeitures, the Congress raised the payment limit for marketing loan benefits to \$150,000 per farmer in crop year 1999 and again for crop year 2000. In addition to this increase, the Congress authorized the use of a new commodity certificate program, which USDA implemented in February 2000. Commodity certificates also discourage forfeitures because they, in effect, eliminate the payment limit and allow farmers to continue collecting benefits if market prices are below the loan rate. Under this program, farmers who took out loans may purchase certificates for their crops at the alternative repayment rate and use them to repay their loan. In this way, farmers benefit from a “certificate gain”—the difference between the loan rate and the lower alternative repayment rate. Unlike market loan gains and loan deficiency payments, “certificate gains” do not count against a farmer’s payment limit. Farmers may use certificates at any time, even if they are not near the payment limit.

You asked us to provide information on how the Marketing Assistance Loan Program worked for crop years 1999 and 2000. This report discusses the extent to which (1) the increased payment limit and the availability of commodity certificates increased payments through the Marketing Assistance Loan Program and (2) farmers used commodity certificates to receive gains that would have otherwise have been denied by the payment limit.

In conducting our work, we used USDA’s payment data for crop years 1999 and 2000. The data for crop year 1999 are complete, but data on crop year 2000 do not reflect the total payments that will eventually be made for this crop year. To examine the extent of payments over the payment limit of \$75,000, we focused only on payments made to farmers through USDA’s county offices. Approved cooperative marketing associations and loan

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<sup>1</sup> A crop year is the year in which a crop is produced. The final date on which farmers who produced a crop in 2000 can receive marketing loan benefits is February 28, 2002.

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servicing agents (we refer to both of these as cooperatives in our report) also obtain market loan benefits from USDA for their members' crops and distribute the benefits according to cooperative rules. There were 30 cooperatives that received market loan program payments in crop years 1999 and 2000. USDA does not have information on how these funds were distributed to cooperative members. Therefore, our analysis does not include payments made by cooperatives. Marketing loan payments to cooperatives represented 14 percent of payments in crop year 1999 and 5 percent in crop year 2000. In assessing the extent to which commodity certificates were used to receive gains over \$75,000, we obtained the total amount of certificate gains per farmer and cooperative marketing association. Again, we do not have detailed information on how the cooperatives distributed the certificate gains to their members. Accordingly, we were unable to determine precisely the extent to which cooperative members obtained certificates to receive gains over the payment limit. To address this data limitation, we obtained information from two rice and four cotton cooperatives that together made up 98 percent of certificate gains obtained by cooperatives in 1999 and 92 percent in 2000. See appendix I for a more detailed discussion of our data analysis.

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## Results in Brief

The increase in the payment limit and the availability of commodity certificates had only modest effects on the total \$15 billion in marketing assistance loan payments provided for crop year 1999 and for crop year 2000 through May 2001. Because of the increase in the payment limit, total payments over the 2-year period were 1.9 percent more than they would have been under the previous limit, or an additional \$261.1 million. In each year, less than 1 percent of farmers benefited from the increase in the payment limit. In 1999, the states with the most farmers exceeding the previous \$75,000 limit were Arkansas, South Dakota, and Texas; in 2000, the states were Illinois, North Dakota, and South Dakota. Similarly, commodity certificates represented a small proportion of all marketing assistance loan payments—\$380 million of the more than \$15 billion in total payments made over the period. Cooperatives collected about 70 percent of these commodity certificate benefits for distribution to their members. In terms of crops, almost all certificate gains were for rice and cotton in 1999; in 2000, most gains were for rice and cotton, followed by corn and soybeans. Arkansas leads the states in certificate gains in both years because Arkansas rice cooperatives collected a significant portion of certificate gains for their members.

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Although certificates were put in place, in part, to allow farmers to receive payments once they reached the payment limit, most certificates were not used for this purpose. For cooperatives, certificates were primarily used to reduce the administrative burden of tracking individual members' payment limits and to provide more flexibility in making marketing decisions. However, a few cooperatives did use certificates to obtain gains for an estimated 340 farmers who would have reached the payment limit in crop year 1999. With respect to farmers who received payments through USDA county offices, the vast majority received less than \$75,000 in combined market benefits and certificate gains and hence did not reach the original payment limit. While most farmers did not use certificates to receive gains over the payment limit, a small number of farmers did benefit from the program. According to the best available data from USDA county offices, 47 farmers used certificates to receive more than \$150,000 in 1999 and 100 farmers did so in 2000. While certificates were intended to save the government money by discouraging forfeitures and eliminating the costs associated with storing and disposing of forfeited crops, they may lead to higher expenditures if they are used to collect payments in excess of payment limits. The Congressional Budget Office estimates that these government savings and costs roughly offset each other.

During our review, we found that USDA was not adequately monitoring cooperatives' internal controls for distributing billions of dollars of marketing loan benefits to their members. Accordingly, we are recommending steps USDA can take to correct this problem.

We provided USDA with a draft of this report for review and comment. USDA concurred with our findings and recommendation.

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## Background

The Federal Agriculture Improvement and Reform Act of 1996, referred to as the 1996 Farm Bill, continued a commodity loan program that has existed in various forms since the 1930s. The Marketing Assistance Loan Program is aimed at helping farmers with the orderly marketing of their crops through short-term financing. Farmers secure these loans after harvest, when prices frequently are the lowest. The loans give farmers up-front capital to use until they market their crops. However, at times of low prices, the program becomes part of the federal safety net for farmers by providing income support. In essence, the program provides a minimum guaranteed price that farmers will receive for certain commodities and

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provides them with income support payments. Marketing assistance loans are available to the farmers of various crops, including wheat, rice, feed grains, oilseeds, and upland cotton.<sup>2</sup>

Farmers obtain marketing loans by using their crops as collateral. The loan amount is based on a statutory national loan rate (a per unit price for each crop). To determine the loan amount, USDA multiplies the loan rate by the amount of crop offered as collateral. Farmers may repay the loan's principal and interest at any time within the loan period (usually 9 months). In lieu of repaying their loans, farmers may forfeit their crops to the government when the loans mature and keep the loan principal. Forfeitures typically occur when the price farmers can receive for their crops falls below the loan rate. In such cases, farmers receive greater revenue by forfeiting the crops than by marketing them.

Because the government incurs costs in obtaining and selling forfeited crops, the commodity loan program has provisions that allow farmers to repay their commodity loans at prevailing market prices. Basically, when the price farmers will receive for their crops falls below the loan rate, they can repay their loans at a lower alternative repayment rate, also known as the posted county price. USDA calculates the repayment rate on the basis of local market prices (for cotton and rice, USDA uses an adjusted world price that it calculates weekly).

Farmers keep the difference between the loan rate and the lower alternative repayment rate. This difference is known as a "marketing loan gain" and is considered a cash payment to farmers. Farmers retain their crops and have the opportunity to later sell them at prices higher than their loan repayment rate.

Farmers who do not choose to obtain marketing loans may still receive similar help from USDA when prices are low. In lieu of securing loans, eligible farmers may choose to receive payments for the difference between the alternative repayment rate and the loan rate. These direct payments are called "loan deficiency payments."

The sum of the marketing loan gains and loan deficiency payments for all crops during the crop year is normally limited by law to \$75,000 per person. For payment limitations, persons can be individuals as well as

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<sup>2</sup> Honey was added to the program for crop year 2000.

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entities such as limited partnerships, corporations, and trusts, which all may only receive up to \$75,000. However, a partnership or a joint operation may have several members, each of whom can receive up to \$75,000. To monitor limitations, USDA tracks payments to the individuals who are members of partnerships and joint operations. Farmers can receive payments for more than one farming operation. However, no individual may receive payments for more than three entities (i.e., partnerships, corporations) in which that individual holds a substantial beneficial interest.<sup>3</sup>

Owing to concerns that low prices were causing numerous farmers to reach the payment limit, for crop years 1999 and 2000, the Congress lifted the cap on the loan subsidy payments that farmers could receive. It doubled this payment limit, so that each person was eligible to receive \$150,000.

In October 1999, the Congress amended the 1996 Farm Bill to provide for the issuance of commodity certificates. USDA implemented the commodity certificate program in February 2000. Certificates are available for crop years 1998 through 2002. The commodity certificate program is intended to discourage marketing loan forfeitures. Commodity certificates are essentially another option for providing a government payment to farmers if market prices are below the loan rate. Unlike marketing loan gains or loan deficiency payments, however, certificate gains do not count against a farmer's payment limit. In effect, certificates do away with the payment limit.

Farmers use commodity certificates to redeem their marketing assistance loans at a lower repayment rate. By purchasing these certificates, farmers can immediately reclaim their commodities under loan. The purchase price for their commodity is the posted county price multiplied by the quantity of crop to be redeemed from the loan. No paper certificates are actually issued. The commodity certificate is only valid for immediate use and expires immediately upon repayment of the loan and exchange of the certificate for the commodity under loan.

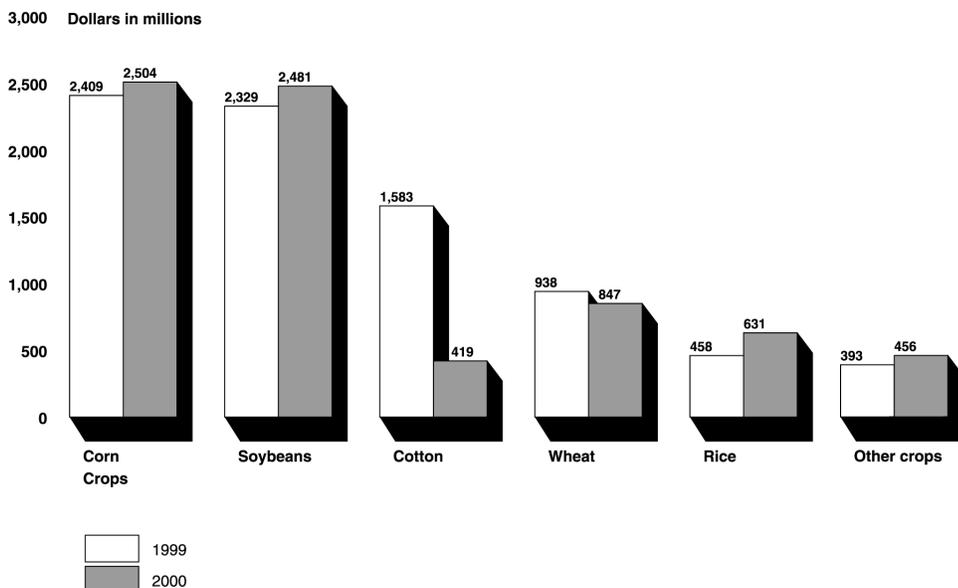
Because of low commodity prices, payments through marketing assistance loan program have been significant. In crop year 1999, the combination of

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<sup>3</sup> A person who owns 10 percent or more of a corporation or other entity receiving payments is considered to have a substantial beneficial interest.

marketing loan gains, loan deficiency payments, and certificate gains totaled more than \$8 billion, and crop year 2000 payments were more than \$7 billion. Figure 1 shows the distribution of these benefits, by crop, for crop years 1999 and 2000.

**Figure 1: Distribution of Marketing Loan Benefits, by Crop, for Crop Years 1999 and 2000**



Note: Other crops include barley, crambe, canola, flaxseed, mustard seed, oats, rapeseed, safflower, sorghum, sunflower seed, and sunflower oil in crop year 1999 and barley, canola, crambe, flaxseed, honey, oats, rapeseed, sorghum, sunflower seed, and sunflower oil in crop year 2000.

Source: GAO's analysis of Farm Service Agency report PSL-82R, "Price Support Division Loan Deficiency Payment and Price Support Cumulative Activity as of June 13, 2001", and certificate payment files as of April 2001.

## Changes to the Marketing Assistance Loan Program Had Only a Modest Impact on Total Payments

The increase in the payment limit and the introduction of commodity certificates had a limited impact on total payments made through the Marketing Assistance Loan Program in crop years 1999 and 2000. Because of the increase in the payment limit, 1999 payments for loan deficiency payments and marketing loan gains were 2.5 percent, or \$170.7 million, more than they would have been otherwise. In 2000, these payments were 1.4 percent, or \$90.4 million more than they would have been otherwise. Total payments over \$75,000 were less in 2000 than 1999 because cotton payments decreased. In both years, the farmers who collected payments of more than \$75,000 represented less than 1 percent of all farmers receiving

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benefits, and most of these farmers did not reach the increased limit of \$150,000. Commodity certificates also composed a small proportion of all program payments—\$380 million of the \$15 billion in marketing loan assistance payments made over the 2-year period. Members of cooperatives collected most of these certificate gains. In terms of crops, —94 percent of certificate gains went to rice and cotton farmers (both cooperative members and individual farmers) in 1999; in 2000, 70 percent of the gains went to rice and cotton farmers and 22 percent to corn and soybean farmers. Arkansas was the leading state in certificate gains in both years because its rice cooperatives collected a significant amount of certificate gains on behalf of their members.

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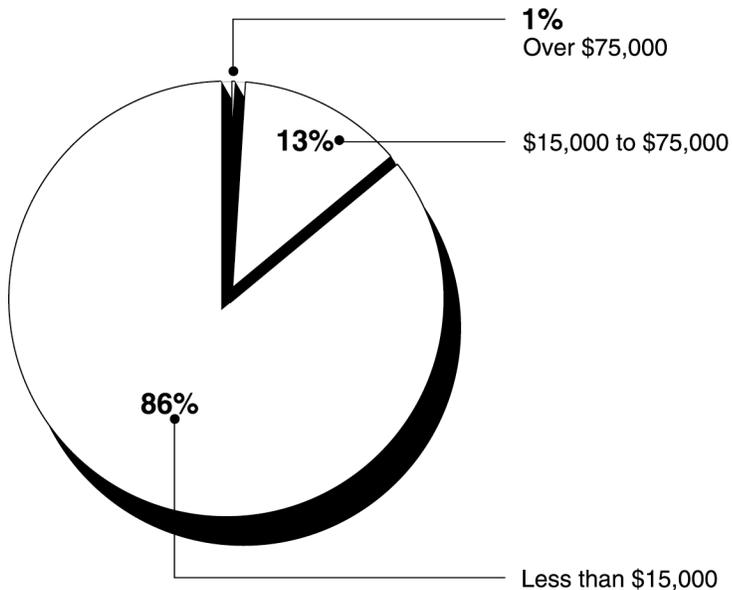
### The Increase in Payment Limits Benefited Only a Small Percentage of Farmers

In both crop years 1999 and 2000, over 925,000 farmers received marketing loan benefits from USDA's county offices.<sup>4</sup> Most farmers collected less than \$15,000—85 percent in 1999 and 86 percent in 2000. In both years, less than 1 percent of farmers obtained more than \$75,000 in combined market loan gains and loan deficiency payments. Figure 2 shows the percentage of farmers in various payment categories for total marketing loan gains and loan deficiency payments for crop year 2000. The percentages were roughly the same for crop year 1999.

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<sup>4</sup> Our analysis is based on payment limits for individuals, whether they are acting alone or as members of a partnership or other entity. For example, each member of a partnership is listed as a farmer.

**Figure 2: Percentage of Farmers Within Various Payment Categories, Crop Year 2000**



Note: This figure does not include payments made by cooperatives, which represented 5 percent of total marketing loan gains and loan deficiency payments in crop year 2000.

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

Of the 1 percent of farmers who collected more than \$75,000 each year, the majority did not reach the increased payment limit of \$150,000. Most farmers collected less than \$20,000 over the original payment limit of \$75,000, or less than \$95,000 in total benefits. Farmers who obtained more than \$75,000 in benefits came from about 40 states in each year. The leading states in 1999 were Arkansas and Texas, which together accounted for 19 percent of the farmers who received more than \$75,000 in payments; in 2000, the leading states were North Dakota, Illinois, and South Dakota, which together accounted for 32 percent of the farmers who received more than \$75,000 in payments. (App. III provides the number of farmers by state who received more than \$75,000 due to the increased payment limit.)

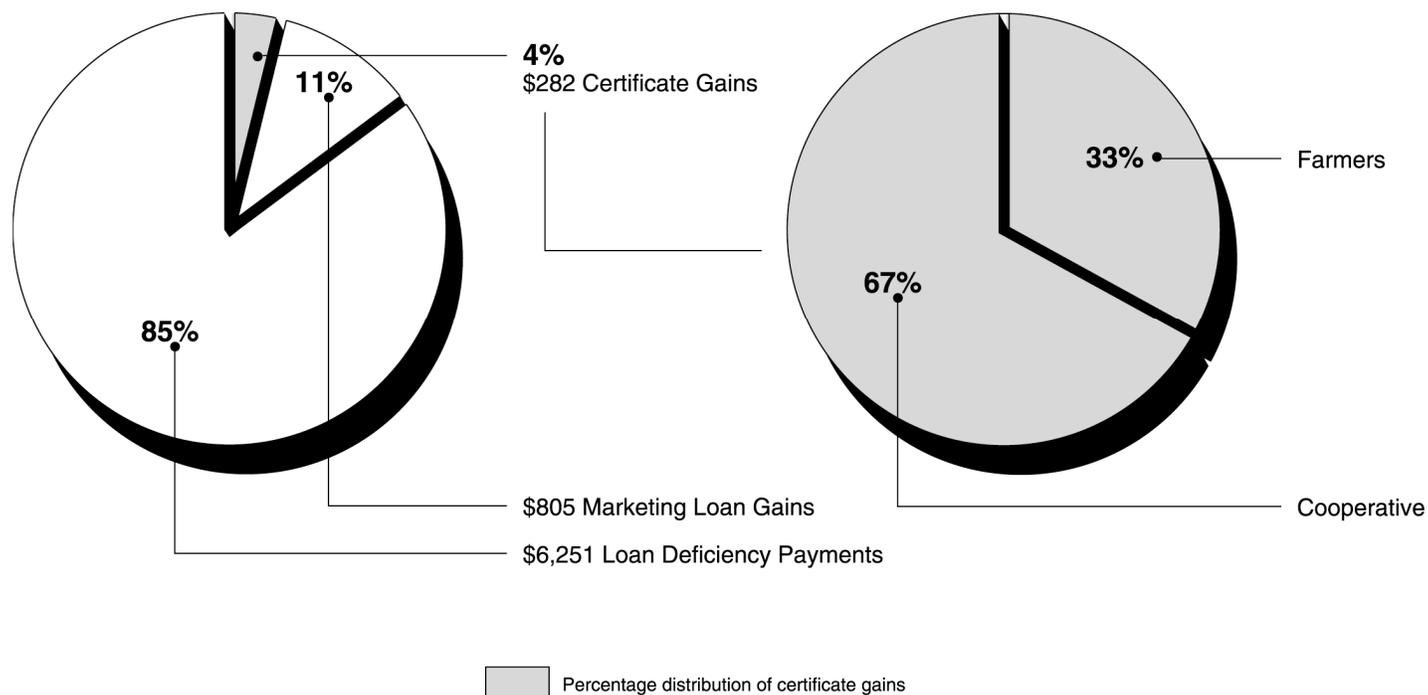
### Commodity Certificates Did Not Substantially Add to Program Payments

Commodity certificate gains totaled over \$98 million in crop year 1999 and increased to over \$282 million in crop year 2000. These certificate payments represented 1.2 percent of total marketing assistance loan program payments in crop year 1999 and 3.9 percent in crop year 2000. In both years, the majority of certificate gains were distributed by

cooperatives to their members. Seventy-eight percent of certificate gains went to 12 cooperatives in 1999 and 67 percent to 17 cooperatives in 2000. The remaining certificate gains were issued to 671 farmers in 1999 and 2,713 farmers in 2000 by USDA county offices.<sup>5</sup> Figure 3 shows the distribution of marketing assistance loan benefits by payment type in relation to the distribution of certificate payments by farmers and cooperatives for crop year 2000.

**Figure 3: Distribution of Market Loan Benefits, Crop Year 2000**

Dollars in millions



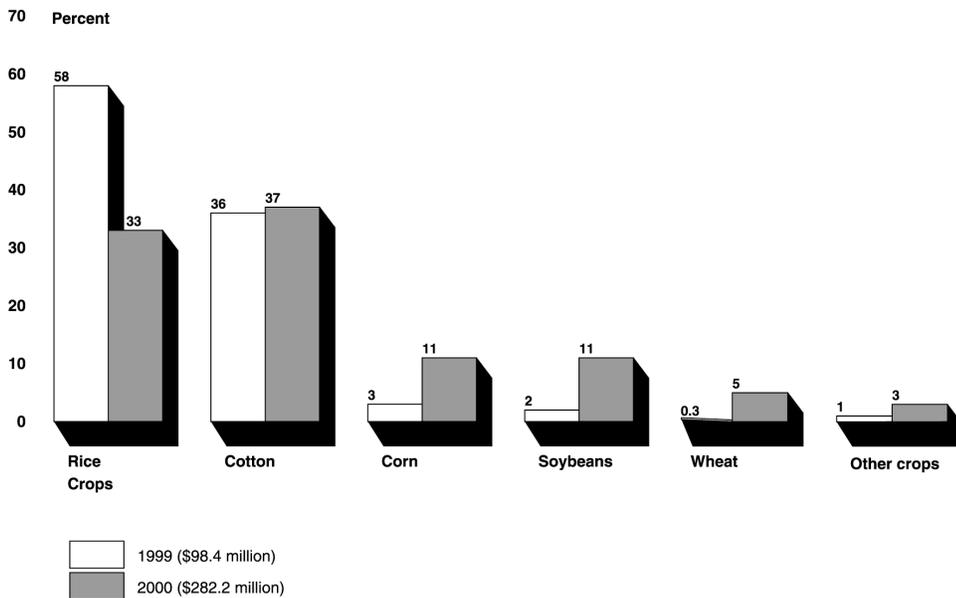
Source: GAO's analysis of USDA's payment data.

The majority of certificate gains in both years were for cotton and rice. In crop year 1999, over 90 percent of certificate gains were for these two crops—58 percent for rice and 36 percent for cotton. In crop year 2000, while rice and cotton farmers were still receiving the bulk of the payments

<sup>5</sup> The number of farmers is not based on the members in partnerships or joint ventures for this analysis because USDA maintains this information at the entity level.

(33 percent for rice and 37 percent for cotton), farmers of other crops, such as corn and soybeans, used the certificate program more in 2000 than they had in 1999. While the percentage of total certificate payments for cotton stayed about the same and rice decreased, total certificate payments for each of these crops increased from 1999 to 2000—from \$57 million to \$94 million for rice, and from \$36 million to \$104 million for cotton. Figure 4 shows the percentage distribution of certificate gain payments by crop for crop years 1999 and 2000. (App. II provides the total quantity of each crop that was redeemed from a marketing loan with a certificate.)

**Figure 4: Percentage Distribution of Total Certificate Gain Payments, by Crop, for Crop Years 1999 and 2000**



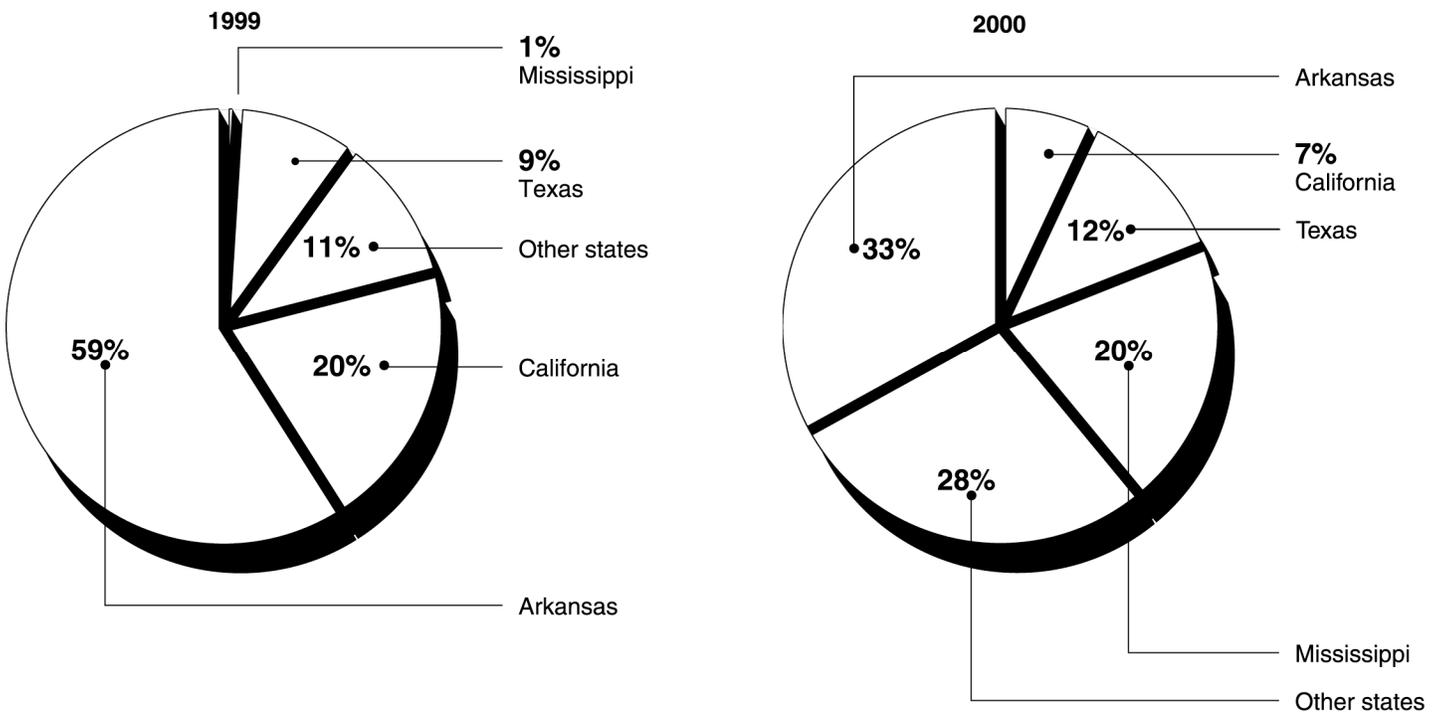
Note: Other crops include barley, oats, sorghum, and sunflower oil in crop year 1999 and barley, canola, crambe, flaxseed, oats, sorghum, sunflower seed, and sunflower oil in crop year 2000.

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

Farmers and cooperatives in 35 states in 1999 and 34 states in 2000 used certificates. In 1999, the leading states in terms of total certificate gains were Arkansas, 59 percent; California, 20 percent; and Texas, 9 percent. In 2000, Arkansas was still the leader with 33 percent of certificate gains, followed by Mississippi, 20 percent; Texas, 12 percent; and California, 7 percent. The leading states were the homes of the cooperatives that

obtained the majority of certificate gains. In both years, most of the remaining states received 1 percent or less of the certificate gains for their members. However, these other states obtained a larger share of the total certificate gains in 2000 than they did in the previous year. If only the payments made by USDA county offices to farmers are considered, the results differ. In 2000, the states that collected the most gains were North Dakota, South Dakota, and Illinois; farmers in these states used certificates to collect gains for corn, soybeans, rice, and wheat. Figure 5 shows the certificate gains by the leading states for crop years 1999 and 2000. Appendix III provides a complete list of certificate gains by state.

**Figure 5: Distribution of Certificate Gains by State Percentages, Crop Years 1999 and 2000**



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

Payments to cooperatives varied considerably. The cooperatives obtained total certificate gains that ranged from \$55,000 to \$35 million in 1999 and from \$7,000 to \$57 million in 2000 to distribute to their members. The cooperative that received the largest certificate funds in both crop years 1999 and 2000 distributed these funds to about 6,000 members.

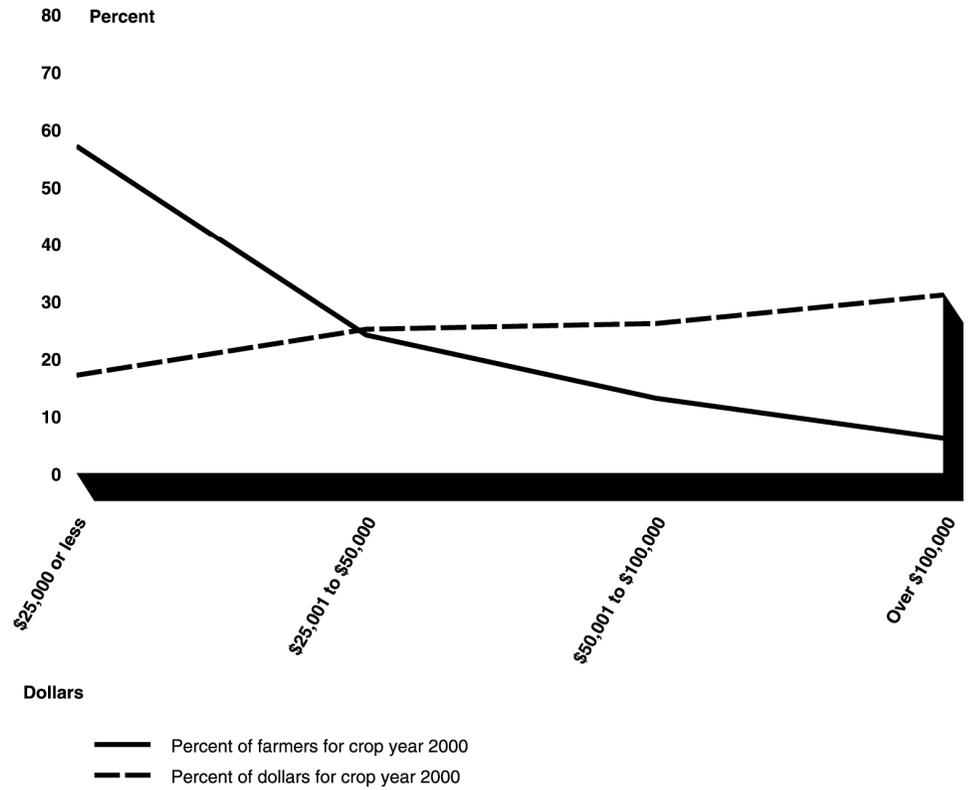
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Farmers who received certificate gains from USDA county offices realized gains that were typically less than \$25,000. However, several farmers obtained larger certificate gains.<sup>6</sup> In crop year 1999, 42 farmers received over \$100,000 in certificate gains. Nine of these received more than \$250,000 and two received more than \$1 million. The farmer realizing the most in payments received a total of \$2.7 million in certificate gains for cotton. In crop year 2000, no farmers received gains in excess of \$1 million, but 24 farmers received gains of between \$250,000 and \$750,000. In both years, at the lower total range of certificate gains, a high percentage of farmers received a low percentage of gains. Conversely, at the higher range of certificate gains, a low percentage of farmers received a high percentage of gains. For example, in crop year 2000, the 57 percent of farmers who received \$25,000 or less in certificate gains received 17 percent of the dollars, while the 6 percent of farmers who received more than \$100,000 received 31 percent of the total dollars. Figure 6 shows the relationship between the percentage of farmers for different payment categories and the total percentage of payments these farmers received in crop year 2000.

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<sup>6</sup> The number of farmers is not based on the members in partnerships or joint ventures for this analysis because USDA maintains this information at the entity level.

**Figure 6: Distribution of Certificate Gains by Percent of Farmers and by Percent of Dollars, Crop Year 2000**



Note: This analysis does not include payments made by cooperatives. Some farmers may have received payments from both the county office and the cooperatives. In addition, the number of farmers is not based on the members in partnerships or joint ventures for this analysis because USDA maintains this information at the entity level.

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

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## Certificate Gains Were Generally Used to Reduce the Administrative Burden for Cooperatives Rather Than to Avoid Payment Limits

Although commodity certificates allow users to receive payments in excess of the amount they could receive otherwise, cooperative officials told us that they primarily used commodity certificates to reduce administrative burdens. According to these officials, certificates eliminate the time-consuming and costly need to track when their members reach their payment limits. Moreover, according to the rice and cotton cooperative officials we spoke to, certificates provide more flexibility in marketing crops. Similarly, the majority of farmers who obtained certificate gains from USDA county offices did not exceed the \$75,000 payment limit. According to USDA officials, most farmers used certificates early in the year to avoid the possibility of reaching the payment limit later in the year. While most certificates were not used by farmers to exceed the payment limit, certificates did potentially reduce forfeitures for the small number of farmers who were at the payment limit and used certificates. Although certificates can benefit the government by avoiding the associated costs of storing and selling crops that would otherwise be forfeited, they also lead to more marketing assistance loan payments. The net effect of this trade-off is difficult to determine precisely, but the Congressional Budget Office has estimated that it is, for all practical purposes, “a wash.”

The two rice cooperatives we met with obtained 70 percent of certificate gains distributed by all cooperatives in 1999 and 43 percent in 2000. These cooperatives used certificates in both years, rather than obtaining marketing loan gains or loan deficiency payments, because the certificates eliminated the need to monitor compliance with the payment limit for each of their members. These cooperatives were not using certificates because their members were reaching the payment limit. They reported that they had few members affected by the increased \$150,000 payment limitation. The cooperatives’ certificate gains were about the same as they would have been if they had chosen to obtain market gains or loan deficiency payments. Combined, the two rice cooperatives distributed the certificate gains to over 8,000 members in 1999 and 2000.

We discussed the use of certificates with four cotton cooperatives that represented 28 percent of certificate gains obtained by all cooperatives in 1999 and 49 percent in 2000. In crop year 1999, cotton prices were much lower than the loan rate, and these four cotton cooperatives had members who reached the payment limit. Nevertheless, the cooperatives made limited use of certificates because certificates were not available until late in the crop year. By the time certificates became available, two of the cooperatives had already obtained marketing loan benefits for most of their crops so their use of certificates was limited. If the cooperatives had

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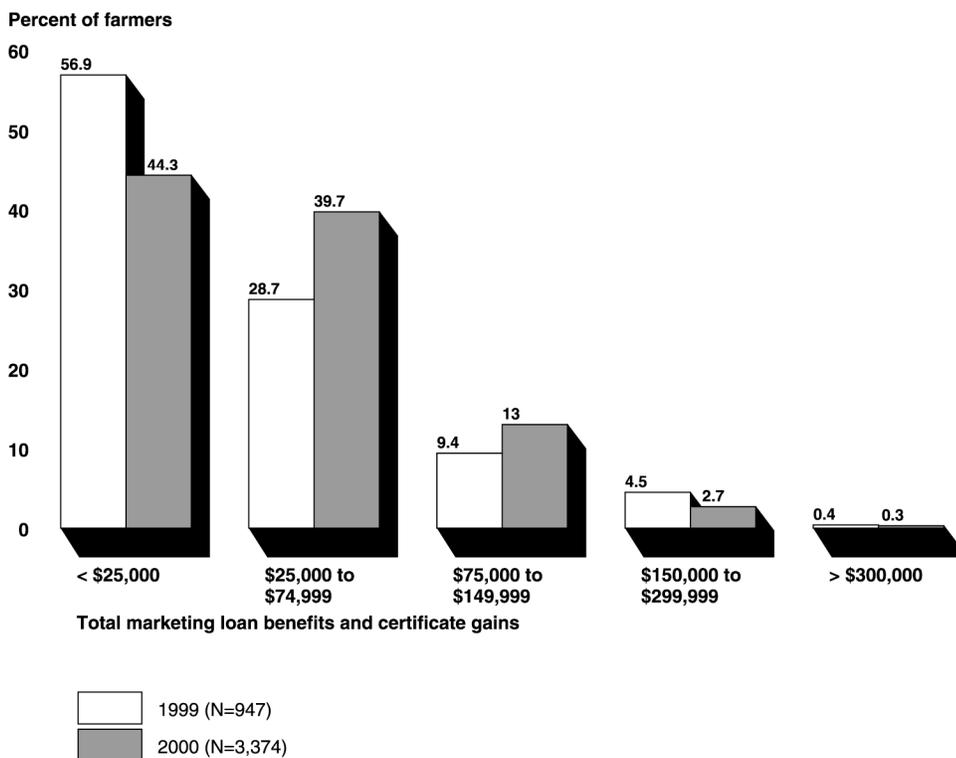
been able to use certificates for their members who reached the payment limit for the entire crop year, they could have gained more in benefits. According to its calculations, one of the cooperatives told us it could have gained about \$5 million in benefits for 150 members who had reached the payment limit. The other two cotton cooperatives were able to use certificates. Officials at these two cooperatives estimate that they were able to help about 340 of their large farmers who would have reached their limit if they used marketing loan gains and loan deficiency payments and not been able to receive any additional payments for their crops. These two cooperatives received over \$17 million in certificate gains to distribute to their members. They would not have been able to receive all of these funds without the availability of certificates.

In crop year 2000, however, these cooperatives shifted from obtaining loan deficiency payments and marketing loan gains to receiving the majority of their members' loan program benefits through certificates. However, this decision was not primarily to receive benefits over the payment limit because the cooperatives did not have many farmers who would reach the limit in that year. According to the cooperative officials, most members were unlikely to reach the payment limit because cotton prices were not that different from the loan rate—therefore, marketing loan gains per pound were small. Like the rice cooperatives, the cotton cooperatives said they used certificates primarily because the certificates eliminated the administrative burden of monitoring payment limits. Cooperative officials told us this is a laborious, inexact, and time-consuming process. More importantly, certificates assist cooperatives with the orderly marketing of their crops. Certificates provide cooperatives with flexibility in their marketing decisions because the cooperatives do not have to make marketing decisions according to when, or if, members reach the payment limit.

Most of the farmers who purchased certificates through county offices did not use them to receive benefits above the payment limit. For each farmer who received certificate gains, we determined total certificate gains, loan deficiency payments, and marketing loan gains by payment limit individuals, whether they were acting alone or as members of a partnership or other entity. The available data show that the majority of farmers who used certificates did not receive more than \$75,000 in total benefits. In crop years 1999 and 2000, 86 and 84 percent, respectively, received less than \$75,000. In crop years 1999 and 2000, only 5 percent and 3 percent, respectively, of farmers who used certificates obtained more than \$150,000 in total benefits. That is, 47 farmers in 1999 and 100 farmers in 2000 received more than \$150,000. In 1999, 2 of the 47 farmers received

more than \$1 million in payments; in 2000, 8 of the 100 farmers received over \$350,000. Figure 7 shows the percent distribution of total payments at the payment limit level for farmers who used certificates in crop years 1999 and 2000.

**Figure 7: Distribution of Total Marketing Assistance Loan Program Payments for Farmers Who Used Certificates, Crop Years 1999 and 2000**



Note: This analysis is based on payment limit persons (i.e., payments to partnerships and joint operations are divided among their members). These data do not include payments made by cooperatives to these farmers. Some farmers may have received payments from both USDA county offices and cooperatives.

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

We spoke with several county office officials about the reasons farmers in their county used certificates. The county officials said that some farmers chose to use certificates instead of marketing loan gains or loan deficiency payments at the beginning of the harvest because they were concerned they might eventually reach the \$75,000 payment limit. However, the Congress subsequently raised the payment limit to \$150,000. If the limit

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had been raised earlier, these farmers might not have used certificates, according to these officials.

While most farmers did not use the majority of the certificates to receive benefits in excess of the payment limit, a handful of farmers did so. Furthermore, in 2000, the number of farmers who needed certificates would have been slightly higher if the Congress had not increased the payment limit to \$150,000. With certificates, farmers reaching the payment limit can continue to obtain payments when posted county prices are lower than loan rates, retain their crops, and sell them later when market prices are higher than the loan rate. With program payments, and possibly higher prices, farmers might receive a total return higher than the loan rate. Without certificates, the farmers at the payment limit might forfeit their crops. When farmers forfeit their crops, they receive the loan rate for their crops, but they lose the crops and the potential for greater revenue. Also, except for cotton, farmers are responsible for the costs of storing the crops during the 9-month loan period before they can forfeit it.

Because certificates reduce the potential for forfeitures, they save the government the costs associated with storing and disposing of forfeited crops. However, certificates also lead to higher expenditures if farmers use them to collect payments in excess of the payment limit. The Congressional Budget Office estimates that these government savings and costs roughly offset each other. However, according to USDA officials at the Economic Research Service, farmers could respond to increased loan program benefits by increasing their production of eligible crops. Because certificates could increase overall loan program benefits, they might result in increased federal spending for commodity loan programs.

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## USDA's Oversight of Payments to Cooperatives Is Inadequate

During the course of our work, we found that, until recently, USDA had not been reviewing cooperatives' internal controls to ensure that the market loan benefits they distributed to their members were valid and accurate. In crop years 1999 and 2000, the 30 cooperatives obtained over \$1.8 billion in marketing loan program benefits to distribute to their members. USDA is responsible for monitoring whether the controls in place ensure that (1) cooperative members are eligible for payments, (2) members do not exceed their payment limit, and (3) duplicate benefits are not provided for the same crop. We have issued standards for internal control in government that provide the overall framework for establishing

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and maintaining internal control.<sup>7</sup> These standards define the minimum level of quality acceptable for internal control in government and provide the basis against which internal control is to be evaluated. One standard provides that agencies should monitor the effectiveness of internal control to assess the quality of performance over time. In considering the extent to which the continued effectiveness of internal control is monitored, both ongoing monitoring activities and separate evaluations of the internal control system, or portions thereof, should be considered.

In addition, USDA guidance has a provision to review cooperative operations. Agency officials stated that although they have not been reviewing the cooperatives, other controls provide some assurance of compliance with farm eligibility and payment limitation provisions. One control procedure is USDA's automated weekly update process, which provides the cooperatives with information on eligible farms and payment limits for individual persons. However, cooperative officials said that the automated update process does not work very well at times. For example, one cooperative official told us that erroneous USDA computer data had contributed to the cooperative's internal compliance report showing that the cooperative collected over \$60 million in excess of the payment limit or for ineligible production. The data discrepancy was later resolved after cooperative officials contacted USDA. Another control is an end-of-year process when cooperatives report the volume in bushels, or other units of measure, of crop placed under loan or on which they received benefits. While USDA has these processes in place, it has yet to develop reasonableness tests on the total payments the cooperatives received. Without effective monitoring, USDA cannot determine how well its internal controls are functioning or determine what, where, and how improvements, when needed, should be implemented. Specifically, without periodically reviewing cooperative operations, USDA cannot be assured that only eligible farmers and eligible crops are receiving payments or that the amount of payments is valid.

USDA has recently taken some steps to ensure that cooperatives are operating properly. In 2001, the agency held a training session for cooperative officials on determining their members' payment eligibility. They have also completed work on an audit program and recently conducted reviews at two cooperatives. USDA officials acknowledged that

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<sup>7</sup> *Standards for Internal Control in the Federal Government* (GAO/AIMD-00-21, Nov. 1999).

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these reviews are important and that they should conduct more of them. However, they told us that they did not have the resources necessary because high turnover had resulted in a shortage of staff with the necessary expertise to conduct the reviews. Currently, USDA has two staff working part-time to conduct these reviews. The officials said that with current resources, they could continue to review two cooperatives a year. At this rate, it would take USDA about 15 years to complete the reviews.

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## Conclusions

With over \$1.8 billion in payments made to cooperatives during a 2-year period, it is important for USDA to have controls in place to ensure the validity and accuracy of these payments. Without timely reviews of these payments, the stewardship of public resources is at risk.

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## Recommendation

To ensure that marketing loan benefit payments made to cooperatives are appropriate, we recommend that the Secretary of Agriculture ensure that a sufficient number of staff with requisite skills are available to conduct timely reviews of such payments. Specifically, the reviews should ensure that payments are made only for eligible producers and that the payments are valid.

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## Agency Comments

We provided USDA with a draft of this report for review and comment. The Acting Deputy Administrator for Farm Programs concurred with our finding that oversight of payments to cooperatives is inadequate and with our recommendation to address this problem.

We performed our work from December 2000 through August 2001 in accordance with generally accepted government auditing standards. We did not independently assess the accuracy and reliability of the USDA payment files we used.

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As we agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the date of this letter. We will then send copies of this report to the congressional committees with jurisdiction over farm programs, the Secretary of Agriculture, the Director of the Office of Management and Budget, and other interested parties. We will also make copies available upon request.

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If you have any questions about this report, please contact me at (202) 512-3841. Major contributors to this report are listed in appendix IV.

A handwritten signature in black ink, reading "Lawrence J. Dyckman". The signature is written in a cursive style with a large, prominent initial "L".

Lawrence J. Dyckman  
Director, Natural Resources  
and Environment

# Appendix I: Scope and Methodology

To determine the extent to which the increased payment limit of \$150,000 raised payments under the marketing assistance loan program, we used U.S. Department of Agriculture's (USDA) payment data ("payment file") from the Price Support Loans System for crop years 1999 and 2000. While the data for crop year 1999 are complete, the analysis for crop year 2000 is as of May 2001. Farmers will continue to receive payments for crop year 2000 until February 2002 and, consequently, the crop year 2000 data do not fully reflect total payments that will eventually be made for this crop year (see table 1 for amount of crops still eligible to receive marketing loan gains as of June 13, 2001). We used the payment file to identify the marketing loan gains and loan deficiency payments USDA made to farmers. This file provided by USDA has these payments allocated to persons by identification number. We did not independently assess the accuracy and reliability of the Price Support Loans System's database.

**Table 1: Amount of Crops Placed in the Marketing Loan Program, Crop Year 2000, and Percent Eligible for Marketing Loan Gains, as of June 13, 2001**

Crop	Unit of measure	Total quantity under loan or applied to loan deficiency payment	Outstanding loan quantity	Percent eligible for marketing loan gains as of June 13, 2001
Rapeseed	Hundredweight	47,980	0	0
Canola	Hundredweight	19,350,750	30,390	0.2
Oats	Bushels	152,433,290	323,960	0.2
Crambe	Hundredweight	344,960	1,240	0.4
Flaxseed	Hundredweight	5,350,590	31,780	0.6
Sunflower seeds	Hundredweight	5,591,140	84,130	1.5
Sunflower oil	Hundredweight	26,644,680	405,030	1.5
Barley	Bushels	260,612,470	3,976,110	1.5
Sorghum	Hundredweight	169,228,600	3,036,710	1.8
Wheat	Bushels	1,961,035,460	39,419,830	2.0
Soybeans	Bushels	2,724,837,500	119,993,680	4.4
Rice	Hundredweight	186,859,830	12,152,460	6.5
Corn	Bushels	9,624,814,010	795,556,040	8.3
Cotton	Pounds	7,815,693,620	1,015,011,920	13.0
Honey	Hundredweight	212,864,390	30,011,150	14.1
Mustardseed	Hundredweight	22,730	4,300	18.9
Safflower	Hundredweight	36,080	15,900	44.1

Source: GAO's analysis of Farm Service Agency report PSL-82R, Price Support Division Loan Deficiency Payment and Price Support Cumulative Activity as of June 13, 2001.

To examine the extent to which payments rose above the prior payment limit of \$75,000, we totaled the payments for each identification number. We identified 951,948 persons who received marketing loan gains and loan

deficiency payments for crop year 1999 and 925,482 for crop year 2000. We focused on USDA payments made directly to these farmers and excluded payments made through cooperative marketing associations and loan servicing agents (referred to as cooperatives). These cooperatives, which market the members' crops, obtain the benefits for their members from USDA and distribute them according to cooperative rules. Accordingly, we were not able to identify payments received by individual farmers and to determine if these payments exceeded payment limits. USDA provided separate files with the total marketing loan gains and loan deficiency payments made to each cooperative in crop years 1999 and 2000. Cooperatives received about 14 percent of the total payments in 1999 and about 5 percent in 2000.

To determine the extent to which the availability of commodity certificates increased payments under the marketing assistance loan program, we used USDA's commodity certificate data from the Price Support Loans System ("certificate file") for crop years 1999 and 2000 for farmers and cooperatives that received benefits through USDA county offices. These data are as of April 2001. To determine the reliability of the certificate data, we validated the data for a random sample of 50 certificates, 25 for each crop year. We contacted 43 county offices that processed the sample certificates to determine the accuracy of selected data fields. The data fields we validated include producer, loan number, transaction date, crop, certificate value, certificate gain, and the outstanding amount. We found the error rate contained in the sample was less than 1 percent in 1999 and zero in 2000.

Cotton cooperatives apply for marketing benefits, including certificate gains, using an automated process managed by the Kansas City Management Office (KCMO) in Kansas City, Kansas, instead of the USDA county offices. For each cotton cooperative, we obtained total marketing loan benefits and the total certificate gains from the Automated Cotton Reporting System in KCMO. These data are as of March 2001.

To determine the extent to which farmers used commodity certificates to receive gains that would otherwise exceed the payment limits, we performed a computerized match to compare farmer identification numbers from the certificate file to the payment file. For each matching identification number, we totaled the certificate gains and marketing loan benefits. We compared these payments to the original dollar limit—\$75,000—and to the new dollar limit of \$150,000. We identified 526 of 671 identification numbers in the certificate file that matched the payment file for crop year 1999 and 2,291 of 2,713 that matched in crop year 2000.

For the identification numbers that did not match, we conducted further analysis to determine the total certificate gains and marketing loan benefits. The certificate file does not have farm entities that are partnerships or joint operations broken down by the number of persons receiving the payment, but the payment file does. We provided KCMO a list for each year of the identification numbers in the certificate file that did not have a match in the payment file. KCMO used the Permitted Entity file for crop years 1999 and 2000 to provide us a list of the members of each partnership and joint operation as well as their individual identification number and share of payments. Using this information, we determined the certificate gains for each individual member. This information was matched with the payment file to obtain each member's total certificate gains and marketing loan benefits.

While we have the total certificate gains for each cooperative, we do not have data on how the cooperatives distributed these funds to their members. Without these data, we cannot determine the number of cooperative members who obtained certificate gains over the payment limit. To address this data limitation, we interviewed officials from two rice and four cotton cooperatives to discuss their reasons for using certificates. These cooperatives accounted for 98 percent of the certificate gains obtained by cooperatives in 1999 and 92 percent in 2000.

Finally, to obtain information on how the marketing loan assistance program operates, we reviewed relevant laws, regulations, and notices and handbooks from USDA's Farm Service Agency. We also interviewed officials from USDA's Farm Service Agency and Economic Research Service officials in Washington, D.C. In addition, we visited four USDA county offices in Arkansas and Texas and discussed certificates via telephone with 43 county offices. Finally, we met with academia and representatives from the National Cotton Council in Memphis, Tennessee, and Plains Cotton Growers, Inc., in Lubbock, Texas.

We performed our work from December 2000 through August 2001 in accordance with generally accepted government auditing standards.

# Appendix II: Crops and Loan Quantities Redeemed With Certificates, Crop Years 1999 and 2000

**Table 2: Amount of Crop Under Loan Redeemed With Certificates, Crop Years 1999 and 2000**

<b>Crop</b>	<b>Loan quantities redeemed with certificates</b>	
	<b>Crop year 1999</b>	<b>Crop year 2000</b>
Barley	119,455	2,077,697
Canola	0	588,091
Corn	9,146,862	88,561,202
Cotton	604,028	5,517,117
Crambe	0	231,924
Flaxseed	0	109,603
Oats	1,306	89,260
Rice	23,883,058	31,174,330
Sorghum	99,112	1,645,365
Soybeans	3,538,048	32,775,955
Sunflower seed	0	61,617
Sunflower oil	183,108	932,033
Wheat	984,207	22,944,892

Notes: Crop year 2000 data are as of April 2001. Quantities are in bushels for barley, corn, oats, soybeans and wheat; hundredweight for canola, crambe, flaxseed, rice, sorghum, sunflower seed, and sunflower oil; and pounds for cotton.

Source: GAO's analysis of USDA's Price Support Loans System payment files and Automated Cotton Reporting System payments to cotton cooperatives marketing associations and loan servicing agents.

# Appendix III: Farmers, by State, Receiving More than \$75,000 Due to Increase in the Payment Limit, Crop Years 1999 and 2000

In both crop years 1999 and 2000, less than 1 percent of farmers who received marketing loan benefits from USDA's county offices received over \$75,000 in market loan gains and loan deficiency payments combined. Table 3 provides the number of payment limit individuals in each state who received more than \$75,000.

**Table 3: Farmers Receiving More Than \$75,000 in Total Loan Deficiency Payments and Marketing Loan Gains by State, Crop Years 1999 and 2000**

State	Total number of farmers receiving benefits over \$75,000	
	Crop Year 1999	Crop Year 2000
Alabama	92	5
Alaska	0	0
Arizona	98	10
Arkansas	520	344
California	269	126
Colorado	126	44
Connecticut	1	0
Delaware	15	30
Florida	30	5
Georgia	384	10
Hawaii	0	0
Idaho	6	36
Illinois	335	491
Indiana	203	254
Iowa	321	296
Kansas	384	140
Kentucky	36	151
Louisiana	176	85
Maine	0	0
Massachusetts	0	0
Maryland	53	88
Michigan	79	51
Minnesota	376	323
Mississippi	376	110
Missouri	264	324
Montana	22	19
Nebraska	228	212
Nevada	0	1
New Hampshire	0	0
New Jersey	1	3
New Mexico	33	9
New York	5	0
North Carolina	246	95

**Appendix III: Farmers, by State, Receiving More than \$75,000 Due to Increase in the Payment Limit, Crop Years 1999 and 2000**

<b>State</b>	<b>Total number of farmers receiving benefits over \$75,000</b>	
	<b>Crop Year 1999</b>	<b>Crop Year 2000</b>
North Dakota	174	621
Ohio	98	169
Oklahoma	32	18
Oregon	1	10
Pennsylvania	3	11
Rhode Island	0	0
South Carolina	75	3
South Dakota	413	434
Tennessee	194	49
Texas	683	138
Utah	0	0
Vermont	0	0
Virginia	71	48
Washington	2	21
West Virginia	0	0
Wisconsin	75	32
Wyoming	0	2
<b>Total</b>	<b>6,500</b>	<b>4,818</b>

Note: These data does not include payments made by cooperatives. Cooperative payments represented 14 percent of total marketing loan gains and loan deficiency payments in crop year 1999 and 5 percent in crop year 2000.

Note: Although the payment limit for total marketing loan gains and loan deficiency payments is \$150,000 for crop years 1999 and 2000, in a few cases the data provided by USDA has individuals that received more than \$150,000.

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

# Appendix IV: State-by State Analysis of Certificate Gains, Crop Years 1999 and 2000

**Table 4: Total Certificate Gains by State, Including Number of Users, Percent of Total Certificate Gains Received, and Percent of Gains Obtained by Cooperatives and Individual Farmers, Crop Year 1999**

State	Total number of individuals and cooperatives using certificates	Total certificate gains	Percent of total certificate gains	Percent of gains received by cooperatives	Percent of gains received by individual farmers
Alabama	3	\$87,474	a		100
Arizona	7	136,685	a		100
Arkansas	68	58,160,351	59.1	94	6
California	30	19,611,423	19.9	89	11
Colorado	11	200,171	a		100
Florida	1	24,202	a		100
Georgia	25	811,863	a		100
Idaho	1	6,975	a		100
Illinois	39	391,037	a		100
Indiana	23	198,911	a		100
Iowa	55	600,125	a		100
Kansas	17	111,280	a		100
Kentucky	1	1,360	a		100
Louisiana	59	2,903,295	3.0		100
Maryland	2	2,817	a		100
Michigan	10	149,509	a		100
Minnesota	34	318,953	a		100
Mississippi	25	954,676	a	6	94
Missouri	31	636,820	a		100
Montana	4	22,471	a		100
Nebraska	21	515,684	a		100
New Mexico	3	113,293	a		100
New York	1	315	a		100
North Carolina	13	185,219	a	59	41
North Dakota	10	134,224	a		100
Ohio	9	24,919	a		100
South Carolina	5	105,827	a		100
South Dakota	59	1,565,011	1.6		100
Tennessee	19	459,133	a	42	58
Texas	76	9,261,526	9.4	47	53
Utah	1	426	a		100
Virginia	16	228,410	a		100
Washington	1	3,708	a		100
West Virginia	1	770	a		100
Wisconsin	8	459,033	a		100
<b>Total</b>	<b>689</b>	<b>\$98,387,896</b>			

<sup>a</sup>Less than 1 percent.

**Appendix IV: State-by State Analysis of  
Certificate Gains, Crop Years 1999 and 2000**

Note: The following states did not receive certificate gains for crop year 1999: Alaska, Connecticut, Delaware, Hawaii, Maine, Massachusetts, Nevada, New Hampshire, New Jersey, Oklahoma, Oregon, Pennsylvania, Rhode Island, Vermont, and Wyoming.

Source: GAO's analysis of USDA's Price Support Loans System payment files and Automated Cotton Reporting System payments to cotton cooperative marketing associations and loan servicing agents.

**Table 5: Total Certificate Gains by State, Including Number of Users, Percent of Gains Each State Received and Percent of Gains Obtained by Cooperatives and Individual Farmers, Crop Year 2000**

State	Total number of individuals and cooperatives using certificates	Total certificate gains	Percent of total certificate gains	Percent of state gains received by cooperatives	Percent of state gains received by individual farmers
Alabama	2	\$70,553	a		100
Arkansas	159	91,975,265	32.6	91	9
California	19	18,565,241	6.6	93	7
Colorado	8	731,096	a		100
Delaware	16	423,387	a		100
Georgia	5	158,143	a		100
Idaho	10	339,898	a		100
Illinois	342	9,730,436	3.5		100
Indiana	249	7,458,596	2.6		100
Iowa	107	2,754,687	a		100
Kansas	92	2,129,147	a	a	100
Kentucky	84	3,281,929	1.2		100
Louisiana	161	4,459,712	1.6		100
Maryland	25	1,016,002	a		100
Michigan	12	319,375	a		100
Minnesota	124	4,214,530	1.5	21	79
Mississippi	26	56,477,316	20	98	2
Missouri	202	6,942,070	2.5		100
Montana	12	321,899	a		100
Nebraska	79	2,376,856	a		100
New Mexico	1	92,765	a		100
North Carolina	67	4,630,648	1.6	59	41
North Dakota	342	11,716,235	4.2		100
Ohio	54	1,644,086	a		100
Oklahoma	13	409,408	a		100
Oregon	6	245,953	a		100
Pennsylvania	2	50,142	a		100
South Carolina	5	488,609	a		100
South Dakota	255	11,017,550	3.9		100
Tennessee	86	3,563,470	1.3	68	32
Texas	134	32,901,833	11.7	81	19
Virginia	38	1,203,428	a		100
Washington	10	510,724	a		100

**Appendix IV: State-by State Analysis of  
Certificate Gains, Crop Years 1999 and 2000**

<b>State</b>	<b>Total number of individuals and cooperatives using certificates</b>	<b>Total certificate gains</b>	<b>Percent of total certificate gains</b>	<b>Percent of state gains received by cooperatives</b>	<b>Percent of state gains received by individual farmers</b>
Wisconsin	3	17,840	a		100
<b>Totals</b>	<b>2750</b>	<b>282,238,829</b>			

<sup>a</sup>Less than 1 percent.

Notes: Data for crop year 2000 are as of April 2001. The following states did not receive certificate gains for crop year 2000: Alaska, Arizona, Connecticut, Florida, Hawaii, Maine, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Rhode Island, Utah, Vermont, West Virginia, and Wyoming.

Source: GAO's analysis of USDA's Price Support Loans System payment files and Automated Cotton Reporting System payments to cotton cooperative marketing associations and loan servicing agents.

# Appendix V: State-by State Analysis of Total Marketing Loan Program Benefits in Excess of \$75,000, Crop Years 1999 and 2000

**Table 6: Number of Farmers Who Received Total Marketing Loan Program Benefits (Market Loan Gains, Loan Deficiency Payments and Certificate Gains Combined) Between \$75,000 and \$150,000 and in Excess of \$150,000, Crop Years 1999 and 2000**

State	Total number of farmers receiving benefits between \$75,000 and \$150,000 in crop year 1999	Total number of farmers receiving benefits over \$150,000 in crop year 1999	Total number of farmers receiving benefits between \$75,000 and \$150,000 in crop year 2000	Total number of farmers receiving benefits over \$150,000 in crop year 2000
Alabama	90	2	5	1
Alaska	0	0	0	0
Arizona	86	15	8	1
Arkansas	495	47	357	47
California	227	49	125	6
Colorado	111	16	41	6
Connecticut	1	0	0	0
Delaware	15	0	22	14
Florida	30	1	5	0
Georgia	341	44	9	4
Hawaii	0	0	0	0
Idaho	7	0	32	8
Illinois	324	17	493	163
Indiana	195	8	290	102
Iowa	319	11	272	60
Kansas	372	11	133	52
Kentucky	35	1	146	35
Louisiana	173	14	87	14
Maine	0	0	0	0
Massachusetts	0	0	0	0
Maryland	53	1	74	18
Michigan	77	4	54	4
Minnesota	369	11	307	72
Mississippi	367	18	109	5
Missouri	252	17	300	87
Montana	21	3	15	11
Nebraska	221	12	205	42
Nevada	0	0	1	0
New Hampshire	0	0	0	0
New Jersey	1	0	3	0
New Mexico	27	7	6	1
New York	5	0	0	0
North Carolina	238	8	92	23
North Dakota	172	4	567	228
Ohio	96	2	174	14
Oklahoma	31	1	11	10
Oregon	1	0	10	3

**Appendix V: State-by State Analysis of Total Marketing Loan Program Benefits in Excess of \$75,000, Crop Years 1999 and 2000**

<b>State</b>	<b>Total number of farmers receiving benefits between \$75,000 and \$150,000 in crop year 1999</b>	<b>Total number of farmers receiving benefits over \$150,000 in crop year 1999</b>	<b>Total number of farmers receiving benefits between \$75,000 and \$150,000 in crop year 2000</b>	<b>Total number of farmers receiving benefits over \$150,000 in crop year 2000</b>
Pennsylvania	3	0	10	1
Rhode Island	0	0	0	0
South Carolina	72	3	3	2
South Dakota	388	39	382	140
Tennessee	187	7	46	15
Texas	623	70	135	45
Utah	0	0	0	0
Vermont	0	0	0	0
Virginia	67	8	36	21
Washington	2	0	15	8
West Virginia	0	0	0	0
Wisconsin	71	4	32	1
Wyoming	0	0	2	0
<b>Total</b>	<b>6,165</b>	<b>455</b>	<b>4,614</b>	<b>1,264</b>

Note: These data represent payments made by USDA county offices. These data do not include payments made by cooperatives to their members. Cooperative payments represented 14 percent of total marketing loan gains and loan deficiency payments in crop year 1999 and 5 percent in crop year 2000. Cooperative payments to members represented 78 percent of total certificate gains in crop year 1999 and 67 percent in crop year 2000.

Note: The number of farmers is based on payment limits for individuals, whether they are acting alone or as members of a partnership or other entity. For example, each member of a partnership is listed as a farmer.

Note: Certificate gains are not typically allocated to payment limits for individuals because the payment limit does not apply to certificate gains. We obtained information from USDA to allocate certificate gains to payment limit individuals for this analysis.

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

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# Appendix VI: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Lawrence Dyckman (202) 512-3841  
Gregory Kosarin (202) 512-6526

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## Staff Acknowledgments

In addition to those named above, Leigh White; Cleofas Zapata, Jr.; Charles W. Bausell, Jr.; James W. Turkett; and Carol Herrnstadt Shulman made key contributions to this report.



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