



Testimony

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Representatives

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FOOD STAMP PROGRAM

Focus Group Research and Procurement Problems

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Mr. Chairman and Members of the Committee:

We are pleased to be here today to discuss the first stage of our review of the U.S. Department of Agriculture's (USDA) Team Nutrition Initiative. We began this work in response to a request from the Chairman of the House Committee on Agriculture's Subcommittee on Department Operations, Nutrition and Foreign Agriculture. The Chairman asked us to review the contracting practices associated with USDA's initiative. As part of our review, we are examining all related contracts issued by USDA's Food and Consumer Services (FCS). During the course of our review of FCS' contract with Global Exchange, Inc., we identified a task performed as a subcontract that seemed unrelated to the purpose of the contract. We reviewed that subcontract in detail, and our comments today are limited to our findings concerning that particular subcontract.

Under the terms of its contract, Global Exchange is to provide support services to assist USDA in conducting a national nutrition education and information distribution campaign. Since the award of this contract in September 1994, Global Exchange has performed a number of tasks for USDA, several of which have involved the use of subcontracts. The subcontract we will discuss today was with Lake Research, Inc.

According to the terms of the work, the purpose of the subcontract was to conduct four focus groups aimed at obtaining the general public's and food stamp recipients' perceptions of USDA's food stamp reform initiatives. This effort was funded with appropriations from the Food Stamp Program's research and evaluation account.

In summary, Mr. Chairman, we found that USDA did not comply with the Federal Acquisition Regulation and the Paperwork Reduction Act, and in addition used a methodology inconsistent with achieving the stated purpose of the contract.

Let me briefly describe for you the circumstances surrounding how the subcontract was awarded and carried out.

Chronology of Events

On the basis of interviews with individuals involved with the Lake Research subcontract and reviews of available files at FCS, Global Exchange, and Lake Research, we have put together the following chronology.

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- In mid-February 1995, the Under Secretary for Food, Nutrition and Consumer Services presented the idea for this work during a private dinner meeting with the president of Lake Research, Inc. As stated in the firm's promotional information, the president of Lake Research is one of the Democratic party's leading strategists and pollsters. According to the president of Lake Research, she and the Under Secretary discussed conducting focus group research on food stamp reform for a price of \$25,000. The following day, the president of Lake Research spoke with the Under Secretary's Executive Assistant to further discuss the specifics of the work. According to the Executive Assistant's notes from that discussion, she talked with Lake Research about holding four focus groups, each one costing \$5,000, three of which would be with "swing voters." Two of these focus groups were to be held in Topeka, Kansas. The location for the other two focus groups was to be determined later. The president of Lake Research confirmed this characterization of the discussion and said that, with \$5,000 in travel expenses, the total cost of the work would be \$25,000.
 - On February 27, 1995, following discussions with the Under Secretary and her Executive Assistant, the Administrator of FCS held a meeting with several of his top managers to discuss the Under Secretary's desire to conduct focus group research and her desire to use Lake Research to do this work. According to the Administrator, one of the purposes of this meeting was to discuss how this work could be legally accomplished. The decision was made that conducting the work as a task order under the Global Exchange contract was the best vehicle for accomplishing the Under Secretary's objective. This way, Lake Research could be used as a subcontractor and the work could be performed as expeditiously as possible, as desired by the Under Secretary. FCS officials concluded that a separate procurement action would have taken too long. Also, according to the president of Lake Research, this approach had the advantage to USDA of not drawing as much attention to the work because using Lake Research as a subcontractor to Global Exchange appeared to distance USDA from Lake Research.
 - On March 2, 1995, FCS' Acting Director of the Office of Analysis and Evaluation (OAE) signed a procurement request authorizing the use of food stamp research and evaluation money to fund this work. That same day, FCS officials informed Global Exchange of its desire to have Lake Research perform this work and asked whether Global Exchange would agree to having Lake Research serve as a subcontractor. Global Exchange agreed. For its work, Global Exchange was authorized a fee of \$8,000.
 - On March 7, 1995, USDA added the focus group work to its prime contract with Global Exchange, through an additional task order to its contract.

That same day, Lake Research signed a subcontract agreement with Global Exchange. According to representatives of Global Exchange, they were not involved in the selection of Lake Research as a subcontractor and, prior to their discussions with FCS officials, had never heard of Lake Research. According to representatives from Global Exchange, they were not invited to attend several key meetings between USDA and Lake Research.

- On March 10, 1995, the Under Secretary met with Lake Research, Global Exchange, and FCS' top management to provide Lake Research with guidance on the specific direction of the work to be performed. The contracting officer's representative—the FCS official responsible for providing technical oversight of the contract—said she went to the Under Secretary's office to attend the meeting but, upon arriving, was asked not to attend.
- On March 28, 1995, the Under Secretary and her Executive Assistant, without participation by Global Exchange or FCS contracting officials, met with Lake Research to discuss the questions that would be used in the focus groups. According to representatives of Lake Research, the Under Secretary and her Executive Assistant reviewed the questions in detail during this meeting and approved their use. Over the next 2 days, Lake Research used the USDA-approved questions during its focus group sessions in Topeka, Kansas, and Indianapolis, Indiana.
- On April 20, 1995, Lake Research presented its findings in a memorandum to the Under Secretary and in an accompanying presentation to the Under Secretary, her Executive Assistant, and FCS' top managers. During this presentation, USDA officials told us that they did not raise questions about the methodology underlying the work by Lake Research or the way the results were presented, despite the fact that the memo used terms such as “voters,” “our side,” and “the opposition.”
- On May 1, 1995, Lake Research delivered a draft report to USDA, detailing the findings of the focus groups. During its review of the draft, USDA officials again did not question the methodology of the work underlying the report. However, they did ask Lake Research to delete terms such as “voters,” “our side,” and “the opposition,” which had also been included in the April 20, 1995, memo.
- On May 23, 1995, Lake Research delivered five copies of its final report to FCS' Office of Analysis and Evaluation. From there, the report had only limited distribution: Two copies were sent to the Under Secretary, the remaining three copies were retained in FCS' OAE. Although the purpose of the work—as set forth in the statement of work—was to support the mission of the food stamp program, and USDA used food stamp research and evaluation money to fund this work, no copies of Lake Research's

report were provided to the Deputy Administrator of the Food Stamp Program.

Noncompliance With Regulatory and Statutory Requirements

USDA's subcontract with Lake Research was handled outside normal contracting practices. According to the President of Lake Research and the notes of the Executive Assistant to the Under Secretary, the idea of using Lake Research to conduct this work, the nature of the work to be performed, and the price to be paid were worked out between the office of the Under Secretary and the president of Lake Research prior to any official contract negotiations and without any involvement of FCS' contracting office. Likewise, the conduct of the work, once contracted for, was managed in an unusual fashion.

Federal statute and decisional law requires that when an agency wishes to acquire, by contract, services that are outside the scope of an existing contract, it should conduct a separate procurement action. FCS did not obtain this focus group work through a separate procurement. Instead, the agency issued a task order under an existing support services contract with Global Exchange, which in turn subcontracted the work to Lake Research. As discussed earlier, the arrangement with Global Exchange was made to ensure that the work was done expeditiously and to distance USDA from Lake Research. In our opinion, however, the work performed by Lake Research was outside the scope of the Global Exchange contract and therefore should have been the subject of a separate procurement action.

The Global Exchange contract was to provide support services to assist FCS in conducting a national nutrition campaign, including the planning and development of educational materials and communication efforts. Among the overall objectives to be served by the Global Exchange contract were "marketing research, strategic planning, and development of current and future nutrition education marketing efforts."

By contrast, the statement of work for Lake Research's subcontract was to conduct focus group research to assess the reactions of the general public and food stamp recipients to USDA's proposals to change the food stamp program. Therefore, in our opinion, the work conducted under Lake Research's subcontract was materially different from the scope of work described in Global Exchange's contract and therefore should have been the subject of a separate procurement action. This \$25,000 procurement should have been competitively conducted under the simplified procedures for small purchases authorized by the Federal Property and

Administrative Services Act of 1949, as amended, and set forth in the Federal Acquisition Regulation. For procurements of this size, these procedures generally require federal agencies to promote competition to the maximum extent practicable by soliciting quotations from at least three sources. Such a procedure would have enabled USDA to obtain these services in an expeditious manner, as desired by the Under Secretary.

We also believe that USDA failed to comply with the federal requirement governing the conduct of focus groups and other public opinion surveys, as set forth in the Paperwork Reduction Act. That act requires agencies planning to collect information from 10 or more persons to obtain the review and approval of the Office of Management and Budget (OMB) before the effort is undertaken. Under FCS' own internal guidance, as well as OMB's regulation, one condition of this approval is that the proposed information collection effort be necessary for the performance of the agency's functions. FCS did not seek or obtain OMB's clearance. Its failure to do so deprived USDA and OMB clearance officials of the opportunity to independently review the need for and the propriety of the focus group work.

Problems With Methodology

The approach and methodology used in conducting this focus group research were inconsistent with achieving the desired purpose of the work as set forth in the contract documents—obtaining the general public's and food stamp recipients' perceptions of USDA's reform initiatives for the Food Stamp Program.

As is necessary in conducting any focus group research, USDA and Lake Research (1) established where the focus groups would be held, (2) identified who would be included in the discussions, (3) prepared the questions that would be asked, and (4) determined how the results would be reported. In each of these areas, though, USDA and Lake Research used methodological approaches that severely limited the work's value in capturing the general public's and food stamp recipients' perceptions of USDA's reform initiatives.

With respect to the issue of site selection, the focus groups were limited to two locations that were chosen for reasons unrelated to the purpose of the subcontract. Lake Research held four focus groups in March 1995—two in Topeka, Kansas, and two in Indianapolis, Indiana. According to the President of Lake Research, these were not sites that her firm had recommended or—at least in the case of Topeka—had ever done work in.

She said that the sites were selected by USDA—not for any methodological reasons—but because they were in states with farm constituencies and were the home states of key Members of the House and Senate Agriculture Committees.

Likewise, in identifying participants to include in the focus groups, USDA and Lake Research did not seek individuals who were typical of the general public or food stamp recipients. Instead, Lake Research used a telephone screener questionnaire to select individuals with very specific profiles. Three of the four focus groups were with individuals who were not food stamp recipients. For these three focus groups, Lake Research sought to select individuals who were (1) white, (2) registered to vote and who had voted in the last presidential election, (3) neither strong Democrats nor strong Republicans, (4) without personal or familial connections to state or local government, and (5) between the ages of 30 and 65. According to the notes of the Under Secretary's Executive Assistant, the intention of this screener was to ensure that the participants represented "swing voters." The fourth focus group was with food stamp recipients. These individuals were to be (1) white, (2) between the ages of 30 and 65, (3) without personal or familial connections to state and local government, (4) neither strong Democrats nor strong Republicans, and (5) responsible for at least some of their household food shopping. In the implementation of the telephone screener, as well as the focus group sessions themselves, no mention was made that USDA was sponsoring this research.

In conducting these focus groups, USDA and Lake Research prepared a structured set of questions that, in some cases, had little to do with reforming the Food Stamp Program. For example, the focus group moderator asked questions about "the way things are going in the country these days" and whether "things are better or worse today than they were 5 years ago."

Furthermore, some questions seemed inherently biased. For example, the moderator asked, "What if I told you that consumer watchdog groups like Public Voice have endorsed these [USDA's] reforms which they say ensure nutritious food for America's hungry families, but cut down on fraud. How does that make you feel?"

In addition, USDA and Lake Research sought reactions to the Congress's proposed plans for reform. A number of these questions discussed the

Republican leadership's proposals for food stamp reform. For example, one set of questions asked:

- “What do you think would happen if all USDA food and nutrition assistance programs were turned over to the states to administer? The Republican leadership in Congress calls this part of the Contract with America the Personal Responsibility Act. How do you feel about that? Do you think it will pass?”

Some of these questions also seemed to attempt to elicit a negative response toward the proposals:

- “What if I told you that if the Personal Responsibility Act passed, federal funding for food and nutrition assistance would fall by more than \$3 billion in 1996 and by nearly \$27 billion over 5 years? What do you think? Who would this affect? Can that much be cut from administration and not hurt the participants of the program?”
- “What if I also told you that by reducing federal support for food assistance, the Personal Responsibility Act would lower retail food sales, reduce farm income and increase unemployment? What do you think? Do you believe it?”
- “What if I told you that if the programs were given to the states to run, then all food and nutrition assistance would be forced to compete for limited funds? States’ ability to deliver nutrition benefits would be subject to changing annual appropriation priorities. What do you think?”
- “What if I told you that there is a proposal in Congress to put a ceiling or a cap on how many people can be on the program at once? How do you feel about that?”
- “Now that you know a little more about the House plan, what do you think? Would you support this plan? What do you think life would be like for food stamp recipients if this passed?”

Lake Research presented its findings in a meeting on April 20, 1995, to the Under Secretary, her Executive Assistant, and FCS’ top management. A Lake Research memo addressed to the Under Secretary, outlining the focus group findings, was also distributed during that meeting. This memo presented the focus group participants’ perceptions of USDA’s suggested reforms and their views on proposed name changes to the food stamp program. The memo also provided strategies on how USDA could promote its ideas to the public. Among other things, this memo contained the following statements:

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- “We need to translate the popularity of WIC [The Special Supplemental Food Program for Women, Infants, and Children] and school lunch to the food stamp program and make people associate children with food stamps.”
 - “Our side has a powerful message in protecting children from hunger. Voters truly believe that no child in America should go hungry.”
 - “This is still a tough fight, particularly when the opposition combines food stamps with welfare. Voters have a very developed critique of welfare and adamantly want it reformed.”

This same language appeared in Lake Research’s draft report, which was delivered to USDA on May 1, 1995. Following objections raised by FCS managers, terms such as “voters” and several politically oriented references were removed from the final report. Lake Research delivered its final report to USDA on May 23, 1995. As of April 30, 1996, the Deputy Administrator of the Food Stamp Program had not received a copy of this report. Given her responsibilities for administering the Food Stamp Program, we would have expected this report to have been provided to her.

In closing, Mr. Chairman, we found that USDA did not comply with the Federal Acquisition Regulation and the Paperwork Reduction Act and used a flawed methodology that would not allow the contract’s stated purpose to be achieved. On the basis of these problems, we believe that USDA exercised questionable judgment in conducting virtually every aspect of this work. I would have concerns if—on the basis of the results of this research—USDA made changes to a program that affects millions of American citizens.

Mr. Chairman, this completes my prepared statement. I would be pleased to respond to any questions you or Members of the Committee may have.

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