

September 2002

DEPARTMENT OF  
AGRICULTURE

Improvements in the  
Operations of the Civil  
Rights Program Would  
Benefit Hispanic and  
Other Minority  
Farmers



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## **Abbreviations**

USDA U.S. Department of Agriculture  
FSA Farm Service Agency  
OCR Office of Civil Rights



G A O

Accountability \* Integrity \* Reliability

United States General Accounting Office  
Washington, DC 20548

September 20, 2002

The Honorable Joe Baca  
The Honorable Silvestre Reyes  
House of Representatives

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) administers a direct loan program<sup>1</sup> that, among other things, provides loans to farmers who are unable to obtain private commercial credit to buy and operate farms. FSA is required to administer this program in a fair, unbiased manner. In each of fiscal years 2000 and 2001, FSA processed about 20,000 loan applications and approved over 16,000 direct loans to farmers. In each year, about 2,000 of these applications came from minority farmers and about 1,400 loans were made to this group. For a number of years, some minority and women farmers have asserted that USDA officials discriminate against them, treating them differently from other farmers during the loan approval process. Furthermore, USDA has faced charges that its Office of Civil Rights (OCR) has not conducted proper and timely investigations of complaints of discrimination. Since 1997, various groups of farmers—including African-Americans, women, and Native Americans—have filed class action lawsuits against USDA alleging, among other things, a 20-year history of improperly denied or delayed farm loans and delayed complaint investigations. On October 13, 2000, a group of Hispanic farmers filed one such class action. Some members of this group have since raised concerns that, contrary to past class actions where USDA stayed (or suspended) foreclosure actions, USDA is foreclosing against Hispanic farmers while this lawsuit is still pending.

In light of these concerns, you asked us to (1) compare the processing times and approval rates for direct loans for Hispanic farmers with those for non-Hispanic farmers, (2) describe USDA's policies for staying foreclosures and how these policies have been implemented, and (3) assess USDA's progress in addressing previously identified problems associated with untimely processing of discrimination complaints and human capital issues within USDA's Office of Civil Rights.

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<sup>1</sup> Under a number of statutes, FSA provides both direct and guaranteed loans. For direct loans, farmers apply and receive loans directly from FSA. For guaranteed loans, farmers apply and receive loans from commercial lenders, with FSA acting as a guarantor for up to 95 percent of any loss.

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Our review focused on USDA's actions during fiscal years 2000 and 2001, the most recent years for which data are available. To address the first objective, we analyzed FSA's direct loan data for Hispanic and non-Hispanic farmers. To address the second objective, we surveyed FSA farm loan officials in all 50 states and three territories to collect national information about the total number of loans made to all farmers and to Hispanic farmers—as well as the number of foreclosures—during our time frame. We also visited the four states that received the largest number of direct loan applications from Hispanic farmers during fiscal year 2001—California, New Mexico, Texas, and Washington—to gather information about instances in which Hispanic borrowers' direct loans were foreclosed during fiscal years 2000 and 2001. To address the third objective, we analyzed OCR's program discrimination complaint data for fiscal years 2000 and 2001 and interviewed OCR officials about complaint processing times and human capital issues. We also interviewed FSA and the OCR officials and reviewed regulations, policies, and procedures for processing direct loans and discrimination complaints. We performed our work between October 2001 and August 2002 in accordance with generally accepted government auditing standards. Appendix I provides additional details on our scope and methodology.

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## Results in Brief

During fiscal years 2000 and 2001, FSA took, on average, 4 days longer to process loan applications from Hispanic farmers than it did for non-Hispanic farmers: 20 days versus 16 days. However, the processing times in three of the four states with the highest number of Hispanic borrowers was faster than it was for non-Hispanic borrowers in those states. We also found that the Farm Service Agency's direct loan approval rate was somewhat lower for Hispanic farmers than that for non-Hispanic farmers nationwide, 83 and 90 percent respectively. Although FSA monitors variations in loan processing times and approval rates between minorities and non-minorities, it does not have established criteria for determining when variations are significant enough to warrant further inquiry. In addition, while FSA conducts periodic field reviews of state offices' performance in civil rights matters and suggests improvements, it does not require the state offices to implement the recommendations and does not monitor offices' follow-up efforts.

USDA's policies for staying foreclosures when discrimination has been alleged depend on the method used to lodge complaints. When an individual has a discrimination complaint accepted by the Office of Civil Rights, USDA's Farm Service Agency's policy is to automatically issue a stay of foreclosure until the complaint has been resolved. During fiscal

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years 2000 and 2001, we tracked 26 Hispanic farmers from California, New Mexico, Texas, and Washington who filed discrimination complaints with USDA's Office of Civil Rights regarding their direct loans. In 24 of the cases, the Farm Service Agency took no foreclosure actions, but—contrary to USDA policy—did in the other 2 cases. These two loans were not handled in accordance with USDA's policy because of miscommunication between the Office of Civil Rights and the Farm Service Agency in reconciling their respective lists of complainants. When the Farm Service Agency learned that complaints had been filed with the Office of Civil Rights, it stayed its foreclosure actions, and, as of August 2002, no further collection actions were taken against the two farmers.

For discrimination claims made in a class action, USDA officials told us that the department does not have a similar policy for staying foreclosures for the individuals who are potential class members. The officials told us that they make these foreclosure decisions on a case-by-case basis, considering the merits of each class action. Since 1997, USDA has issued stays of foreclosure for two class action groups that alleged the Farm Service Agency discriminated against them. However, the stay of foreclosure has expired for one of these groups and USDA has not issued stays for farmers associated with the two other ongoing class action lawsuits, including the Hispanic farmers' suit, because the agency believes that the circumstances did not warrant a stay.

Because the Farm Service Agency does not maintain centralized, historical information on foreclosures, we surveyed all Farm Service Agency state offices to determine whether Hispanic farmers were disproportionately represented among foreclosure actions. Our survey revealed that during fiscal years 2000 and 2001, the Farm Service Agency foreclosed on the loans of approximately 600 borrowers nationwide. While Hispanic farmers make up about 4 percent of the agency's direct loan portfolio, 3 percent of these foreclosures involved Hispanic farmers. In light of the frequent charges of discrimination it faces, the Farm Service Agency officials acknowledge that it would be extremely useful for the agency to maintain centralized information on foreclosure actions over time.

USDA's Office of Civil Rights has made modest progress in the length of time it takes to process discrimination complaints. USDA requirements direct OCR to complete its processing up through the investigative phase of complaints within 180 days of acceptance. It does not, however, have a time requirement for all of the phases of complaint processing. In fiscal year 2000, OCR took an average of 365 days to complete just the investigation phase. Although OCR slightly improved this to 315 days in

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fiscal year 2001, this continues to far exceed the department's internal 180-day requirement. More importantly, because USDA does not have a processing time requirement for all phases of complaint resolution, it lacks a meaningful way to measure its overall performance. When all stages of complaint resolution are accounted for, average processing time was 772 days for fiscal year 2000 and 676 days for fiscal year 2001.

The Office of Civil Rights has implemented many recommendations made in the past by USDA's Inspector General and agency task forces. Further, OCR significantly reduced its inventory of complaints from the beginning of fiscal year 2000 to the end of fiscal year 2001. These actions, however, have not resolved fundamental, underlying problems adversely affecting the office's ability to process complaints in a timely manner. Of most significance, the office continues to experience problems in obtaining and retaining staff with the requisite skills needed to process complaints. High staff turnover is evidenced by the fact that of the complaint processing staff on board in September 2000, only two-thirds were still processing complaints in July 2002. According to Office of Civil Rights officials, severe morale problems and poor working relationships among staff has exacerbated these turnover problems and hinders the Office of Civil Rights' ability to significantly improve its timely processing of complaints.

To help reduce problems and confusion surrounding stays of foreclosure in cases where discrimination has been alleged, we are recommending ways to improve communication between the Farm Service Agency and the Office of Civil Rights; the development of a policy statement that explains how USDA makes stay of foreclosure decisions when class action lawsuits have been filed; and the retention of historical information on foreclosures. To help improve the timeliness of processing discrimination complaints filed by farmers, we are recommending that the Office of Civil Rights establish time-frame requirements for all stages of the complaint process and develop an action plan to address ongoing staffing and morale problems.

We provided USDA with a draft of this report for review and comment. FSA and USDA's Office of General Counsel provided a few technical comments that we incorporated into the report as appropriate. OCR generally agreed with our recommendations but believed that the report should present more information on recent improvements made by the office. These comments and our response are presented in appendix III.

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## Background

Among other things, FSA is responsible for implementing USDA's direct and guaranteed loan programs. FSA's county office staff administers the

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direct loan program and has primary decision-making authority for approving loans. As of September 30, 2001, there were about 95,000 borrowers with direct loans outstanding, with an unpaid principal balance of about \$8.5 billion. FSA farm loan managers are responsible for approving and servicing these loans. The factors FSA staff consider in approving or denying a loan include the applicant's eligibility, (i.e., operates a family-size farm in the area), credit rating, cash flow, collateral, and farming experience. Once a farm loan application is complete, FSA officials have 60 days to approve or deny the application and notify the applicant in writing of the decision.

Once FSA approves a direct loan, it helps borrowers develop financial plans; collects loan payments; and, when necessary, restructures delinquent debt. Direct loans are considered delinquent when a payment is 30 days past due. When a borrower's account is 90 days past due, FSA county staff formally notify him or her of the delinquency and provide an application for restructuring the loan. To be considered for loan restructuring, borrowers must complete and return an application within 60 days. FSA staff process the completed application and notify the borrowers as to whether they are eligible for loan restructuring. If a borrower does not apply or is not eligible for loan restructuring, and the loan continues to be delinquent, FSA notifies the borrower that it will take legal action to collect all the money owed on the loan (called loan acceleration). If the borrower does not take action to settle their account within a certain period of time, FSA can start foreclosure proceedings.

When farmers believe that FSA has discriminated against them, they may file a discrimination complaint with USDA's OCR. For the complaint to be accepted, it must

- be filed in writing and signed by the complainant;
- be filed within 180 days of the discriminatory event; and
- describe the discriminatory conduct of an employee of a USDA agency or discriminatory effect of a policy, procedure, or regulation.

Farmers may also seek compensation for violations of their civil rights by filing individual or class action lawsuits. In 1997, African American farmers filed a class action against USDA (*Pigford v. Glickman*). In 1999, this suit resulted in a multimillion-dollar settlement agreement for the farmers. Since then, women and other minority farmers have also filed class actions against USDA.



To elevate the attention of civil rights matters at USDA, in the 2002 Farm Bill the Congress created the position of Assistant Secretary of Agriculture for Civil Rights.

## Direct Farm Loan Application National Processing Times Were Longer for Hispanic Farmers than for Non-Hispanic Farmers but Were Shorter in Most States with Large Numbers of Hispanic Borrowers

Although the average direct loan application processing time was longer for Hispanic farmers than for non-Hispanic farmers during fiscal years 2000 and 2001, over 90 percent of loan applications from Hispanic farmers (and 94 percent from non-Hispanic farmers) were processed within the agency’s 60-day requirement. We also found that the direct loan approval rate for Hispanic farmers was slightly lower than for non-Hispanic farmers, 83 and 90 percent, respectively. FSA officials maintain that approval rate differences were not significant and attribute them to differences in the applicants’ ability to repay the loans they requested.

During fiscal year 2000 and 2001, the national average processing time for direct loans from Hispanic farmers was 20 days—4 days longer than for non-Hispanic farmers—but well within FSA’s 60-day requirement. At the state level, loan processing time differences were more distinct. For example, in the four states that account for over half of all Hispanic applications, processing times for Hispanic farmers were faster than for non-Hispanic farmers in three states and slower in the fourth state. However, all times fell well within FSA’s 60-day requirement. Table 1 shows the average processing times for non-Hispanic and Hispanic applications nationwide and for the four states, both fiscal years combined.

**Table 1: Average Processing Times for Non-Hispanic and Hispanic Farmers for Fiscal Years 2000 and 2001 Combined**

	Non-Hispanic farmers		Hispanic farmers	
	Number of applications	Average processing time	Number of applications	Average processing time
National	39,725	16	793	20
California	635	21	99	15
New Mexico	172	24	49	15
Texas	3,395	24	194	22
Washington	514	27	69	37

Source: FSA direct loan data.

The vast majority—91 percent—of all direct loan applications from Hispanic farmers were processed within FSA’s 60-day requirement. However, the loan approval rate for Hispanic farmers was lower than for

non-Hispanic farmers during this 2-year period—83 and 90 percent, respectively. Nonetheless, as shown in table 2, in three of the four states that received the largest number of Hispanic applications in fiscal year 2001, direct loan approval rates were similar.

**Table 2: Percentage of Direct Loan Applications Approved by FSA for Fiscal Years 2000 and 2001 Combined**

	Non-Hispanic farmers		Hispanic farmers	
	Number of applications	Loan approval rate	Number of applications	Loan approval rate
National	35,685	90	678	83
California	530	89	82	88
New Mexico	156	93	48	92
Texas	2,099	87	142	85
Washington	491	80	76	61

Note: The number of applications in table 2 is different than those shown in table 1 because some of the applications were not approved or denied in the year in which they were received.

Source: FSA direct loan data.

As part of FSA’s assessment of its civil rights performance, the agency monitors differences between minority and non-minority loan processing times and approval rates at both the national and state levels. In addition, FSA sends teams out to state offices to conduct civil rights reviews. The teams review loan files to verify compliance with FSA policies and procedures and, if warranted, provide written recommendations to remedy problems identified. Up through fiscal year 2001, each state was reviewed once every 3 years; beginning in fiscal year 2002, state offices will be reviewed every other year.

As shown in tables 1 and 2, Washington was the only state in our review that had both slower processing times and lower approval rates for Hispanic farmers. This disparity also surfaced during a 2001 FSA field review. Specifically, the final report noted that the time period from the completion of loan applications to the applications’ approval was significantly longer for minorities in three of the four FSA service centers it reviewed. Although the review found that the state properly documented its reasons for rejecting loan applications from minority farmers, FSA recommended that the office director emphasize to staff the importance of treating prospective borrowers equally and of the need to properly document reasons for denying loan requests when there may be the appearance of disparate treatment.

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While FSA monitors variations in loan processing times and approval rates between minorities and non-minorities, it does not have established criteria for determining when observed variations are significant enough to warrant further inquiry. In addition, while FSA conducts periodic field reviews of state offices' performance in civil rights matters and suggests improvements, it does not require the offices to implement the recommendations and does not monitor state follow-up efforts. FSA is currently considering requiring state offices to provide information on how they addressed weaknesses noted during reviews.

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## USDA Only Has a Policy for Staying Foreclosures When Discrimination Complaints Are Filed with OCR

USDA has a policy for issuing stays of foreclosure in cases where discrimination has been alleged in individual complaints filed with OCR, but not in response to individual or class action lawsuits with similar allegations. In cases where individuals file an administrative discrimination complaint with USDA's OCR, agency policy is to automatically issue a stay of adverse action—including foreclosures—until the complaint has been resolved. During fiscal years 2000 and 2001, this policy was followed in 24 out of the 26 applicable cases involving Hispanic borrowers. The policy was not followed in the remaining two cases because of miscommunication between OCR and FSA in reconciling their respective lists of complainants. When the Farm Service Agency learned that complaints had been filed with the Office of Civil Rights, it stayed its foreclosure actions, and, as of August 2002, no further collection actions were taken against the two farmers. Although future data system improvements should alleviate this problem, OCR and FSA officials acknowledge that improvements could be made in the interim.

USDA does not have a similar policy for issuing stays related to discrimination claims raised in an individual or class action lawsuit. Instead, FSA makes decisions on whether to issue stays on a case-by-case basis based on the advice of USDA's General Counsel and the Department of Justice. Since 1997, USDA has issued stays of foreclosures related to African-American and Native American farmers' class action discrimination lawsuits involving FSA loan programs. In contrast, USDA did not issue stays of foreclosure for other class action discrimination lawsuits involving FSA loan programs because the agency believes that they circumstances did not warrant a stay. These class action lawsuits and how USDA handled stays of foreclosure are discussed in greater detail below.

- In October 1997, African-American farmers filed a class action lawsuit against the Secretary of Agriculture (*Pigford v. Glickman*) alleging

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racial discrimination by USDA in its administration of federal farm programs. On October 9, 1998, the court certified the class—issued the criteria for class eligibility.<sup>2</sup> On January 5, 1999, USDA entered into a 5-year consent decree with the claimants of the suit to settle it. The federal district court approved the consent decree and a framework for the settlement of individual claims in April of the same year. As of July 31, 2002, almost 23,000 claims had been filed under the consent decree. Of those, 21,539 were accepted for processing, and 1,146 claims were rejected based on a determination that the claimant was not a member of the class. As part of the consent decree, USDA agreed to refrain from foreclosing on real property owned by a claimant or accelerating their loan account.<sup>3</sup>

- In November 1999, Native American farmers filed a class action lawsuit against the Secretary of Agriculture (*Keepseagle v. Glickman*) alleging that USDA willfully discriminated against Native American farmers and ranchers when processing applications for farm credit and farm programs. Further, claimants alleged that class members previously filed discrimination complaints with USDA and that the department failed to thoroughly investigate the complaints. In December 1999, USDA issued a notice to FSA offices informing them that they were not to accelerate or foreclose on any direct loans held by Native American borrowers before the end of 2000, unless the national office, with the concurrence of the Office of General Counsel, specifically authorized such action against an individual. As scheduled, this directive expired at the end of 2000.
- In October 2000, Hispanic farmers (*Garcia v. Glickman*) and women farmers (*Love v. Glickman*) each filed class action lawsuits against USDA alleging similar claims that USDA willfully discriminated against them in processing applications for farm credit and farm programs.

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<sup>2</sup> The class is defined as African-Americans who: (1) farmed, or attempted to farm, between January 1, 1981, and December 31, 1996; (2) applied to USDA during that time for participation in a federal farm credit or benefit program and who believed they were discriminated against on the basis of race in USDA's response to that application; and (3) filed a discrimination complaint on or before July 1, 1997, regarding USDA's treatment of their credit or benefit application.

<sup>3</sup> During the *Pigford* case, a general stay of foreclosure was in effect. On December 18, 1996—before the *Pigford* lawsuit was filed—the Secretary of Agriculture, in response to concerns about inconsistencies and discrimination in USDA programs, ordered FSA to stay foreclosures until a determination could be made in each case as to whether there was evidence of discrimination in program lending.

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Specifically, they alleged that loans were denied, provided late, or provided with less money than needed to adequately farm. In addition, the plaintiffs alleged that when they filed discrimination complaints about the handling of their loan applications, USDA failed to investigate them. The department has not issued stays of foreclosure in either of these lawsuits.

In June 2001, USDA's Acting General Counsel wrote a memo that explained the department's reasoning for issuing stays of foreclosure in response to some class action lawsuits, but not others. The memo stated that the stay of foreclosure agreement included in the *Pigford* consent decree was reached only in the context of litigation and only to settle a lawsuit in which a class action had already been certified by the district court. The memo went on to say that the stay of foreclosure policy issued in response to the *Keepseagle* lawsuit was implemented during the infancy of the lawsuit while USDA and the Department of Justice evaluated how to proceed in defending it. In addition, the memo stated that USDA did not intend to continue a stay of foreclosure beyond the evaluation. Further, the Acting General Counsel wrote that in all three of the pending lawsuits—*Keepseagle*, *Garcia*, and *Love*—no adequate factual bases have been alleged to support the claim of discrimination made even by most of the named plaintiffs. As a result, the department saw no reason to implement a policy to halt foreclosures and other similar actions affecting borrowers potentially involved in these lawsuits. As of August 2002, a class has been certified for the *Keepseagle* lawsuit, but not for the *Garcia* suit. USDA has not issued any further stays of adverse action for participants in any of these lawsuits.

Although USDA has not issued a stay of foreclosure for potential class members in *Garcia*, relatively few Hispanic farmers have been affected by this decision. According to our survey results, FSA accelerated the direct loans for almost 1,500 borrowers during fiscal years 2000 and 2001; only 41 of these borrowers were Hispanic. Six of these 41 farmers also had their loans foreclosed on by FSA during this period. In addition to these 41 borrowers, 10 other Hispanic borrowers who had their loans accelerated in prior years were foreclosed on during fiscal years 2000 and 2001. To put these figures into context, during this period, FSA foreclosed on approximately 600<sup>4</sup> borrowers, 16 (or 3 percent) of whom were

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<sup>4</sup> In responding to the GAO survey about direct loan foreclosures, some states provided estimates of the total number of borrowers affected, instead of exact numbers.

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Hispanic. During this period, Hispanic farmers made up about 4 percent of the agency's direct loan portfolio.

FSA does not maintain historic information on accelerations or foreclosures in a manner for this information to be retrieved or analyzed readily. FSA officials acknowledged that such information is needed in light of the frequent charges of discrimination it faces.

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## Office of Civil Rights' Problems with Processing Discrimination Complaints Persist

Despite implementing many improvements recommended by USDA's Inspector General and task forces, OCR has only made modest progress in its timely processing of complaints. Additional progress has been hindered because OCR has yet to address underlying, severe human capital problems. In addition, USDA's criterion for timely processing only covers a portion of the three major stages of complaint processing. OCR officials acknowledge that without time requirements that address all phases of processing, it lacks a meaningful way to measure timeliness or to identify and address problem areas and staffing needs.<sup>5</sup>

OCR has adopted many recommendations made in the past by USDA's Inspector General and agency task forces. For example, in 2000, a USDA task force identified 54 tasks to help address problems with the OCR's organization and staffing, database management, and complaint processing. As of July 2002, the office has fully implemented 42, or nearly 80 percent, of these recommendations and plans to complete actions on most of the others by October 2002. In addition, OCR has made some organizational modifications—such as creating separate employment and program directorates, which report under separate lines of supervision, and adding three new divisions to the current structure—Program Adjudication, Program Compliance, and Resource Management Staff. Further, from the beginning of fiscal year 2000 to the end of fiscal year 2001, OCR has made significant progress in reducing its inventory of complaints from 1,525 to 594.

Despite these actions, however, OCR continues to fail to meet USDA's requirement that program complaints be processed in a timely manner. Specifically, USDA's internal requirements direct OCR to complete its

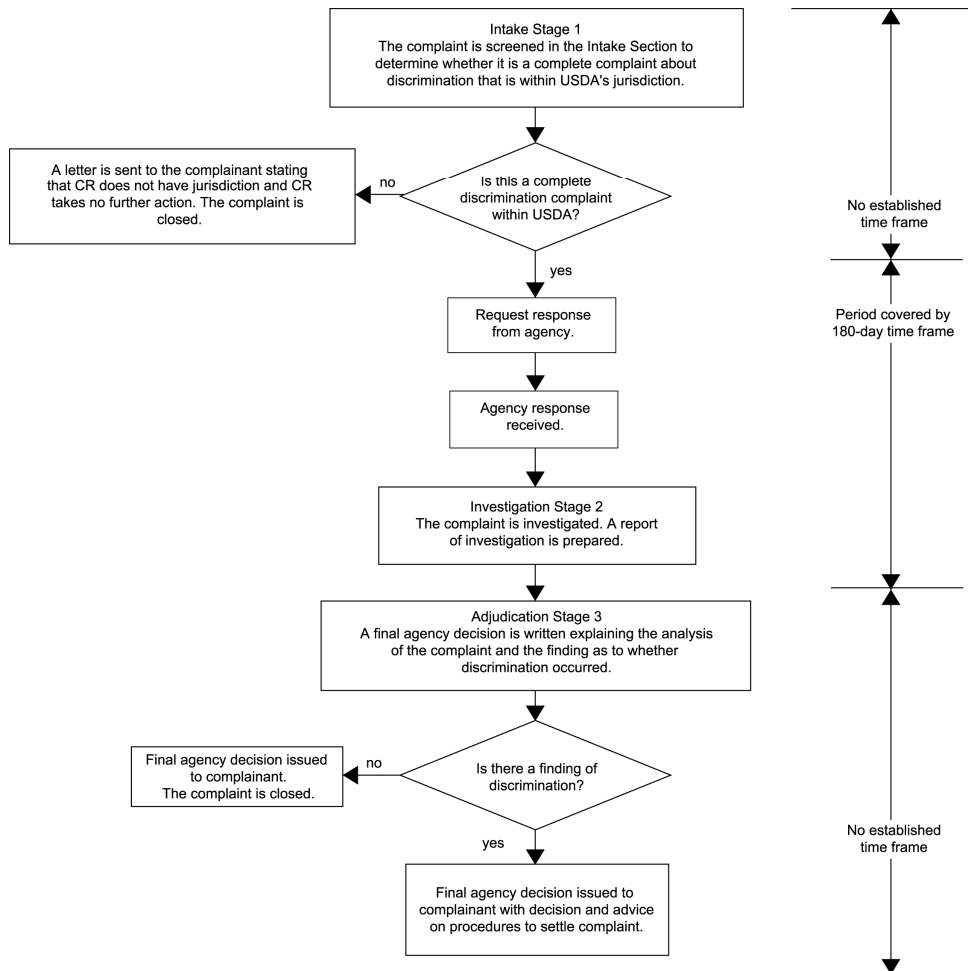
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<sup>5</sup> According to OCR's Deputy Director of Programs, additional time requirements for complaint processing were developed in July 2002. However, the requirements will not go into effect until proposed office restructuring takes place. In addition, OCR has yet to establish time requirements that address all stages of complaint processing.

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investigative reports within 180 days after accepting a discrimination complaint. However, during fiscal years 2000 and 2001 it took OCR on average 365 days and 315 days, respectively, to complete its investigative reports. Furthermore, as shown in figure 1, the 180-day requirement only covers a portion of the three major stages of the entire processing cycle. Accordingly, even if the 180-day requirement was met, it could still take OCR 2 years or more to complete the processing of a complaint. In fact, when all phases of the complaint resolution are accounted for, it took OCR an average of 772 and 676 days for fiscal years 2000 and 2001, respectively, to completely process complaints through the entire complaint cycle and issue the final agency decision.

**Figure 1: OCR Complaint Processing Cycle**



Source: USDA Office of Civil Rights.

OCR has made only modest progress in improving its timely processing of complaints because it has yet to address severe, underlying human capital problems. According to USDA officials, the office has had long-standing problems in obtaining and retaining staff with the right mix of skills. The retention problem is evidenced by the fact that only about two-thirds of the staff engaged in complaint processing in fiscal year 2000 was still on board 2 years later. OCR officials also pointed out that this staffing problem has been exacerbated because management and staff have been intermittently diverted from their day-to-day activities by such things as responding to requests for information from the courts. OCR officials stated that this pattern of disruption has been continuous since 1997.



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Furthermore, severe morale problems have exacerbated staff retention problems and have adversely affected the productivity of the remaining staff. Management officials told us that they spend an inordinate amount of time and resources addressing internal staff complaints. In fact, during fiscal years 2000 and 2001, OCR had one of the highest rates within USDA of administrative complaints filed by employees. This atmosphere has led to frequent reassignments or resignations of OCR managers and staff. According to OCR's Deputy Director of Programs, the problem has reached the point where some staff have even threatened fellow employees or sabotaged their work. Although OCR's Director believes that the situation has improved over the past few years, he acknowledges that some of the more serious morale problems have not been resolved.

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## Conclusions

The purpose of USDA's direct loan program is to provide loans to farmers who are unable to obtain private commercial credit. Over the past decade, USDA has continuously been faced with allegations of discrimination in its making direct loans to farmers. To help guard against such charges, FSA needs to improve its monitoring and accountability mechanisms and make its systems and decision processes more consistent and transparent. Although FSA monitors variations in loan processing times and approval rates, it lacks criteria for determining when discrepancies warrant further inquiry. Similarly, while FSA conducts periodic reviews of its state offices' civil rights conduct and makes suggestions for improvement, it cannot ensure that these suggestions have been effective—or even adopted—without a requirement that state offices implement its recommendations or if not, explain their reasons for not doing so. In addition, USDA has also been criticized for its handling of the allegations themselves—whether they were handled through litigation or the agency's complaint processes. In the case of class action lawsuits, the agency has been charged with treating different minority groups inequitably because it grants stays of foreclosures to some groups but not to others. Without a standard, transparent policy that lays out the factors USDA considers in deciding whether or not to issue stays, the agency faces the continued problem of having its decisions viewed as unfair. Furthermore, if USDA does not improve its process of reconciling its lists of complainants, it runs the risk of violating its policy of not taking foreclosure actions against farmers with pending discrimination complaints. In addition, without maintaining historical information on foreclosures, USDA lacks an important tool to help it understand its equal opportunity performance.

In the case of USDA's processing of complaints, its Office of Civil Rights continues to be untimely. Also, without a time requirement that covers all

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stages of complaint processing, USDA lacks a meaningful way to measure performance or to identify and remedy problem areas and staffing needs. Furthermore, until USDA addresses long-standing human capital problems within OCR, it is unlikely that the timeliness of complaint processing will significantly improve.

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## Recommendations

To help resolve issues surrounding charges of discrimination in FSA's direct loan program, we recommend that the Secretary of Agriculture

- establish criteria for determining when discrepancies between minority and non-minority loan processing times and approval rates warrant further inquiry; and
- require state offices to implement recommendations made as a result of FSA field reviews or explain in writing their rationale for not doing so.

To help address problems related to FSA foreclosures, we recommend that the Secretary of Agriculture

- develop and promulgate a policy statement that lays out the factors USDA considers in issuing stays of foreclosure in class action lawsuits;
- maintain historic information, by race, on foreclosures completed by FSA; and
- direct FSA and OCR to improve communications to ensure that foreclosure actions are not taken against borrowers with pending complaints.

To help address long-standing problems related to OCR's untimely processing of complaints, we recommend that the Secretary of Agriculture

- establish time requirements for all stages of the complaint process and monitor OCR's progress in meeting these requirements; and
- develop an action plan to address ongoing problems with obtaining and retaining staff with needed skills, establish performance measures to ensure accountability, and monitor OCR's progress in implementing the plan.

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## Agency Comments

We provided a copy of a draft of this report to USDA's Farm Service Agency, Office of General Counsel, and Office of Civil Rights for their review and comment. FSA and OGC generally agreed with the information in the report and provided technical and clarifying comments. We have incorporated these comments, as appropriate. OCR commented that they were in general agreement with our recommendations but wanted us to give more prominence to the progress it has made in notifying FSA about filed complaints, improving complaint processing, and addressing morale problems. We have revised the report to more clearly reflect OCR progress in certain areas. These comments and our response are presented in appendix II.

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## Scope and Methodology

To compare the processing times for direct loans for Hispanic farmers with those for non-Hispanic farmers, we analyzed FSA data and obtained FSA officials' explanations for differences we observed. To analyze USDA's policies for staying foreclosures and how they have been implemented, we obtained relevant USDA policies and memoranda, and, through file reviews (in California, Texas, New Mexico, and Washington), determined the extent to which these policies were followed. To assess USDA's progress in addressing previously identified problems associated with slow processing of discrimination complaints and resolution of human capital issues within USDA's Office of Civil Rights, we reviewed USDA status reports and obtained senior managers' views on why previously identified problems persist. (App. I contains a more detailed discussion of our scope and methodology.)

We performed our review from October 2001 through August 2002 in accordance with generally accepted government auditing standards.

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As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies of this report to congressional committees with jurisdiction over farm programs, the Secretary of Agriculture, the Director of the Office of Management and Budget, and other interested parties. We will also make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

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

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

Lawrence J. Dyckman  
Director, Natural Resources  
and Environment

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# Appendix I: Scope and Methodology

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To compare the processing times for direct loans for Hispanic farmers with those for non-Hispanic farmers, we interviewed FSA officials at the national, state, and county level about the types of direct loans that FSA provides as well as the steps that are followed in the loan-making process. We also reviewed FSA regulations and procedures related to direct loan processing. Because of completeness and reliability issues with FSA's direct loan data, we were not able to perform detailed analyses of loan processing times for Hispanic and non-Hispanic farmers using a download of FSA loan data. Instead, we analyzed direct loan processing times using FSA reports based on historical data for fiscal years 2000 and 2001. We calculated loan processing times from the date the farm loan application was complete to the date of the agency decision to approve or reject the loan application. We compared the average processing times for all complete applications from Hispanic farmers to those from non-Hispanic farmers. We also calculated loan approval rates using FSA historical loan data. We were unable to provide information about the loan amount requested and received by borrowers for comparison purposes because this data has not been tested by FSA for completeness and reliability.

To identify USDA's policies for staying foreclosures and to determine how they have been implemented, we interviewed officials from USDA's Office of Civil Rights, Office of General Counsel, FSA's Civil Rights staff, and FSA state offices. We reviewed policies and procedures for implementing stays of foreclosure, where available. In those instances where written guidance was not available, we relied on interviews with officials from USDA's Office of General Counsel and written correspondence regarding the department's actions. In reviewing FSA's implementation of its stay of foreclosure policy in response to administrative complaints, we limited our work to the four states that received the largest number of Hispanic loan applications during fiscal year 2001—California, New Mexico, Texas, and Washington. To identify Hispanic farmers who had had filed discrimination complaints against FSA and whose complaints were processed during fiscal years 2000 and 2001, we obtained a list of Hispanic farmers from the OCR and reviewed available FSA state office direct loan and complaint files to determine whether the FSA farm loan chiefs had been notified when a farmer had filed a complaint and whether or not FSA had implemented a stay of adverse action. In addition, we followed up with FSA's Office of Civil Rights, with regard to those complainants who did not have a state loan file or a stay of adverse action notice in the state complaint file, to determine whether the office had sent out notices to stay adverse actions. To obtain previously unavailable national data for fiscal years 2000 and 2001 about the number of FSA accelerations and foreclosures of direct loans made to Hispanic and non-Hispanic farmers,

we surveyed FSA Farm Loan Chiefs in all 50 states, as well as Guam, the Virgin Islands, and Puerto Rico. The response rate to our survey was 100 percent.

To assess USDA progress in addressing previously identified problems with its civil rights office's organizational structure, staff turnover, and complaint processing times, we reviewed reports from USDA's Office of Inspector General, internal agency task forces, the U.S. Commission on Civil Rights, and the Congress. We discussed problems and recommended remedies with officials from OCR and FSA. We also examined budget justification documents, USDA departmental regulations, and OCR procedures. Due to problems with OCR's program complaint database, we relied on, but were unable to verify, processing information published in USDA's annual program performance reports for fiscal years 2000 and 2001. As noted in the 2001 report, USDA modified the method it used for calculating processing times that year. If its prior method had been used, processing times would have increased by 14 percent.

We conducted our review from October 2001 through August 2002 in accordance with generally accepted auditing standards.

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# Appendix II: Survey of USDA Farm Service Agency State Offices

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## Survey of USDA Farm Service Agency State Offices

### U.S. General Accounting Office

The U.S. General Accounting Office (GAO) has been asked by Representatives Joe Baca and Silvestre Reyes to study how the USDA Farm Service Agency processes loans, responds to discrimination complaints, and implements foreclosure proceedings. They are also interested in the way that loans are processed for Hispanic farmers.

As part of our study, we are requesting information from all state FSA offices. We ask that you complete this questionnaire so that the Congress will have current and complete information.

If you have any questions, please contact Natalie Herzog, in our Atlanta office, at [herzogn@gao.gov](mailto:herzogn@gao.gov) or (404) 679-1889, or Jacqueline Cook, in our Washington, D.C. office, at [cookja@gao.gov](mailto:cookja@gao.gov) or (202) 512-2737.

You will be notified when our report is issued and you will be able to request a free copy at that time.

### Navigating, Exiting, and Printing the Questionnaire

Please Note: You may need to use the scroll bar on the right hand side of the screen to read all the information on a page. To complete your questionnaire, you may move from screen to screen using either

--the buttons at the bottom of each screen

--the menu bar on the left side of the screen, or

--the arrow buttons on the navigation bar at the bottom of the screen.

Click on the question mark button at the bottom right of the screen to find who to contact for help.

You can exit the questionnaire at any time by clicking on the "Exit" button at the bottom of the screen (or on the navigation bar). You may log in again later to re-open your questionnaire and then continue to enter new responses or to change previous responses. The questionnaire will restart at the last response you entered.

When you have completed the questionnaire, please mark the last question in the last section as "Completed." Your answers will not be used unless you have done this.

You can print your responses for each section by clicking on the "Print" button at the end of the section. You cannot print the entire questionnaire at one time.

**Direct Loans Made by FSA**

This survey asks about direct loans made by FSA. Do not include youth loans when answering the questions.

**Section I: Direct Loans Made in FY 2000 and in FY 2001.**

1. How many direct loans did you make in (state name) in FY 2000 (October 1, 1999 to September 30, 2000)? (Enter number below. If none, enter 0.)

N=53  Total: 17,333 Mean: 327.0 Min./max.: 0-1,793

2. How many direct loans did you make in FY 2001 (October 1, 2000 to September 30, 2001)? (Enter number below. If none, enter 0.)

N=53  Total: 16,797 Mean: 316.9 Min./max.: 0-1,449

**Accelerated Loans**

The questions in this section and the next section ask for information about loans that have been accelerated. Do not include loans that have been approved for acceleration by the State Civil Rights Independent Review Group, but have not yet been accelerated.

While some of the questions in this section ask about loans that were accelerated and foreclosed during the same fiscal year, the purpose of this section is to gather information about all foreclosures made during FY 2000 and FY 2001. We will not use the information provided in this section to assess the timeliness of foreclosures in your state.



**Section II: Acceleration and Foreclosure in FY 2000**

3. During FY 2000 (October 1, 1999 to September 30, 2000) how many borrowers in (state name) had direct loans that were accelerated? (Enter number below. If none, enter 0.)

N=53  **Total: 706 Mean: 13.3 Min./max.: 0-128**  
Note: 42 states accelerated loans

4. How many of these borrowers (Question 3) were Hispanic? (Enter number below. If none, enter 0.)

N=42  **Total: 23 Mean: 0.5 Min./max.: 0-9**  
Note: 9 states accelerated loans of Hispanic borrowers

5. During FY 2000, how many of these borrowers (Question 3) had direct loan foreclosures completed/consummated by FSA? (Enter number below. If none, enter 0.)

N=42  **Total: 102 Mean: 2.4 Min./max.: 0-5**  
Note: 17 states had foreclosures

6. How many of these borrowers (Question 5) were Hispanic? (Enter number below. If none, enter 0.)

N=17  **Total: 4 Mean: 0.2 Min./max.: 0-2**  
Note: 3 states had foreclosures on Hispanic borrowers

7. How was the number of Hispanic borrowers (Questions 4 and 6) determined?

N=42 (CHECK ALL THAT APPLY)

- 59.5% 1.  From information in individual loan file(s)
- 50.0% 2.  From a review of names
- 14.3% 3.  From a FOCUS report
- 14.3% 4.  Other
- 21.4% 5.  Not applicable

8. Were there other borrowers, with direct loans accelerated in prior years, whose loans were foreclosed during FY 2000?

(CHECK ONLY ONE ANSWER)

- N=33 1.  Yes --> Please complete Questions 9 through 12.
- N=18 2.  No --> Go to Question 13.
- N= 1 3.  Don't know --> Go to Question 13.

Appendix II: Survey of USDA Farm Service  
Agency State Offices

N= 1 4.  No response --> Go to Question 13.

9. Please enter the number of borrowers (not including those in Question 5) who had direct loans foreclosed in FY 2000. (Enter number below.)

N=33  Total: 275 Mean: 8.3 Min./max.: 1-87  
Note: 33 states had foreclosures

10. Is the number of borrowers with foreclosed loans (Question 9) an estimate or an exact number?

N=33 (CHECK ONLY ONE ANSWER)

- 12.1% 1.  Estimate  
87.9% 2.  Exact number  
0.0% 3.  No response

11. How many of these borrowers (Question 9) were Hispanic? (Enter number below. If none, enter 0.)

N=33  Total: 7 Mean: 0.2 Min./max.: 0-7  
Note: 1 state had foreclosures on Hispanic borrowers

12. Is the number of Hispanic borrowers with foreclosed loans (Question 11) an estimate or an exact number?

N=33 (CHECK ONLY ONE ANSWER)

- 0.0% 1.  Estimate  
29.0% 2.  Exact number  
12.2% 3.  Not applicable  
0.0% 4.  No response

**Section III: Acceleration and Foreclosure in FY 2001**

13. During FY 2001 (October 1, 2000 to September 30, 2001) how many borrowers in (state name) had direct loans that were accelerated? (Enter number below. If none, enter 0.)

N=53  Total: 775 Mean: 14.6 Min./max.: 0-83  
Note: 48 states accelerated loans

14. How many of these borrowers (Question 13) were Hispanic? (Enter number below. If none, enter 0.)

N=48  Total: 18 Mean: 0.4 Min./max.: 0-8  
Note: 6 states accelerated loans of Hispanic borrowers

15. During FY 2001, how many of these borrowers (Question 13) had direct loan foreclosures completed/consummated by FSA? (Enter number below. If none, enter 0.)

N=48  Total: 73 Mean: 1.5 Min./max.: 0-31  
Note: 18 states had foreclosures

16. How many of these borrowers (Question 15) were Hispanic? (Enter number below. If none, enter 0.)

N=18  Total: 2 Mean: 0.1 Min./max.: 0-2  
Note: 1 state had foreclosures on Hispanic borrowers

17. How was the number of Hispanic borrowers (Questions 14 and 16) determined?

N=48 (CHECK ALL THAT APPLY)  
64.6% 1.  From information in individual loan file(s)  
43.8% 2.  From a review of names  
10.4% 3.  From a FOCUS report  
14.6% 4.  Other  
18.8% 5.  Not applicable

18. Were there other borrowers, with direct loans accelerated in prior years, whose loans were foreclosed during FY 2001?

(CHECK ONLY ONE ANSWER)  
N=28 1.  Yes --> Please complete Questions 19 through 22.  
N=23 2.  No --> Go to Question 23.  
N=1 3.  Don't know --> Go to Question 23.

Appendix II: Survey of USDA Farm Service  
Agency State Offices

N=1 4.  No response --> Go to Question 23.

19. Please enter the number of borrowers (not including those in Question 15) who had direct loans foreclosed in FY 2001. (Enter number below.)

N=28  Total: 158 Mean: 5.6 Min./max.: 1-32  
Note: 28 states had foreclosures

20. Is the number of borrowers with foreclosed loans (Question 19) an estimate or an exact number?

N=28 (CHECK ONLY ONE ANSWER)

- 17.9% 1.  Estimate  
82.1% 2.  Exact number  
0.0% 3.  No response

21. How many of these borrowers (Question 19) were Hispanic? (Enter number below. If none, enter 0.)

N=28  Total: 3 Mean: 0.1 Min./max.: 0-2  
Note: 2 states had foreclosures on Hispanic borrowers

22. Is the number of Hispanic borrowers with foreclosed loans (Question 21) an estimate or an exact number?

N=28 (CHECK ONLY ONE ANSWER)

- 3.6% 1.  Estimate  
82.1% 2.  Exact number  
14.3% 3.  Not applicable  
0.0% 4.  No response

**Section IV: Additional Information**

23. What type of process is used for foreclosure in #H1.?

**N=53** (CHECK ONLY ONE ANSWER)

- 54.7% 1.  Judicial
- 22.6% 2.  Non-judicial
- 22.6% 3.  Both
- 0.0% 4.  No response

24. Approximately how many hours (including time spent by other staff in your office) did it take to compile the information needed to complete this questionnaire?

**N=53** (CHECK ONLY ONE ANSWER)

- 15.1% 1.  Less than 1 hour
- 60.4% 2.  1 - 5 hours
- 11.3% 3.  6 - 10 hours
- 5.7% 4.  11 - 15 hours
- 5.7% 5.  16 - 20 hours
- 1.9% 6.  More than 20 hours
- 0.0% 7.  No response

25. If you would like to make additional comments concerning any topic covered in this questionnaire, please feel free to use the space below, or, if you would prefer, send an email message to Natalie Herzog at [herzogn@gao.gov](mailto:herzogn@gao.gov).

Comments were received from 9 respondents.

**When The Questionnaire Is Complete**

When you have completed this questionnaire, please check the "Completed" box below.

(CHECK ONLY ONE ANSWER)

- 1.  Completed
- 100.0% 2.  Not completed

# Appendix III: Comments from the Office of Civil Rights



United States  
Department of  
Agriculture

Office of the  
Assistant Secretary  
for Administration

Office of  
Civil Rights  
1400 Independence  
Avenue SW

Washington, DC  
20250

SEP 11 2002

**TO:** Larry Dyckman  
Director, Natural Resources and Environment  
U.S. General Accounting Office

**FROM:** David Winningham  
Director  
Office of Civil Rights

**SUBJECT:** U.S. General Accounting Office Draft Report, GAO-02-942,  
"Improvements in the Operations of the Civil Rights Programs Would  
Benefit Hispanic and Other Minority Farmers"

Please find attached the response to the subject report GAO submitted the Secretary of Agriculture on August 26, 2002.

If you have any questions or require any assistance in this matter, please feel free to contact Farook Sait, Special Assistant, at 720-5212.

Attachment

AN EQUAL OPPORTUNITY EMPLOYER

**U. S. General Accounting Office Draft Report, GAO-02-942,  
"Improvements in the Operations of the Civil Rights Programs Would  
Benefit Hispanic and Other Minority Farmers"**

The Office of Civil Rights (OCR) is in general agreement with the recommendations made by GAO regarding the need to formalize time frames for all phases of the complaint process and the need to increase capital and human resources to the complaint function. However, there is key information not mentioned regarding OCR's accomplishments and plans for complaint processing. Additionally, there is some information which is in error and some information which is inappropriately characterized. Therefore, GAO needs to make appropriate changes in its report reflecting the information in this document.

The report states that according to the Farm Service Agency's (FSA) policy, foreclosures are stayed when an individual files a complaint of discrimination and it is accepted by the OCR, until the final agency decision is issued. During Fiscal Years (FY) 2000 and 2001, there were 26 Hispanic farmers from California, New Mexico, Texas, and Washington, who had filed complaints with the OCR. The foreclosure action was stayed in 24 cases. Foreclosure proceedings were initiated in 2 complaints because FSA was not aware that discrimination complaints had been accepted by the OCR. These actions were stopped when FSA was informed that the OCR had accepted the complaints.

The GAO has concluded that the initiation of foreclosure proceedings by FSA against the 2 Hispanic borrowers was a result of poor communication between the OCR and FSA. However, OCR in response to an Office of Inspector General (OIG) audit recommendation, in early 2000, established a procedure to avoid such a situation, by **holding monthly meetings with agency officials to reconcile the complaint information between OCR and the agency.** These meetings are held every month with FSA staff and the complaint information is reconciled between the two agencies.

The report also states that OCR has made "modest" progress in the processing time for complaints.

**Average time to complete the investigation**

<u>FY 2000</u>	<u>FY 2001</u>
365 days	315 days (14% improvement)

**Average time to issue final action on complaint**

<u>FY 2000</u>	<u>FY 2001</u>
772 days	676 days (14% improvement)

See comment 1.

See comment 2.

The fact is, at the beginning of FY 2000 OCR had an inventory of 1525 complaints. At the end of FY 2001 OCR had reduced the complaint inventory to 594. OCR believes that a reduction of approximately 60 percent of the complaint inventory and 14 percent improvement in processing time deserves better than to be described as "modest."

The report states that the internal regulations of OCR require an investigation to be completed within 180 days from the date of acceptance. However, OCR **does not** have a time requirement for other phases of complaint processing. As such, GAO makes the following recommendations:

- improve communication between CR and FSA;
  - CR should establish time requirements for all stages of the complaint process; and
- and develop an action plan to address ongoing staffing and morale**

**problems**

OCR held a staff and management retreat in FY 2000 to address work processing, budget requirements, staffing requirements, teamwork and morale problems. From this retreat was formed a working group composed of managers, specialists and support staff, who developed the Long Term Improvement Plan (LTIP), a copy of which is attached. The LTIP identified the deficiencies noted by the OIG audits and the instant GAO report, and delineated steps and methods to correct them.

Specifically, LTIP identified the problem of low employee morale and determined that a major factor to address it would be to address the following essential needs:

- redirect improperly placed staff;
- necessary and continuing training;
- proper alignment of the organization;
- increased funding for systems;
- increased funding for additional staff;
- improved file maintenance system; and
- improve systems and tracking mechanisms.

OCR recognized the need to reconfigure the organization, and to establish a unit dedicated to complaint intake. The Programs Directorate was assigned 9 additional positions to help improve its performance.

See comment 3.



See comment 4.

The GAO report on page 13 states as follows:

"OCR has made only modest progress in improving its timely processing of complaints because it has yet to address severe, underlying human capital problems. According to USDA officials, the Office has had long-standing problems in obtaining and retaining staff with the right mix of skills. The retention problem is evidenced by the fact that only about two-thirds of the staff engaged in complaint processing in fiscal year 2000 was still on board 2 years later. OCR officials also pointed out that this **staffing problem has been exacerbated because management and staff have been intermittently diverted from their day-to-day activities by such things as responding to requests for information from the courts or the Equal Employment Opportunity Commission. OCR officials stated that this pattern of disruption has been continuous since 1997.**"

The highlighted portion of the above statement is incorrect, as the staff working on program discrimination complaints **have not** been transferred or diverted from their responsibilities to work on any requests for information from the courts or the Equal Employment Opportunity Commission. The work of processing Equal Employment Opportunity (EEO) complaints is done by a dedicated staff in a different division.

The following chart shows the processing of EEO complaints:

	<u>FY 2000</u>	<u>FY 2001</u>
Number of complaints closed	697	625
Average number of days	750	627
Number of investigations completed	305	681

See comment 5.

As can be seen, the average processing time for EEO complaints was reduced by 123 days (16.4%), and the number of investigations increased by 123 percent!! This does not address the many other areas of improvement in OCR activities. Therefore, to describe the improvements by OCR as "slight" or "modest" and focus on unsubstantiated statements by individuals is unfair to the agency.

The report continues on page 13 as follows:

"Furthermore, severe morale problems have exacerbated staff retention problems and have lowered the productivity of the remaining staff. Management officials told us that they spend an inordinate amount of time and resources addressing internal staff complaints. In fact, OCR has a higher rate of administrative complaints filed by employees than any other agency within USDA. This atmosphere has led to frequent reassignments or resignations of OCR managers and staff. According to OCR's Deputy Director for Programs, the problem has reached the point where some staff have even threatened fellow employees or sabotaged their work."

See comment 6.

Again, this portion of the report is incorrect. The report shows an improvement in the time frames for completion of investigations and final resolutions, which contradicts the statement that the problem of employee morale has "lowered the productivity of the remaining staff." Also, since GAO's focus was on the processing of program discrimination complaints, a reference to the number of EEO complaints by OCR employees and other employee issues which occurred prior to the LTIP is misleading.

It is OCR's position that there is already an established system for monthly meetings between OCR and FSA to ensure reconciliation of complaint information. OCR already has a plan for resource allocation, staff training, staff realignment, performance improvement, and all other aspects of agency enhancement addressed in the LTIP. OCR will formalize time frames for all aspects of complaint processing.

Attached is a copy of the LTIP and the Strategic Work Plan. We request that GAO take this information and make the necessary changes in its report to reflect more accurately the efforts of OCR.

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## GAO Comments

The following are GAO's comments on the Office of Civil Rights' letter dated September 11, 2002.

1. Since early 2000, OCR has coordinated on a monthly basis with FSA to reconcile their respective lists of complainants. However, OCR's Long Term Improvement Plan (LTIP)—issued in October 2000—noted that current procedures had not ensured that FSA was notified about newly filed complaints in time to prevent foreclosures or other adverse actions against complainants. In addition, one of the cases we noted in our report occurred in 2001—well after the implementation of the monthly meetings. When asked about this and another case, FSA officials told us that the current procedures still needed improvement. (As we noted in the report, foreclosure actions were halted once FSA was informed that OCR had accepted the complaints.) Given the importance of halting foreclosure actions once a complaint has been filed, we believe that OCR and FSA need to improve communications about borrowers with pending complaints.
2. We have added information about OCR's reduction of its inventory of complaints. However, unless OCR reduces the time it takes to process complaints, the inventory will expand once again. While we acknowledged that OCR has made modest progress in reducing its processing time, it still exceeds its own interim goals for timeliness by 75 percent in fiscal year 2001.
3. The seven essential needs cited by OCR, for the most part, involve improving the office's work processes. Although these improvements should indirectly help improve morale, they do not directly address the severe problems cited by the Deputy Director, such as staff threatening fellow employees or sabotaging their work. We revised the report to reflect the director's belief that the situation has improved over the past several years and his acknowledgment that some of the more serious morale problems have yet to be resolved.
4. During the course of our review, several senior OCR managers referred to the increased workloads created by the courts' requests for files and other information needed to resolve pending lawsuits. In addition, OCR's October 2000 LTIP noted that investigative staff had been assigned to a variety of non-investigative projects, which delayed the processing of complaints. We have removed the reference regarding the Equal Employment Opportunity Commission.

5. Our report focused on the timeliness of processing program complaints and not on EEO complaints filed by USDA employees.
6. GAO did not mean to imply that OCR's productivity is declining. Rather, we are making the point that serious morale problems adversely affect productivity and have revised the report accordingly. While the number of EEO complaints filed by OCR employees has declined between fiscal years 2000 and 2001, OCR continues to have one of the highest complaint rates within USDA.

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# Appendix IV: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Lawrence J. Dyckman (202) 512-3841  
Gregory A. Kosarin (202) 512-6526

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## Acknowledgments

In addition to those named above, Natalie H. Herzog, Jacqueline A. Cook, Lynn M. Musser, Robert G. Crystal, and George H. Quinn Jr. made key contributions to this report.

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