United States Government Accountability Office

Report to the Chairwoman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate

January 2022

USDA MARKET FACILITATION PROGRAM

Oversight of Future Supplemental Assistance to Farmers Could Be Improved

Accessible Version

GAO-22-104259

GAO Highlight

Highlights of GAO-22-104259, a report to the Chairwoman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate

January 2022

USDA MARKET FACILITATION PROGRAM

Oversight of Future Supplemental Assistance to Farmers Could Be Improved

Why GAO Did This Study

To offset losses in agricultural export sales caused by international trade disruptions and increased tariffs on certain U.S. exported products, FSA distributed payments to farms through the MFP, a USDA supplemental assistance program. Such programs aid eligible farms that have been affected by various situations or events, including financial hardship or crop damage and loss following natural disasters.

FSA collects demographic information from farmers who participate in programs such as the MFP, including whether they belong to historically underserved groups and their income levels.

GAO was asked to review aspects of USDA's implementation and oversight of the MFP. This report examines (1) USDA's distribution of MFP payments to historically underserved and high-income farmers for both 2018 and 2019 and (2) the extent to which USDA verified farms' compliance with MFP eligibility requirements for both 2018 and 2019.

GAO reviewed USDA documents and data and interviewed agency officials.

What GAO Recommends

GAO is making four recommendations, including that FSA issue guidance for future compliance reviews of supplemental assistance programs to (1) design data collection and analysis in a way that ensures reliable results, (2) assess risk characteristics and take a more complete risk-based approach, and (3) communicate results and identify corrective actions. FSA generally agreed with the recommendations.

View GAO-22-104259. For more information, contact Steve D. Morris at (202) 512-3841 or MorrisS@gao.gov.

What GAO Found

Under the Market Facilitation Program (MFP) launched by the U.S. Department of Agriculture (USDA) for 2018 and 2019, USDA's Farm Service Agency (FSA) made payments totaling $23 billion to farms and farmers. GAO's analysis of FSA data found that historically underserved farmers—such as those belonging to socially disadvantaged groups that have been subject to racial, ethnic, or gender prejudice—received $818.9 million collectively (3.6 percent) in MFP payments (see table; data shown cannot be totaled across groups).

Payments to Farmers from Historically Underserved Groups by USDA's Market Facilitation Program (MFP)

Historically underserved group	2018 MFP farmers (number)	2018 MFP payments to farmers (dollars)	2019 MFP farmers (number)	2019 MFP payments to farmers (dollars)	Total payments to farmers (dollars)
Socially disadvantaged	14,688	141,491,542	19,038	294,204,730	**435,696,272**
Military veterans	6,664	91,287,315	7,418	149,293,571	**240,580,886**
Beginning to farm	5,124	40,704,803	8,053	111,403,615	**152,108,417**
Limited resource	538	1,436,917	995	4,478,125	**5,915,042**

Source: GAO analysis of Farm Service Agency data. | GAO-22-104259

Note: Some farmers belonged to more than one historically underserved group.

FSA also paid $163.4 million (0.7 percent) to 883 high-income farms and 1,164 farmers with adjusted gross incomes (AGI) over $900,000 per year. To be eligible for MFP payments, FSA required applicants to have average AGIs of $900,000 or less per year—unless they certified that at least 75 percent of their income was derived from farming, ranching, or forestry, in which case no income cap applied.

USDA agencies conducted several reviews of MFP payments to ensure they had gone to eligible applicants. However, FSA's review to verify that 2018 MFP payments were based on accurate information was limited in its usefulness for several reasons. For example:

- FSA did not ensure the results of its review were reliable because the agency did not collect or analyze information in a statistically valid manner.
- FSA reviewed a sample of larger payments at a higher rate than smaller payments but did not focus on other characteristics posing risk to the accuracy of payments, such as farms with which FSA lacked familiarity or historical data to corroborate eligibility.
- FSA did not communicate the results of its review, including a summary of findings and the types of errors found, or identify corrective actions.

FSA's guidance for the 2018 MFP review did not direct the agency to (1) ensure results were reliable using sound statistical methodologies; (2) take a more complete risk-based approach, as used for other FSA programs; or (3) communicate results and identify corrective actions. In addition, FSA discontinued its 2019 MFP compliance review because of competing agency priorities, including implementation of another supplemental assistance program. FSA would improve its oversight of payments and enhance the usefulness of future compliance reviews for supplemental assistance programs by developing better guidance for conducting such reviews.

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Abbreviations

AGI	adjusted gross income
Business Center	Farm Production and Conservation Business Center
FSA	Farm Service Agency
MFP	Market Facilitation Program
USDA	United States Department of Agriculture

441 G St. N.W.
Washington, DC 20548

January 4, 2022

The Honorable Debbie Stabenow
Chairwoman
Committee on Agriculture, Nutrition, and Forestry
United States Senate

Dear Madam Chairwoman:

To offset losses in U.S. agricultural export sales caused by international trade disruptions and tariffs in the 2018 and 2019 calendar years, the U.S. Department of Agriculture (USDA) launched the Market Facilitation Program (MFP) to provide supplemental financial assistance to farming operations for those years.[1] USDA's Farm Service Agency (FSA) administered the program, including reviewing applicants' compliance with MFP eligibility requirements and distributing $23 billion in MFP payments to eligible farming operations—$8.6 billion for 2018 MFP payments and $14.4 billion for 2019. FSA made these payments to farming operations across the nation that produced various eligible commodities, including specific crops, dairy, and hogs.

To receive MFP payments, farming operations and, where applicable, their members had to meet certain eligibility requirements, such as (1) having ownership in the commodities produced, (2) complying with federal conservation regulations for highly erodible land and wetlands,

[1]USDA established and funded the MFP using its authority under the Commodity Credit Corporation Charter Act. *Market Facilitation Program*, 83 Fed. Reg. 44,173 (Aug. 30, 2018); *Trade Mitigation Program*, 84 Fed. Reg. 36,456 (July 29, 2019).

USDA regulations define a farming operation as a business enterprise engaged in the production of agricultural products, commodities, or livestock that is operated by a person, legal entity (e.g., a corporation, limited liability company, estate, or trust), or joint operation (e.g., a general partnership). 7 C.F.R. § 1400.3(b). A member of a farming operation can be either a person or an entity. For the purposes of determining payment limitations for applicable Farm Bill programs, a person is defined as a natural person (an individual) and does not include a legal entity. 7 U.S.C. § 1308(a)(4).

and (3) meeting income criteria.[2] To demonstrate their eligibility for payments, farming operations were required to submit forms supplementing their MFP applications. For example, farming operations were required to certify on a separate form whether their average adjusted gross income (AGI) was $900,000 or less per year. Those farming operations with AGIs exceeding $900,000 were required to submit an additional form certifying that at least 75 percent of their income was derived from farming, ranching, or forestry-related activities.[3] Farming operations and members that qualified under this “75 percent rule” did not have a cap on their income—and thus could receive MFP payments that they would not have received under Farm Bill programs, such as the Agriculture Risk Coverage, Price Loss Coverage, and Marketing Assistance Loan programs, that are subject to the AGI requirement.[4] (Throughout this report, we refer to farming operations and members with AGIs exceeding $900,000 as “high-income.”)

In addition, to be eligible for the MFP, farming operations were required to certify on their 2018 and 2019 MFP applications that the information they

[2]With assistance from the Internal Revenue Service, FSA determines whether farming operations and their members meet income eligibility requirements based on average adjusted gross income (AGI) for 3 consecutive tax years that precede the year for which the payment is made. For the 2018 MFP, tax years 2014, 2015, and 2016 were applicable. For the 2019 MFP, tax years 2015, 2016, and 2017 were applicable.

[3]A provision in the Additional Supplemental Appropriations for Disaster Relief Act, 2019, Pub. L. No. 116-20, tit. I, § 103, 133 Stat. 871, 874, eliminated the original AGI limit of $900,000 for the MFP in cases where at least 75 percent of a person’s, legal entity’s, or farming operation member’s AGI was derived from farming, ranching, or forestry. In those cases, applicants were required to provide a certification from a licensed certified public accountant or an attorney that the applicant qualified for MFP payments because of the 75 percent rule. Farming operations and members who certified that they met the rule could qualify for MFP benefits for either or both program years.

For couples who file joint tax returns, FSA state offices are to use the joint income levels to make eligibility determinations, unless a certified public accountant or attorney provides a statement detailing what each individual’s income would have been had the couple filed separate tax returns. FSA state offices are then to review the tax returns and accountants’ and attorneys’ statements to determine whether each individual was eligible under the statutory income limits.

[4]Programs authorized by the Agricultural Act of 2014, Pub. L. No. 113-79, 128 Stat. 649, and reauthorized by the Agriculture Improvement Act of 2018, Pub. L. No. 115-334, 132 Stat. 4490, include the Agriculture Risk Coverage, Price Loss Coverage, and Marketing Assistance Loan programs. These farm programs provide financial assistance payments or loans to farming operations when the average market price over a certain time period for an eligible commodity drops below a statutory minimum or when revenue is below a guaranteed level.

provided—including their claimed production or planted acres for eligible commodities, on which payments were based—was accurate and subject to verification.[5] The MFP applications stated that by signing the application, farming operations understood that failure to accurately certify any of this information may result in a loss of program benefits, and the applications stated that appropriate civil or criminal actions may be imposed in reference to the information provided by the applicant.

In addition, FSA provided MFP applicants an opportunity to certify that they belong to groups categorized by USDA as historically underserved.[6] Such groups include members of farming operations who are beginning to farm, have limited resources, are socially disadvantaged (defined in statute as groups that have been subject to racial, ethnic, or gender prejudice),[7] or are military veterans. FSA provides criteria for farming operations to qualify for one or more of these historically underserved groups based on 2018 Farm Bill provisions and USDA regulations.[8] (Throughout this report, we refer to farming operation members who belong to these groups or are high-income as "farmers," although such members also includes ranchers.) We have previously reported on

[5]For the 2018 MFP, payments were based on the amounts of claimed production for eligible nonspecialty and specialty crops that the farming operations certified on their applications (e.g., the number of bushels of corn or pounds of fresh sweet cherries), whereas 2019 MFP payments were based on farming operations' certified planted acres for nonspecialty and specialty crops. For both program years, payments for farming operations with dairy and hogs were based on their claimed production (e.g., number of hogs).

[6]The 2018 Farm Bill includes provisions that address the unique circumstances and concerns of farming operation members who belong to groups categorized as beginning, limited resource, socially disadvantaged, or veteran. These groups are collectively referred to as historically underserved farmers. Pub. L. No. 115-334, tit. XII, subtit. C, 132 Stat. 4490, 4950.

[7]7 U.S.C. § 2003(e)(1).

[8]To be determined socially disadvantaged, farmers voluntarily certify their status (i.e., their race, ethnicity, or gender) on an FSA form. For beginning, limited resource, and veteran status, FSA determines if farming operations meet the criteria to qualify based on supplemental information they are required to provide.

For statistical information on historically underserved farmers, see USDA's 2017 Census of Agriculture (National Agricultural Statistics Service, *2017 Race, Ethnicity and Gender Profiles*, accessed September 7, 2021, https://www.nass.usda.gov/AgCensus). The census collected information on the total number of persons, and their demographic information for up to four persons per farming operation. This contrasts from our analysis; we included all members of farming operations—which, in some cases, exceeded four persons per farming operation.

historically underserved farmers and the specific challenges they encounter; a list of GAO products related to these farmers and other aspects of the MFP is included at the end of this report.[9]

You requested that we review aspects of USDA's implementation and oversight of the MFP. This report examines (1) USDA's distribution of MFP payments to historically underserved and high-income farmers for both 2018 and 2019, and (2) the extent to which USDA verified farming operations' compliance with MFP eligibility requirements for both 2018 and 2019.

The scope of our review was generally the 2018 and 2019 MFP, but we focused on the distribution of payments by type of commodity and location for 2018 because we previously reported on the distribution of 2019 MFP payments.[10] For all objectives, we reviewed relevant FSA handbooks, notices, application forms, and other documents such as USDA's MFP methodology reports;[11] relevant GAO reports;[12] and Congressional Research Service reports.[13]

[9]See, for example, GAO, *Agricultural Lending: Information on Credit and Outreach to Socially Disadvantaged Farmers and Ranchers Is Limited,* GAO-19-539 (Washington, D.C.: July 11, 2019); *Indian Issues: Agricultural Credit Needs and Barriers to Lending on Tribal Lands,* GAO-19-464 (Washington, D.C.: May 9, 2019); *U.S. Department of Agriculture: Progress toward Implementing GAO's Civil Rights Recommendations,* GAO-12-976R (Washington, D.C.: Aug. 29, 2012); and *Beginning Farmers: Additional Steps Needed to Demonstrate the Effectiveness of USDA Assistance*, GAO-07-1130 (Washington, D.C.: Oct. 18, 2007).

[10]GAO, *USDA Market Facilitation Program: Information on Payments for 2019*, GAO-20-700R (Washington, D.C.: Aug. 21, 2020).

[11]U.S. Department of Agriculture, Office of the Chief Economist, *Trade Damage Estimation for the Market Facilitation Program and Food Purchase and Distribution Program* (Washington, D.C.: Sept. 13, 2018); and *Trade Damage Estimation for the 2019 Market Facilitation Program and Food Purchase and Distribution Program* (Washington, D.C.: Aug. 22, 2019).

[12]See, for example, GAO, *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*, GAO-22-468 (Washington, D.C.: Nov. 18, 2021); *Farm Programs: USDA Has Improved Its Completion of Eligibility Compliance Reviews, but Additional Oversight Is Needed*, GAO-21-95 (Washington, D.C.: Oct. 30, 2020); and GAO-20-700R.

[13]See, for example, Congressional Research Service, *Farm Policy: Comparison of 2018 and 2019 MFP Programs,* IF11289 (Washington, D.C.: Aug. 12, 2019); and *U.S. Farm Programs: Eligibility and Payment Limits*, R46248 (Washington, D.C.: Mar. 3, 2020).

To examine USDA's distribution of 2018 and 2019 MFP payments to historically underserved and high-income farmers, we analyzed FSA payment data from March 2020 and other FSA data for both program years.[14] As part of this analysis, we also determined the distribution of 2018 MFP payments to all farming operations and how these payments varied by location and commodity types. For historically underserved farmers, we analyzed FSA data to determine the number who participated in MFP and their associated payments. For high-income farming operations and members, our analysis focused on the number of operations and members that qualified for the MFP under the 75 percent rule and their associated payments.

We assessed the reliability of FSA's data by (1) reviewing information about the data and the systems that produced them, (2) reviewing relevant FSA handbooks, (3) interviewing agency officials knowledgeable about the data, and (4) conducting electronic tests for anomalies and missing data. We determined that the data were sufficiently reliable for the purposes of this report.

To examine the extent to which USDA verified farming operations' compliance with MFP eligibility requirements for 2018 and 2019, we reviewed documentation describing how FSA selected samples of payments for these reviews and the summary results. We also interviewed knowledgeable FSA officials and received written responses regarding the methodology and results of the agency's compliance reviews. We determined that the control activities component of internal control was significant to this objective—along with the underlying principles that management should define its objectives clearly to enable the identification of risks and risk tolerances and use quality information to achieve the entity's (in this case, the agency's) objectives. We assessed the design of FSA's sampling methodology for selecting farming operations for its 2018 MFP compliance review to determine whether it was capable of achieving the agency's objectives, and we determined that it was sufficiently sound for the purpose of describing that methodology in this report. However, FSA did not provide documentation for how the agency processed the sample of 2018 MFP farming operations it reviewed into summarized results, nor did FSA provide us with information that would allow us to assess the quality of its estimates of compliance with measures of precision. Therefore, we determined the

[14]In addition to FSA's MFP payment data from March 2020, we relied on data from FSA's Subsidiary Eligibility files from March 2021 regarding historically underserved and high-income farmers.

agency's analytical methodology was not sufficiently sound for the purpose of summarizing the results of FSA's 2018 MFP compliance review in our report.

In addition, we reviewed documentation and interviewed officials from USDA's Farm Production and Conservation Business Center (Business Center) regarding its review of national random samples of MFP payments made in fiscal years 2019 and 2020. We did not independently verify the Business Center's results; however, we assessed the design of the agency's sampling and analytical methodologies and determined that they were sufficiently sound for the purpose of summarizing the Business Center's results in this report.

We conducted this performance audit from March 2020 to January 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

USDA's supplemental assistance programs (commonly referred to as "ad hoc" programs) provide payments to eligible farming operations that have been affected by a variety of situations or events, including financial hardship or crop damage and loss following natural disasters. These supplemental assistance programs are not part of Farm Bill programs that support farm income (such as Price Loss Coverage or Agriculture Risk Coverage), and they usually cover recent, not future, production. In addition to the MFP, other examples of supplemental assistance programs administered by FSA—sometimes in partnership with other USDA agencies—include the Coronavirus Food Assistance Program (which has provided $31 billion as of November 14, 2021, with more payments to be made in the future) and the Pandemic Assistance for Timber Harvesters and Haulers Program (which was authorized to provide up to $200 million in relief).[15]

[15]Pub. L. No. 116-260, div. N, tit. VII, subtit. B, ch. 1, § 751, 134 Stat. 1182, 2107 (2020).

FSA made MFP payments to farming operations that produced eligible commodities within three commodity types (see fig. 1). For the 2019 MFP, USDA expanded the list of eligible commodities, compared with the 2018 program year. Our analysis of FSA data shows there were 582,862 farming operations that participated in the 2018 MFP and 643,965 farming operations that participated in the 2019 program year.

Figure 1: Eligible Commodities in the 2018 and 2019 Market Facilitation Program, by Year

Commodity type	2018	2019
Nonspecialty crops 	Corn, cotton (upland and extra-long-staple), sorghum, soybeans, and wheat	Alfalfa hay, barley, canola, cotton (upland and extra-long-staple), corn, crambe, dried beans, dry peas, flaxseed, lentils, long- and medium-grain rice, millet, mustard seed, oats, peanuts, rapeseed, rye, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, triticale, and wheat
Specialty crops 	Fresh sweet cherries and shelled almonds	Almonds, cranberries, cultivated ginseng, fresh grapes, fresh sweet cherries, hazelnuts, macadamia nuts, pecans, pistachios, and walnuts
Livestock and dairy 	Milk and hogs	Milk and hogs

Source: Farm Service Agency documents; USDA and silver-john/stock.adobe.com (photos). | GAO-22-104259

Accessible Data Table for Figure 1

Commodity type	2018	2019
Nonspecialty crops	Corn, cotton (upland and extra-long-staple), sorghum, soybeans, and wheat	Alfalfa hay, barley, canola, cotton (upland and extra-long-staple), corn, crambe, dried beans, dry peas, flaxseed, lentils, long- and medium-grain rice, millet, mustard seed, oats, peanuts, rapeseed, rye, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, triticale, and wheat
Specialty crops	Fresh sweet cherries and shelled almonds	Almonds, cranberries, cultivated ginseng, fresh grapes, fresh sweet cherries, hazelnuts, macadamia nuts, pecans, pistachios, and walnuts
Livestock and dairy	Milk and hogs	Milk and hogs

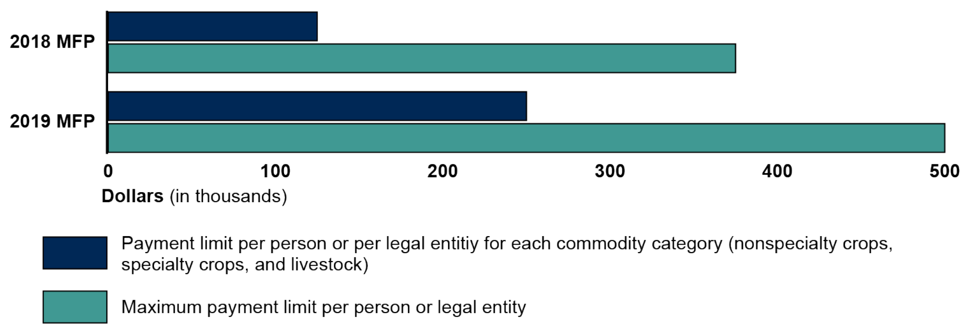
The MFP also had other key differences across the two program years, including how USDA's Office of the Chief Economist calculated the trade damage and payment rates for each commodity, and payment limits.[16] For example, the 2018 MFP methodology to determine payment rates included each specific commodity's trade damage divided by 2017 production to determine a national, commodity-specific MFP payment rate.[17] In contrast, the 2019 MFP payment rate methodology was derived and used to establish a single, per-acre MFP rate for each county. The MFP also had its own per-person or per-legal-entity payment limitations, which differed from Farm Bill programs. The 2018 MFP payment limit—the cap on payments that farming operations could receive—was generally set at $125,000 per person or legal entity for each commodity

[16]We recently reported on USDA's methodologies for determining the trade damage estimates and payment rates for the MFP for both program years; see GAO-22-468.

[17]To calculate trade damage for both program years, USDA's Office of the Chief Economist used an economic model to estimate the percentage decline in the values of U.S. exports of eligible MFP commodities caused by foreign retaliatory tariffs relative to baseline trade values, which changed from 2018 to 2019.

type, with an overall maximum of $375,000.[18] For the 2019 MFP, USDA changed the payment structure for the three commodity types, including by establishing county-specific payment rates for nonspecialty crops and by increasing the payment limit from $125,000 to $250,000 for each commodity type, not to exceed $500,000 per person or legal entity (see fig. 2).

Figure 2: Summary of 2018 and 2019 Market Facilitation Program (MFP) Payment Limits



Source: GAO analysis of Farm Service Agency documents. | GAO-22-104259

Accessible Data Table for Figure 2

	Payment limit per person or per legal entitiy for each commodity category (nonspecialty crops, specialty crops, and livestock)	Maximum payment limit per person or legal entity
2018 MFP	$125,000	$375,000
2019 MFP	$250,000	$500,000

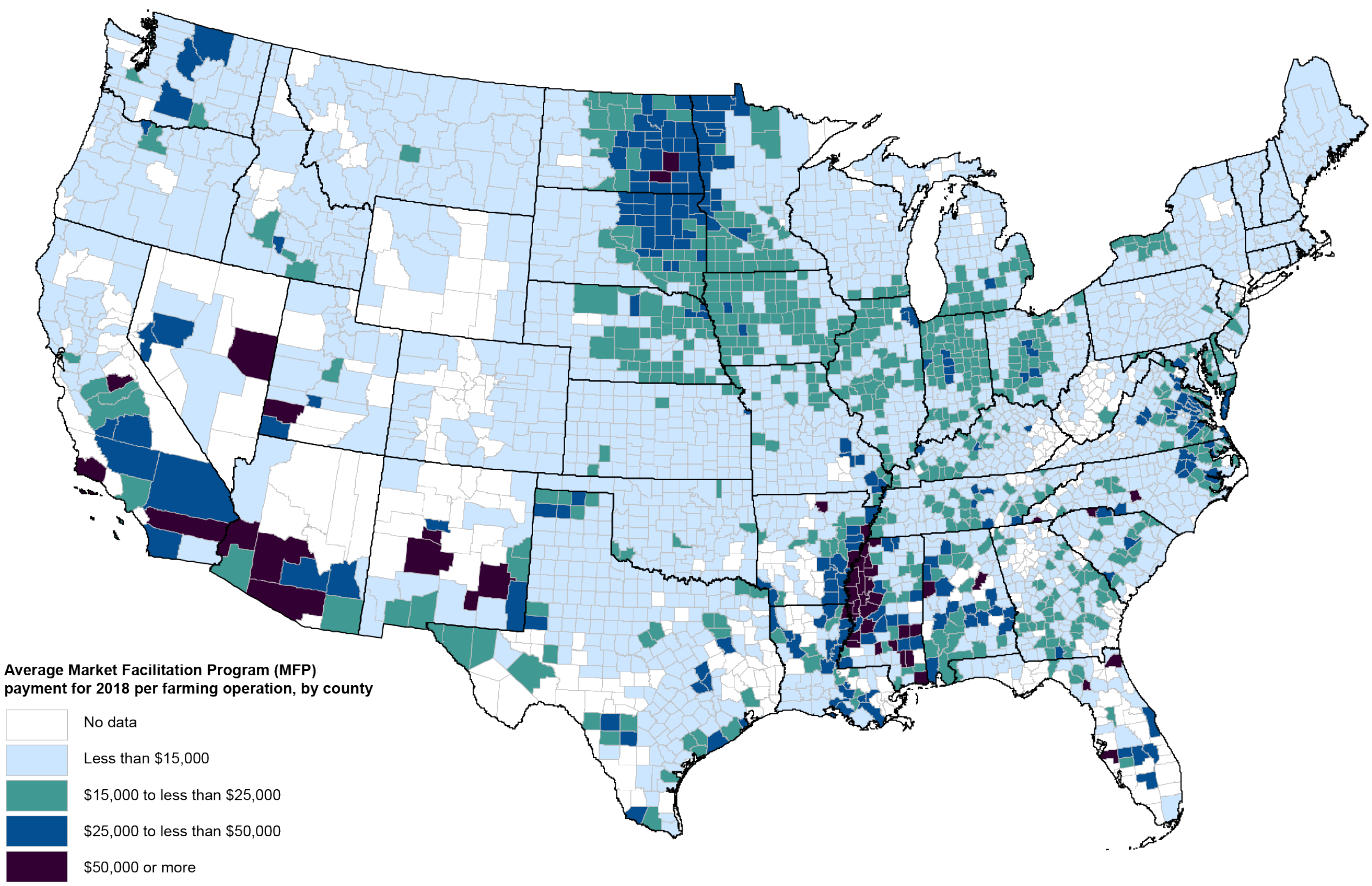
In total, according to our analysis of FSA data, the agency distributed $8.6 billion in 2018 MFP payments (see app. I for details).[19] The average 2018 MFP payment per farming operation ranged from $6 to almost

[18]Joint operations—which include general partnerships, joint ventures, or other similar business organizations in which the members are jointly and severally liable for the organization's obligations—do not have a payment limit at the farming operation level. Instead, by law, each member of a joint operation is treated separately and individually for the purpose of determining eligibility and payment limits. Thus, a joint operation's payment limit is equal to the number of its qualifying members multiplied by the per-person payment limit.

[19]We excluded payments made to Indian tribes from our analysis because, according to FSA's payment limitation handbook, such payments are not subject to payment limits. Because we did not include payments to Indian tribes, our totals may be lower than other publicly reported figures.

$135,000 by county (see fig. 3). We found that 49 counties had average payments of $50,000 or more.

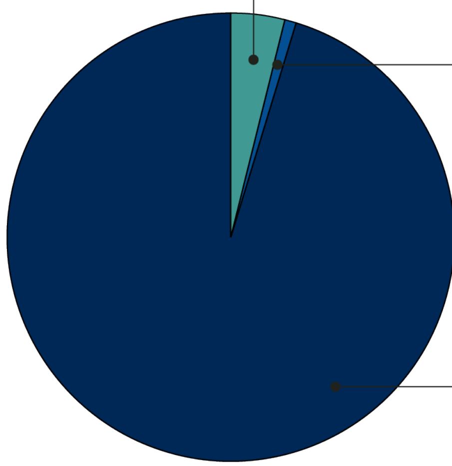
Figure 3: Average 2018 MFP Payment in the Contiguous U.S.



Source: GAO analysis of Farm Service Agency data. | GAO-22-104259

Farming operations that produced nonspecialty crops received about 95 percent of total 2018 MFP payments, according to our analysis of FSA data (see fig. 4). Dairy and hog operations received about 4 percent, and specialty crop operations received less than 1 percent. (For more information on the distribution of the 2018 MFP payments, see app. I.)

Figure 4: Farming Operations That Produced Nonspecialty Crops Received About 95 Percent of Total 2018 MFP Payments



Source: GAO analysis of Farm Service Agency data. | GAO-22-104259

Accessible Data Table for Figure 4

	Nonspecialty crops (corn, cotton, sorghum, soybeans, and wheat)	Specialty crops (fresh sweet cherries and shelled almonds)	Livestock (dairy and hogs)
Dollars	$8.2 Billion	$72.2 Million	$351.1 Million

Note: This figure does not include $961,339 in 2018 MFP payments made to farming operations in Puerto Rico.

For the 2019 MFP, as we previously reported, FSA distributed a total of $14.4 billion in payments.[20] Our analysis of FSA data shows the average 2019 MFP payment per farming operation ranged from $44 to $295,299 by county, and 201 counties had average payments of $50,000 or more. Similar to the 2018 program year, farming operations that received the highest 2019 MFP payments were predominantly located in the South and Midwest; those operations also generally produced nonspecialty crops. (For more information on the distribution of the 2019 MFP payments, see app. II.)

As part of USDA's efforts to ensure that farming operations comply with eligibility requirements and that internal controls are in place to minimize the potential for improper payments—payments that should not have been made or were made in an incorrect amount—FSA and other USDA

[20]GAO-20-700R.

agencies typically conduct reviews of selected farm program payments. For example, using a risk-based approach, FSA annually reviews a national sample of payments for programs it administers that were authorized in the Farm Bill to ensure that farming operations meet eligibility requirements and, where appropriate, the agency seeks the return of payments found to be ineligible.[21] As a further line of defense to help manage program risks for FSA, a separate USDA agency—the Farm Production and Conservation Business Center—conducts reviews spanning multiple USDA programs to identify, report, and reduce improper payments.[22]

Historically Underserved and High-Income Farmers Received a Small Percentage of 2018 and 2019 MFP Payments

Of the $23 billion in MFP payments to farming operations over the 2018 and 2019 program years, FSA distributed $818.9 million (3.6 percent) to historically underserved farmers and $163.4 million (0.7 percent) to high-income farmers, according to our analysis of agency data.

MFP Payments to Historically Underserved Farmers

FSA collected information from 2018 and 2019 MFP applicants, on a voluntary basis, regarding whether they belonged to historically

[21]In addition to verifying that farming operations meet income and other eligibility requirements, FSA determines whether persons (including members of farming operations) that produce most types of nonspecialty crops are “actively engaged in farming.” To be determined actively engaged in farming, a person must provide the farming operation with a significant contribution of capital, land, or equipment, as well as a significant contribution of personal labor or active personal management. The person’s share of the operation’s profits and losses must be commensurate with the person’s contribution to the farming operation, and the contributions must be at risk. Actively engaged in farming determinations apply to certain commodities. For more information, see GAO-21-95.

[22]The Business Center was created in October 2018 to provide administrative services such as financial management, human resources, and information technology to FSA and certain other USDA agencies.

underserved groups (for definitions of these groups, see text box).[23] Farming operations and their members may qualify for one or more of these historically underserved groups based on criteria outlined in FSA documents.

Definitions of Historically Underserved Groups

A **beginning farmer** has not operated a farm or ranch for more than 10 years and materially and substantially participates in the farming operation. For farming operations to be considered beginning, at least 50 percent of the ownership interest must be held by beginning farmer members.

A **limited resource farmer** has a total household income at or below the national poverty level for a family of four, or less than 50 percent of the county median household income, in each of the previous 2 years. For farming operations to be considered limited resource, the sum of gross sales and household income must be considered for all members.

A **socially disadvantaged farmer** is a member of a group that has been subject to racial, ethnic, or gender prejudice, without regard to its members' individual qualities. Those groups include African Americans, American Indians or Alaskan Natives, Hispanics, Asians or Asian Americans, Hawaiians or Pacific Islanders, and women. For farming operations to be considered socially disadvantaged, at least 50 percent of the ownership interest must be held by socially disadvantaged members.

A **veteran farmer** has served in the Armed Forces and has not operated a farm or ranch for more than 10 years total—or first obtained status as a veteran during the most recent 10-year period. For farming operations to be considered veteran, at least 50 percent of the ownership interest must be held by veteran farmer members.

Source: U.S. Department of Agriculture, Commodity Credit Corporation, *Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification*, CCC-860 (Washington, D.C.: July 21, 2020). | GAO-22-104259

[23] The 2018 Farm Bill includes provisions that address the unique circumstances and concerns of farming operation members who belong to groups categorized as beginning, limited resource, socially disadvantaged, or veteran. Pub. L. No. 115-334, tit. XII, subtit. C, 132 Stat. 4490, 4950. These groups are collectively referred to as historically underserved farmers. Throughout this report, we refer to farming operation members who belong to these groups as "farmers," although this term also includes ranchers.

We found, based on our analysis of FSA data, that historically underserved farmers collectively received $818.9 million across both program years.[24] FSA distributed $435.7 million of the 2018 and 2019 MFP payments to socially disadvantaged farmers, who received the largest amount of payments among historically underserved groups. Beginning farmers received $152.1 million, limited resource farmers received $5.9 million, and veteran farmers received $240.6 million.[25]

Table 1: Payments to Farming Operation Members from Socially Disadvantaged, Veteran, and Other Historically Underserved Groups by the U.S. Department of Agriculture's Market Facilitation Program (MFP)

	2018 MFP		2019 MFP		Total
Historically underserved group	**Persons and members of farming operations (number)**	**Payments to persons and members (dollars)**	**Persons and members of farming operations (number)**	**Payments to persons and members (dollars)**	**Payments to persons and members (dollars)**
Socially disadvantaged	14,688	141,491,542	19,038	294,204,730	**435,696,272**
Veterans	6,644[a]	91,287,315[a]	7,418	149,293,571	**240,580,886**
Beginning	5,124	40,704,803	8,053	111,403,615	**152,108,417**
Limited resource	538	1,436,917	995	4,478,125	**5,915,042**

Source: GAO analysis of Farm Service Agency (FSA) data. | GAO-22-104259

Notes: A person is defined in statute as a natural person (an individual) and does not include a legal entity. 7 U.S.C. § 1308(a)(4). A member of a farming operation can be either a person or an entity.

Numbers and payment amounts shown cannot be totaled across groups without overcounting because some persons and farming operation members belonged to more than one historically underserved group.

[a]FSA began collecting data on persons and members of farming operations that qualified as veterans in 2019. We estimated the number of 2018 MFP persons and members of farming operations that qualified as veterans, and their associated payments, based on FSA's 2019 MFP data on veterans.

According to our analysis, a total of at least 26,276 persons and members of farming operations who belonged to one or more of these groups

[24]Because a person and farming operation member may qualify for more than one historically underserved group (e.g., a farmer can have both socially disadvantaged and veteran status), the number of such persons and members and their associated payments cannot be totaled across the groups without overcounting. However, by analyzing FSA data, we were able to determine how many persons and farming operation members were categorized as belonging to each historically underserved group. We were also able to determine that some of these farmers were categorized as belonging to two or more groups and that farmers categorized as being in one or more of these groups collectively received $818.9 million across both program years.

[25]FSA began collecting data on persons and members of farming operations that qualified as veterans in 2019. We estimated the number of 2018 MFP persons and members of farming operations that qualified as veterans, and their associated payments, based on FSA's 2019 MFP data on veterans.

received MFP payments for 2018, and a total of at least 34,300 such persons and members received MFP payments for 2019. The MFP did not offer special benefits for historically underserved groups, and persons who may belong to such groups were not required to apply for status as beginning, limited resource, socially disadvantaged, or veteran farmers for the purpose of the MFP.[26] Thus, they were not necessarily categorized as being members of these groups when they received payments, and the numbers of such persons and the payments they received may be greater than shown in table 1.

MFP Payments to High-Income Farmers

Of the $23 billion in total 2018 and 2019 MFP payments, FSA distributed $163.4 million (0.7 percent) to 883 farming operations that qualified for MFP payments based on certifications by the operations or their members, or both, that at least 75 percent of their income was derived from farming, ranching, or forestry-related activities (see table 2).[27] (As previously noted, we refer to these farming operations and members as high-income because their AGI exceeded $900,000.) Specifically, 2019 MFP payments to high-income farming operations and members ($126.4 million) is more than three times higher compared with 2018 MFP payments to such operations and members ($37 million). According to FSA officials, participation in the 2019 MFP was higher compared with the 2018 MFP, largely because of the expansion in the number of eligible commodities in the 2019 program year. High-income farming operations and members could qualify for MFP benefits for either or both program years.

[26]Using different data sources, USDA's Office of Inspector General has previously reported on historically underserved farmers who participated in the MFP. See U.S. Department of Agriculture, Office of Inspector General, *Market Facilitation Program - Interim Report*, 03601-0003-31 (1) (Washington, D.C.: Sept. 30, 2020).

[27]An FSA handbook indicates, and FSA officials confirmed, that the agency did not independently verify that farming operations and members qualified for MFP payments under the 75 percent rule; FSA officials told us that the agency relied on the certifications signed by certified public accountants or attorneys. See U.S. Department of Agriculture, Farm Service Agency, *Payment Limitation, Payment Eligibility, and Average Adjusted Gross Income,* Handbook 6-PL, Amendment 2 (Washington, D.C.: Oct. 28, 2020).

Table 2: High-Income Farming Operations and Members That Qualified for 2018 and 2019 Market Facilitation Program (MFP) Payments

	2018 MFP	2019 MFP	Total
Number of farming operations	297	586	**883**
Number of members	428	736	**1,164**
Payments (dollars)	36,999,844	126,438,193	**163,438,037**

Source: GAO analysis of Farm Service Agency (FSA) data. | GAO-22-104259

Notes: High-income farming operations and members qualified for 2018 and 2019 MFP payments based on a provision in the Additional Supplemental Appropriations for Disaster Relief Act, 2019, Pub. L. No. 116-20, tit. I, § 103, 133 Stat. 871, 874. This provision eliminated the adjusted gross income (AGI) limit of $900,000 for the MFP if at least 75 percent of AGI was derived from farming, ranching, or forestry. Farming operations and members who, along with a certified public accountant or attorney, certified that they met this “75 percent rule” could qualify for MFP benefits for either or both program years.

According to FSA officials, participation in the 2019 MFP was higher compared with the 2018 MFP, largely because of the expansion in the number of eligible commodities in the 2019 program year.

USDA Agencies Reviewed Farming Operations’ Compliance with MFP Eligibility Requirements, but FSA’s Reviews Were Limited in Their Usefulness

FSA and another USDA agency conducted multiple reviews of MFP payments to verify that farming operations that received such payments complied with eligibility requirements. However, FSA’s review to verify the basis for 2018 MFP payments was limited in its usefulness, and the agency has not completed its 2019 MFP compliance review.

FSA and the Business Center Reviewed Farming Operations’ Compliance with MFP Eligibility Requirements

FSA and USDA’s Farm Production and Conservation Business Center (Business Center) conducted multiple reviews intended to ensure that farming operations complied with eligibility requirements for 2018 and 2019 MFP payments. As described below, these compliance reviews included (1) FSA conducting “spot checks” to verify that a sample of farming operations entered accurate production information on their 2018 MFP applications, on which payments were based; (2) FSA using the

2019 MFP as a pilot program to evaluate whether a new software system had internal controls in place to ensure farming operations complied with payment eligibility requirements; and (3) the Business Center estimating the extent of improper payments—including payments to ineligible recipients[28]—which it found to be significant for the 2018 and 2019 MFP.[29]

FSA Conducted a 2018 MFP Spot Check Review That Focused on Production Information

For a spot check review, FSA selects a sample of farming operations to verify their eligibility to participate in and receive payments from a given program. For the 2018 MFP spot check review, FSA county offices focused on the accuracy of information that farming operations entered on their applications—particularly the amount of production they claimed for eligible commodities—on which payments were based. Farming operations were not required to submit evidence of their production with their MFP applications, but the operations certified that the information on their applications, including claimed production (e.g., bushels of corn or number of hogs), was accurate and subject to verification by FSA.

The forms of production evidence that FSA determined to be acceptable as verification varied by commodity.

- For nonspecialty crops, acceptable forms of production evidence included delivery receipts, feeding records, sales receipts, warehouse receipts, or production records used for crop insurance provided by

[28]Improper payments are payments that under statutory, contractual, administrative, or other legally applicable requirements should not have been made or were made in an incorrect amount and may include fraud. Improper payments include overpayments and underpayments, any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment for which an agency's review is unable to discern propriety due to insufficient documentation.

[29]In addition to the other compliance reviews described in this report, as of November 2021, USDA's Office of Inspector General was reviewing a national, random sample of 100 MFP farming operations to evaluate compliance with production, income, and payment eligibility requirements. Officials in that office told us that most of these farming operations received payments for both 2018 and 2019, and the officials expected to publish the results of their findings in January 2022.

USDA's Risk Management Agency; and, for cotton, gin bale listing or warehouse receipts.

- For specialty crops, acceptable forms of production evidence included sales receipts, ledgers of income, or truck scale tickets (for fresh sweet cherries) or an official document providing the number of pounds of total edible kernels or similar-meaning term (for shelled almonds).
- For dairy and hogs, FSA accepted production records used for the Margin Protection Program, a separate FSA program to manage the risk of milk price declines (for dairy); and breeding, feeding, inventory, or veterinary records or sales receipts (for hogs).

To conduct the 2018 MFP spot check review, FSA selected a sample of at least 35,186 (6 percent) of the 582,862 farming operations that received payments.[30] Of those selected, FSA officials told us that at least 29,746 farming operations were selected at random nationally, and at least 5,440 were selected based on the operations being associated with an FSA employee, county committee member, or state technical committee member or based on judgmental factors.[31] For each farming operation that was spot-checked, FSA examined production evidence to determine whether the operation claimed accurate production on its application—and, therefore, was compliant or noncompliant with eligibility requirements—using the following terms:

- **Within tolerance.** FSA found that the farming operation's evidence showed actual production to be within 85 to 100 percent of the production claimed on the operation's 2018 MFP application. This meant that, upon being spot-checked, a farming operation could have up to 15 percent of its claimed production exceed its actual production and still be considered compliant. For example, under this 15-percent tolerance level, if a farming operation claimed 100 bushels of soybeans on its 2018 MFP application but provided FSA production evidence of only 85 bushels, FSA would consider the operation to be

[30]FSA could not provide us with the precise number of farming operations that it selected for the 2018 MFP spot check review.

[31]FSA officials told us that the agency selected farming operations associated with an FSA employee, county committee member, or state technical committee member to avoid potential conflict-of-interest concerns with their participating in the MFP. FSA county committees consist of local farmers elected by their peers for up to three consecutive 3-year terms. State technical committees—composed of members from a variety of natural resource and agricultural interests—serve in an advisory capacity to USDA agencies on the implementation of certain provisions of the Farm Bill.

within tolerance and, therefore, eligible for payment for the 85 bushels. However, the operation would have to return the "overpayment" associated with the portion of the payment not supported by production evidence (in this example, 15 bushels).[32]

- **Good-faith effort.** FSA found actual production to be less than 85 percent of claimed production, but the agency determined the farming operation attempted to comply with MFP eligibility requirements. In such cases, FSA considered the farming operations to be compliant, even though they were not within tolerance. Like overpayments to farming operations within tolerance, overpayments to farming operations that made a good-faith effort had to be returned to USDA.
- **Lack of good-faith effort.** FSA determined the farming operation did not attempt to comply with eligibility requirements and, therefore, was completely ineligible for payment. In such cases, FSA found the farming operations to be noncompliant, and their entire payments were subject to return to USDA.

FSA officials told us that farming operations did not face penalties for overpayments—even in cases where the agency found the operations to be noncompliant (i.e., showed lack of good-faith effort) with program eligibility requirements—because the rule establishing the MFP did not specifically provide for FSA to impose penalties for the program.[33] In addition, the officials stated that the agency did not have general authority to impose penalties for noncompliance. However, the officials told us that FSA charged interest for overpayments that were not returned to the agency within 30 days of the farming operations being notified. Farming operations had the right to appeal FSA's decisions regarding ineligibility or overpayment within 30 days of receipt of the agency's determination. FSA officials also told us that, consistent with the agency's practice for other programs, overpayments of less than $25 were written off, meaning the farming operations did not need to refund those small amounts.

As previously noted, FSA did not provide documentation for how the agency processed the sample of farming operations it reviewed into

[32]According to agency officials, FSA was unable to provide the overpayment amounts that were subject to return to USDA as a result of the 2018 MFP spot check review versus a separate USDA improper payments review conducted by the Business Center (which we discuss later in this report). However, FSA officials did provide documentation indicating that USDA had collected $45.4 million in overpayments, "wrote off" overpayments (for amounts of less than $25 each) totaling $15,091, and had an outstanding balance of $7.5 million to be collected as of September 30, 2021.

[33]*Market Facilitation Program*, 83 Fed. Reg. 44,173 (Aug. 30, 2018).

summarized results, nor did FSA provide us with information that would allow us to assess the quality of its estimates of compliance with measures of precision. Therefore, we do not report the results of FSA's 2018 MFP compliance.

FSA Started but Discontinued a 2019 MFP Pilot Oversight Review to Evaluate Internal Controls

Using the 2019 MFP as a pilot program, FSA started an oversight review to evaluate whether the agency had internal controls in place to ensure that farming operations complied with eligibility requirements—such as meeting income requirements—but FSA did not complete its review, citing other priorities. FSA focused this review on the internal controls of a new software system used to document eligibility and track payments.[34] FSA selected for review a national random sample of 4,572 (0.7 percent) of the 643,965 farming operations that received 2019 MFP payments, with payments to the operations in that sample totaling nearly $52.1 million. However, FSA officials told us they discontinued this review in September 2020 because of other workload priorities, such as implementing another supplemental assistance program, the Coronavirus Food Assistance Program.

In addition, FSA officials noted that for the 2019 MFP program year, USDA had changed the basis of payments to be the farming operations' claimed number of planted acres for nonspecialty and specialty crops—which together constituted about 96 percent of payments that year—rather than claimed production.[35] As a result of this program change and because FSA county offices had access to individual farming operations' historical planted acres data to gauge the reasonableness of claimed acres on 2019 MFP applications, agency officials told us that there was less risk of inaccurate payments for the 2019 MFP. Nonetheless, FSA officials told us they plan to analyze and communicate in fiscal year 2022

[34]U.S. Department of Agriculture, Farm Service Agency, *2020 Pilot State Oversight Review Completion*, Notice IA-2 (Washington, D.C.: May 4, 2020).

[35]The payment basis for 2019 MFP dairy and hog farming operations remained production—specifically, milk production history reported for USDA's Dairy Margin Coverage program and the certified number of hogs owned on a producer-selected day from April 1 to May 15, 2019. However, FSA officials told us that because they had access to Dairy Margin Coverage production data to verify claimed production and because farming operations producing hogs often produce nonspecialty crops for which FSA had historical acres data, the agency saw less risk for inaccurate information on 2019 MFP applications compared to 2018 MFP applications.

the results for the portion (1,433 farming operations) of the 2019 MFP pilot oversight review that was conducted before it was discontinued.

Business Center Conducted Broad Reviews That Estimated FSA Made Significant MFP Improper Payments

The Business Center annually conducts broad reviews spanning multiple USDA programs to identify programs and activities that may be susceptible to significant improper payments and to develop statistically valid estimates of improper payment amounts.[36] As part of its 2020 review, the Business Center estimated that FSA made significant improper payments—which the Office of Management and Budget defines as improper payments exceeding both 1.5 percent of program outlays and $10 million of all program payments made during the fiscal year reported—for the 2018 and 2019 MFP. More specifically, the agency estimated, based on a number of errors it found, that $477.6 million (5.6 percent) of 2018 MFP payments and $308 million (5.7 percent) of 2019 MFP payments were improper.[37] Those errors included production evidence not supporting claimed production, missing or incomplete forms, and payments not being approved by an authorized FSA employee. (In contrast to FSA's 2018 MFP spot check review—in which county officials focused on production evidence—the Business Center looked at a broad array of forms submitted by farming operations to meet various MFP eligibility requirements. In addition, FSA's 2018 MFP spot check review, as previously discussed, selected a much larger number of farming operations in its sample.)

The Business Center's findings were published in USDA's *2020 Agency Financial Report*.[38] In response to these findings, the report indicates that

[36]Federal agencies are required by the Payment Integrity Information Act of 2019 to conduct annual improper payments reviews for certain programs. Pub. L. No. 116-117, § 2, 134 Stat. 113 (2020) (codified at 21 U.S.C. §§ 3351-3358). Improper payments—payments that should not have been made or were made in an incorrect amount—include those that are the result of fraud. The Office of Management and Budget has established requirements for federal agencies to conduct improper payments reviews in Circular A-123, Appendix C.

[37]With the assistance of a statistician, the Business Center selected for its 2020 improper payments review a generalizable, stratified random sample of 600 payments totaling $26.7 million from the 2018 MFP, and 600 payments totaling $29.4 million from the 2019 MFP, that were made in fiscal year 2019. (MFP payments spanned multiple fiscal years.)

[38]U.S. Department of Agriculture, *2020 Agency Financial Report* (Washington, D.C.: Dec. 8, 2020).

FSA took several actions, including (1) changing its software system for the 2019 MFP to automatically create a record for payment upon an application's approval date being recorded, which decreased the number of improper payments, according to the report; (2) checking payment eligibility before obligating funds and making applicable reductions, as necessary; and (3) developing a corrective action plan summarizing the MFP improper payment rates and providing guidance on how to address common errors.

More recently, the Business Center completed its 2021 improper payments review, which again included a sample of 2018 and 2019 MFP payments.[39] At the time of this report, USDA had not published the results, and FSA had not yet developed corrective action plans in response, but Business Center officials told us they again estimated that the 2019 MFP had significant improper payments based on the Office of Management and Budget criteria. More specifically, the Business Center estimated that $7.4 million (15.5 percent) of 2018 MFP payments and $84.1 million (11.4 percent) of 2019 MFP payments made in fiscal year 2020 were improper. The Business Center found that the types of errors that led to the improper payments included missing or incomplete forms, the MFP application not being signed by the farming operation or before the applicable deadline, and payments not being approved by an authorized FSA employee.

FSA's Compliance Reviews Were Limited in Their Usefulness

FSA conducted a relatively large spot check review of 2018 MFP payments, as described above, but its efforts to verify that payments were based on accurate production information were limited in their usefulness. Specifically, FSA did not (1) ensure that the results of its 2018 MFP spot check review were reliable, (2) focus on certain characteristics posing risk to the accuracy of payments, (3) document the rationale for tolerating a greater difference between claimed and actual production compared with other farm programs, or (4) evaluate and communicate results or identify corrective actions. USDA's guidelines for statistical and financial information, federal standards for internal control, and our prior work

[39]With the assistance of a statistician, the Business Center selected for its 2021 improper payments review a generalizable, stratified random sample of 300 payments totaling $22.1 million from the 2018 MFP, and 300 payments totaling $12.9 million from the 2019 MFP, that were made in fiscal year 2020. (MFP payments spanned multiple fiscal years.)

indicate that addressing these elements would enhance the usefulness of such a review. However, FSA's guidance did not direct the agency to address these elements in the 2018 MFP spot check review. In addition, as noted above, FSA has not completed its 2019 MFP pilot oversight review, although the agency plans to analyze and communicate some results in fiscal year 2022. As a result, FSA has not ensured that it provided adequate oversight of farming operations' compliance with MFP eligibility requirements—including that payments were based on accurate information—or that it spent agency resources efficiently.

FSA Did Not Ensure the Results of Its 2018 MFP Spot Check Review Were Reliable

We found that FSA did not ensure the results of its 2018 MFP spot check review were reliable because the agency did not design its information collection and analysis using sound statistical methodologies and did not document results. For example, FSA did not work with a statistician or similarly qualified individual to design the review's data collection or develop a sampling and analysis plan defining how the agency would select a sample of farming operations and analyze results in a statistically valid manner. Consequently, FSA could not provide us with reliable information summarizing the compliance and noncompliance results of its review.[40]

For this review, FSA selected farming operations based on four subpopulations, or sample components: two random groups based on the size of their MFP payments, a group made up of all farming operations associated with FSA employees or county or state technical committee members, and a judgmental sample group selected by county offices based on payment size or perceived risk of fraud. FSA selected the four subpopulations at different rates in proportion to the overall MFP population.

However, the agency did not collect and analyze compliance data for each of these subpopulations or weight (adjust) their results to make them representative of the overall MFP population. For example, because payments to 100 percent of farming operations associated with an FSA

[40]Because this review focused on the accuracy of production information as the basis for payments, compliance in this context referred to FSA's determination that the farming operation was within tolerance or made a good-faith effort in showing evidence for its claimed production, and noncompliance referred to FSA's determination that the farming operation showed a lack of good-faith effort.

employee or committee member were selected for review, that subpopulation might have had a higher rate of compliance compared to the overall MFP population—for instance, if that subpopulation knew it would be selected for review—therefore biasing FSA's summary of results. Consequently, FSA was unable to estimate compliance results accurately for the overall MFP population, without over- or underrepresenting results for a given subpopulation. Without working with a qualified individual to apply statistical methodologies, FSA was also unable to generate estimates of compliance or noncompliance rates with statistical measures of precision, such as margins of error, which are important indicators of how useful those results are.[41]

In addition, FSA's sample rates were 3 percent of farming operations that received payments of less than $100,000 and 5 percent of farming operations that received payments of $100,000 or more. These sample rates may have been too large given the level of risk of inaccurate payments and the agency's available resources. These subpopulations could have been sampled at significantly lower but statistically valid rates to measure compliance, depending on the agency's objective—for example, if FSA's objective was to monitor compliance on a national scale. (Other objectives, such as precise estimates of compliance at the local level, may have required the relatively large sample size of more than 35,000 farming operations; however, this seems unlikely, given that FSA did not produce such estimates.) The use of a statistician or similarly qualified individual could have allowed FSA to avoid "oversampling" and the inefficient use of resources in its spot check review.

Regarding documentation, FSA did not keep track of data concerning compliance or noncompliance of the farming operations it selected for review in a manner that would allow the agency to compile an accurate and complete analysis of those results. For example, FSA officials stated they could not provide us documentation on the following:

- how many total farming operations the agency selected for review, in general or for the two nonrandom subpopulations;

[41]As previously noted, FSA did not provide documentation for how the agency processed the sample of farming operations it reviewed into summarized results, nor did FSA provide us with information that would allow us to assess the quality of its estimates of compliance with measures of precision. Therefore, we determined the agency's analytical methodology was not sufficiently sound for the purpose of summarizing the results of FSA's 2018 MFP compliance review in our report.

- how many total farming operations the agency actually reviewed (i.e., how many operations responded to FSA's requests for evidence of production to support their 2018 MFP applications);[42] or
- compliance and noncompliance results by the subpopulations sampled.

This lack of documentation further impaired FSA's ability to analyze the data and produce reliable results. For example, because FSA did not document how many farming operations it reviewed, nonresponses were not factored into compliance results—even though operations that did not respond to FSA's requests might have been nonresponsive because they were at a higher risk of having inaccurate production information—contributing to potentially biased results. If FSA had designed its data collection and analysis for the 2018 MFP spot check review using sound statistical methodologies and if FSA had appropriately documented its review, the agency could have reliably estimated compliance rates. Reliable estimates of compliance would have allowed management to make informed decisions about whether corrective actions were necessary to be reasonably assured that MFP farming operations received accurate payments based on their actual production.

USDA's guidelines for statistical and financial information state that USDA agencies will (1) conduct sample surveys or other data collection using sound statistical, survey, and data collection methodologies that are consistent with generally accepted professional and industry standards; and (2) provide a clear explanation of data sources, methodologies used, and assumptions made in analyzing and reporting statistical or financial information. These guidelines are applicable to the 2018 MFP spot check review because compliance review results should contain statistical as well as financial information. To ensure that sample rates are appropriate, these guidelines also state that the department's agencies will design information collection activities to minimize respondent burden balanced against the need and value of the information to be obtained.

In addition, federal standards for internal control state that management should define objectives clearly to enable the identification of risks and risk tolerances and use quality information to achieve the agency's

[42]In cases where a farming operation was selected for review but did not provide the agency with production evidence, FSA guidance instructed county offices to notify the operation that it was ineligible for the MFP payment and to provide the operation with information on its right to appeal that determination.

objectives.[43] Specifically, management should define objectives in specific and measurable terms to enable the design of internal controls for related risks, identify information requirements to achieve the objectives and address risks, and process obtained data into quality information that is appropriate, current, complete, accurate, accessible, and provided on a timely basis.

According to FSA officials, compliance reviews for supplemental assistance programs such as MFP are not generally subject to the same requirements or oversight as programs authorized by the 2018 Farm Bill. To ensure the accuracy of payments and the integrity of Farm Bill programs—including the Agriculture Risk Coverage, Price Loss Coverage, and Marketing Assistance Loan programs—FSA county offices are directed every year to conduct compliance reviews for selected farming operations participating in the programs. For those reviews, FSA issues annual notices to supplement general requirements for compliance reviews established in an FSA handbook, in part to produce reliable results. For example, USDA's National Agricultural Statistics Service provides FSA with the list of farming operations that are selected for those reviews through a statistical sampling process. However, because the MFP provided supplemental assistance funded by USDA's Commodity Credit Corporation, FSA did not include the program in those compliance reviews, and FSA issued separate notices for the 2018 MFP spot check review.[44]

One of those notices stated that the purpose of the 2018 MFP spot check review was to examine the accuracy of production information entered on applications, on which payments were based, and the notice described how FSA would select sample components and record results from the review into a database. However, FSA's notice did not

- direct the use of sound statistical methodologies;

[43]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014). Risk tolerance is defined as the acceptable level of variation in performance relative to the achievement of objectives.

[44]U.S. Department of Agriculture, Farm Service Agency, *Performing Compliance Reviews of CCC-910, Market Facilitation Program (MFP) Applications*, Notice MFP-10 (Washington, D.C.: April 18, 2019); and *Recording Compliance Reviews in Market Facilitation Program (MFP) Application Software*, Notice MFP-14 (Washington, D.C.: May 20, 2019).

- define specific objectives—such as estimating the rate of inaccurate payments (overall or by subpopulation), reducing fraudulent payments, or reducing other types of inaccurate payments;
- identify the information requirements needed to support those objectives; or
- direct FSA to process data into quality information that achieves defined objectives.

FSA officials told us that compliance reviews of supplemental assistance programs are designed and implemented by their program managers, and the agency is not required to work with a statistician or similarly qualified individual to develop a sampling and analysis plan for such reviews. Furthermore, FSA officials told us that in practice, they have not had statistical support (such as from USDA's National Agricultural Statistics Service) to design, implement, and analyze compliance reviews for supplemental assistance programs such as the MFP. Agency officials also told us they recognized the need to address these issues.

Until FSA issues guidance for supplemental assistance programs' compliance reviews to (1) design data collection and analysis using sound statistical methodologies, (2) define objectives, (3) identify the information requirements needed to meet those objectives, and (4) process data into quality information that achieves defined objectives, FSA cannot provide reasonable assurance that it is producing reliable results for determining compliance. Such guidance could, for example, direct FSA to sample farming operations at appropriate rates based on risk and to design its information system to track results from those subpopulations for analysis and reporting purposes. Reliable results of compliance reviews could help inform management actions, such as identifying and implementing effective strategies for mitigating the risk of payments based on inaccurate information.

FSA Sampled a Higher Rate of Larger MFP Payments but Did Not Focus on Other Characteristics Posing Risk

In its 2018 MFP spot check review, FSA sampled farming operations that received larger payments ($100,000 or more) at a higher rate and selected a judgmental sample of farming operations. These aspects of the review appropriately targeted the risk of payments that could have been based on inaccurate production information. However, the agency did not specifically focus on other characteristics posing risk, such as farming operations that do not normally qualify for farm program payments—for which the agency did not have either familiarity to corroborate eligibility or historical data to compare with the operations' claimed production.

As previously noted, FSA sampled a relatively large number of farming operations—at least 35,186 (6 percent) of the 582,862 operations that received payments for the 2018 MFP. An FSA Notice described three of the four components of the sample of farming operations, as follows:

1. a random selection of 5 percent of farming operations that were paid $100,000 or more,
2. a random selection of 3 percent of farming operations that received less than $100,000, and
3. all applications associated with any FSA employee, county office committee member, or state technical committee member (we subsequently refer to this as the employee and committee member component).

According to the notice, FSA's headquarters office provided the list of random selections to county offices; these selections were to contain, in general, between 10 and 50 farming operations per county.[45]

Separately, FSA officials told us that county office staff were allowed to select a fourth component at their discretion—a judgmental sample of farming operations—based on the staff's perception of characteristics posing risk, including suspected fraud, that could lead to inaccurate payments.[46] However, because of the lack of documentation described earlier in this report, FSA could not provide us with the precise number of farming operations selected using each of the sample's four components, although officials told us that a total of at least 35,186 farming operations were sampled. Of that total, at least 29,746 farming operations were

[45]U.S. Department of Agriculture, Farm Service Agency, *Performing Compliance Reviews of CCC-910*, *Market Facilitation Program (MFP) Applications*, Notice MFP-10 (Washington, D.C.: April 18, 2019).

[46]FSA Notice MFP-10 authorized the agency's state executive directors to increase the number of reviews performed in any county at their discretion. FSA officials told us that county offices are to report to the state offices when they suspect, or have knowledge of, a violation of a federal criminal statute in association with fraud or abuse that could lead to inaccurate payments. FSA officials also told us the agency did not conduct a formal fraud risk assessment to determine the actual risks.

selected from the two random components and at least 5,440 were from the employee and committee member component and the judgmental component, combined—indicating the random sample components were much larger than the risk-based, judgmental component.[47]

In addition, FSA did not focus on other characteristics posing risk, which may have resulted in an inaccurate basis for payments, such as:

- farming operations that received substantially large payments (such as those exceeding $250,000),
- high-income farming operations that qualified for the MFP under the 75 percent rule but do not normally qualify for programs authorized under the Farm Bill, or
- other "new customers"—such as hog and specialty crop farming operations that have not participated in other FSA programs—for which the agency did not have either familiarity to corroborate eligibility or historical data to compare with the applicants' claimed production.[48]

According to our analysis of FSA data, the 25 farming operations that received the highest 2018 MFP payments received more than $20.6 million or an average of $824,912, compared with the national average of $14,791 for all farming operations (see app. I). In addition, as discussed earlier in this report, we found that high-income farming operations—one type of new customer for the MFP—received $163.4 million across both years. As a result of FSA's not focusing on these risk characteristics, these types of farming operations had no greater probability of being selected for review than farming operations with significantly smaller payments or established histories.

Although FSA takes a more complete risk-based approach in its annual compliance reviews encompassing multiple farm programs authorized by the 2018 Farm Bill, FSA's spot check guidance for the 2018 MFP did not instruct the agency to take a similar approach. FSA officials also told us that they did not take a more complete risk-based approach because the

[47]As previously noted, FSA officials could not provide us a breakdown of the number of 2018 MFP applications sampled from the employee and committee member component or the judgmental component.

[48]FSA's farm programs authorized by the Farm Bill, such as the Price Loss Coverage and Dairy Margin Coverage programs, benefit nonspecialty crop and dairy farming operations, whereas specialty crop and hog operations are not traditionally covered by FSA farm programs, which made them more likely to be new customers for the MFP.

agency could compare individual farming operations' claimed production for nonspecialty crops against their counties' average production yield data to determine the reasonableness of claimed production when the farming operations initially applied for the MFP. (As previously noted, nonspecialty crops accounted for about 95 percent of 2018 MFP payments.) In addition, agency officials told us that if those farming operations were selected for a spot check and also produced hogs or specialty crops, the agency would have reviewed evidence of actual production for those commodities as well. However, this approach did not fully address characteristics posing risk (such as substantially large payments, high-income farming operations that do not normally qualify for farm programs, or other types of new customers) because the agency did not specifically focus on these characteristics in selecting its sample.

As we have previously reported, a risk-based approach enables agencies to (1) achieve their objectives (in this case, ensuring payments are based on accurate production information) and (2) increase the efficiency of compliance checks by better focusing limited resources.[49] In addition, the 2018 Farm Bill requires FSA to establish policies, procedures, and plans to improve program accountability and integrity through targeted and coordinated activities, including data mining to identify and reduce errors, waste, fraud, and abuse in programs administered by FSA.[50]

By issuing guidance for similar future supplemental assistance programs' compliance reviews to assess risk characteristics and take a more complete risk-based approach in selecting samples, FSA could strengthen its efforts to ensure payments are accurate and increase efficiency by better focusing limited agency resources. Such an approach could include focusing on risk characteristics such as farming operations that received substantially large payments and new customers for which FSA does not have information to corroborate the farming operations' eligibility for program participation.

[49]GAO, *Farm Programs: USDA Should Take Additional Steps to Ensure Compliance with Wetland Conservation Provisions*, GAO-21-241 (Washington, D.C.: April 2, 2021).

[50]Data mining is the process of finding anomalies, patterns, and correlations within large data sets to predict outcomes and can be used to reduce risks, among other things.

FSA Tolerated a Greater Difference between Claimed and Actual Production Compared with Other Programs but Did Not Document the Rationale

In reviewing the accuracy of production information as the basis for payments in its 2018 MFP spot check review, FSA tolerated a greater difference between claimed and actual production compared with other programs it administers, but it did not document the rationale for doing so. As noted earlier, the 2018 MFP spot check review used a 15-percent tolerance level—under which a farming operation could have up to 15 percent of its claimed production exceed its actual production and still be considered compliant—although any overpayments found to be unsupported by production evidence were subject to return to USDA.

FSA officials confirmed to us that this tolerance level was more lenient than is typical for other certified production-based programs. For example, FSA uses a 10-percent tolerance level in the Marketing Assistance Loan and Loan Deficiency Payments programs. FSA officials told us that a major reason they established MFP tolerance at a more lenient level was to minimize the administrative oversight and workload burden on county office staff. FSA officials also told us that implementing the program was urgent and that documenting the rationale for the tolerance level was not a priority. However, FSA may have set a precedent for other FSA programs to exercise such lenience without a documented rationale. FSA officials told us that the agency subsequently established 15 percent as the tolerance level for the first round of Coronavirus Food Assistance Program spot check reviews without a documented rationale.

Under federal standards for internal control, management should design control activities to achieve objectives and respond to risks.[51] As an example of designing such control activities, management should clearly document internal control and significant events in a manner that allows the documentation to be readily available for examination.[52] The documentation may appear in management directives, administrative policies, or operating manuals (such as an FSA handbook). In addition, federal internal control standards direct agencies to consider the potential

[51] GAO-14-704G.

[52] Because compliance reviews assess compliance with laws and regulations to ensure the accuracy of payments, FSA's basis for determining a tolerance level would qualify as a significant event.

for fraud when identifying, analyzing, and responding to risks. GAO's leading practices for managing fraud risks in government programs—contained in the Fraud Risk Management Framework—call for federal managers to determine risk tolerances when assessing fraud risks and to use that determination as part of the basis for developing responses to identified fraud risks, including specific controls to address the risks.[53]

A tolerance level that is too lenient—especially if combined with a lack of penalties for farming operations that overstate their production—may reduce the incentive for farming operations to report accurate information on their applications to participate in future supplemental assistance programs. By issuing guidance directing FSA to document the rationale for the tolerance level used to determine compliance in such programs, the agency would improve transparency and better ensure it is appropriately responding to the risk of payments based on inaccurate information.

FSA Did Not Evaluate and Communicate Results of Its MFP Compliance Reviews or Identify Corrective Actions

FSA did not evaluate and communicate the results of its 2018 MFP spot check review—including a summary of findings and the types of errors found—or identify corrective actions to manage the risk of payments being based on inaccurate claimed production. In particular, FSA did not ensure that the results of its 2018 MFP spot check review were evaluated or communicated beyond informal, oral discussions with county offices. FSA officials told us that they were not required to evaluate or report results, or identify corrective actions to be taken, and that senior management did not ask for such information. Further, as previously stated, FSA has not completed its 2019 MFP pilot oversight review,

[53]GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C.: July 2015). The Fraud Risk Management Framework also states that risk tolerance reflects managers' willingness to accept fraud risks, which may vary depending on the circumstances of the program. For example, when determining risk tolerance in urgent situations, managers weigh the program's operational objective of expeditiously providing assistance against the objective of lowering the likelihood of fraud because activities to lower the risk related to fraudulent applications may cause delays in service. The framework provides a basis for managers to decide how to respond to fraud risks, including determining the specific controls to design and implement, given managers' defined risk tolerances.

although the agency plans to analyze and communicate some results in fiscal year 2022.

By contrast, as directed by the Office of Management and Budget, FSA published a summary report describing common errors and corrective actions in response to the Business Center's estimates of improper MFP payments described in USDA's *2020 Agency Financial Report*.[54] In an effort to strengthen program integrity, that report identified "sub-root" (underlying) causes of the improper payments, and it identified corrective actions to be taken within designated time frames.

FSA officials told us they recognized that such a report is a management tool and that ordinarily the agency would issue a notice to employees, summarizing results and providing references to an FSA handbook or other policy documents for appropriate actions. However, they said that because the agency was conducting its 2018 MFP spot checks while implementing the 2019 MFP, issuing such a report was not a priority.

USDA's strategic plan for fiscal years 2018 through 2022 contains an objective to improve the stewardship of resources and utilize data-driven analyses to maximize the return on investment.[55] For example, the strategic plan states that by using accurate and reliable data, USDA can make decisions, evaluate outcomes, improve programs, and share how the department invests the public's resources. This objective supports USDA's strategic goal to ensure programs are delivered efficiently, effectively, and with integrity and a focus on customer service.

In addition, under federal standards for internal control, management should use quality information to achieve the agency's objectives, monitor the internal control system and evaluate results, internally communicate the necessary quality information to achieve the agency's objectives, and remediate identified internal control deficiencies on a timely basis.[56] For example, management uses quality information to make informed decisions and evaluate the agency's performance in achieving key objectives and addressing risks, documents the results of ongoing

[54]U.S. Department of Agriculture, Farm Service Agency, *FSA Corrective Action Plans for FY 2020*; accessed June 24, 2021, https://www.fsa.usda.gov/programs-and-services/financial-management-info/index.

[55]U.S. Department of Agriculture, *USDA Strategic Plan FY 2018-2022* (Washington, D.C.: May 2018).

[56]GAO-14-704G.

monitoring to identify internal control issues, and communicates quality information throughout the agency to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system. In the context of compliance reviews for supplemental assistance programs, as previously noted, quality information could inform management actions, such as identifying and implementing effective strategies for mitigating the risk of payments based on inaccurate information.

During our review, the agency issued a new handbook on internal controls and accountability.[57] Among other things, the new handbook states that national program oversight reviews should evaluate results and determine what risk mitigation and corrective actions are necessary to improve program integrity and accountability. The new handbook defines national program oversight reviews as FSA monitoring, reviews, and audits conducted on specific programs to measure and document the extent to which policy and internal controls are being followed. According to FSA officials, such reviews would include compliance reviews of supplemental assistance programs.

FSA would further strengthen its oversight by ensuring that guidance for supplemental assistance programs like the MFP directs the agency to communicate the results of its compliance reviews—including a summary of findings, the types of errors that caused inaccurate payments, and the corrective actions needed to improve the accuracy of payments—to FSA management and personnel. Such enhanced oversight could improve farming operations' compliance with eligibility requirements for such programs and help ensure that FSA's payments are accurate.

Conclusions

From time to time, FSA administers programs such as the MFP that provide farming operations with supplemental assistance to address events that are not covered by Farm Bill programs. In the case of the MFP, FSA distributed $23 billion to more than a half-million farming operations that produced certain commodities affected by international trade disruptions and tariffs in 2018 and 2019. For the 2018 MFP payments, FSA invested considerable effort in trying to verify that payments were based on accurate production information, but the

[57]U.S. Department of Agriculture, Farm Service Agency, *Integrity and Accountability in FSA Programs*, Handbook 1-IA, Amendment 1 (Washington, D.C.: Sept. 30, 2021).

usefulness of FSA's review was limited, in part because FSA's guidance for conducting the review was less rigorous than its guidance for reviews of Farm Bill programs. FSA did not complete its review of the 2019 MFP payments, citing other urgent priorities, such as implementing the Coronavirus Food Assistance Program—another supplemental assistance program. While such programs may be developed and implemented quickly, FSA would improve its oversight of payments and enhance the usefulness of its compliance reviews for supplemental assistance programs in the future by developing better guidance for conducting such reviews.

Recommendations for Executive Action

We are making the following four recommendations to FSA:

The Administrator of FSA should issue guidance directing the agency to design its data collection and analysis for future compliance reviews of supplemental assistance programs in a way that ensures reliable results by using sound statistical methodologies, defining objectives, identifying the information requirements to meet objectives, and processing data into quality information that achieves objectives. (Recommendation 1)

The Administrator of FSA should issue guidance directing the agency to assess risk characteristics and take a more complete risk-based approach in selecting samples for future compliance reviews of supplemental assistance programs. This approach could include focusing on farming operations that received substantially large payments and new customers for which FSA does not have other information to corroborate eligibility for program participation. (Recommendation 2)

The Administrator of FSA should issue guidance directing the agency to document the rationale for the tolerance level (e.g., the allowable percentage difference between farming operations' actual production and their claimed production) used in future compliance reviews of supplemental assistance programs. (Recommendation 3)

The Administrator of FSA should issue guidance directing the agency to communicate the results of its future compliance reviews of supplemental assistance programs, including a summary of findings and the types of errors found, and identify corrective actions to be taken. (Recommendation 4)

Agency Comments

We provided a draft of this report to USDA for review and comment. In its comments, reproduced in app. III, USDA's FSA generally agreed with our findings and recommendations. FSA also provided technical comments, which we incorporated as appropriate. For each of the recommendations, FSA provided a response describing the actions that it plans to take; the extent to which these actions address our recommendations will depend on how they are implemented. In addition, we note FSA's response to our fourth recommendation states that the agency will continue to utilize national directives to report the results of compliance reviews, which will include a summary of findings, the types of errors found, and corrective actions to be taken. However, FSA did not utilize such a directive for the MFP.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees, the Secretary of Agriculture, the Administrator of FSA, and other interested parties. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

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

Sincerely yours,

Steve D. Morris

Steve D. Morris
Director, Natural Resources and Environment

Appendix I: Additional Information on the Distribution of 2018 Market Facilitation Program (MFP) Payments

MFP Payments Averaged About $15,000 per Farming Operation in 2018 and Were Mostly Distributed to Operations in the South and Midwest

For the 2018 MFP, the Farm Service Agency (FSA) distributed $8.6 billion to 582,596 farming operations (excluding Puerto Rico), with payments varying by location and commodity type.[1] As shown in table 3, the average 2018 MFP payment per farming operation was $14,791. Average payments per member ranged from a high of about $24,000 in Mississippi to about $400 in Alaska.[2]

[1]A farming operation is a business enterprise engaged in the production of agricultural products, commodities, or livestock that is operated by a person, legal entity (e.g., a corporation, limited liability company, estate, or trust), or joint operation (e.g., a general partnership). A member of a farming operation can be either a person or an entity. A person is defined in statute as a natural person (an individual) and does not include a legal entity. 7 U.S.C. § 1308(a)(4).

[2]The variation in payments from state to state is a result of the types and quantities of commodities produced in each state and the MFP payment rates for those types of commodities.

Table 3: 2018 Market Facilitation Program (MFP) Payments to Farming Operations and Members, by State and Average Payment per Member

Average payments per member ranged from a high of about $24,000 in Mississippi to about $400 in Alaska.

State[a]	MFP payments		Farming operations		Members			
	Dollars	Percentage	Number	Percentage	Number	Percentage	Average payment per farming operation (dollars)	Average payment per member (dollars)
Mississippi	218,485,861	2.5	4,801	0.8	9,128	1.1	45,508	23,936
North Dakota	447,068,787	5.2	16,430	2.8	19,109	2.4	27,211	23,396
Minnesota	683,653,961	7.9	34,486	5.9	41,587	5.2	19,824	16,439
South Dakota	431,898,574	5.0	19,091	3.3	29,502	3.7	22,623	14,640
Arizona	15,264,425	0.2	351	0.1	1,104	0.1	43,488	13,826
Louisiana	106,682,547	1.2	4,831	0.8	7,720	1.0	22,083	13,819
Iowa	991,215,238	11.5	59,249	10.2	77,388	9.7	16,730	12,808
Virginia	45,763,049	0.5	2,614	0.4	3,604	0.5	17,507	12,698
Indiana	575,578,229	6.7	34,955	6.0	45,488	5.7	16,466	12,653
Arkansas	282,646,432	3.3	12,510	2.1	22,411	2.8	22,594	12,612
New Mexico	12,281,919	0.1	558	0.1	979	0.1	22,011	12,545
North Carolina	106,041,789	1.2	6,772	1.2	8,519	1.1	15,659	12,448
Ohio	473,030,057	5.5	30,821	5.3	38,875	4.9	15,348	12,168
Michigan	194,789,619	2.3	13,329	2.3	16,381	2.1	14,614	11,891
Georgia	62,761,058	0.7	3,937	0.7	5,321	0.7	15,941	11,795
South Carolina	24,199,868	0.3	1,590	0.3	2,090	0.3	15,220	11,579
Illinois	1,115,050,226	12.9	76,912	13.2	100,176	12.6	14,498	11,131
Nebraska	577,259,813	6.7	39,873	6.8	53,601	6.7	14,477	10,770
Delaware	11,541,322	0.1	691	0.1	1,074	0.1	16,702	10,746
Alabama	47,601,195	0.6	3,199	0.5	4,442	0.6	14,880	10,716
Maryland	37,263,079	0.4	2,502	0.4	3,511	0.4	14,893	10,613
Tennessee	138,774,260	1.6	11,231	1.9	13,261	1.7	12,356	10,465
Missouri	446,879,307	5.2	32,603	5.6	43,239	5.4	13,707	10,335
Kentucky	155,741,279	1.8	12,966	2.2	15,434	1.9	12,012	10,091
New Jersey	6,705,361	0.1	538	0.1	721	0.1	12,463	9,300
California	93,692,657	1.1	5,193	0.9	10,679	1.3	18,042	8,774
Nevada	676,519	0.0	29	0.0	84	0.0	23,328	8,054
Florida	4,901,038	0.1	394	0.1	612	0.1	12,439	8,008
Wisconsin	203,680,259	2.4	20,686	3.5	26,503	3.3	9,846	7,685

State[a]	MFP payments		Farming operations		Members			
	Dollars	Percentage	Number	Percentage	Number	Percentage	Average payment per farming operation (dollars)	Average payment per member (dollars)
Kansas	541,244,641	6.3	55,149	9.5	73,131	9.2	9,814	7,401
Texas	246,832,977	2.9	25,071	4.3	36,437	4.6	9,845	6,774
Pennsylvania	51,337,860	0.6	6,428	1.1	8,468	1.1	7,987	6,063
New York	41,497,838	0.5	4,400	0.8	6,856	0.9	9,431	6,053
West Virginia	1,905,440	0.0	236	0.0	340	0.0	8,074	5,604
Oklahoma	66,234,581	0.8	9,757	1.7	12,173	1.5	6,788	5,441
Idaho	24,841,918	0.3	3,395	0.6	5,902	0.7	7,317	4,209
Oregon	15,519,141	0.2	2,364	0.4	4,135	0.5	6,565	3,753
Washington	55,712,062	0.6	7,648	1.3	15,436	1.9	7,285	3,609
Vermont	3,361,077	0.0	654	0.1	1,047	0.1	5,139	3,210
Utah	2,729,474	0.0	558	0.1	987	0.1	4,892	2,765
Colorado	23,383,775	0.3	5,965	1.0	9,223	1.2	3,920	2,535
Connecticut	465,484	0.0	90	0.0	233	0.0	5,172	1,998
Maine	767,301	0.0	253	0.0	402	0.1	3,033	1,909
Montana	28,937,748	0.3	6,632	1.1	15,529	2.0	4,363	1,863
New Hampshire	300,883	0.0	89	0.0	163	0.0	3,381	1,846
Hawaii	51,232	0.0	12	0.0	30	0.0	4,269	1,708
Massachusetts	362,751	0.0	146	0.0	232	0.0	2,485	1,564
Wyoming	836,618	0.0	596	0.1	947	0.1	1,404	883
Rhode Island	13,947	0.0	8	0.0	20	0.0	1,743	697
Alaska	3,583	0.0	3	0.0	9	0.0	1,194	398
Total	**8,617,468,059**	**100.0**	**582,596**	**100.0**	**794,243**	**100.0**	**14,791**	**10,850**

Source: GAO analysis of Farm Service Agency data. | GAO-22-104259

Note: Percentages may not sum to 100 because of rounding.

[a]In addition, Puerto Rico's 2018 MFP payments totaled $961,339, with 266 farming operations and 353 members receiving payments. The average payment per farming operation was $3,614, and the average payment per member was $2,723.

FSA paid $20.6 million in total, or an average of $824,912 per farming operation, to 25 farming operations that received the highest 2018 MFP payments, as shown in table 4. These 25 farming operations were general partnerships located in the South and Midwest and mostly received payments for nonspecialty crops.

Table 4: Top 25 Market Facilitation Program (MFP) Payments for 2018

These 25 farming operations received an average payment of $824,912, whereas the average payment for all farming operations was $14,791.

		MFP payments			
Farming operation	**Census Bureau region[a]**	**Nonspecialty crops (dollars)**	**Specialty crops (dollars)**	**Dairy and hogs (dollars)**	**Total (dollars)**
1	South	987,768	0	0	**987,768**
2	Midwest	986,202	0	0	**986,202**
3	South	975,625	0	0	**975,625**
4	South	959,077	0	0	**959,077**
5	Midwest	945,952	0	0	**945,952**
6	South	914,153	0	0	**914,153**
7	South	903,108	0	0	**903,108**
8	South	874,842	0	0	**874,842**
9	South	863,560	0	0	**863,560**
10	South	840,624	0	0	**840,624**
11	South	819,370	0	0	**819,370**
12	South	796,952	0	0	**796,952**
13	Midwest	789,772	0	0	**789,772**
14	South	708,333	0	71,784	**780,117**
15	South	754,144	0	0	**754,144**
16	Midwest	750,000	0	0	**750,000**
17	South	750,000	0	0	**750,000**
18	South	750,000	0	0	**750,000**
19	Midwest	746,495	0	0	**746,495**
20	South	745,218	0	0	**745,218**
21	Midwest	744,942	0	0	**744,942**
22	South	744,169	0	0	**744,169**
23	South	741,320	0	0	**741,320**
24	South	741,005	0	0	**741,005**
25	Midwest	718,390	0	0	**718,390**
Total	—	**20,551,021**	**0**	**71,784**	**20,622,805**

Source: GAO analysis of Farm Service Agency (FSA) data. | GAO-22-104259

Notes: We analyzed FSA data to identify the 25 farming operations that received the highest 2018 MFP payments; these 25 farming operations were organized as general partnerships.

To preserve farming operations' confidentiality, we provide the U.S. Census Bureau region where each farming operation is located to provide a general, rather than a specific, location (e.g., state or county).

[a]The U.S. Census Bureau divides the 50 states among four regions—Northeast, South, Midwest, and West. The Northeast region includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. The South region includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The Midwest region includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. The West region includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Nevada, New Mexico, Montana, Oregon, Utah, Washington, and Wyoming.

Payments for nonspecialty crops (corn, cotton, sorghum, soybeans, and wheat) received $8.2 billion (about 95 percent) of total 2018 MFP payments, and about 44 percent of total payments went to farming operations in Illinois, Iowa, Minnesota, Nebraska, and Indiana. Farming operations that produced specialty crops (fresh sweet cherries and shelled almonds) received $72.2 million (0.8 percent), while dairy and hog operations received $351.1 million (4.1 percent) of total 2018 MFP payments. FSA distributed about 90 percent of the specialty crop payments to farming operations in California and Washington, and about half of the dairy and hog payments to farming operations in California, Iowa, Minnesota, and Wisconsin. Table 5 shows 2018 MFP payments for commodity types, by state.

Table 5: 2018 Market Facilitation Program (MFP) Payments for Nonspecialty Crops, Specialty Crops, and Dairy and Hogs, by State

Farming operations that produced nonspecialty crops received $8.2 billion, specialty crops received $72.2 million, and dairy and hog operations received $351.1 million of total 2018 MFP payments.

	Nonspecialty crops		Specialty crops		Dairy and hogs		Total	
State[a]	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage
Illinois	1,095,407,366	13.4	0	0	19,642,860	5.6	**1,115,050,226**	**12.9**
Iowa	936,034,454	11.4	0	0	55,180,784	15.7	**991,215,238**	**11.5**
Minnesota	639,523,880	7.8	0	0	44,130,081	12.5	**683,653,961**	**7.9**
Nebraska	566,828,108	6.9	0	0	10,431,705	3	**577,259,813**	**6.7**
Indiana	562,635,836	6.9	333	0	12,942,060	3.7	**575,578,229**	**6.7**
Kansas	536,156,563	6.5	0	0	5,088,078	1.4	**541,244,641**	**6.3**
Ohio	461,170,760	5.6	26,345	0	11,832,952	3.4	**473,030,057**	**5.5**
North Dakota	445,898,601	5.4	470	0	1,169,716	0.3	**447,068,787**	**5.2**
Missouri	441,778,628	5.4	0	0	5,100,679	1.4	**446,879,307**	**5.2**
South Dakota	420,386,209	5.1	0	0	11,512,365	3.3	**431,898,574**	**5.0**
Arkansas	282,270,886	3.4	0	0	375,546	0.1	**282,646,432**	**3.3**
Texas	238,118,270	2.9	10,796	0	8,703,911	2.5	**246,832,977**	**2.9**
Mississippi	218,316,314	2.7	0	0	169,547	0	**218,485,861**	**2.5**
Wisconsin	173,390,963	2.1	9,640	0	30,279,656	8.6	**203,680,259**	**2.4**

	Nonspecialty crops		Specialty crops		Dairy and hogs		Total	
State[a]	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage
Michigan	182,687,935	2.2	124,435	0.2	11,977,249	3.4	**194,789,619**	**2.3**
Kentucky	153,596,690	1.9	0	0	2,144,589	0.6	**155,741,279**	**1.8**
Tennessee	137,818,151	1.7	164	0	955,945	0.3	**138,774,260**	**1.6**
Louisiana	106,478,656	1.3	0	0	203,891	0.1	**106,682,547**	**1.2**
North Carolina	103,499,177	1.3	0	0	2,542,612	0.7	**106,041,789**	**1.2**
California	17,012,705	0.2	34,831,361	48.2	41,848,591	11.9	**93,692,657**	**1.1**
Oklahoma	65,676,156	0.8	2,640	0	555,785	0.2	**66,234,581**	**0.8**
Georgia	61,451,802	0.7	0	0	1,309,256	0.4	**62,761,058**	**0.7**
Washington	20,973,100	0.3	29,006,918	40.2	5,732,044	1.6	**55,712,062**	**0.6**
Pennsylvania	41,345,493	0.5	16,285	0	9,976,082	2.8	**51,337,860**	**0.6**
Alabama	47,441,499	0.6	0	0	159,696	0	**47,601,195**	**0.6**
Virginia	44,223,692	0.5	604	0	1,538,753	0.4	**45,763,049**	**0.5**
New York	27,361,802	0.3	116,544	0.2	14,019,492	4	**41,497,838**	**0.5**
Maryland	36,293,569	0.4	9,712	0	959,798	0.3	**37,263,079**	**0.4**
Montana	26,691,595	0.3	252,840	0.3	1,993,313	0.6	**28,937,748**	**0.3**
Idaho	13,191,985	0.2	239,491	0.3	11,410,442	3.2	**24,841,918**	**0.3**
South Carolina	23,760,402	0.3	0	0	439,466	0.1	**24,199,868**	**0.3**
Colorado	19,832,444	0.2	98,889	0.1	3,452,442	1	**23,383,775**	**0.3**
Oregon	6,015,531	0.1	7,387,674	10.2	2,115,936	0.6	**15,519,141**	**0.2**
Arizona	11,776,436	0.1	4,680	0	3,483,309	1	**15,264,425**	**0.2**
New Mexico	4,263,804	0.1	1,308	0	8,016,807	2.3	**12,281,919**	**0.1**
Delaware	11,423,781	0.1	0	0	117,541	0	**11,541,322**	**0.1**
New Jersey	6,564,286	0.1	1,756	0	139,319	0	**6,705,361**	**0.1**
Florida	3,081,491	0	41,639	0.1	1,777,908	0.5	**4,901,038**	**0.1**
Vermont	455,353	0	0	0	2,905,724	0.8	**3,361,077**	**0.0**
Utah	632,218	0	47,402	0.1	2,049,854	0.6	**2,729,474**	**0.0**
West Virginia	1,777,741	0.1	0	0	127,699	0	**1,905,440**	**0.0**
Wyoming	691,465	0	0	0	145,153	0	**836,618**	**0.0**
Maine	60,368	0	0	0	706,933	0.2	**767,301**	**0.0**
Nevada	38,499	0	0	0	638,020	0.2	**676,519**	**0.0**
Connecticut	29,550	0	0	0	435,934	0.1	**465,484**	**0.0**
Massachusetts	43,168	0	7,526	0	312,057	0.1	**362,751**	**0.0**
New Hampshire	1,446	0	856	0	298,581	0.1	**300,883**	**0.0**
Hawaii	0	0	0	0	51,232	0	**51,232**	**0.0**
Rhode Island	0	0	0	0	13,947	0	**13,947**	**0.0**
Alaska	1,123	0	0	0	2,460	0	**3,583**	**0.0**

	Nonspecialty crops		Specialty crops		Dairy and hogs		Total	
State[a]	**Dollars**	**Percentage**	**Dollars**	**Percentage**	**Dollars**	**Percentage**	**Dollars**	**Percentage**
Total	**8,194,109,951**	**100.0**	**72,240,308**	**100.0**	**351,117,800**	**100.0**	**8,617,468,059**	**100.0**

Source: GAO analysis of Farm Service Agency data. | GAO-22-104259

Note: Percentages may not sum to 100 because of: rounding.

[a]Farming operations in Puerto Rico received a total of $848,767 in 2018 MFP payments for dairy and hogs and $112,572 for nonspecialty crops. Farming operations in Puerto Rico did not receive 2018 MFP payments for specialty crops.

Appendix II: Additional Information on the Distribution of 2019 Market Facilitation Program (MFP) Payments

For the 2019 MFP, the Farm Service Agency (FSA) distributed about $14.4 billion in payments in all 50 states and Puerto Rico to 643,965 farming operations, with payments varying by location. As shown in table 6, the average 2019 MFP payment per farming operation was $22,312. Average payments per member ranged from a high of about $42,500 in Georgia to about $1,700 in Rhode Island.

Table 6: 2019 Market Facilitation Program (MFP) Payments to Farming Operations and Members, by State and Average Payment per Member

Average payments per member ranged from a high of about $42,500 in Georgia to about $1,700 in Rhode Island.

	MFP payments		Farming operations		Members			
State[a]	Dollars	Percentage	Number	Percentage	Number	Percentage	Average payment per farming operation (dollars)	Average payment per member (dollars)
Georgia	310,832,608	2.2	5,479	0.9	7,306	0.8	56,732	42,545
Mississippi	323,593,329	2.3	4,690	0.7	9,107	1.0	68,996	35,532
North Dakota	693,157,967	4.8	18,953	2.9	21,750	2.5	36,572	31,869
Arizona	49,709,777	0.3	596	0.1	1,586	0.2	83,406	31,343
South Carolina	60,098,839	0.4	1,796	0.3	2,287	0.3	33,463	26,278
Alabama	121,995,760	0.8	3,399	0.5	4,682	0.5	35,892	26,056
Florida	24,095,215	0.2	718	0.1	986	0.1	33,559	24,437
Minnesota	1,066,556,872	7.4	36,532	5.7	43,883	5.0	29,195	24,305
North Carolina	194,690,509	1.4	7,269	1.1	9,026	1.0	26,784	21,570
Texas	1,075,174,517	7.5	36,639	5.7	51,117	5.9	29,345	21,034
Iowa	1,581,719,579	11.0	61,433	9.5	79,464	9.1	25,747	19,905
Arkansas	441,658,607	3.1	12,975	2.0	22,820	2.6	34,039	19,354
New Mexico	36,940,198	0.3	1,255	0.2	2,002	0.2	29,434	18,452
Virginia	72,526,934	0.5	2,956	0.5	4,037	0.5	24,535	17,966

	MFP payments		Farming operations		Members			
State[a]	Dollars	Percentage	Number	Percentage	Number	Percentage	Average payment per farming operation (dollars)	Average payment per member (dollars)
California	317,077,273	2.2	9,992	1.6	18,133	2.1	31,733	17,486
Nebraska	960,181,906	6.7	42,340	6.6	56,131	6.4	22,678	17,106
Tennessee	231,581,245	1.6	11,717	1.8	13,733	1.6	19,765	16,863
Louisiana	162,263,358	1.1	6,717	1.0	9,957	1.1	24,157	16,296
Delaware	18,152,902	0.1	726	0.1	1,124	0.1	25,004	16,150
South Dakota	523,467,014	3.6	20,991	3.3	32,433	3.7	24,938	16,140
Indiana	725,298,539	5.0	34,660	5.4	45,050	5.2	20,926	16,100
Michigan	260,601,255	1.8	13,844	2.1	16,959	1.9	18,824	15,367
Maryland	55,536,024	0.4	2,607	0.4	3,656	0.4	21,303	15,190
Missouri	632,689,068	4.4	31,901	5.0	42,055	4.8	19,833	15,044
Illinois	1,452,547,648	10.1	76,129	11.8	98,380	11.3	19,080	14,765
Ohio	523,892,947	3.6	29,513	4.6	37,350	4.3	17,751	14,027
Kentucky	229,938,635	1.6	14,407	2.2	16,992	2.0	15,960	13,532
Kansas	1,010,635,043	7.0	58,599	9.1	76,545	8.8	17,247	13,203
New Jersey	9,932,766	0.1	609	0.1	825	0.1	16,310	12,040
Wisconsin	347,868,224	2.4	23,259	3.6	29,409	3.4	14,956	11,829
Oklahoma	206,404,611	1.4	16,662	2.6	19,971	2.3	12,388	10,335
Massachusetts	6,812,715	0.0	458	0.1	748	0.1	14,875	9,108
New York	65,399,722	0.5	4,848	0.8	7,506	0.9	13,490	8,713
Pennsylvania	79,416,392	0.6	7,009	1.1	9,169	1.1	11,331	8,661
Colorado	105,337,276	0.7	8,212	1.3	12,190	1.4	12,827	8,641
Idaho	74,319,215	0.5	5,851	0.9	9,240	1.1	12,702	8,043
Oregon	42,475,903	0.3	3,782	0.6	6,365	0.7	11,231	6,673
Washington	107,378,042	0.7	8,460	1.3	16,705	1.9	12,692	6,428
Montana	128,406,508	0.9	9,958	1.5	20,440	2.3	12,895	6,282
West Virginia	3,520,806	0.0	435	0.1	567	0.1	8,094	6,210
Nevada	4,120,435	0.0	380	0.1	665	0.1	10,843	6,196
Vermont	6,049,146	0.0	644	0.1	1,064	0.1	9,393	5,685
Hawaii	179,349	0.0	29	0.0	36	0.0	6,184	4,982
Alaska	95,278	0.0	12	0.0	21	0.0	7,940	4,537
Puerto Rico	1,343,339	0.0	248	0.0	331	0.0	5,417	4,058
Connecticut	1,072,357	0.0	115	0.0	269	0.0	9,325	3,986
Utah	10,926,775	0.1	1,907	0.3	2,869	0.3	5,730	3,809

	MFP payments		Farming operations		Members			
State[a]	Dollars	Percentage	Number	Percentage	Number	Percentage	Average payment per farming operation (dollars)	Average payment per member (dollars)
Maine	2,312,500	0.0	405	0.1	625	0.1	5,710	3,700
New Hampshire	610,166	0.0	104	0.0	190	0.0	5,867	3,211
Wyoming	7,689,807	0.1	1,704	0.3	2,599	0.3	4,513	2,959
Rhode Island	121,410	0.0	41	0.0	72	0.0	2,961	1,686
Total	14,368,406,309	100.0	643,965	100.0	870,427	100.0	22,312	16,507

Source: GAO analysis of Farm Service Agency data. | GAO-22-104259

Note: Percentages may not sum to 100 because of rounding.

[a]This table includes 2019 MFP payments made to farming operations in Puerto Rico.

FSA paid about $37.3 million in total, or an average of $1.5 million per farming operation, to 25 farming operations that received the highest 2019 MFP payments, as shown in table 7. These 25 farming operations were located in the South and Midwest and mostly received payments for nonspecialty crops.

Table 7: Top 25 Market Facilitation Program (MFP) Payments for 2019

These 25 farming operations received an average payment of $1.5 million, whereas the average payment for all farming operations was $22,312.

MFP payments

Farming operation	Census Bureau region[a]	Nonspecialty crops (dollars)	Specialty crops (dollars)	Dairy and hogs (dollars)	Total (dollars)
1	South	2,077,999	0	0	**2,077,999**
2	Midwest and South	1,980,118	0	0	**1,980,118**
3	South	1,940,323	0	0	**1,940,323**
4	South	1,886,334	0	0	**1,886,334**
5	Midwest	1,740,248	0	0	**1,740,248**
6	South	1,622,520	0	0	**1,622,520**
7	Midwest	1,528,311	0	0	**1,528,311**
8	South	1,519,383	0	0	**1,519,383**
9	Midwest and South	1,496,728	0	0	**1,496,728**
10	South	807,341	0	680,944	**1,488,285**
11	South	1,381,885	0	0	**1,381,885**
12	South	1,377,422	0	0	**1,377,422**
13	Midwest	1,374,279	0	0	**1,374,279**

Farming operation	Census Bureau region[a]	Nonspecialty crops (dollars)	Specialty crops (dollars)	Dairy and hogs (dollars)	Total (dollars)
14	South	1,361,268	0	0	**1,361,268**
15	Midwest	1,355,509	0	0	**1,355,509**
16	Midwest	1,348,866	0	0	**1,348,866**
17	South	1,348,273	0	0	**1,348,273**
18	Midwest	1,338,208	0	0	**1,338,208**
19	South	1,326,477	0	0	**1,326,477**
20	South	1,203,330	0	119,645	**1,322,975**
21	South	1,322,196	0	0	**1,322,196**
22	South	1,308,888	0	0	**1,308,888**
23	Midwest	0	0	1,282,590	**1,282,590**
24	Midwest and South	1,276,172	0	0	**1,276,172**
25	South	1,269,369	0	0	**1,269,369**
Total	—	**35,191,445**	**0**	**2,083,179**	**37,274,624**

Sources: Farm Service Agency (FSA) state officials and GAO analysis of FSA data. | GAO-22-104259

Note: To preserve farming operations' confidentiality, we provide the Census Bureau region where each farming operation is located to provide a general, rather than a specific, location (e.g., state or county).

[a]The U.S. Census Bureau divides the 50 states among four regions—Northeast, South, Midwest, and West. The Northeast region includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. The South region includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The Midwest region includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. The West region includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Payments for nonspecialty crops received $13.5 billion (94 percent) of total 2019 MFP payments, and about 44 percent of total payments went to farming operations in Iowa, Illinois, Texas, Minnesota, and Kansas. Farming operations that produced specialty crops received $273.9 million (1.9 percent), while dairy and hog operations received $565.9 million (3.9 percent) of total 2019 MFP payments. FSA distributed 68 percent of the specialty crop payments to farming operations in California and Washington, and more than half of the dairy and hog payments to farming operations in Iowa, Minnesota, California, Wisconsin, and Illinois. Table 8 shows 2019 MFP payments for commodity types, by state.

Table 8: 2019 Market Facilitation Program (MFP) Payments for Nonspecialty Crops, Specialty Crops, and Dairy and Hogs, by State

Farming operations that produced nonspecialty crops received $13.5 billion, specialty crops received $273.9 million, and dairy and hog operations received $565.9 million.

State[a]	Nonspecialty crops		Specialty crops		Dairy and hogs		Total	
	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Iowa	1,496,136,773	11.1	100,406	0	85,482,400	15.1	**1,581,719,579**	**11.1**
Illinois	1,422,433,078	10.5	128,567	0	29,986,003	5.3	**1,452,547,648**	**10.5**
Texas	1,050,030,036	7.8	9,592,809	3.5	15,551,672	2.7	**1,075,174,517**	**7.8**
Minnesota	995,859,597	7.4	59,056	0	70,638,218	12.5	**1,066,556,871**	**7.4**
Kansas	1,001,433,931	7.4	687,097	0.3	8,514,015	1.5	**1,010,635,043**	**7.4**
Nebraska	943,314,968	7	40,710	0	16,826,228	3	**960,181,906**	**7**
Indiana	705,497,094	5.2	31,175	0	19,770,270	3.5	**725,298,539**	**5.2**
North Dakota	691,468,149	5.1	5,360	0	1,684,457	0.3	**693,157,966**	**5.1**
Missouri	623,615,714	4.6	1,041,042	0.4	8,032,312	1.4	**632,689,068**	**4.6**
Ohio	504,870,729	3.7	75,741	0	18,946,476	3.3	**523,892,946**	**3.7**
South Dakota	505,028,416	3.7	7,131	0	18,431,467	3.3	**523,467,014**	**3.7**
Arkansas	439,660,174	3.2	997,979	0.4	1,000,455	0.2	**441,658,608**	**3.2**
Wisconsin	286,112,783	2.1	12,329,507	4.5	49,425,934	8.7	**347,868,224**	**2.1**
Mississippi	322,415,680	2.4	685,719	0.3	491,930	0.1	**323,593,329**	**2.4**
California	95,542,599	0.7	153,302,903	56	68,231,771	12.1	**317,077,273**	**0.7**
Georgia	292,934,291	2.2	15,269,014	5.6	2,629,303	0.5	**310,832,608**	**2.2**
Michigan	240,722,159	1.8	907,785	0.3	18,971,311	3.4	**260,601,255**	**1.8**
Tennessee	229,971,611	1.7	56,328	0	1,553,306	0.3	**231,581,245**	**1.7**
Kentucky	226,233,993	1.7	21,760	0	3,682,881	0.7	**229,938,634**	**1.7**
Oklahoma	195,737,697	1.4	9,596,137	3.5	1,070,778	0.2	**206,404,612**	**1.4**
North Carolina	190,154,095	1.4	294,442	0.1	4,241,971	0.7	**194,690,508**	**1.4**
Louisiana	160,880,127	1.2	1,064,486	0.4	318,745	0.1	**162,263,358**	**1.2**
Montana	125,117,133	0.9	416,538	0.2	2,872,837	0.5	**128,406,508**	**0.9**
Alabama	121,222,526	0.9	564,618	0.2	208,616	0	**121,995,760**	**0.9**
Washington	64,510,625	0.5	33,605,157	12.3	9,262,260	1.6	**107,378,042**	**0.5**
Colorado	98,411,437	0.7	317,183	0.1	6,608,656	1.2	**105,337,276**	**0.7**
Pennsylvania	63,485,277	0.5	166,795	0.1	15,764,320	2.8	**79,416,392**	**0.5**
Idaho	54,459,817	0.4	590,577	0.2	19,268,821	3.4	**74,319,215**	**0.4**
Virginia	69,967,443	0.5	47,910	0	2,511,582	0.4	**72,526,935**	**0.5**
New York	42,142,965	0.3	410,987	0.2	22,845,770	4	**65,399,722**	**0.3**
South Carolina	59,377,524	0.4	186,183	0.1	535,132	0.1	**60,098,839**	**0.4**
Maryland	53,977,881	0.4	42,006	0	1,516,137	0.3	**55,536,024**	**0.4**

State[a]	Nonspecialty crops		Specialty crops		Dairy and hogs		Total	
	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Arizona	43,075,521	0.3	598,895	0.2	6,035,362	1.1	**49,709,778**	**0.3**
Oregon	19,966,933	0.1	19,188,198	7	3,320,772	0.6	**42,475,903**	**0.1**
New Mexico	20,969,938	0.2	3,571,123	1.3	12,399,137	2.2	**36,940,198**	**0.2**
Florida	21,065,088	0.2	166,984	0.1	2,863,144	0.5	**24,095,216**	**0.2**
Delaware	18,011,662	0.1	2,830	0	138,410	0	**18,152,902**	**0.1**
Utah	7,157,297	0.1	232,565	0.1	3,536,912	0.6	**10,926,774**	**0.1**
New Jersey	8,623,235	0.1	1,053,071	0.4	256,461	0	**9,932,767**	**0.1**
Wyoming	7,449,042	0.1	0	0	240,765	0	**7,689,807**	**0.1**
Massachusetts	235,341	0	6,107,392	2.2	469,983	0.1	**6,812,716**	**0**
Vermont	1,344,331	0	0	0	4,704,816	0.8	**6,049,147**	**0**
Nevada	2,943,191	0	35,040	0	1,142,203	0.2	**4,120,434**	**0**
West Virginia	3,348,624	0	3,110	0	169,072	0	**3,520,806**	**0**
Maine	1,105,210	0	43,832	0	1,163,458	0.2	**2,312,500**	**0**
Puerto Rico	22,139	0	0	0	1,321,200	0.2	**1,343,339**	**0**
Connecticut	362,685	0	7,006	0	702,665	0.1	**1,072,356**	**0**
New Hampshire	148,253	0	3,851	0	458,062	0.1	**610,166**	**0**
Hawaii	0	0	129,739	0	49,610	0	**179,349**	**0**
Rhode Island	15,022	0	72,338	0	34,050	0	**121,410**	**0**
Alaska	82,026	0	0	0	13,252	0	**95,278**	**0**
Total	**13,528,651,860**	**100**	**273,859,082**	**100**	**565,895,368**	**100**	**14,368,406,310**	**100**

Source: GAO analysis of Farm Service Agency data. | GAO-22-104259

Notes: Percentages may not sum to 100 because of rounding.

The 2019 MFP eligible nonspecialty crops were alfalfa hay, barley, canola, cotton (upland and extra-long-staple), corn, crambe, dried beans, dry peas, flaxseed, lentils, long- and medium-grain rice, millet, mustard seed, oats, peanuts, rapeseed, rye, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, triticale, and wheat. Eligible specialty crops were almonds, cranberries, cultivated ginseng, fresh grapes, fresh sweet cherries, hazelnuts, macadamia nuts, pecans, pistachios, and walnuts. In addition, dairy (milk) and hogs were eligible.

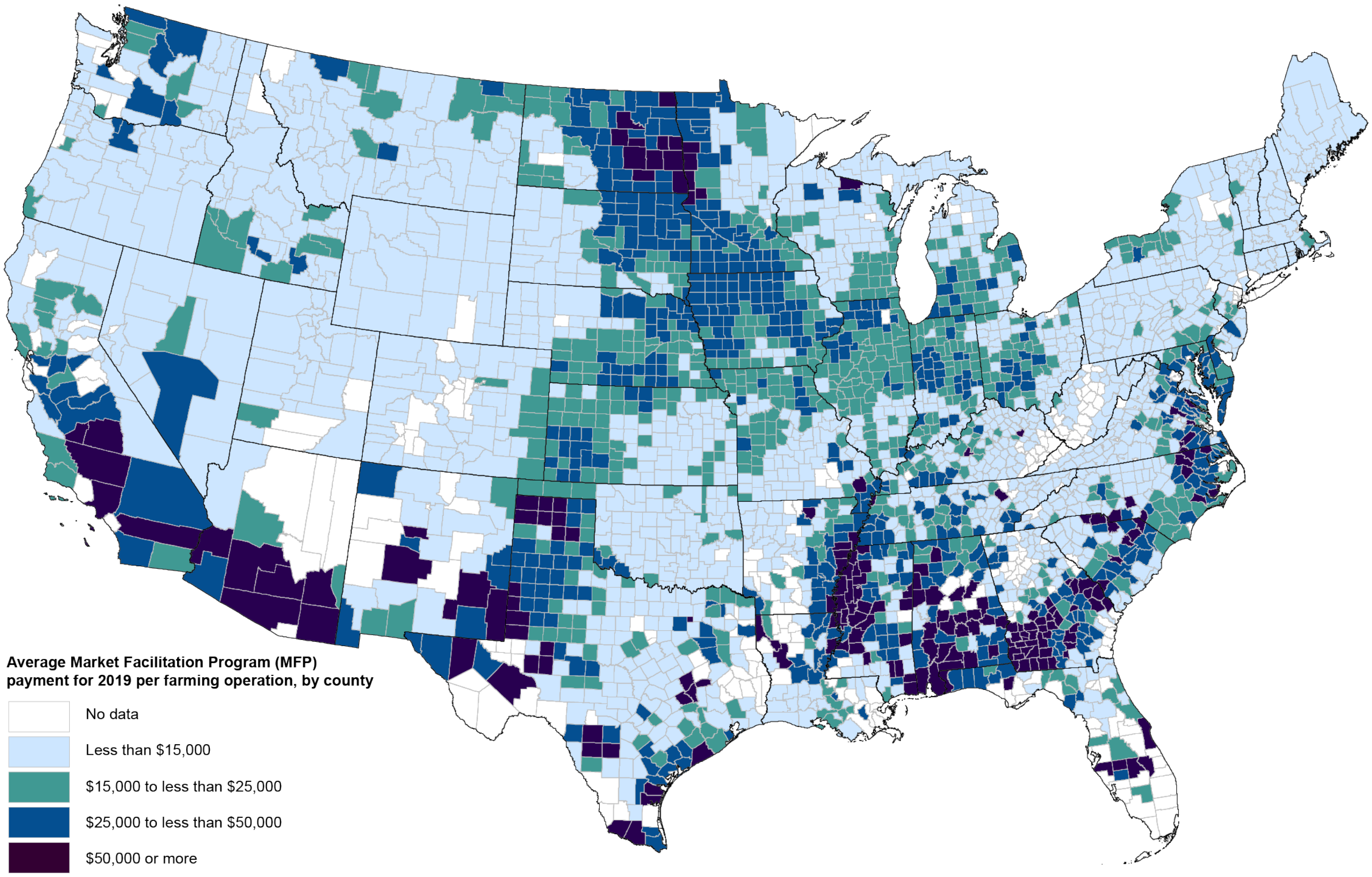
[a]This table includes 2019 MFP payments made to farming operations in Puerto Rico.

In total, FSA distributed $14.4 billion in 2019 MFP payments.[1] The average 2019 MFP payment per farming operation ranged from $44 to $295,299 by county, and 201 counties had average payments of $50,000 or more. As shown in figure 5, farming operations that received the highest 2019 MFP payments were predominantly located in the South

[1]We excluded payments made to Indian tribes from our analysis because, according to FSA's payment limitation handbook, such payments are not subject to payment limits. Because we did not include payments to Indian tribes, our totals may be lower than other publicly reported figures.

and Midwest; those operations also generally produced nonspecialty crops.

Figure 5: Average 2019 MFP Payment in the Contiguous U.S.



Source: GAO analysis of Farm Service Agency data. | GAO-22-104259

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

USDA

United States Department of Agriculture

Farm Production and Conservation

Farm Service Agency

Farm Programs
1400 Independence, SW
Room 3612
Washington DC 20250-0510

Voice: 202-720-3175

DATE: December 6, 2021

TO: Steve D. Morris
Director, Natural Resources & Environment
Government Accountability Office

FROM: Zach Ducheneaux
Administrator, Farm Service Agency

SUBJECT: **Agency Response to Market Facilitation Program (MFP) Report GAO-22-104259**

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) appreciates the opportunity to respond to the U.S. Government Accountability Office (GAO) draft report GAO-22-104259 USDA Market Facilitation Program (MFP) received November 22, 2021. The original purpose of the audit was to examine USDA's distribution of MFP payments for both 2018 and 2019 to historically underserved and high-income farmers, and the extent to which USDA verified farms' compliance with MFP eligibility requirements.

FSA agrees with the findings, but with the recognition of conflicting program priorities and limited resources devoted to developing and delivering pandemic assistance to producers who faced market disruptions due to COVID-19. Signup for MFP ended December 20, 2019. In addition to technical comments previously provided to GAO by e-mail, FSA addressed the four GAO recommendations which will be implemented for future ad hoc assistance programs and, if necessary, existing programs.

Finding 1: FSA Did not Ensure the Results of Its 2018 MFP Spot Check Review Were Reliable

Recommendation 1 - "Design data collection and analysis for future compliance reviews of supplemental assistance programs in a way that ensures reliable results."

Response 1: For future programs, the agency will use sound statistical methodologies, define objectives, and identify requirements/documentation to support those objectives with assistance from PAR to ensure sampling methods are consistent across programs.

Steve D. Morris Page 2

Finding 2: FSA Sampled a Higher Rate of Larger MFP Payments but Did Not Focus on Other Characteristics Posing a Risk

Recommendation 2 – "Assess risk characteristics and take a more complete risk-based approach in selecting samples for future compliance reviews of supplemental assistance programs."

Response 2 – The agency will collaborate with supporting agency divisions to identify and assess risk characteristics that may include payment eligibility as well as program eligibility for a more complete risk-based approach in selecting samples.

Finding 3: FSA Tolerated a Greater Difference between Claimed and Actual Production Compared with Other Programs but Did Not Document the Rationale

Recommendation 3 – "Document the rationale for the tolerance level (e.g., the allowable percentage difference between farming operations' actual production and their claimed production) used in future compliance reviews of supplemental assistance programs."

Response 3 – The agency will utilize variances allowed in established programs for certified production and acreage-based benefit programs, as well as acceptable documentation to support certified ownership share of production for payment.

Recommendation 4 – "Communicate the results of its future compliance reviews of supplemental assistance programs, including a summary of findings and types of errors found, and identify corrective actions to be taken."

Response 4 – The agency communicated through regularly scheduled teleconferences and supplemental notes to State Office officials of common compliance findings, payment issues, and corrective actions to resolve findings. The agency will continue to utilize national directives to report the results of compliance reviews, including reviews conducted by other divisions or audits conducted by other agencies or contractors, which will include a summary of the findings, the types of errors found, and the corrective actions to be taken.

Agency Comment Letter

Text of Appendix III: Comments from the U.S. Department of Agriculture

Page 1

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Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Steve D. Morris at (202) 512-3841 or morriss@gao.gov

Staff Acknowledgments

In addition to the contact named above, Thomas M. Cook (Assistant Director), Josey Ballenger (Analyst-in-Charge), Sahar Angadjivand, Kevin S. Bray, Cindy Gilbert, Joe Maher, Donna Morgan, John Mingus, Cynthia Norris, and Khristi Wilkins made key contributions to this report. Other contributors included Gary Brown, Michael Simon, and Ruth Solomon.

Related GAO Products

USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses. GAO-22-468. Washington, D.C.: Nov. 18, 2021.

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(104259)

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