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Briefing Report to Congressional Requestors

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CROSS COMPLIANCE

USDA Could Reduce Crop Production by Requiring Cross Compliance



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RESOURCES, COMMUNITY,
AND ECONOMIC DEVELOPMENT
DIVISION

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The Honorable Jesse Helms
Chairman, Committee on Agriculture,
Nutrition, and Forestry
United States Senate

The Honorable E (Kika) de la Garza
Chairman, Committee on Agriculture
House of Representatives

A great deal of this year's congressional deliberations on the 1985 farm bill has focused on identifying ways to better manage the surpluses of program crops--wheat, feed grains, cotton, and rice--that have accumulated in recent years. Within this context, we have been analyzing possible ways of enhancing the effectiveness of current production control programs. In this regard, one issue that we have developed information on is how a cross-compliance requirement could make these programs more effective. In discussing the information developed with the staff of the Senate Committee on Agriculture, Nutrition, and Forestry, they asked us to provide a summary of our analysis. Because this information should be of interest to both committees, we are providing a summary of our analysis to you.

The production control programs used by USDA since 1982 permit farmers who enroll one or more of their crops in these programs to offset part or all of their decreased production of the enrolled program crops by increasing their plantings of unenrolled program crops on the same farm. For example, a farmer could join the wheat program and reduce the number of acres planted to wheat and, at the same time, increase plantings of unenrolled program crops, such as corn.

One way in which this condition could be alleviated is to include a cross-compliance feature in production control programs. Such a feature was not used for the 1982-85 production control programs because, according to USDA officials, the Congress was concerned that cross compliance would, among other things, limit farmers' flexibility in deciding how much of each

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program crop to plant because the farmers would have to reduce their base acreage¹ planted to each program crop grown. According to USDA officials, the Congress was concerned that this lack of flexibility could, in turn, deter farmers from joining production control programs.

In light of these concerns, we analyzed an approach to cross compliance that would both enhance the effectiveness of production control programs and give farmers some flexibility in determining which programs to join.

The cross-compliance requirement we analyzed would allow farmers to join the acreage reduction program(s) (ARP) of their choice, but limit their planting of other program crops to their base acreage on previously grown crops and pay them program benefits only for those programs they join. A farmer, for example, who traditionally planted and had 100 base acres each of wheat, corn, and rice could decide to join the ARP wheat program but not to join the corn and rice ARP programs. For joining the wheat program, the farmer would reduce his/her base acres planted to wheat by the required percentage, say 30 percent, or a reduction of 30 acres, and would be entitled to program benefits--price-support loans and deficiency payments--from the wheat program. For participation in the wheat program, the farmer would have to limit his/her plantings of corn and rice to the previously established 100 base acres for these crops and could not plant other program crops for which the farm had not established a base acreage. Under this kind of cross-compliance requirement, farmers would have some flexibility to determine which ARP program(s) to join and which program crops they want to continue planting up to their base acres. The farmers would only receive program benefits, however, for the program(s) they join.

In our analysis, we used USDA's crop production and farmer participation data from the 1984 programs since this was the latest available data at the time of our review. We estimated the effect of the cross-compliance requirement we analyzed under the assumption that participation (the number of farmers participating, the program crops planted, and the number of acres planted within the farmer's base acreage) would be the same. In addition, we then tested our estimate using different participation assumptions.

Our analysis of data on the farms that participated in the 1984 production control programs showed that the cross-compliance

¹A farmer's base acreage for a particular commodity and for a particular crop are those acres USDA recognizes for program payment purposes.

requirement we analyzed would have had no effect on 76 percent of the farms enrolled in the production control programs. The 24 percent that would have been affected reduced acres planted to enrolled program crops by 8.6 million acres in 1984 but overplanted by 7.4 million acres their base acreage of unenrolled program crops. Accordingly, if the cross-compliance requirement we analyzed had been implemented and participation did not change, the number of acres planted to program crops would have been reduced by 7.4 million acres. Further, we estimated that participation among the affected farmers would have had to fall by about 46 percent before the production control benefits of using the cross-compliance requirement we analyzed would have been offset.

We recognize that it is difficult to determine how affected farmers would react to a cross-compliance requirement. However, to get some indication of the impact of this requirement on program participation, we interviewed a limited number of affected farmers to get their reaction. Nineteen of the 25 farmers we interviewed would participate in production control programs if the cross-compliance requirement we analyzed is used.

Agricultural Stabilization and Conservation Service officials responsible for administering production control programs reviewed a draft copy of this report. The officials said that the cross-compliance requirement we analyzed would not be difficult to administer, would be feasible, and would be more effective in reducing the number of acres planted to program crops than the current programs. However, the officials said they could not estimate the extent of the effectiveness of the cross-compliance requirement.

Appendix I of this briefing report contains more detailed information on the methodology and results of our analysis.

We are also providing copies of this briefing report to the Secretary of Agriculture and the Director of the Office of Management and Budget. In addition, we will send copies to interested parties and others upon request.

If you would like to discuss this matter further or have any comments, please call me on 275-5138.


Brian P. Crowley
Senior Associate Director



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ABBREVIATIONS

ARP acreage reduction program

ASCS Agricultural Stabilization and Conservation
 Service

USDA U.S. Department of Agriculture

USDA COULD REDUCE CROP PRODUCTION BY
REQUIRING CROSS COMPLIANCE

The U.S. Department of Agriculture (USDA) uses production control programs to try to stabilize farm commodity supplies and stabilize and enhance prices and incomes by inducing farmers to remove cropland from production during times of crop surpluses. The programs used by USDA and authorized by the Agriculture and Food Act of 1981 (Public Law 97-98, Dec. 22, 1981) have been in place since 1982.

Farmers' participation in these programs is voluntary. If farmers elect to enroll, they are eligible for price-support loans¹ and deficiency payments.² Despite the use of production control programs, however, U.S. farmers of wheat, corn, grain sorghum, barley, oats, cotton, and rice (program crops) continue to produce large harvests of these commodities. Abundant harvests have resulted in continued surpluses that have, in turn, depressed commodity prices and reduced farmers' incomes.

One of the reasons the 1982-85 production control programs were not as effective as they could have been is because the programs required farmers to take land out of production for the enrolled program crops, while allowing them to plant more than their base acreage³ of unenrolled program crops. As a result, some of the reduced production gained by USDA on enrolled program crops could be offset by increased production of unenrolled program crops. There is a production control requirement, called cross compliance, that could be used to prevent this from occurring. Under a cross-compliance requirement, farmers that grow one or more program crops and that enroll in one or more crop programs could not plant more than their base acres in unenrolled crops as a condition for participating in any crop program.

¹Price-support loans are loans made to farmers by USDA for commodities at established minimum loan rates, which are in essence floor prices. These farmers, in return for the loan, agree to store the commodities, thereby keeping them off the market during periods of excess supply to help keep prices from falling.

²Deficiency payments are cash payments made by USDA directly to farmers to supplement their incomes when a commodity's market price is lower than a set or target price established by law.

³The base acreage for a particular commodity and for a particular farm are those acres USDA recognizes for program payment purposes.

The following sections of this appendix discuss

- background on production control programs;
- our objective, scope, and methodology; and
- the potential impact of using a cross-compliance requirement on USDA's efforts to control production and whether farmers would continue to participate in programs including this feature.

PRODUCTION CONTROL PROGRAMS

The Agriculture and Food Act of 1981 authorized production control programs for each of the 1982-85 crops of wheat, feed grains (corn, grain sorghum, barley, and oats), cotton, and rice. These programs included, for the first time, acreage reduction programs (ARPs). Under ARPs, USDA prescribes the amount of acreage that a participating farmer must take out of production each year for each enrolled program crop. Under this approach, USDA tries to control production on a crop-by-crop basis. This contrasts with production control programs in effect prior to 1982 in that the earlier programs limited the total program acres planted on a farm.

However, while the 1981 act permitted USDA to use crop-specific ARP programs for 1982-85 crops, the act prohibited USDA from implementing a cross-compliance feature when ARP programs were used. The reason for this, according to USDA officials, was that during the 1981 farm bill debate in the Congress, there was concern about whether farmers would participate in ARP programs if cross compliance was required.

The main reason for this concern, according to USDA officials, was that farmers wanted flexibility in determining which crop programs to enroll in and how much they could plant for each crop covered by USDA's production control programs. If cross compliance had been required in conjunction with crop-specific ARP programs, farmers would have had to reduce their planted acreage for each program crop they grew. Accordingly, they would not have had the flexibility to determine how much of each program crop to plant. This would have occurred because a cross-compliance requirement would have provided that if a farmer participated in an ARP program for one program crop, he or she had to participate in the programs for all other crops grown on the farm.

Also, USDA officials told us a secondary reason for congressional concern was that using a cross-compliance requirement would in all likelihood cause many farmers to exceed the \$50,000 payment limitation in effect for all deficiency and diversion payments. If farmers had to join production control

programs for each program crop they grew, the farmers would also be eligible for deficiency and diversion payments for each crop and, therefore, could reach the \$50,000 payment limitation sooner. Since the farmers could receive only \$50,000, they might regard that amount as insufficient and might not participate in any of the programs.

OBJECTIVE, SCOPE, AND METHODOLOGY

In light of the concerns expressed by the Congress, our objective was to analyze a cross-compliance requirement that incorporates features that would help alleviate the Congress' concerns and still be effective in reducing acres planted to program crops.

The cross-compliance requirement we analyzed would allow farmers to join the ARP program(s) of their choice, but limit their planting of other crops, for which programs are in effect, to their base acreage on previously grown crops and pay them program benefits only for those programs they join. A farmer, for example, who traditionally planted and had 100 base acres each of wheat, corn, and rice could decide to join the ARP wheat program but not to join the corn and rice ARP programs. For joining the wheat program, the farmer would reduce his/her base acres planted to wheat by the required percentage, say 30 percent, or a reduction of 30 acres, and would be entitled to program benefits--price-support loans and deficiency payments--from the wheat program. For participation in the wheat program, the farmer would have to limit his/her plantings of corn and rice to the previously established 100 base acres for these crops and could not plant other program crops for which the farm had not established a base acreage. Under this kind of cross-compliance requirement, farmers would have some flexibility to determine which ARP program(s) to join and which program crops they want to continue planting up to their base acres. However, for this flexibility, the farmer would only receive program benefits for the program(s) they join, thus alleviating, to some degree, the concerns of farmers about the \$50,000 limit on program payments.

For the cross-compliance requirement analyzed in this report, we determined for 1984 the additional acres of unenrolled program crops that would not have been planted if the cross-compliance requirement analyzed had been in effect. In making our determination, we assumed that participation (the number of farmers participating, the program crops planted, and the acres planted within the farmers' base acreages) would have stayed the same in 1984 if the cross-compliance requirement we analyzed had been in effect. For purposes of this analysis, it was necessary to make this assumption because there is no way to accurately predict the impact of applying a cross-compliance requirement on

program participation. However, for several reasons, participation may change if a cross-compliance requirement is implemented. Some farmers who join the program might place all their program crops in the program, and the acres taken out of production for program crops would be higher. On the other hand, some farmers who participated when a cross-compliance requirement was not in effect might not participate if the requirement is implemented. In these cases, the acres taken out of production would be lower. Accordingly, we tested the effect of implementing the cross-compliance requirement using different participation assumptions.

We obtained the data for our analysis from USDA's 1984 Deficiency Master File, which contains information on each farm and farmer enrolled in the 1984 crop programs for wheat, feed grains, cotton, and rice. At the time of our analysis (November 1985), the data in the file on production control program participation included data on 705,149 farms. Although we did not validate the data, we did check its accuracy for 717 counties in six states. Because our data check showed errors and inconsistencies in the data for four counties, we deleted the farm record data for the 2,192 farms enrolled in production control programs in these counties. As a result, our determination was based on 702,957 farms, or about 99.7 percent of the farms that participated in the 1984 production control programs. Because our data check identified errors and inconsistencies in only about one-half of 1 percent of the counties (4 out of 717), we believe the overall data is sufficiently reliable for use in our analysis.

To get USDA officials' views on what effect the cross-compliance requirement analyzed would have on administering production control programs, we interviewed Agricultural Stabilization and Conservation Service (ASCS)⁴ officials from ASCS headquarters in Washington, D.C., and ASCS state and county offices in Arkansas, Iowa, Kansas, Minnesota, Nebraska, and Texas. We chose these six states because program participation and payments in these states were high. Collectively, 40 percent of the wheat, feed grains, cotton, and rice production control program benefits between October 1983 and March 1985 were made to farmers in these states. We interviewed ASCS state officials in each of the six state offices and county executive directors⁵ in 31 judgmentally selected county offices in the six states. The counties we selected were in farming areas that primarily produced one or more of the program crops and were geographically dispersed throughout the six states.

⁴The USDA agency responsible for administering production control programs.

⁵ASCS official who directs the ASCS county office staff in handling day-to-day administrative work.

In addition, we interviewed 25 farmers who participated in the 1984 production control programs, to determine their views on whether a cross-compliance requirement would affect their decisions to participate in future programs. The farmers we interviewed all overplanted at least one program crop in 1984 and, therefore, would all have been affected if a cross-compliance requirement had been implemented that year. We selected the farmers judgmentally. Our selection criteria was to interview farmers who, in total, participated in all program crops throughout the six states mentioned above. For example, we interviewed wheat farmers from Kansas, corn farmers from Iowa, cotton farmers from Texas, and rice farmers from Arkansas.

We made our review between July and November 1985 and in accordance with generally accepted government auditing standards except that we did not validate the accuracy of the USDA computer data. Although we did not receive official agency comments on this report, we did discuss its contents with ASCS officials responsible for administering production control programs.

THE USE OF A CROSS-COMPLIANCE REQUIREMENT COULD BE EFFECTIVE

The use of a cross-compliance requirement that limited plantings of unenrolled program crops to a farm's base acreage could have been an effective tool in reducing surplus program crop production in 1984. Specifically, we found that the cross-compliance requirement we analyzed would have had no effect on 76 percent of the farms enrolled in the production control programs. The 24 percent that would have been affected reduced acres planted to enrolled program crops by 8.6 million acres in 1984 but overplanted by 7.4 million acres their base acreage of unenrolled program crops. Accordingly, if the cross-compliance requirement had been implemented, and participation did not change, the number of acres planted to program crops would have been reduced by 7.4 million acres. Further, we estimated that participation among the affected farmers would have had to fall by about 46 percent before the production control benefits of using the cross-compliance requirement would have been offset.

We recognize that it is difficult to determine how affected farmers would react to a cross-compliance requirement. However, in our discussions with the 25 farmers from the affected farms, 19 said they would participate in production control programs if the cross-compliance requirement is implemented. In addition, according to interviews with ASCS headquarters, state, and county officials, the cross-compliance requirement we analyzed would not cause ASCS difficulties in administering production control programs. However, about half the ASCS state and county officials said a small increase in staff may be necessary to administer the requirement.

Cross-Compliance Requirement Would Have
Reduced Acres Planted to Program Crops

Our analysis showed that planted acres for all program crops would have been reduced by about 7.4 million acres in 1984 had the cross-compliance requirement we analyzed been implemented and participation remained unchanged. This reduction would have been achieved by allowing farmers to participate in the production control program(s) for the program crop(s) of their choice, but limiting participating farmers' plantings of unenrolled program crops to their base acres. By requiring this type of cross compliance, a farmer could not take acres out of production for one program crop and continue overplanting other cropland to program crops for which the farmer did not join the crop programs.

Table I.1 shows, by program crop and in total, the number of acres exceeding base acres that were planted in unenrolled program crops by farmers who participated in one or more of the 1984 production control programs. Most overplanted acres were in wheat and feed grains (corn, grain sorghum, barley, and oats). Table I.1 shows also the total number of acres planted, by program crop, by the farms that enrolled in the 1984 production control programs and the percent of acres, by program crop and in total, that were overplanted because the cross-compliance requirement we analyzed was not in effect.

Table I.1: Acres Overplanted to Program Crops in 1984

<u>Crop^a</u>	<u>Number of acres overplanted</u>	<u>Total acres planted by farms enrolled in 1984 programs</u>	<u>Percent of acres overplanted to program crops</u>
Wheat	1,693,566	39,080,795	4.3
Corn/grain sorghum ^b	2,460,173	46,291,493	5.3
Barley/oats ^b	3,040,893	11,789,096	25.8
Cotton	171,175	7,878,326	2.2
Rice	<u>28,659</u>	<u>2,336,323</u>	1.2
Total	<u>7,394,466</u>	<u>107,376,033</u>	6.9

Notes:

^aTable II.1 in appendix II shows the results of our analysis for each state and each crop in each state.

^bUnder the feed grains program, corn and grain sorghum and barley and oats are combined.

Because there have been past concerns that a cross-compliance requirement would limit participation in acreage reduction programs, we estimated how changes in participation rates and planting practices could affect production control. Our estimates show that participation among the affected farmers would have had to fall by about 46 percent before the production control benefits of using the cross-compliance requirement would have been offset. In addition, some of the affected farmers did not plant up to their base acres in some program crops even though they overplanted their base acres in other program crops. If all these affected farmers remain in production control programs if a cross-compliance requirement is implemented and plant up to their base acres for each program crop not enrolled, our 7.4-million acre reduction would be reduced to 4.9 million acres.

The following example illustrates how we determined the number of acres overplanted to program crops in 1984.

Example: A Wharton County, Texas, farmer had total cropland of 3,397 acres and included grain sorghum and

rice bases of 976.4 and 1,588.6 acres, respectively, in 1984. The farmer participated in the 1984 rice program but not the 1984 feed grains program, which included grain sorghum. USDA program requirements prescribed that to join the rice program, the farmer decrease rice acreage by 25 percent. As a result, the farmer limited rice plantings to 1,191.5 acres, or a reduction of 397.1 rice acres--a 25-percent reduction. The 397.1 rice acres had to be idled and could not be planted to any other crops. Because the farmer did not participate in the feed grains program, the number of acres planted to grain sorghum was not limited, and the farmer planted 1,784.8 acres, or 808.4 acres more than the grain sorghum base--a 183-percent increase. The farmer used other cropland on his farm to plant the additional grain sorghum. As a result, this farmer completely offset the reduced acres of one program crop--rice--by overplanting of another--grain sorghum.

If cross compliance had been required and the farmer wanted to continue in the rice program, this farmer could have continued to plant 1,191.5 acres of rice but would have been limited to planting 976.4 acres of grain sorghum. Accordingly, the cross-compliance requirement we analyzed would have reduced the number of acres planted to program crops on this farm by 808.4 acres.

We discussed our analysis of overplanted acres with ASCS headquarters officials responsible for crop production programs. We asked the officials why wheat and feed grains--particularly barley and oats--were more extensively overplanted than cotton and rice. The ASCS officials told us the cotton and rice programs had a much higher participation rate in 1984 than did the wheat and feed grains programs. As a result, cotton and rice farmers who also grew other program crops participated more heavily in the cotton and rice programs, thus reducing their base acres in these crops. They did not join the wheat and feed grains programs and were thus able to plant more than their base acres of wheat and feed grains. The ASCS officials also said that under the wheat program, farmers were able to plant other program crops on their summer fallow land⁶ and that many farmers planted this land to barley.

Farmers Would Continue to Participate If Cross Compliance Is Required

Our analysis of 702,957 farms enrolled in the 1984 programs showed that 76 percent of the farms had planted acres that did not

⁶Land that is planted every other year.

exceed base acres for any of the program crops grown on the farms. Consequently, the application of the cross-compliance requirement we analyzed would not have affected farmers' planting practices on these farms. Although the other 24 percent had planted acres that exceeded the farms' base acres on unenrolled program crops, it is not clear how many of the farmers would or would not participate in the production control program(s) if the cross-compliance requirement we analyzed is in effect. Of the 25 farmers we interviewed who had overplanted unenrolled program crops, 19 said they would reduce their overplantings and join production control programs if the cross-compliance requirement we analyzed is implemented.

To determine the extent to which farmers would be affected by a cross-compliance requirement, we analyzed program crop plantings for each of the 702,957 farms in our sample. Our analysis showed that of these farms:

- 229,879, or 33 percent, had enrolled their only program crop and, as a result, would not have been affected by cross compliance.
- 306,802, or 43 percent, had plantings in more than one program crop, but either had enrolled all crops or had limited plantings for the unenrolled crops to the crops' base acres, and also would not have been affected by cross compliance.
- 166,276, or 24 percent, had plantings in more than one program crop, had not enrolled all program crops, and had exceeded base acres for one or more unenrolled crops. These farms would have been affected by cross compliance.

These 166,276 farms reduced production of enrolled program crops by 8.6 million acres, while they overplanted 7.4 million acres to unenrolled program crops. If the cross-compliance requirement we analyzed is implemented, this would not happen.

We further analyzed the data on the 166,276 farms to determine the percentages by which farmers had overplanted their base acres on these farms. Table I.2 shows the results of this analysis.

Table I.2: Number of Farms and Amount of Base Acres Overplanted by Percent of Planted Acres Over Base Acres

Percent of planted acres over base acres	Farms		Acres planted over acreage base	
	Number	Percent	Number	Percent
0.1 to 25.0	35,097	21.1	368,850	5.0
25.1 to 50.0	21,895	13.2	643,030	8.7
50.1 to 75.0	14,456	8.7	618,696	8.4
75.1 to 100.0	11,150	6.7	543,215	7.3
Over 100.0	43,645	26.2	3,261,906	44.1
No base for planted crop ^a	<u>40,033</u>	<u>24.1</u>	<u>1,958,769</u>	<u>26.5</u>
Total	<u>166,276</u>	<u>100.0</u>	<u>7,394,466</u>	<u>100.0</u>

Notes:

^aFarmers did not have ASCS-established bases for the program crops planted. This means that the farmers had not planted these crops in recent years.

As table I.2 shows, farmers on about 26 percent of the farms planted more than double (over 100 percent) their crop bases for unenrolled crops. Additionally, farmers on another 24 percent of the farms grew program crops that they had not grown in recent years and for which they had no established amount of base acres. If the cross-compliance requirement we analyzed is implemented, farmers who do not have established bases for a program crop would not be able to plant that crop if they join production control programs. As a result, under this type of cross-compliance requirement, farmers who wanted to plant program crops that they have not grown recently would not be able to join production control programs until they have established bases for these program crops. Together, the 83,678 farms in these two categories accounted for about 5.2 million acres, or about 70 percent, of the 7.4 million acres that were overplanted.

Of the 25 farmers we interviewed, 19 said they would participate in crop production programs if the cross-compliance requirement we analyzed is implemented; 4 said they did not know whether they would participate because participation would depend on their landlord and could limit their farm income; and 2 said they would not participate if the cross-compliance requirement we analyzed is implemented because they wanted the flexibility to plant as much as they could to certain program crops. Although

the 25 farmers were not selected on a statistically projectable basis, they had, as a group, participated in each of the 1984 programs, had grown all program crops, and were geographically dispersed among the six states.

Presented below are the cases of 3 of the 25 farmers we interviewed.

Case #1

A Kittson County, Minnesota, farmer had 1984 wheat and barley bases of 2,157.7 and 66.7 acres, respectively. The farmer participated in the 1984 wheat program but not the 1984 feed grains program. To join the wheat program, the farmer was required to decrease his wheat base acres by 30 percent, or 647.3 acres. The farmer planted 1,505.9 acres in wheat, slightly less than the maximum he could have planted, which was 1,510.4 acres. Because the farmer did not join the feed grains program, he did not have to limit his barley plantings. This farmer planted 179.2 acres of barley--112.5 acres, or 169 percent, more than his base feed grains acres.

If cross compliance had been required, this farmer would have been limited to planting only 66.7 acres of barley had he continued to participate in the wheat program. The farmer told us he will continue to participate in crop programs if cross compliance is required.

Case #2

A Gray County, Kansas, farmer had 1984 bases of 72.8 for wheat and 140.7 for corn and grain sorghum, respectively. The farmer participated in the 1984 feed grains program but not in the 1984 wheat program. For program purposes, corn and grain sorghum are combined and treated as a single crop. To join the feed grains program, the farmer was required to decrease his combined corn/grain sorghum base by 10 percent, or 14.1 acres. The farmer planted 89.4 acres of feed grains (70.2 acres of corn and 19.2 acres of grain sorghum), or 37.2 acres less than the maximum corn/grain sorghum acres he could have planted. The farmer, however, planted 151.6 acres of wheat--an excess of 78.8 acres, or 108 percent, more than his wheat base acres.

If cross compliance had been required, this farmer would have been limited to planting only 72.8 acres of wheat had he continued to participate in the feed grains program. The farmer told us he will continue to participate in crop programs if cross compliance is required.

Case #3

An Arkansas County, Arkansas, farmer had 1984 wheat and rice bases of 58.0 and 131.0 acres, respectively. The farmer participated in both the 1984 wheat program and the 1984 rice program. To join the wheat program, the farmer was required to decrease his wheat base acres by 30 percent, or 17.4 acres. The farmer planted 40.6 acres of wheat--the maximum amount he could have planted. To join the rice program, the farmer was required to reduce his rice base by 25 percent, or 32.7 acres. The farmer planted 82.8 acres of rice--15.5 acres less than the maximum amount he could have planted. In addition to planting wheat and rice, the farmer planted 97.3 acres of grain sorghum. Because the farmer did not have a grain sorghum base, he was not eligible to join the feed grains program and was free to plant whatever amount of grain sorghum he chose.

If cross compliance had been required, this farmer would not have been able to plant any grain sorghum had he continued to participate in either the wheat or rice programs. The farmer told us he would continue to participate in the rice program and adjust what he plants to other program crops to be in compliance with a cross-compliance requirement. The farmer said he would not plant grain sorghum.

We discussed the merits of the cross-compliance requirement analyzed with ASCS officials responsible for administering production control programs. The officials said the requirement would be feasible and would be more effective in reducing the number of acres planted to program crops than are the current programs. However, they could not estimate the extent of the effectiveness.

Cross-Compliance Requirement Would
Not Be Difficult to Administer;
Additional Staff May Be Needed

Our interviews with ASCS headquarters and state and county officials in the six states indicated that a cross-compliance requirement that limited plantings of unenrolled program crops to the farms' base acres would not cause difficulties in administering production control programs. However, 2 of the 6 state officials and 15 of the 31 county officials interviewed said some additional personnel may be needed to administer the requirement.

The ASCS headquarters officials and all state and county officials said that a cross-compliance requirement would not be difficult to administer as long as the current verification procedures are maintained. Under the current procedures, ASCS verifies farmer compliance on production control programs by

sampling 15 percent of each county's farms participating in the programs. The ASCS headquarters, state, and county officials said that when verification checks are made, it would be a fairly simple task to check whether farmers are overplanting their bases of unenrolled program crops.

The ASCS headquarters officials and officials from four state offices said the additional time needed to verify compliance would be minimal. Two state officials said that additional administrative personnel may be needed to ensure county office compliance with verification requirements.

Of the 31 county executive directors, 16 said that no additional personnel would be needed. The remaining 15 said that some additional personnel would be needed because verifying the plantings for each program crop grown on the farms would take longer. These 15 said that they thought the additional work could be done by hiring part-time or temporary employees for between 2 and 6 months when compliance checks are made.

Table II.1: Acres Overplanted to
Program Crops, by State, in 1984 Because No
Cross Compliance Was Required

State	Program crops					Total ^d
	Wheat	Corn/ grain sorghum	Barley/ oats	Cotton	Rice	
----- (in thousands of acres) -----						
Alabama	9.2	43.3	3.3	11.4	0	67.1
Alaska ^a	0	0	0	0	0	0
Arizona	12.2	4.8	12.0	0.7	0	29.7
Arkansas	98.8	175.5	7.2	11.1	13.9	306.6
California	21.3	30.7	19.9	12.3	2.6	86.7
Colorado	64.4	122.7	146.6	0	0	333.8
Connecticut ^a	0	0	0	0	0	0
Delaware	1.6	0.8	4.0	0	0	6.4
Florida	2.4	7.7	1.8	0.9	0	12.9
Georgia	13.5	49.0	19.3	12.3	0	94.1
Hawaii ^b	-	-	-	-	-	-
Idaho	9.8	5.8	150.3	0	0	165.9
Illinois	120.3	53.0	17.0	0	0	190.3
Indiana	64.9	16.1	8.5	0	0	89.4
Iowa	37.5	2.0	112.2	0	0	151.8
Kansas	179.8	731.5	174.3	0.2	0	1,085.8
Kentucky	20.7	25.0	7.1	0	0	52.8
Louisiana	30.5	49.9	3.0	15.8	3.6	102.8
Maine ^a	0	0	0	0	0	0
Maryland	9.6	2.1	7.3	0	0	19.0
Massachusetts ^a	0	0	0	0	0	0
Michigan	48.7	18.9	19.0	0	0	86.7
Minnesota	52.6	42.8	114.4	0	0	209.8
Mississippi	31.6	108.8	2.3	24.8	2.3	169.7
Missouri	64.4	102.7	15.1	2.1	3.7	187.9
Montana	58.9	3.8	726.7	0	0	789.4
Nebraska	189.2	132.7	134.9	0	0	456.8
Nevada	0.2	0	3.0	0	0	3.1
New Hampshire ^b	-	-	-	-	-	-
New Jersey	1.1	0.9	1.4	0	0	3.3
New Mexico	23.5	12.0	4.2	1.5	0	41.2
New York	14.1	4.5	6.2	0	0	24.7
North Carolina	12.1	21.5	8.8	12.2	0	54.6
North Dakota	60.2	91.8	673.3	0	0	825.3
Ohio	49.3	19.2	12.1	0	0	80.6
Oklahoma	18.6	67.6	38.6	9.8	0.6	135.1
Oregon	4.0	4.8	63.4	0	0	72.2
Pennsylvania	5.5	2.6	6.9	0	0	15.0
Rhode Island ^a	0	0	0	0	0	0
South Carolina	11.5	33.5	11.7	8.0	0	64.7
South Dakota	70.9	82.4	150.8	0	0	304.1
Tennessee	15.2	44.8	1.7	17.5	0	79.2
Texas	213.8	319.8	73.8	30.4	2.0	639.8
Utah	1.2	3.2	20.7	0	0	25.1
Vermont ^c	0	0	0	0	0	0
Virginia	7.6	5.4	15.5	0.2	0	28.8
Washington	9.2	14.4	193.6	0	0	217.2
West Virginia	0.2	0.1	0.6	0	0	0.9
Wisconsin	33.0	1.5	28.1	0	0	62.6
Wyoming	0.5	0.8	20.2	0	0	21.5
TOTAL	1,693.6	2,460.2	3,040.9	171.2	28.7	7,394.5

NOTES:

^aNo instances in which farmers exceeded base acres.

^bNo farmer participation in production control programs.

^cOverplanted acres were less than 100.

^dTotals may not add due to rounding.

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