United States Government Accountability Office

Report to Congressional Committees

USDA ADMINISTRATIVE SERVICES

More Could Be Done to Assess Effectiveness and Impact of Business Centers

Accessible Version

February 2020

GAO-20-243

GAO Highlights

Highlights of GAO-20-243, a report to congressional committees

Why GAO Did This Study

With budget authority of $146 billion in fiscal year 2018, USDA employs nearly 100,000 people organized into 13 major staff offices and eight mission areas comprising 18 agencies. In a November 2017 memorandum, the Secretary of Agriculture called for establishment of a business center in each mission area to provide consolidated administrative services. The memorandum identified three policy goals for these reforms: (1) improve customer engagement, (2) maximize efficiency, and (3) improve agency collaboration.

The Agriculture Improvement Act of 2018 includes a provision for GAO to report on USDA's business centers. Among other things, this report examines the extent to which USDA has (1) established business centers and (2) assessed the effectiveness and impact of these business centers. GAO reviewed USDA documents and interviewed officials from USDA's Office of the Assistant Secretary for Administration, Office of Budget and Program Analysis, and eight mission areas about their efforts. GAO also interviewed representatives of USDA employee unions and USDA's external customers, such as farmers, for their perspectives on the establishment of the business centers.

What GAO Recommends

GAO recommends that USDA establish department-level outcome-oriented performance goals and related measures for the business centers, and use them to assess the effectiveness and impact of the business center reforms. USDA agreed with the recommendation.

View GAO-20-243. For more information, contact Steve Morris at (202) 512-3841 or morriss@gao.gov.

February 2020

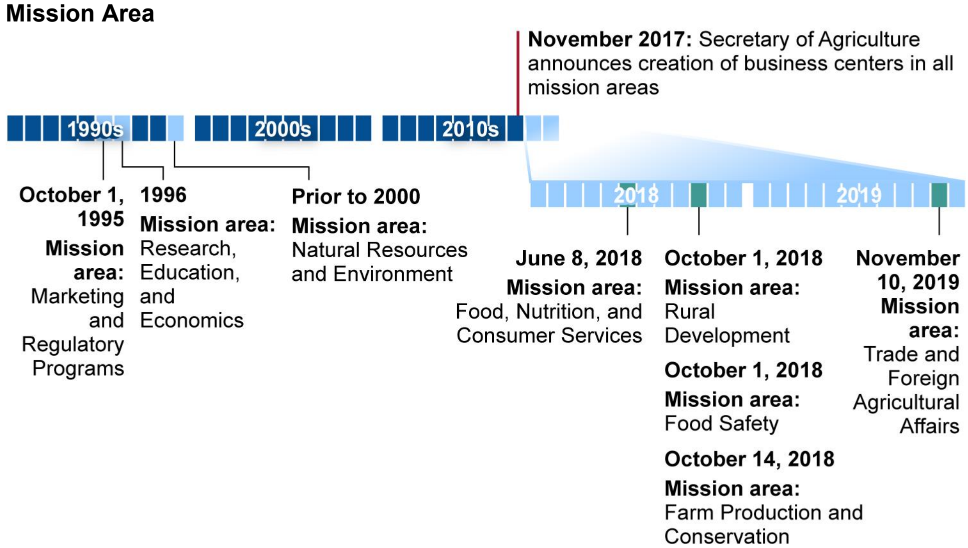
USDA ADMINISTRATIVE SERVICES

More Could Be Done to Assess Effectiveness and Impact of Business Centers

What GAO Found

The U.S. Department of Agriculture (USDA) has established business centers to provide consolidated administrative services such as human resources and information technology in each of its eight mission areas, in keeping with reforms called for in a November 2017 memorandum from the Secretary of Agriculture. The business centers vary in when they were established; three preceded the Secretary's memorandum (see figure). Typically, each business center is located within one of the mission area's component agencies, and the center's leader reports directly to agency leadership.

Business Centers Established at the U.S. Department of Agriculture (USDA), by Mission Area



Source: GAO analysis of USDA information. | GAO-20-243

According to a USDA official, the department regularly reviews data on administrative services, including services provided by the business centers. However, the department has not assessed the effectiveness and impact of its business centers and as of November 2019, did not plan to do so. Beginning in 2018, USDA created an online monitoring system to compile data on the status of administrative services, with "dashboards" displaying data specific to different administrative services, among other things. However, the department has not used dashboards or associated metrics to assess the effectiveness and impact of the business centers, including their impact on USDA's customer service; human resources, including hiring; and overall functionality. GAO's prior work has shown that a key practice to consider during an agency's reform efforts is establishing clear outcome-oriented goals and performance measures to assess the reform's effectiveness and impact. Developing appropriate performance goals and systematically assessing the effectiveness and impact of the business center reforms could help the department determine whether the reforms are meeting the Secretary's overarching policy goals and improving the delivery of administrative services to support the department's mission and program goals.

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Abbreviations

ACEP	Agricultural Conservation Easement Program
COO	Chief Operating Officer
CSP	Conservation Stewardship Program
EQIP	Environmental Quality Incentives Program
FPAC	Farm Production and Conservation
FSA	Farm Service Agency
MRP	Marketing and Regulatory Programs
NRCS	Natural Resources Conservation Service
RMA	Risk Management Agency
USDA	U.S. Department of Agriculture

U.S. GOVERNMENT ACCOUNTABILITY OFFICE

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February 19, 2020

The Honorable Pat Roberts
Chairman
The Honorable Debbie Stabenow
Ranking Member
Committee on Agriculture, Nutrition, and Forestry
United States Senate

The Honorable Collin Peterson
Chairman
The Honorable K. Michael Conaway
Ranking Member
Committee on Agriculture
House of Representatives

As one of the largest departments in the federal government, the U.S. Department of Agriculture (USDA) employs nearly 100,000 people, and consists of 18 agencies divided among eight mission areas. In fiscal year 2018, it had overall budget authority of $146 billion.[1] Since fiscal year 2010, however, USDA's budget authority has decreased by about 3 percent in real dollars, and the agency has experienced a reduction of the equivalent of about 14,400 staff years.[2] The current fiscal environment and expectations for a high-performing and efficient government underscore the need for federal agencies to focus on program results and customer needs, work across organizational lines to help minimize any overlap and duplication, and build internal management capacity.

We reported in March 2016 on USDA's efforts to streamline its administrative services.[3] At the time, USDA was focused on four priority areas: workers' compensation, strategic sourcing (improving procurement

[1]Fiscal year 2018 was the latest year for which data were available for both USDA's total actual budget authority and total actual staff years.

[2]USDA had 105,617 actual staff years in fiscal year 2010, according to its *Fiscal Year 2012 Budget Summary and Annual Performance Plan*.

[3]GAO, *USDA Administrative Services: Streamlining Efforts Ongoing, but Actions Needed to Monitor Progress, Identify Benefits, and Share Lessons Learned*, GAO-16-168 (Washington, D.C.: Mar. 15, 2016).

and contracting), shared service centers for certain administrative services, and space utilization (improving space management of USDA-owned and leased property). Since then, the department has continued its efforts to reform its administrative services.[4] In May 2017, the Secretary of Agriculture announced a reorganization of the department to improve customer service and efficiency.[5] Among other changes, the reorganization included creation of a new mission area—the Farm Production and Conservation (FPAC) mission area—to focus on domestic agricultural issues by grouping together the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), and Risk Management Agency (RMA).[6] In November 2017, the Secretary identified improving customer engagement, maximizing efficiency, and improving agency collaboration as policy goals for the reforms.[7] The Secretary also announced that the department would establish a business center in each USDA mission area to provide consolidated administrative services related to financial management, human resources, information technology, procurement, property management, and related services. In its strategic plan for fiscal years 2018 through 2022, USDA also established a goal to modernize the agency's information technology services.

The administrative services provided by the business centers help USDA achieve its mission and program goals and are performed throughout the department's organizational structure at the headquarters, regional, state, and local levels. FPAC established a business center as a separate agency within the mission area on October 14, 2018. To do so, it

[4]In this report, we use the term "reform" to broadly include any organizational changes—such as major transformations, mergers, consolidations, and other reorganizations—and efforts to streamline and improve the efficiency and effectiveness of government operations.

[5]U.S. Department of Agriculture, *Advancing U.S. Agricultural Trade and Improving Service to Agricultural Producers*, Secretary's Memorandum 1076-017 (Washington, D.C.: May 11, 2017).

[6]USDA organizes its 18 agencies into eight groups with similar missions, called mission areas. USDA's eight mission areas are Farm Production and Conservation; Food, Nutrition, and Consumer Services; Food Safety; Marketing and Regulatory Programs; Natural Resources and Environment; Research, Education, and Economics; Rural Development; and Trade and Foreign Agricultural Affairs.

[7]U.S. Department of Agriculture, *Improving Customer Service and Efficiency*, Secretary's Memorandum 1076-018 (Washington, D.C.: Nov. 14, 2017).

realigned and transferred staff and funding to the business center from FSA, NRCS, and RMA.

The Agriculture Improvement Act of 2018 (the 2018 Farm Bill) includes a provision for us to submit a report on the business centers established by USDA.[8] This report examines the extent to which USDA has (1) established business centers and (2) assessed the effectiveness and impact of its business centers. The 2018 Farm Bill also includes provisions that we report on all discretionary and mandatory funding provided to the FPAC Business Center from other agencies within the mission area and on funds spent by that business center on information technology modernization. In appendix I, we report on how USDA has funded the FPAC Business Center and the amount of this and other funding that the department has spent or plans to spend on information technology modernization.

To examine the extent to which USDA has established business centers, we reviewed documentation from each of the department's eight mission areas and interviewed USDA officials. We identified when each mission area established its business center, which administrative services the centers provide, and how the centers are structured within the mission areas. We compared the administrative services that the centers provide with the services that the Secretary of Agriculture identified for inclusion in November 2017.

To examine the extent to which USDA has assessed the effectiveness and impact of its business centers, we reviewed our past work to identify key practices for agency reform efforts.[9] We also reviewed USDA's strategic plan for fiscal years 2018 through 2022 and its annual performance plan for fiscal year 2019. We reviewed documentation and interviewed USDA officials from USDA's Office of the Assistant Secretary for Administration, Office of Budget and Program Analysis, and eight mission areas to identify departmental efforts to assess the effectiveness of its business centers, including setting goals and developing performance measures for the centers, as well as efforts to evaluate the impact of the centers on USDA's customer service; human resources, including hiring; and overall functionality. We then compared USDA's efforts with a subset of our key practices for agency reform efforts, which

[8]Pub. L. No. 115-334, § 12505, 132 Stat. 4490, 4988 (2018).

[9]GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, GAO-18-427 (Washington, D.C.: June 13, 2018).

we selected based on their relevance to the business center reform effort. We also interviewed officials from organizations representing some of USDA's customers—including farmers—selected based on prior contacts with these organizations, and union officials representing USDA's employees in the FPAC Business Center about their views on any benefits, concerns, problems, or impacts associated with this reform. While the organizations whose officials we interviewed do not constitute a generalizable sample of internal and external customers, the interviews provide examples of a range of internal and external views.

To describe how USDA has funded the FPAC Business Center and the amount of this funding, if any, that the department plans to spend on information technology modernization, we reviewed documentation and interviewed USDA officials. To identify the sources and amounts of discretionary and mandatory funding from FSA, NRCS, and RMA that USDA used to fund the FPAC Business Center, we reviewed USDA's budget justifications for fiscal years 2019 and 2020 and the FPAC Business Center's appropriations for fiscal years 2018 and 2019, among other documentation, and interviewed USDA officials. To identify the FPAC Business Center's plans for spending its funding for fiscal year 2019, including FPAC's plans for spending on information technology modernization for fiscal years 2018 through 2020, we reviewed USDA planned spending documentation and interviewed USDA officials.

We conducted this performance audit from March 2019 through February 2020 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

Table 1 describes the activities that USDA's mission areas and major staff offices perform as part of five types of administrative services that

USDA business centers are to provide under the Secretary of Agriculture's November 2017 memorandum.[10]

[10]U.S. Department of Agriculture, *Improving Customer Service and Efficiency*, Secretary's Memorandum 1076-018 (Washington, D.C.: Nov. 14, 2017).

Table 1: Activities That U.S. Department of Agriculture (USDA) Mission Areas and Major Staff Offices Perform under the Five Types of Administrative Services Specified in the Secretary of Agriculture's November 2017 Memorandum

Type of USDA administrative service	Activities performed
Financial management	• Providing oversight and issuing departmental regulations, guidance, and policy for finance services. • Developing and maintaining financial systems. • Monitoring the financial execution of USDA's budget. • Processing financial reports. • Preparing consolidated financial statements. • Establishing a system of internal controls. • Developing policies, guidance, and standards for cost accounting, travel, and cash management.
Human resources	• Providing oversight and issuing departmental regulations, guidance, and policy for human resources services. • Executing and overseeing recruitment and hiring, pay and leave administration. • Performance management, promotions, employee development, incentive programs, employee benefits, retirement, workers' compensation, employee discipline, transit subsidy program, succession and human capital planning, and workforce planning.
Information technology	• Providing oversight and issuing departmental regulations, guidance, and policy for information technology services. • Designing computer system applications software and databases. • Developing, operating, and maintaining an information technology infrastructure that includes computers, telecommunications networks, messaging, web services, and contract services. • Providing technical assistance. • Developing policies and programs for information technology planning and operations. • Performing security activities. • Monitoring contractor performance.
Procurement	• Providing oversight and issuing departmental acquisition regulations, guidance, and policy for procurement services. • Developing, executing, and overseeing the acquisition of supplies, equipment, services, and construction. • Managing the purchase card program. • Overseeing acquisition workforce training and certification. • Planning to achieve USDA's small business procurement preference goals. • Implementing procurement-related vendor suspension and debarment proceedings.

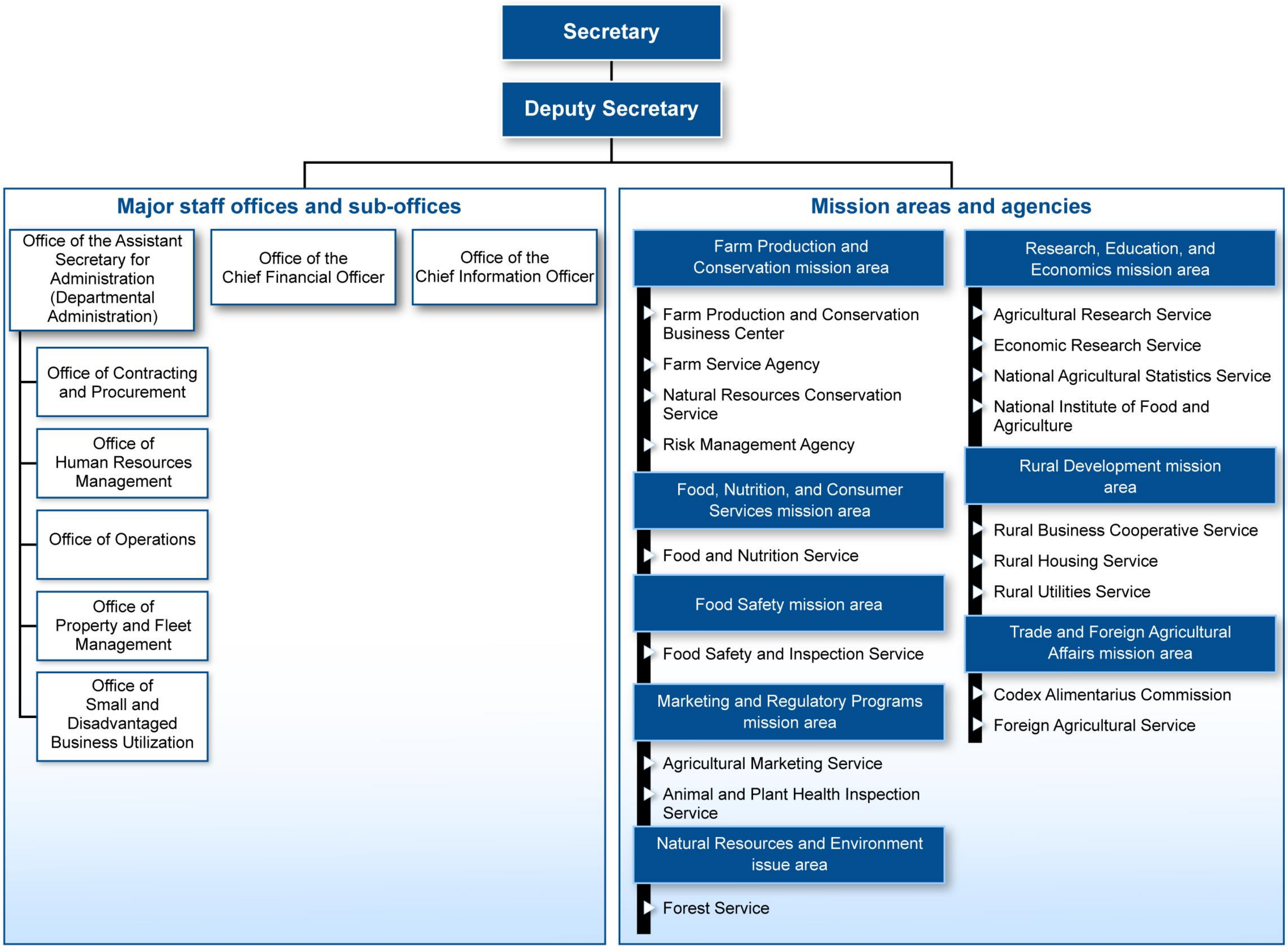
Type of USDA administrative service	Activities performed
Property management	• Providing oversight and issuing departmental regulations, guidance, and policy for real and personal property acquisition, vehicle management, space management, utilization, security, and disposal services. • Supporting sustainability and energy savings programs. • Controlling the acquisition, utilization, and disposal of real and personal property, motor vehicles, and facilities. • Arranging for utilities, repairs, alterations, and services for offices. • Assuring proper maintenance, security, and safety of owned or occupied space and property. • Directing moves of personnel, offices, and equipment. • Implementing motor vehicle assignments, utilization, and replacements. • Assigning parking. • Managing photo identification card issuance.

Source: GAO analysis of USDA information. | GAO-20-243

At USDA, eight mission areas and three of the 13 major department-level staff offices, including five sub-offices, are responsible for delivering or overseeing these five types of administrative services (see fig. 1).[11] USDA's eight mission areas carry out the department's program responsibilities through 18 agencies. Five mission areas consist of multiple agencies, while three consist of a single agency, as shown below. In general, USDA's eight mission areas deliver the administrative services, and the staff offices develop regulations, guidance, and policies describing how mission areas should deliver those services and oversee the mission areas' performance. In addition, the staff offices deliver some administrative services on a department-wide or shared-services basis. According to USDA officials, the mission areas are to follow the regulations, guidance, and policies developed by the staff offices but are allowed considerable discretion in how they deliver administrative services based on their missions and program needs. According to USDA officials and documentation, service delivery is typically handled by a mission area's field offices at the regional, state, or local level; however, with the establishment of the business centers, more service is being delivered at the mission area's headquarters level.

[11]The remaining 10 major staff offices—Assistant Secretary for Civil Rights, Assistant Secretary for Congressional Relations, Office of the Inspector General, Office of the General Counsel, Office of the Chief Economist, Office of Budget and Program Analysis, Office of Communications, Office of Partnerships and Public Engagement, Office of Tribal Relations, and Office of Hearings and Appeals—provide the five administrative services to a lesser extent or acquire those services from another provider.

Figure 1: U.S. Department of Agriculture (USDA) Major Staff Offices, Sub-offices, and Mission Areas That Deliver One or More of Five Administrative Services: Financial Management, Human Resources, Information Technology, Procurement, and Property Management



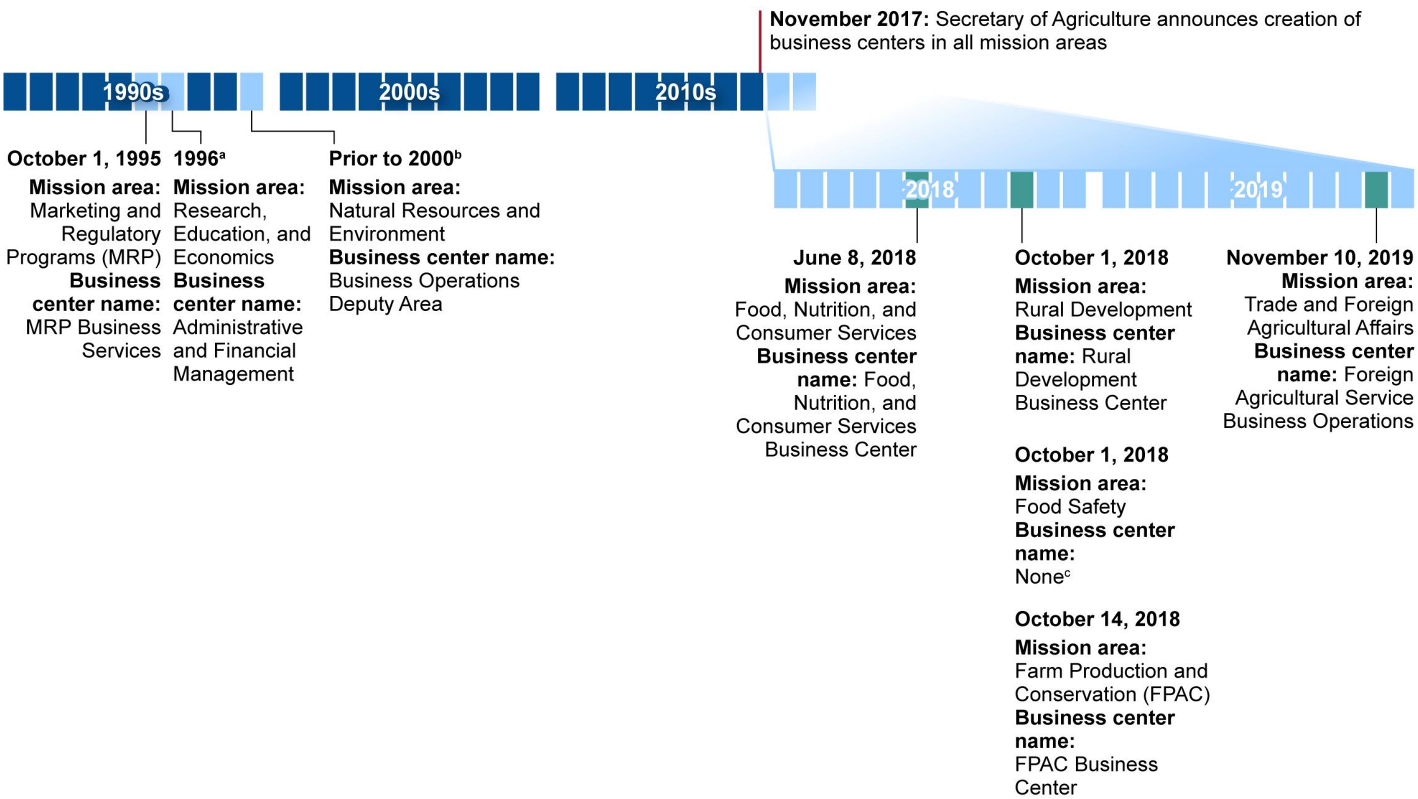
Source: GAO analysis of USDA information. | GAO-20-243

USDA Has Established Business Centers in All of Its Eight Mission Areas, and the Business

Centers Vary in Establishment Date, Structure, and Services

USDA has consolidated administrative services and established business centers in all of its eight mission areas in accordance with the Secretary's November 2017 memorandum.[12] The eight existing business centers vary in when they were established. As shown in figure 2, three mission areas had business centers before the Secretary's memorandum.

Figure 2: Business Centers Established at the U.S. Department of Agriculture (USDA)



Source: GAO analysis of USDA information. | GAO-20-243

[12]According to officials from Food Safety, the mission area does not have a business center; however, the department allowed the mission area to implement the business center model within the Food Safety and Inspection Service because Food Safety is a single-agency mission area. Because of the similarities between Food Safety's reorganization and the business centers established by the other two single-agency mission areas, we treat the reorganization as a business center for the purposes of this report.

[a]According to Research, Education, and Economics officials, the business center was established at the formation of the mission area. Officials were not able to document the date it became operational.

[b]According to Natural Resources and Environment officials, the Business Operations Deputy Area has been functioning for approximately 20 years. Officials were not able to document the date it was established.

[c]According to Food Safety officials, the mission area consolidated its administrative services within the Food Safety and Inspection Service but does not refer to the consolidation as a business center. For purposes of this report, the consolidation is considered a business center because of its similarities to other business centers. However, according to Food Safety officials, the consolidation does not have a name.

However, even the mission areas that had business centers before the Secretary's November 2017 memorandum subsequently changed the way they provide administrative services, specifically with regard to information technology services. Two mission areas—Marketing and Regulatory Programs and Research, Education, and Economics—added information technology to their business centers during fiscal year 2019. In 2019, the Natural Resources and Environment mission area, which already included information technology in its business center, changed the position descriptions of certain employees to more accurately reflect that their major duties are considered to be information technology work.

Of the five new business centers established since the Secretary's memorandum, establishment of the FPAC Business Center entailed the most significant transformation. Typically, each business center is located within one of the mission area's component agencies and the center's leader reports directly to that agency's leadership (see table 2). The FPAC Business Center is the only business center established as a separate agency within a mission area.

Table 2: Structure of the U.S. Department of Agriculture's (USDA) Eight Business Centers

Mission area	Business center established as a separate agency	Title of business center's leader	Business center located within a component agency or at the mission area level	Business center's leader reports directly to agency or mission area leadership
Farm Production and Conservation (FPAC)	Yes	Chief Operating Officer (COO)	Component agency – FPAC Business Center	Mission area
Food, Nutrition, and Consumer Services	No	COO	Component agency – Food and Nutrition Service	Agency
Food Safety	No	COO	Component agency – Food Safety and Inspection Service	Agency
Marketing and Regulatory Programs (MRP)	No	COO/Deputy Administrator, MRP Business Services	Component agency – Animal and Plant Health Inspection Service	Agency
Natural Resources and Environment	No	COO/Deputy Chief for Business Operations	Component agency – Forest Service	Agency
Research, Education, and Economics	No	COO	Component agency – Agricultural Research Service	Agency
Rural Development	No	COO	Mission area	Mission area
Trade and Foreign Agricultural Affairs	No	Executive Director	Component agency – Foreign Agricultural Service	Agency

Source: GAO analysis of USDA information. | GAO-20-243

Changes that occurred at other mission areas in transitioning to new business centers included modifying reporting structures for services that had already been consolidated. For example, according to Rural Development officials, the mission area had a business services entity prior to the Secretary's memorandum. To establish a business center as envisioned by the Secretary's memorandum, the mission area changed the reporting structure for administrative operations in the field. Previously, field employees associated with an administrative service reported directly to leadership in Rural Development's state offices. These employees now report directly to headquarters leadership specific to their administrative service. However, according to Rural Development officials, no employees were physically moved.

As of November 2019, most of the business centers were providing all five of the main administrative services that the Secretary's November 2017 memorandum envisioned—specifically, financial management, human resources, information technology, procurement, and property management.[13] Two business centers have chosen to provide financial management services differently from the other administrative services. Specifically:

- **Food Safety.** According to officials in the Food Safety mission area, as part of its reorganization, that mission area grouped all of the administrative services except financial management under the Chief Operating Officer. However, it grouped the budget office, which performs financial management services, under the agency's Chief Financial Officer because it preferred to keep this office with mission-related program offices, which report directly to the Deputy Administrator.
- **Natural Resources and Environment.** Officials in the Natural Resources and Environment mission area said that unlike other administrative services, which are grouped under the business center, financial management responsibilities are divided between the business center's Office of Strategic Planning, Budget, and Accountability and the Forest Service's Office of the Chief Financial Officer. According to these officials, this arrangement strengthens internal controls by separating responsibility for allocating and spending financial resources from responsibility for accounting for how the resources are spent.

One business center—in the Trade and Foreign Agricultural Affairs mission area—provides information technology and financial management services for Foreign Agricultural Service employees and has agreements in place with other USDA components to provide human resources, procurement, and property management services for the

[13]According to USDA officials, most of the business centers also have additional administrative responsibilities, such as civil rights compliance, physical security, and occupational health and safety. In addition, a business center in one mission area may provide one or more administrative services for agencies in other mission areas. For example, the Marketing and Regulatory Programs (MRP) mission area's MRP Business Services provides some financial management and human resources services, among others, for the Foreign Agricultural Service in the Trade and Foreign Agricultural Affairs mission area. The FPAC Business Center also provides some financial management, human resources, information technology, and procurement services, among others, to the Foreign Agricultural Service.

mission area.[14] According to the Deputy Assistant Secretary for Administration, USDA accepted these mission areas' decisions about financial management because they ensured accountability of field-level staff to the administrative service's headquarters leadership.

USDA Has Developed Metrics for Managing Administrative Services but Has Not Assessed the Effectiveness and Impact of Its Business Centers

According to USDA's Deputy Assistant Secretary for Administration, the department regularly reviews data on administrative services, including services provided by the business centers. However, the department does not use these or other data to assess the effectiveness and impact of its business centers and as of November 2019 did not plan to do so.

Beginning in 2018, USDA created an online monitoring system to compile data from mission areas on the status of their administrative services. The system has "dashboards" displaying data specific to financial management, human resources, information technology, procurement, and property management, among other things. Each of the dashboards presents metrics gathered from various databases across mission areas. For example, the dashboards for human resources include the number of employees by organization, along with their geographic location, retirement eligibility, occupation, and any skills gaps. According to USDA officials, the dashboards allow department-level review of a large number of metrics on a range of administrative activities performed by the business centers—data that previously were available only to each mission area. USDA's Deputy Secretary discusses performance on various dashboards with mission area and staff office leadership at quarterly review meetings.

However, the department has not used dashboards or associated metrics to assess the effectiveness and impact of the business centers. Specifically, the department has not assessed the impact that the

[14]According to a Foreign Agricultural Service official, 11 employees in Codex Alimentarius and the Trade and Foreign Agricultural Affairs Under Secretary's office receive all administrative services from departmental offices according to departmental policy. The official also said that the Foreign Agricultural Service has plans under way to develop its own human resources capacity during fiscal year 2020.

business centers have had on USDA's customer service; human resources, including hiring; and overall functionality. According to the Deputy Assistant Secretary for Administration, creating new business centers and changing existing ones has contributed to positive results, such as savings from reducing the size of USDA's vehicle fleet, but USDA's Departmental Administration has not systematically compared USDA's ability to deliver its administrative services before and after these reforms. For example, the department has not examined whether the reforms have enabled mission areas to reduce costs, reduce processing times, or identify previously unknown issues that need to be addressed.

According to USDA officials, these business center reforms broadly addressed the first policy goal in USDA's May 2018 strategic plan for fiscal years 2018 through 2022—namely that USDA programs be delivered efficiently, effectively, and with integrity and a focus on customer service.[15] However, USDA officials told us that they have not yet attempted to measure how the business center reforms have met the three overarching policy goals identified in the Secretary of Agriculture's November 2017 memorandum, which called for the business center reforms to (1) improve customer engagement, (2) maximize efficiency, and (3) improve agency collaboration.[16]

In addition, some stakeholders we interviewed expressed concern about progress toward these goals as USDA works to implement the business center reforms. For example:

- **Staffing vacancies.** Some stakeholders raised concerns about the impact of vacancy rates at business centers on customer engagement. The two largest business centers created since November 2017—in FPAC and Rural Development—had position vacancy rates above 27 percent as of September 30, 2019. Officials with one group representing farmers who are customers of the FPAC and Rural Development mission areas told us they were concerned that (1) vacancies in the business center may be leading to vacancies among program staff in the field, (2) complaints related to staffing have increased over the past few years, and (3) staffing vacancies in the field are negatively affecting customer service. An official from

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

[16]U.S. Department of Agriculture, *Improving Customer Service and Efficiency*, Secretary's Memorandum 1076-018 (Washington, D.C.: Nov. 14, 2017).

another group representing farmers told us that the group is hearing from its members that there have been a lot of changes within USDA lately and field offices seem to be understaffed and overwhelmed even after the creation of the business centers, which could be negatively affecting the quality of customer service. Vacancies at the FPAC and Rural Development business centers, particularly among staff responsible for hiring USDA program staff in the field, could therefore affect both access to and the quality of technical assistance.

- **Employee concerns.** In the FPAC Business Center, officials from one union representing employees told us that confusion among employees about their roles and responsibilities could affect both internal employee satisfaction and the overall ability of the business center to serve the FPAC mission and its customers. Specifically, these union officials noted employees' confusion about how to reconcile differences among the work procedures that each of the three FPAC agencies used before the reorganization. Officials from this and one other union also stated that employees have reported that business center leadership has not taken action to address such employee concerns. As a result, according to officials from both unions, FPAC business center employees are experiencing low morale, confusion, frustration, and anxiety about the changes, affecting their ability to deliver services.

In response, FPAC officials told us in November 2019 that the FPAC Business Center is working on empowering employees, hiring, establishing a culture of accountability, building trust and engagement, and addressing other issues that have arisen in the business center's first year of operation. For example, these officials said they were reviewing the business center's organizational structure to determine whether there is a need for adjustments to further streamline operations and improve service.

USDA officials cited several reasons the department has not assessed the effect of the business center reform effort undertaken in response to the Secretary's November 2017 memorandum. According to the Deputy Assistant Secretary for Administration, the absence of evaluation is partly attributable to the department's strategy of delegating responsibility to the mission areas to implement business centers; this strategy aims to give the mission area leadership ownership of the reform effort and help ensure their buy-in. The Deputy Assistant Secretary for Administration also said that the department has focused on implementing the reforms called for in the memorandum rather than on evaluating the results.

USDA officials also pointed out that the reform effort is relatively recent, with five of the business centers having been created since June 2018. However, the Deputy Assistant Secretary for Administration acknowledged the importance of evaluating and communicating any benefits derived from the business center reform effort as it moves forward.

Our prior work has shown that a key practice to consider during agency reform efforts is the establishment of clear outcome-oriented goals and performance measures to assess the reform's effectiveness and impact.[17] As we have previously reported, a performance goal is a target level of performance expressed as a measurable objective; a performance measure includes an assessment of results compared with intended purpose that can be expressed quantitatively or in another way that indicates a level or degree of performance.[18] Monitoring performance against goals allows agencies to assess progress and address problems as necessary. While USDA has not developed goals and measures to assess the effectiveness and impact of the business center reforms, the department has set goals for a limited number of administrative services, including hiring, the number of fleet vehicles, and travel and conference spending. In addition, parts of the department have developed goals and measures for the administrative services their business centers provide. For example, officials in the Research, Education, and Economics mission area reported nine key performance indicators for their administrative services, such as specific goals and measures for the timeliness of posting job opportunity announcements. Developing appropriate performance goals and measures and systematically assessing the effectiveness and impact of the business center reforms could help the department determine whether the reforms are meeting the Secretary's overarching policy goals and improving the delivery of administrative services to support the department's mission and program goals.

[17]GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, GAO-18-427 (Washington, D.C.: June 13, 2018).

[18]GAO, *Coast Guard: Actions Needed to Enhance Performance Information Transparency and Monitoring*, GAO-18-13 (Washington, D.C.: Oct. 27, 2017).

Conclusions

USDA has established business centers in all of its eight mission areas, and, according to USDA's Deputy Assistant Secretary for Administration, the department regularly reviews data on administrative services, including services provided by the business centers. However, the department has not systematically assessed whether USDA's ability to deliver its administrative services has improved since the establishment of its business center reforms or whether the reforms are meeting the policy goals that the Secretary intended them to achieve. Importantly, the department has not assessed the impact that the business centers have had on USDA's customer service; human resources, including hiring; and overall functionality. Our prior work has shown that a key practice to consider during agency reform efforts is the establishment of clear outcome-oriented goals and performance measures to assess the reform's effectiveness and impact. The department has set goals for a limited number of administrative services, including hiring, the number of fleet vehicles, and travel and conference spending, but it has not developed goals and measures to more broadly assess the effectiveness and impact of the business center reforms. Developing such goals and measures and using them to assess the effectiveness and impact of the business center reforms could help the department (1) determine whether the reforms are meeting the Secretary's overarching policy goals and (2) identify whether the reforms have enabled mission areas to improve the delivery of their administrative services by, for example, reducing costs, reducing processing times, or identifying previously unknown issues that need to be addressed.

Recommendation for Executive Action

The Secretary of Agriculture should direct Departmental Administration to work with the mission areas to develop department-level outcome-oriented performance goals and related measures for the business centers, and use them to assess the effectiveness and impact of the business center reforms. (Recommendation 1)

Agency Comments

We provided a draft of this report to USDA for comment. In an email, a Senior Advisor in USDA's Office of Operations stated that USDA agreed with our recommendation about assessing the effectiveness and impact of the business centers. In addition, in comments, reproduced in appendix II, USDA generally agreed with the findings in our draft report. USDA stated that to address our recommendation, the department is evaluating options for the development of performance metrics and inclusion of these metrics and related information as part of the regular and recurring reviews by the department's Deputy Secretary who is identified as the Chief Operating Officer.

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

If you or your staff members have any questions regarding 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 appendix III.

Steve D. Morris
Director, Natural Resources and Environment

USDA Has Funded the FPAC Business Center with Discretionary and Mandatory Appropriations

Appendix I: Funding for the Farm Production and Conservation Business Center, Including Information Technology Modernization

Since the U.S. Department of Agriculture (USDA) established the Farm Production and Conservation (FPAC) Business Center in October 2018,[1] Congress has appropriated a total of about $294 million to USDA for necessary expenses of the FPAC Business Center.[2] USDA has also approved $1.1 million for efforts to modernize information technology at the center through fiscal year 2020.

[1]USDA established the FPAC Business Center as a separate agency within the FPAC mission area, which USDA created as part of a reorganization announced by the Secretary of Agriculture in May 2017.

[2]This appendix presents information that was available prior to our statutory reporting deadline, at which time annual appropriations for fiscal year 2020 had not been enacted. Since then, Congress appropriated an additional total of about $280 million for necessary expenses of the FPAC Business Center. Of this amount, about $204 million was in discretionary appropriations to the FPAC Business Center, $60 million was transferred from the Commodity Credit Corporation, and $16 million was transferred from the Agricultural Credit Insurance Fund Program Account. See Further Consolidated Appropriations Act, 2020, Pub. L. No. 116-94 (2019); see also 165 Cong. Rec. H11061 (Dec. 17, 2019) (Explanatory Statement).

USDA has supported the FPAC Business Center with discretionary and mandatory appropriations.[3] USDA budget documents and congressional report language indicate that these appropriations have been accompanied by corresponding reductions in funding to the other three agencies within the FPAC mission area—the Farm Services Agency (FSA), Natural Resources Conservation Service (NRCS), and Risk Management Agency (RMA).[4] For fiscal year 2018, the Consolidated Appropriations Act, 2018, provided discretionary appropriations of about $1.0 million to the FPAC Business Center and further provided for the transfer into the FPAC Business Center account of another $145,000 in mandatory appropriations.[5] Subsequent USDA budget justification documents state that the $145,000 included funds directed towards three NRCS programs—the Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), and Agricultural Conservation Easement Program (ACEP).[6]

[3]Office of Management and Budget Circular A-11 defines “discretionary spending” as “budgetary resources (except those provided to fund mandatory spending programs) provided in appropriations acts.” It defines “mandatory spending” as “spending controlled by laws other than appropriations acts (including spending for entitlement programs) and spending for the food stamp program.” Office of Management and Budget Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, § 20 (2019). USDA’s budget justification documents categorize requested appropriations as “discretionary” or “mandatory,” and we adopt USDA’s categorizations for purposes of this appendix.

[4]For example, the conference report accompanying H.J. Res. 31, the bill enacted as the Consolidated Appropriations Act, 2019, Pub. L. No. 116-6 (2019), stated that “the conferees provide the requested funding for the FPAC Business Center with corresponding reductions in administrative funding for each of the three agencies under the FPAC mission area. Funding shifts are as follows: $128,491,000 from the Farm Service Agency, $70,801,000 from the Natural Resources and Conservation Service, and $17,058,000 from the Risk Management Agency.” H.R. Rep. No. 116-9, at 561 (2019) (Conf. Rep.). USDA budget justification documents for fiscal year 2020 state that “[c]ommensurate reductions are requested in the budgets for FSA, RMA, and NRCS to accommodate the transfer of functions and staff to the Business Center.” USDA, *2020 USDA Explanatory Notes – Farm Production and Conservation Business Center*, 23-5 at https://www.obpa.usda.gov/explan_notes.html.

[5]The FPAC Business Center appropriation was for $1.028 million, and an additional $145,000 was directed to be transferred to and merged with the FPAC Business Center account from funds appropriated for fiscal year 2018 pursuant to section 1241(a) of the Farm Security and Rural Investment Act of 1985 (16 U.S.C. § 3841(a)). Pub. L. No. 115-141, div. A, title II, 132 Stat. 348, 360 (Mar. 23, 2018). Section 1241(a) authorizes certain Commodity Credit Corporation programs carried out by NRCS.

[6]USDA, *2020 USDA Explanatory Notes – Farm Production and Conservation Business Center*, 23-4. According to USDA officials, the $145,000 included $74,000 from EQIP, $51,000 from CSP, and $20,000 from ACEP.

As shown in table 3, for fiscal year 2019, the Consolidated Appropriations Act, 2019, provided for the FPAC Business Center to receive

- discretionary appropriations of about $216.4 million, an amount that an accompanying conference report states was offset by reductions to the appropriations for administrative functions in FSA, NRCS, and RMA;
- a transfer of about $16.1 million in discretionary appropriations from FSA's Agricultural Credit Insurance Fund Program Account; and
- a transfer of about $60.2 million in mandatory appropriations[7] that, according to USDA officials, came from the same three NRCS programs as in 2018 (EQIP, CSP, and ACEP).

According to USDA officials, prior to the establishment of the FPAC Business Center, these funds were used to support the salaries of FSA, NRCS, and RMA personnel performing functions and tasks similar to those provided by the business center and for general operating costs such as rents, information technology, travel, and training expenses.

[7]Pub. L. No. 116-6, div. B., title II, 133 Stat. 13, 54-56 (2019).

Table 3: Information Regarding Funding Reductions and Transfers Related to the Farm Production and Conservation (FPAC) Business Center, Fiscal Year 2019

(Dollars in millions)

Funding information	Fiscal year 2019
Total, discretionary and mandatory funding, FPAC Business Center	**292.7**
Discretionary appropriations offset by reductions to Farm Service Agency – salaries and expenses	128.5[a]
Discretionary appropriations offset by reductions to Risk Management Agency – salaries and expenses	17.1[a]
Discretionary appropriations offset by reductions to Natural Resources Conservation Service (NRCS) – Conservation Technical Assistance[b] and Soil Survey Program[c]	70.8[a]
Subtotal, discretionary appropriations to FPAC	**216.4[d]**
Transfer of discretionary appropriations from Farm Service Agency's Agricultural Credit Insurance Fund[e] to FPAC	16.1[d]
Subtotal, discretionary appropriations and transfers of discretionary appropriations for FPAC Business Center funding	**232.4**
Transfer from NRCS's Environmental Quality Incentives Program[f]	30.7[g]
Transfer from NRCS's Conservation Stewardship Program[h]	21.2[g]
Transfer from NRCS's Agricultural Conservation Easement Program[i]	8.3[g]
Subtotal, transfers of mandatory appropriations from NRCS	**60.2[d]**

Sources: GAO analysis of relevant laws, congressional reports, and U.S. Department of Agriculture information. | GAO-20-243

Note: Totals may not add due to rounding.

[a]H.R. Rep. No. 116-9, at 561 (2019) (Conf. Rep.).

[b]The NRCS Conservation Technical Assistance Program provides technical assistance to farmers, such as by developing conservation plans, to help conserve natural resources and improve water quality and habitat.

[c]The NRCS Soil Survey Program is part of the National Cooperative Soil Survey, an effort of federal and state agencies, universities, and professional societies to deliver science-based soil information.

[d]Pub. L. No. 116-6, div. B., title II, 133 Stat. 13, 54-56 (2019).

[e]The Farm Service Agency's Agricultural Credit Insurance Fund provides credit to farmers temporarily unable to obtain regular commercial credit.

[f]The NRCS Environmental Quality Incentives Program provides technical and financial assistance to landowners—farmers and ranchers—who voluntarily implement conservation practices on agricultural lands, including certain forestlands.

[g]Information regarding reductions to specific NRCS programs was provided by USDA officials.

[h]The NRCS Conservation Stewardship Program works with farmers and ranchers to promote conservation practices that, for example, reduce the amount of nutrients entering waterways.

[i]The NRCS Agricultural Conservation Easement Program provides financial and technical assistance to nonfederal partners to help conserve agricultural lands and wetlands, such as by placing development easements on those types of lands.

The FPAC Business Center plans its spending and tracks its obligations using standard categories, including personnel compensation, benefits, travel, transportation, postage, contracts, supplies, and equipment. As shown in table 4, the FPAC Business Center planned to spend funds only for personnel compensation and benefits in fiscal year 2018. According to data provided by USDA, the business center obligated about $995,000 of the nearly $1.2 million in available funds, and those obligations were entirely for personnel compensation and benefits. In fiscal year 2019, the business center planned to obligate nearly 74 percent of the $292.7 million in available funds on personnel compensation and benefits, about 18 percent on contracts, about 8 percent on travel, and the rest on other activities. According to USDA officials, through the end of the fiscal year, the business center had obligated approximately $272 million, or about 93 percent, of its available funds.

Table 4: Farm Production and Conservation Business Center Spending Plan and Obligations for Fiscal Years 2018 and 2019

(Dollars in millions)

Item	Planned: Fiscal year 2018	Obligated: Fiscal year 2018	Planned: Fiscal year 2019	Obligated (through the fourth quarter, unaudited): Fiscal year 2019
Personnel compensation	0.9	0.8	155.3	137.0
Benefits	0.2	0.2	60.5	45.1
Travel	0.0	0.0	23.2	1.9
Transportation	0.0	0.0	0.0	0.0
Postage	0.0	0.0	0.0	0.0
Rent, communications, and utilities	0.0	0.0	0.0	4.5
Contracts	0.0	0.0	51.4	82.2
Supplies	0.0	0.0	1.7	0.0
Equipment	0.0	0.0	0.5	1.1
Total	**1.2**	**1.0**	**292.7**	**271.8**

Source: GAO analysis of U.S. Department of Agriculture information. | GAO-20-243

Note: Totals may not add due to rounding.

USDA Has Approved $1.1 Million in FPAC Business Center Information Technology Modernization Efforts through Fiscal Year 2020

For fiscal years 2018 through 2020, USDA approved an investment of $10 million for information technology modernization across all FPAC agencies, including the following two efforts to modernize information technology in the FPAC Business Center at an estimated cost of $1.1 million:[8]

- The **Modernized Directives System**, approved at a cost of $600,000. According to USDA officials, the FPAC Business Center is funding this project from its salaries and expenses budget. According to USDA documents, the business center's Management Services Division wants to provide all FPAC employees an online tool to create, authorize, disseminate, and manage all of the agency's policy directives in an FPAC Consolidated Directives Repository while minimizing the costs of operations. According to the agency, the tool would streamline the tasks performed by the division's administrative staff. FPAC plans to gauge the success of the effort by measuring adoption of the new tool by employees, stakeholders, and the public.
- The **National Office Information System**, approved at a cost of $500,000. According to USDA officials, $41,000 of that amount is from the FPAC Business Center's budget for salaries and expenses, while the remaining $459,000 is funded by the other three FPAC agencies. According to USDA documents, this operations support system would improve the agency's ability to respond in a timely manner to congressional and departmental inquiries and meet reporting requirements from the Office of Management and Budget and other oversight organizations.

According to FPAC Business Center officials, the business center obligated $600,000 and $41,000, respectively, toward these two projects in fiscal year 2019.

[8]FPAC has an Investment Review Board that approves and guides investments in information technology.

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

United States Department of Agriculture

Departmental Administration

Office of the Assistant Secretary for Administration

1400 Independence Avenue, SW
Washington, DC 20250-9600

Steve D. Morris
Director
Natural Resources and Environment
Government Accountability Office
2635 Century Parkway, Suite 600
Atlanta, GA 30345

JAN 3 0 2020

Dear Director Morris:

The U.S. Department of Agriculture (USDA) appreciates the opportunity to respond to the U.S. Government Accountability Office (GAO) draft report "USDA Administrative Services: More Could be Done to Assess the Effectiveness and Impact of Business Centers, GAO-20-243" dated February 2020.

USDA appreciates GAO's recognition of the efforts undertaken to improve administrative management at the Department and generally agrees with the findings in the GAO draft report. With the establishment of the Mission Area Business Centers, the Department has sought to improve the overall management of administrative support services throughout USDA. As noted by GAO, the Department has developed metrics for managing these services in an effort to achieve the Secretary's vision for USDA to become the best managed Department in the Federal Government.

GAO has recommended that the Department develop outcome-oriented performance goals and related measures for the business centers. To address this recommendation, the Department is evaluating options for the development of these metrics and inclusion of these metrics and related information as part of the regular and recurring reviews by the Department's Deputy Secretary who is identified as the Chief Operating Officer. The Deputy Secretary reviews progress toward the achievement of the Department's policy and management goals and inclusion of business center-related information may further enhance these reviews.

Thank you again for the opportunity to review and respond to the GAO draft report.

Sincerely,

Donald K. Bice
Deputy Assistant Secretary
for Administration

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Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

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

Staff Acknowledgments

In addition to the contact named above, Nico Sloss (Assistant Director), Stephen Cleary (Analyst in Charge), Ross Campbell, Caitlin Dardenne, Juan Garay, Scott Heacock, Serena Lo, Cynthia Norris, Lauren Ostrander, and Sara Sullivan made key contributions to this report.

Appendix IV: Accessible Data

Agency Comment Letter

Accessible Text for Appendix II Comments from the U.S. Department of Agriculture

JAN 30 2020

Steve D. Morris

Director

Natural Resources and Environment

Government Accountability Office

2635 Century Parkway, Suite 600

Atlanta, GA 30345

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Donald K. Bice

Deputy Assistant Secretary for Administration

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