

Trends in USDA Procurement of U.S. Food and Agricultural Products

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The U.S. government is a significant buyer of food and agricultural products. In FY2023, the U.S. government spent \$7.7 billion on food and agricultural products across several federal agencies (including purchases using supplemental funding). Of this total federal spending, the U.S. Department of Agriculture (USDA) accounted for the majority of purchases of food and agricultural products, totaling roughly \$5.0 billion. The U.S. Department of Defense was the second-largest federal purchaser of food and agricultural products (\$2.4 billion). Other federal agencies accounted for the remainder.

Federal purchases of food and agricultural products vary from year to year, depending on need and economic circumstances. Purchases were higher in FY2020 than in FY2023, totaling nearly \$12 billion, with nearly \$10 billion purchased by USDA (in 2023 dollars, adjusted for inflation). Additional supplemental purchases were due to COVID-19 pandemic recovery efforts that Congress funded through supplemental appropriations as well as to various executive branch initiatives during both the Trump and Biden Administrations. Multiple federal authorities provide and/or authorize funding to procure food and agricultural products across a mix of both direct (mandatory) and discretionary appropriations. Spending authorities include program-authorizing statutes (usually for entitlement purchases), various USDA accounts and authorities (often for bonus purchases based on market conditions), and emergency and disaster authorities.

As the U.S. government's leading buyer of food and agricultural products and provider of nutrition assistance programs, USDA purchases a variety of fresh and processed commodity food products, covering more than 300 types of food, including meat, poultry, and fish and seafood products; milk and dairy products; fruits, vegetables, and tree nuts; grains and cereals; and other

crops, such as peanuts and oilseeds. Between FY2012 and FY2018, the proportion that USDA spent on each product category had remained relatively constant, with meat and dairy products accounting for most federal purchases (roughly 60% on average). Since FY2019, USDA purchases of animal products as a share of all federal purchases have decreased, while USDA purchases of fruits, vegetables, and tree nuts have increased and comprise a growing share of total purchases, accounting for roughly 50% of federal purchases. In part, this increase is attributable to supplemental funding, particularly under a COVID-19 pandemic-era program that expanded purchases of fruits and vegetables in addition to proteins. Fish and seafood also comprise a growing share of USDA purchases.

USDA's Agricultural Marketing Service (AMS) administers the purchasing of U.S. food and agricultural products, including approving vendors, issuing solicitations, making awards, and orchestrating deliveries. AMS also coordinates the distribution of food and agricultural products through a wide range of domestic and international food assistance programs. USDA purchases for U.S. domestic food assistance programs, mostly administered by USDA's Food and Nutrition Service (FNS), totaled \$3.3 billion in FY2023, accounting for the majority of total FY2023 USDA purchases (\$5 billion). FNS programs are largely designed to support supplemental nutrition for lower-income Americans. FNS programs are also used to distribute USDA-procured foods in response to domestic emergencies and disasters. USDA purchases for U.S. international food aid programs administered by USDA's Foreign Agricultural Service and the U.S. Agency for International Development totaled \$0.7 billion in FY2023. The United States is one of the largest donors of food globally, supporting international food assistance programs that donate food and agricultural products for economic development activities or emergency needs. Supplemental funding for USDA for food and agricultural products purchases totaled \$1 billion in FY2023.

In addition to supporting domestic and international food assistance programs, USDA purchases food and agricultural products in an effort to increase demand and stabilize U.S. agricultural markets and prices, in some cases through contingency purchases (also known as emergency surplus removals or bonus buys).

USDA purchases food and agricultural products from a variety of vendors, including wholesalers, processors, producers, cooperatives, distributors, and other intermediary entities. Vendors may include individual producers that grow, harvest, and/or package food and agricultural products—such as farms, ranches, and fisheries. USDA also participates in several government-wide programs intended to create opportunities for small and socially disadvantaged businesses. USDA purchases must be of 100% domestic origin with limited exceptions.

SUMMARY

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The U.S. Department of Agriculture (USDA) is a significant buyer of U.S. food and agricultural products. USDA purchased roughly \$5.0 billion of food and agricultural products in FY2023, accounting for nearly two-thirds of total federal purchases in this category. Other federal agencies accounted for roughly another third of U.S. government purchases of food and agricultural products. However, federal purchases of such products vary from year to year, depending on need and economic circumstances. In FY2020, for example, USDA purchases of food and agricultural products totaled nearly \$10 billion (adjusted for inflation to 2023 dollars),¹ reflecting both COVID-19 pandemic recovery efforts that Congress funded through supplemental appropriations and additional purchases under certain executive branch initiatives. (The **text box** titled "Supplemental Funding and Special Initiatives" describes these funds, which have resulted in sustained and higher overall federal spending for U.S. food and agricultural products during FY2019 through FY2023.)

USDA purchases more than 300 types of fresh and processed food and agricultural products, including a range of fresh and processed meat, poultry, and fish and seafood products; milk and dairy products; fruits, vegetables, and tree nuts; grains and cereals; and other commodity crops, such as peanuts and oilseeds. USDA purchases must be of domestic origin, with limited exceptions,² and provide food and nutrition assistance for both domestic and international food aid and nutritional programs. USDA also purchases food and agricultural products to increase demand and raise producer prices by removing surplus U.S. agricultural commodities.

This report discusses the rules and procedures governing federal food and agricultural purchases, the domestic and international food assistance programs receiving USDA-purchased products, and applicable federal authorities and funding sources. It presents data on federal purchases (total and by product category) and spending by type of food assistance program. It further describes the businesses (vendors) that sell products to USDA and federal programs that support small or socially disadvantaged businesses, while highlighting existing data limitations.

Background

Rules and Guidelines

The Federal Acquisition Regulation (FAR) provides uniform policies and procedures for acquisitions of goods and services by executive agencies.³ FAR is the "primary regulation for use by all executive agencies in their acquisition of supplies and services with appropriated funds" and contains standard solicitation provisions and contract clauses.⁴ A supplemental set of regulations in the Agriculture Acquisition Regulation (AGAR) System provides additional requirements for the purchasing of food and agricultural products.⁵ AGAR supplements and augments FAR's requirements and is used in conjunction with FAR.

¹ Adjusted for inflation by CRS using the gross domestic product (GDP) deflator.

² In accordance with the Department of Agriculture Reorganization Act of 1994 (P.L. 103-354 §292; 7 U.S.C. §7012).

³ Title 48 of the Code of Federal Regulations. See CRS Report RS22536, Overview of the Federal Procurement Process and Resources; and CRS Report R42826, The Federal Acquisition Regulation (FAR): Answers to Frequently Asked Questions.

⁴ General Services Administration (GSA), "Federal Acquisition Regulation," October 16, 2023, https://www.gsa.gov/ policy-regulations/regulations/federal-acquisition-regulation-far. The Federal Acquisition Regulation (FAR) is jointly issued by GSA, the Department of Defense (DOD), and the National Aeronautics and Space Administration.

⁵ 48 C.F.R. §§400-499 (regulations pursuant to general authorities at 5 U.S.C. §301 and 40 U.S.C. §486(c)).

Supplemental Funding and Special Initiatives

In recent years, overall federal spending on U.S. government procurement of food and agricultural products has been higher than typical due to additional appropriations provided by Congress and executive actions by the Trump and Biden Administrations. The Trump Administration used USDA authority to mitigate adverse agricultural trade conditions created by retaliatory trade tariffs. The Biden Administration used USDA authorities to increase funding for international food aid and to address supply chain challenges. Additional funding for USDA purchasing and distribution included the following:

- USDA's Food Purchase and Distribution Program (FPDP). FPDP was one of three USDA trade mitigation programs aimed at assisting farmers impacted by retaliatory trade tariffs. It bought products that normally would have been sold through U.S. export markets. Through this program, USDA's Agricultural Marketing Service (AMS) purchased over \$2.3 billion of U.S. food and agricultural products (FY2019 and FY2020), according to USDA. In the first round of trade mitigation (FY2019), USDA spent \$1.1 billion on food and agricultural products. In the second round (FY2020), USDA spent \$1.2 billion on food and agricultural products. Funding for the program was initiated by the Trump Administration using the authority of the Commodity Credit Corporation (CCC) Charter Act (P.L. 80-806; 15 U.S.C. §714c), as amended.
- USDA's Farmers to Families Food Box Program. The Food Box program was a temporary, emergency relief effort to respond to market disruption caused by the COVID-19 pandemic. The program provided (through USDA contractors) boxes of food and agricultural products totaling \$5.5 billion in purchases (May 2020 through May 2021), according to the U.S. Government Accountability Office (GAO). The program was initiated by USDA using funds primarily available through the Families First Coronavirus Response Act (FFCRA; P.L. 116-127, Division A, §1101(g) and (i)), the CARES Act (P.L. 116-136, Division B, Title I), and the Consolidated Appropriations Act, 2021 (P.L. 116-260, Division N, §751).
- Supplemental Funds for COVID-19 Response. In addition to the Food Box program, supplemental funding for food and agricultural product purchases to support certain Food and Nutrition Service (FNS) programs was provided under pandemic response laws, including the FFCRA (P.L. 116-127), CARES Act (P.L. 116-136), American Rescue Plan Act of 2021 (ARPA; P.L. 117-2), and Consolidated Appropriations Act, 2021 (P.L. 116-260) (see CRS Report R46681, USDA Nutrition Assistance Programs: Response to the COVID-19 Pandemic, for further information). Altogether, USDA spent approximately \$1.9 billion on food and agricultural product purchases for FNS programs using these authorities in FY2020-FY2022.
- International Food Assistance. The U.S. Agency for International Development's (USAID's) Food for Peace (FFP) Title II, an international food assistance program, received additional supplemental appropriations of \$950 million though ARPA in FY2021 and the Ukraine Supplemental Appropriations Acts in both FY2022 (P.L. 117-103, Division N) and FY2023 (P.L. 117-328, Division M). The Consolidated Appropriations Act, 2023 (P.L. 117-328), also provided additional funding of \$5 million for USDA's McGovern-Dole International Food for Education and Child Nutrition Program. In addition, in late 2023, the Biden Administration announced it would use its CCC authority to purchase \$1 billion worth of U.S. surplus commodities for international food aid.
- USDA's Supply Chain Assistance Initiative. The Biden Administration has used CCC authority to make additional food purchases aimed at addressing supply chain challenges and higher food costs. This included \$300 million in USDA food purchases for the school meals programs in FY2022 and \$950 million for FNS food distribution programs in FY2023.

Sources: GAO, *USDA Food Box Program*, GAO-21-353, September 2021; USDA AMS "Food Purchase and Distribution Program," https://www.ams.usda.gov/selling-food-to-usda/trade-mitigation-programs; USDA AMS "USDA Farmers to Families Food Box," https://www.ams.usda.gov/selling-food-to-usda/farmers-to-families-food-box; USDA, "2025 USDA Explanatory Notes-Food and Nutrition Service," https://www.usda.gov/sites/default/files/ documents/34-FNS-2025-ExNotes.pdf; and USDA, "USDA Bolsters Investments in International Trade and Food Aid," press release, October 24, 2023, https://www.usda.gov/media/press-releases/2023/10/24/usda-bolsters-investments-international-trade-and-food-aid. See also CRS Report R46681, USDA Nutrition Assistance Programs: Response to the COVID-19 Pandemic; and CRS Report R45310, Farm Policy: USDA's 2018 Trade Aid Package.

The Agricultural Marketing Service (AMS) is responsible for coordinating USDA's procurement of food and agricultural products and services for distribution through domestic and international food aid programs.⁶ Purchases made by AMS or other USDA agencies are subject to FAR and

⁶ See U.S. Department of Agriculture (USDA), "2025 USDA Explanatory Notes-Agricultural Marketing Service (continued...)

AGAR requirements. FAR and AGAR regulations include information on when specific processes must be carried out, which set of competition requirements is required for a given purchase, how bids may be evaluated and awarded, and other procurement guidelines. USDA procedural requirements for food and agricultural product procurement are outlined in AMS Master Solicitation Regulations covering purchases for domestic and international programs.⁷

Available Federal Procurement Data

Two federal data sources track U.S. government procurement of food and agricultural products:8

- USAspending.gov—the official open data source for U.S. government spending—reports data from several sources, including the Federal Procurement Data System (FPDS), which is a database of contract awards.⁹ Data encompass both food and non-food items purchased, as reported in agency accounts and submitted on a quarterly and/or monthly basis and regularly updated. **Table 1** summarizes federal purchases of food and agricultural products from this source. See section "Purchases by the U.S. Government (All Federal Agencies)."
- USDA AMS publishes annual reports on a year-to-date basis with data from
 ongoing USDA solicitations and recorded purchases from approved vendors for
 more than 300 different types of food and agricultural products.¹⁰ Table 2
 summarizes USDA purchases of food and agricultural products from this source.
 See the section "Purchases by USDA Agricultural Marketing Service."

Data reported for USDA from these two sources differ. These differences may be attributable to what data are tracked and how data are compiled (e.g., data collection procedures and reporting differences, one-time data reporting versus continuous updates, differences in product categories and reporting agencies, time lags in reporting, and possible overlap or duplication between some federal agencies—for example, the Department of Defense's [DOD's] Fresh Fruit and Vegetable Program purchases for USDA nutrition assistance programs). Accordingly, there are some notable differences for USDA spending, when comparing procurement data presented in **Table 1** (USAspending.gov) with data presented in **Table 2** (USDA AMS).¹¹

⁽AMS)," https://www.usda.gov/sites/default/files/documents/23-AMS-2025-ExNotes.pdf. AMS has administered most of USDA's procurement activities since FY2015. Prior to FY2015, commodity purchasing was done by USDA's Farm Service Agency (FSA). FSA continued some commodity purchasing for international programs until FY2018. See USDA Office of the Secretary, "Improving Customer Service and Efficiency," memorandum, November 14, 2017, and Government Accountability Office (GAO), *Food Assistance: Briefing on U.S. Department of Agriculture's Food Assistance Procurement Process*, GAO-13-395R, March 2024.

⁷ USDA, AMS Master Solicitation for Commodity Procurement – Domestic Programs (MSCP-D), February 13, 2024, https://www.ams.usda.gov/sites/default/files/media/MSCP.pdf; and USDA, AMS Master Solicitation for Commodity Procurement – International Programs (MSCP-I), February 13, 2024, https://www.ams.usda.gov/sites/default/files/ media/master_solicitation.pdf. USDA periodically updates these documents.

⁸ Procurement data are also available in annual USDA Explanatory Notes to congressional budget justifications (https://www.usda.gov/cj), including explanatory notes for AMS, USDA's Food and Nutrition Service (FNS), and the Foreign Agricultural Service (FAS).

⁹ Statutory authority includes the Federal Funding Accountability and Transparency Act of 2006, as amended by the Digital Accountability and Transparency Act of 2014, and the Transparency Act of 2021 (31 U.S.C. §6101 note). A list of reporting agencies is at USAspending, "Federal Agency Spending Profiles," https://www.usaspending.gov/agency.

¹⁰ 48 C.F.R. §§400-499. Statutory authority varies depending on the program distributing purchased items. Annual data are available from USDA at https://www.ams.usda.gov/reports/ams-purchases-commodity and reported on a year-to-date basis. Other data are from USDA Explanatory Notes for AMS, FNS, and FAS (https://www.usda.gov/cj).

¹¹ GAO reports covering issues with USAspending.gov data include GAO, *Federal Spending Transparency:* (continued...)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Agency							
U.S. Department of Agriculture	2.8	2.8	3.9	8.2	5.6	4.4	4.9
U.S. Department of Defense	١.5	2.1	3.2	1.8	2.4	2.5	2.4
U.S. Department of Veterans Affairs	0.1	0.1	0.2	0.1	0.1	0.1	0.1
U.S. Department of Justice	0.1	0.1	0.1	0.1	0.1	0.1	0.1
U.S. Department of Homeland Security	0.5	0.1	0.0	0.1	0.1	0.1	0.0
U.S. Agency for International Development	0.1	0.0	0.1	0.1	0.1	0.1	0.1
Total U.S. Food and Agricultural Purchases	5.1	5.2	7.5	10.4	8.3	7.3	7.7

Table 1. USAspending.gov Data on Federal Purchases of U.S. Food and Agricultural Products, FY2017-FY2023

(\$ in billions, nominal data not adjusted for inflation)

Source: CRS, from USAspending.gov. Agricultural product codes include 8810 (live animals, raised for food), 8905 (meat, poultry, and fish), 8910 (dairy foods and eggs), 8915 (fruits and vegetables), 8920 (bakery and cereal products), 8925 (sugar, confectionery, and nuts), 8930 (jams, jellies, and preserves), 8935 (soups and bouillons), 8940 (special dietary foods and preparations), 8945 (food, oils, and fats), 8950 (condiments and related products), 8955 (coffee, tea, and cocoa), 8960 (beverages, nonalcoholic), 8965 (beverages, alcoholic), and 8970 (composite food packages).

Notes: Values may not sum to totals due to rounding. Reported data for the U.S. Department of Agriculture (USDA) from USAspending.gov differ from those reported by the USDA Agricultural Marketing Service (AMS) (**Table 2**).

Table 2. Agricultural Marketing Service Data on USDA Purchases of U.S. Food andAgricultural Products, FY2017-FY2023

(+							
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Purchases by USDA							
Domestic Use	2.2	2.2	2.7	2.6	2.5	2.8	3.3
International Use	0.5	0.5	0.7	0.7	1.1	1.1	0.7
Supplemental Funds	0.0	0.0	1.1	5.3	2.6	0.8	1.0
Total Product Purchases	2.7	2.7	4.5	8.6	6.2	4.7	5.0

(\$ in billions, nominal data not adjusted for inflation)

Sources: CRS, from USDA AMS, "AMS Purchases by Commodity," https://www.ams.usda.gov/reports/amspurchases-commodity; USDA AMS, "Food Purchase and Distribution Program," https://www.ams.usda.gov/ selling-food-to-usda/trade-mitigation-programs; various USDA Explanatory Notes for AMS, Food and Nutrition Service (FNS), Foreign Agricultural Service (FAS), and Farm Service Agency (FSA) https://www.usda.gov/cj; and Government Accountability Office (GAO), USDA Food Box Program, https://www.gao.gov/assets/gao-21-353.pdf.

Opportunities Exist for Treasury to Further Improve USAspending.gov's Use and Usefulness, GAO-22-104127, December 2021, and *Federal Spending Transparency: OIGs Identified a Variety of Issues with the Quality of Agencies' Data Submissions*, GAO-22-105427, July 2022.

Notes: Values may not sum to totals due to rounding. Reported data from USDA AMS differ from those reported by USAspending.gov in **Table I**. "Domestic Use" excludes the majority of purchases under the Department of Defense's Fresh Fruit and Vegetable Program (DoD Fresh) for USDA nutrition assistance programs (which totaled approximately \$0.6 billion in FY2023).

Federal Food Procurement

Purchases by the U.S. Government (All Federal Agencies)

In FY2023, the federal government spent \$7.7 billion on U.S. food and agricultural products across several federal agencies, according to data reported by USAspending.gov (**Table 1**). Compared with total at-home food spending by American households, federal government procurement of domestically produced food products accounts for less than 1% of total annual food spending.¹²

Of the \$7.7 billion total federal spending, purchases by USDA totaled \$4.9 billion in FY2023 (according to USAspending.gov data), accounting for 64% of all purchases. Federal purchases of food and agricultural products, however, vary from year to year, depending on need and economic circumstances. In FY2020, for example, U.S. government purchases of food and agricultural products totaled \$11.9 billion (in 2023 dollars, adjusted for inflation).¹³ Higher amounts of U.S. government purchases of food and agricultural products during FY2019-FY2023, compared with FY2012-FY2018, are partly attributable to supplemental purchases intended to address COVID-19 pandemic recovery efforts that Congress funded through supplemental appropriations as well as purchases under various executive branch initiatives during both the Trump and Biden Administrations. The **text box** titled "Supplemental Funding and Special Initiatives" describes these supplemental funds, which have resulted in sometimes sustained and higher overall federal spending for food and agricultural products.

DOD accounted for 31% of federal food and agricultural product purchases in FY2023, totaling \$2.4 billion. DOD purchases food for U.S. military services for installations and other military facilities. Other federal agencies—including the U.S. Department of Veterans Affairs (VA), U.S. Department of Justice (DOJ), U.S. Department of Homeland Security (DHS), and U.S. Agency for International Development (USAID)—accounted for the remainder, 5% of spending. Purchases by VA are intended for use by VA facilities, primarily its medical centers. DOJ purchases are mostly for use by the Federal Bureau of Prisons. DHS purchases help assist communities receiving noncitizens while they await the outcome of their immigration proceedings. USAID provides U.S. food and agricultural products for overseas emergency relief and development programs, often working with USDA.

Purchases by USDA Agricultural Marketing Service

As the U.S. government's leading buyer of food and agricultural products, USDA spent \$5.0 billion on food and agricultural products in FY2023 according to AMS data (**Table 2**), slightly more than reported on USAspending.gov (**Table 1**). These data highlight how USDA purchases of food and agricultural products vary from year to year. In FY2020, purchases by USDA totaled \$9.8 billion (in 2023 dollars, adjusted for inflation), owing to COVID-19 pandemic recovery efforts that Congress funded through supplemental appropriations as well as various executive

¹² Total food-at-home spending totaled \$1.07 trillion in 2023, according to USDA, "Food Expenditure Series," June 21, 2024, https://www.ers.usda.gov/data-products/food-expenditure-series/ (nominal food and alcohol expenditures).

¹³ Adjusted for inflation by CRS using the GDP deflator.

branch initiatives.¹⁴ In addition, USDA has the authority to purchase food and agricultural products to create demand and stabilize markets and producer prices through contingency purchases (also known as emergency surplus removals or bonus buys).¹⁵

AMS annual reports on solicitations and commodity purchases provide more detailed data on the types of commodities procured and the end use for these purchases (**Table 2**). USDA-procured foods provide food and nutrition assistance to vulnerable populations both domestically and abroad. USDA-procured foods for domestic food assistance programs totaled \$3.3 billion in FY2023, accounting for the majority of USDA purchases (**Table 2**), excluding purchases using supplemental funding. USDA-procured foods for international food assistance programs totaled \$0.7 billion in FY2023, excluding supplemental funding. Since FY2019, USDA has used supplemental funds for additional purchases, which peaked at \$6.1 billion in FY2020 (in 2023 dollars, adjusted for inflation).¹⁶ **Figure 1** shows total USDA purchases of food and agricultural products by program and funding source from FY2012 to FY2023.



Figure 1. Total USDA Purchases of Food and Agricultural Products, FY2012-FY2023

Sources: CRS, from U.S. Department of Agriculture (USDA) Agricultural Marketing Service (AMS), "AMS Purchases by Commodity," https://www.ams.usda.gov/reports/ams-purchases-commodity; USDA AMS, "Food Purchase and Distribution Program," https://www.ams.usda.gov/selling-food-to-usda/trade-mitigation-programs; various USDA Explanatory Notes for AMS, Food and Nutrition Service (FNS), and Foreign Agricultural Service (FAS), https://www.usda.gov/cj; and Government Accountability Office (GAO), USDA Food Box Program, https://www.gao.gov/assets/gao-21-353.pdf.

Notes: Data are adjusted for inflation using the gross domestic product (GDP) deflator (2023 dollars). "Domestic, Entitlement" includes Department of Defense Fresh Fruit and Vegetable Program (DoD Fresh) purchases for USDA nutrition assistance programs (and therefore differ from data reported in **Table 2**. For background on domestic entitlement, bonus buys, and purchases under USDA's Commodity Credit Corporation (CCC), see the "USDA-Reported Purchases" section. "Domestic, Bonus (Section 32)" refers to purchases to support farmers and domestic food assistance programs by diverting surpluses under USDA's Section 32

¹⁴ Ibid. Based on nominal data in **Table 2.**

¹⁵ James M. MacDonald, Charles Handy, and Gerald Plato, *Food Procurement by USDA's Farm Service Agency*, USDA Economic Research Service (ERS) Economic Report No. 766 (1998), and Charles Parrott, "USDA Procurement Overview," USDA AMS, May 2010.

¹⁶ Adjusted for inflation by CRS using the GDP deflator.

authority (see "Section 32"). Supplemental funding is discussed in the **text box** titled "Supplemental Funding and Special Initiatives."

USDA-Reported Purchases

Purchases by Product Type

Figure 2 shows domestically distributed U.S. foods and agricultural products procured by USDA by food category from FY2012 to FY2023. Prior to FY2019, the proportion USDA spent on each food category remained relatively unchanged, with meat and dairy products comprising most purchases, averaging nearly 60% (FY2012-FY2018).¹⁷ From FY2019 to FY2023, USDA purchases of meat and dairy products have averaged less than 40% of all USDA-procured foods.

Figure 2. USDA Purchases by Food Category for Domestic Use, FY2012-FY2023



Sources: CRS, from USDA AMS data on commodity purchases from FY2015 to FY2023 (https://www.ams.usda.gov/reports/ams-purchases-commodity) and FY2012 to FY2014 (https://www.fns.usda.gov/usda-foods/state-origin-usda-foods). Data for FY2012-FY2014 include purchases by both AMS and FSA, given split responsibilities for commodity purchasing prior to FY2015. Data on bonus commodity purchases for FY2012-FY2014 are from various USDA Explanatory Notes for AMS and FNS (https://www.usda.gov/cj).

Notes: Data are adjusted for inflation using the GDP deflator (2023 dollars). Data limitations prevent precise differentiation among specific food categories. USDA purchases exclude DoD Fresh purchases for USDA nutrition assistance programs but include purchases using supplemental funding (FY2019-FY2023).

During this period, USDA purchases of fruits, vegetables, and tree nuts have increased as a share of total purchases, up from 34% of procured foods (FY2012-FY2018 average) to 51% (FY2019-FY2023 average). In part, this increase is attributable to additional supplemental funding, particularly for the COVID-19 pandemic-era Farmers to Families Food Box Program, which

¹⁷ Includes USDA-reported product categories "Beef, Pork, Other Specialty Meats", "Poultry Meat and Eggs" and "Dairy." Excludes USDA-reported "Fish and Seafood" category.

featured fruits and vegetables in addition to proteins.¹⁸ Other notable increases in USDA purchase shares involved tree nuts—almonds, hazelnuts, pistachios, and walnuts—which increased from \$31 million in FY2016 to \$242 million in FY2023.¹⁹ Purchases of fish and seafood also comprise a growing share of USDA purchases, up from 2% of procured foods in FY2012 to 8% in FY2023 (**Figure 2**). This increase is, in part, attributable to bonus purchases based on market conditions.

The following two figures show additional information on trends for emerging product categories, separately for selected fruit and vegetable product purchases (**Figure 3**) and for selected fish and seafood purchases (**Figure 4**). Limited data availability prevents the inclusion of total USDA-procured foods across all program uses, particularly for some entitlement programs and purchases using emergency supplemental funds. These data exclude purchases under the DoD Fresh program, which totaled roughly \$0.6 billion in fresh produce purchases in FY2023. (For background on the program, see the **text box** titled "DoD Fresh Fruit and Vegetable Program (DoD Fresh)." Nevertheless, these data further illustrate ongoing shifts in the types of foods procured and the increasing support for a broader range of U.S. food and agricultural products, such as fresh and processed fruit and vegetables as well as fish and seafood products.



Figure 3. USDA Fruit and Vegetable Product Purchases by Type, FY2016-FY2023

Sources: CRS, from USDA AMS, "AMS Purchases by Commodity," https://www.ams.usda.gov/reports/amspurchases-commodity; USDA AMS, "Food Purchase and Distribution Program," https://www.ams.usda.gov/ selling-food-to-usda/trade-mitigation-programs; USDA Explanatory Notes for AMS (https://www.usda.gov/cj); and GAO, USDA Food Box Program, https://www.gao.gov/assets/gao-21-353.pdf.

Notes: Data are adjusted for inflation using the GDP deflator (2023 dollars). The figure excludes DoD Fresh purchases for USDA nutrition assistance programs.

¹⁸ GAO, *USDA Food Box Program*, GAO-21-353, September 2021, p. 46. AMS purchases of fruits and vegetables include fresh, canned, or frozen produce, as well as juice.

¹⁹ Nominal data from USDA, "AMS Purchases by Commodity," https://www.ams.usda.gov/reports/ams-purchases-commodity.



Figure 4. USDA Fish and Seafood Purchases by Type, FY2016-FY2023

Sources: CRS, from USDA AMS, "AMS Purchases by Commodity," https://www.ams.usda.gov/reports/amspurchases-commodity; USDA AMS, "Food Purchase and Distribution Program," https://www.ams.usda.gov/ selling-food-to-usda/trade-mitigation-programs; USDA Explanatory Notes for AMS (https://www.usda.gov/cj); and GAO, USDA Food Box Program, https://www.gao.gov/assets/gao-21-353.pdf.

Notes: Data are adjusted for inflation using the GDP deflator (2023 dollars). "Shrimp" includes salad, peeled and deveined, and shell-on tail. "Salmon" includes canned and frozen. "Catfish" includes raw and oven ready. "All Other" includes pollock, tuna, haddock, perch, rockfish, whiting, and walleye species.

DoD Fresh Fruit and Vegetable Program (DoD Fresh)

Under the DoD Fresh program, the Department of Defense's (DOD's) Distribution Logistics Agency (DLA) procures and distributes fresh produce as an alternative distribution mechanism for FNS-administered programs. Specifically, DoD Fresh allows participating entities across child nutrition programs and the Food Distribution Program on Indian Reservations (FDPIR) to use USDA Foods entitlement funds to purchase fresh produce through the DLA, rather than AMS (USDA-purchased foods are referred to as "USDA Foods" in the domestic context). DoD Fresh funds were previously limited to annually appropriated totals (reaching \$50 million in 2002 and each year thereafter) until 2010, when Congress lifted the cap and allowed for greater flexibility for program participants to use larger portions of their USDA Foods entitlement funding for DoD Fresh. Since launching across eight states in 1996, the program has expanded to 49 states, totaling roughly \$590 million in fresh produce purchases in FY2023. DoD Fresh funding also allows for some geographic preference in purchasing food and agricultural products. According to the DLA, approximately 15% of all purchases made through the DoD Fresh catalog are from "local" sources, defined as from within the state or an adjacent state.

Sources: CRS from DOD, DLA, "Produce," https://www.dla.mil/Troop-Support/Subsistence/Produce/, and USDA, "2025 USDA Explanatory Notes-Food and Nutrition Service" (https://www.usda.gov/sites/default/files/ documents/34-FNS-2025-ExNotes.pdf). See also 88 *Federal Register* 54908, August 14, 2023, and GAO, *Federal Food Purchases: Buying from Small Businesses and Local Sources*, GAO-24-106602, March 2024. "Domestic Use" data shown in **Table 2** and **Figure 2** exclude DoD Fresh purchases; domestic entitlement data shown in **Figure 1** and cited in the "Entitlement Versus Bonus Purchases" section include DoD Fresh purchases.

Entitlement Versus Bonus Purchases

Food and agricultural products procured by USDA for domestic food assistance programs may be categorized as either *entitlement purchases* or *bonus purchases* (also known as contingency purchases, bonus buys, or emergency surplus removals or bonus buys). Domestic entitlement purchases by USDA totaled \$2.8 billion in FY2023, excluding supplemental funding. These

entitlement data include all DoD Fresh purchases, which totaled nearly \$0.6 billion in FY2023.²⁰ Domestic bonus purchases totaled \$0.9 billion.

- Entitlement Purchases. Entitlement purchases are mandated by various laws, usually as part of the domestic nutrition assistance programs. Various domestic nutrition-related authorities specify an amount that is to be delivered in kind to schools and other entities. Based on local preferences, organizations and USDA develop a purchasing plan. AMS issues bid specifications for deliveries to specific locations.
- **Bonus Purchases.** Bonus or contingency purchases (also known as emergency surplus removals) refer to a bonus amount received by the nutrition assistance programs. Contingency purchases result from USDA's discretion to buy surplus commodities to increase demand in agricultural markets when producer prices are low. USDA may learn about a market need through its own agencies or from industry organizations. Recipients of bonus commodities may include schools, child care centers, and food banks.²¹

Federal Funding Sources

Multiple federal authorities provide and/or authorize appropriations to procure U.S. food and agricultural products. Some of these authorities provide direct (mandatory) funding, while others authorize appropriations (discretionary funding) for food and agricultural product purchases. Purchasing authorities include program-authorizing statutes (usually for entitlement purchases), various USDA accounts and authorities (often for bonus purchases based on market conditions), and emergency and disaster authorities. In addition, programs that receive and distribute USDA-procured products (discussed in the "Programs Receiving USDA-Purchased Commodities" section) often receive products funded under multiple authorities.²²

The following describes the authorities that fund the majority of USDA food and agricultural purchases; however, it is not a comprehensive list of all authorities. For example, supplemental authorities and appropriations are excluded.

Figure 5 depicts the primary funding sources, agencies, programs, and recipients involved in USDA-procured food and agricultural products.

Laws and Appropriations for Ongoing Programs

Several programs make USDA product purchases under authority provided in their enabling statutes. These statutes typically contain an authorization of appropriations (discretionary funding) or provide direct funding (mandatory funding) for purchases. Such funding authorizations may be open-ended, be formula-based, or set a specific level of spending.

Domestic nutrition assistance programs that distribute USDA-purchased foods (discussed in the "Domestic Food Assistance Programs" section) have a combination of discretionary funding and *appropriated mandatory* funding. For example, the Nutrition Services Incentive Program's

²⁰ CRS from data reported in AMS and FNS Explanatory Notes (https://www.usda.gov/cj).

²¹ See CRS In Focus IF12193, Farm and Food Support Under USDA's Section 32 Account.

²²In general, *USDA Foods* refers to USDA-purchased foods for use in meal service or distribution to households through programs supplying foods to schools and other domestic entities, often working with other federal agencies and state and local authorities. See, for example, AMS, "Selling Food to USDA," https://www.ams.usda.gov/selling-food, FNS "USDA Foods in Schools," https://www.fns.usda.gov/usda-fis.

(NSIP's) authorizing statute includes an authorization of appropriations (discretionary spending) for FY2020-FY2024, and the program has been funded in annual appropriations acts.²³ Other programs have appropriated mandatory funding, meaning that their statutes create a legal obligation for spending, but they do not provide the funding to fulfill such requirements. Instead, such funding is typically provided in annual appropriations acts; however, it is categorized as mandatory spending. USDA refers to products purchased under such authorities as *entitlement commodities*. For example, The Emergency Food Assistance Program's (TEFAP's) authorizing statute instructs the Secretary of Agriculture to purchase specific dollar amounts of food and agricultural products annually, but it does not provide the funding to do so.²⁴ Instead, annual appropriations acts have historically fulfilled the requirement.



Figure 5. USDA Product Purchase Funding and Distribution Process Overview

Source: CRS, based on program laws and regulations and agency guidance.

Notes: The list of funding sources, agencies, programs, and recipients shown is not comprehensive of all USDApurchased food and agricultural products but represents the majority of USDA purchases. Nongovernmental organizations (NGOs) are nonprofits that address funding and distribution of aid. FNS = Food and Nutrition Service; HHS ACL = U.S. Department of Health and Human Services Administration for Community Living; FAS = Foreign Agricultural Service; and USAID = U.S. Agency for International Development.

International food assistance programs (discussed in the "International Food Assistance Programs" section) consist of both mandatory and discretionary funding. For example, the McGovern-Dole International Food for Education and Child Nutrition Program and the Food for Peace (FFP) Title II program are authorized to receive discretionary funding.²⁵ The Food for Progress (FFPr) program receives mandatory CCC funding and may receive appropriated funding.²⁶

²³ Older Americans Act, Title III, Part A, Section 311 (42 U.S.C. §3030a(e)).

²⁴ Food and Nutrition Act of 2008, Section 27 (7 U.S.C. §2036).

²⁵ Respectively, the Farm Security and Rural Investment Act of 2002 (P.L. 107-171 §3107; 7 U.S.C. §17360-1) and the Food for Peace Act of 1954 (P.L. 83-480, Title II; 7 U.S.C. §§1721 et seq.), as amended.

²⁶ The Food Security Act of 1985 (P.L. 99-198 §1110; 7 U.S.C. §17360), as amended.

Selected USDA Accounts

USDA has broad authorities through two accounts for both entitlement commodities and contingency purchases: Section 32 and the Commodity Credit Corporation (CCC). Both authorities can be used for a variety of purposes, including purchases of food and agricultural products, under laws prescribed by Congress and at the discretion of the Secretary of Agriculture.

Section 32

Congress created a mandatory appropriation in 1935 known as "Section 32" for "Funds for Strengthening Markets, Income, and Supply."²⁷ Among its statutory purposes, Section 32 is intended to encourage the domestic consumption of farm products by diverting surpluses and increasing their use. Section 32 supports producers of food and agricultural products that are not supported by other farm support programs. Purchases under Section 32 primarily consist of fruits, vegetables, meats, poultry, and fish.²⁸

Under Section 32, a statutory amount is available annually to USDA to support farmers and domestic food assistance programs, known as the "reserved spending authority."²⁹ The amount increases with inflation. In FY2024, it is \$1.657 billion; for FY2023, it was \$1.561 billion.³⁰

Various laws specify amounts of entitlement purchases to be paid by Section 32.³¹ AMS issues contracts to deliver food and agricultural products in kind to schools and other entities. Amounts from Section 32's reserved spending authority provided specifically for entitlement purchases were nearly \$900 million in FY2023. Most of the remainder of Section 32—less sequestration, administration, and other required uses—is available for emergency surplus removal (bonus or contingency purchases) at the discretion of the Secretary of Agriculture. These contingency purchases have ranged from about \$300 million to \$800 million in the 2020s. Limited amounts that are not obligated in the account in one year may be carried forward and available in future fiscal years.³²

Commodity Credit Corporation

CCC is a government-owned financial institution with broad powers to support U.S. agriculture.³³ The purpose of CCC, according to its statutory authority—the Commodity Credit Corporation Charter Act of 1948 (Charter Act)—is to stabilize, support, and protect farm income and prices; assist in maintaining balanced and adequate supplies of agricultural commodities; and facilitate the orderly distribution of commodities.³⁴ The majority of CCC operations are governed by statutory authorities that specifically direct USDA on how to administer CCC activities and in what amounts to fund them. Other CCC authorities provided to the Secretary of Agriculture under the Charter Act allow USDA a level of discretion to carry out many broad operations in support

²⁷ Section 32 of the Act of August 24, 1935; 7 U.S.C. §612c.

²⁸ See CRS In Focus IF12193, Farm and Food Support Under USDA's Section 32 Account.

²⁹ 7 U.S.C. §612c-6(b)(2)(A).

³⁰ USDA Explanatory Notes for AMS: FY2025 and FY2024 (https://www.usda.gov/cj).

³¹ For example, 7 U.S.C. §§612c-4 and 612c-5, and 42 U.S.C. §§1755, 1762a, and 1769a(i).

³² See CRS In Focus IF12193, Farm and Food Support Under USDA's Section 32 Account.

³³ For additional information on CCC and how it operates, see CRS Report R44606, *The Commodity Credit Corporation (CCC)*.

³⁴ The CCC Charter Act (P.L. 80-806; 62 Stat. 1070; 15 U.S.C. §§714 et seq.).

of U.S. agriculture, including procurement of commodities.³⁵ Agricultural commodities, in this context, refer to "foods, feeds, and fibers," not to include tobacco.³⁶ Thus, CCC can procure a broad range of U.S.-produced agricultural commodities and the products derived from agricultural commodities.

CCC operates and finances its programs by borrowing directly from the U.S. Treasury.³⁷ The amount of funds available for CCC to purchase commodities within its borrowing authority limit can vary based on the time of year, authorized program payments, economic circumstances, and weather conditions. Unlike with Section 32 funds, CCC is not constrained by a specific amount annually for procurement, nor does it have a required purchase amount. Since commodity procurement by CCC is at the discretion of USDA, it is frequently balanced with the required need and available authority to borrow funds.

CCC also funds procurement activities through appropriated funds that are unrelated to the borrowing authority described above. These activities include specific statutory authority for separate reimbursement, such as the purchase of U.S. commodities for food assistance programs under the FFP Title II program.³⁸ See "International Food Assistance Programs" section for more information.

Emergency and Disaster Authorities

USDA's commodity procurement may be funded under disaster and emergency authorities. Permanent authorities include Sections 412 and 413 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. §5180), which require the President to ensure "that adequate stocks of food will be ready and conveniently available for emergency mass feeding or distribution in any area of the United States which suffers a major disaster or emergency" and authorizes USDA to use Section 32 funds to purchase food commodities for use in a major disaster or emergency.³⁹ Section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. §612c note) further authorizes appropriations for USDA commodity purchases for food assistance distribution, including in disaster areas. Food and Nutrition Service (FNS) regulations at 7 C.F.R. §250.69 and 7 C.F.R. §250.70 contain language implementing such authorities.⁴⁰ These regulations and agency guidance explain two main ways in which USDA-purchased foods are used in domestic disasters and emergencies: (1) through expedited direct distribution to households (referred to as *disaster household distribution*) and (2) through congregate feeding (distribution in mass settings). Depending on the type of disaster or emergency, such foods may or may not be reimbursed after the fact.⁴¹

 $^{^{35}}$ Including Section 5(b) and (c) of the CCC Charter Act (15 U.S.C. 714c(b) and 714c(c)) and Section 4 of the Act of July 16, 1943 (57 Stat. 566; 15 U.S.C. 713a-9).

³⁶ 15 U.S.C. §714 ("supplies of agricultural commodities, products thereof, foods, feeds, and fibers ... collectively referred to as 'agricultural commodities'") and 15 U.S.C. §714c ("agricultural commodities (other than tobacco))."

³⁷ At present, CCC's borrowing authority is limited to \$30 billion at any one time. By law, CCC is authorized to receive through appropriations the annual net realized loss to replenish its borrowing authority. Net realized loss is the annual amount of outlays that CCC will never recover, such as the cost of commodities sold or donated, uncollectible loans, storage and transportation costs, interest paid to the Treasury, program payments, and operating expenses. This amount varies each year.

³⁸ 7 U.S.C. §§1736 et seq. and USDA Office of Inspector General, *Commodity Credit Corporation's Financial Statements for Fiscal Years 2023 and 2022*, November 8, 2023, p. 6.

³⁹ For more background, see the "Section 32" section.

⁴⁰ For more information on how USDA Foods are used in domestic emergency feeding and disaster response, see FNS, USDA Foods Program Disaster Manual, June 2021, https://www.fns.usda.gov/usda-foods/program-disaster-manual.
⁴¹ Ibid.

In addition, USDA Foods sometimes receive funding under temporary authorities in response to a disaster or emergency. For example, during the COVID-19 pandemic, USDA received supplemental funding that was used for commodity purchases under the Families First Coronavirus Response Act (FFCRA; P.L. 116-127); the CARES Act (P.L. 116-136); the Consolidated Appropriations Act, FY2021 (P.L. 116-260); and the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2).

Programs Receiving USDA-Purchased Commodities

USDA's AMS conducts the purchasing of U.S. food and agricultural commodities, including approving vendors, issuing solicitations, making awards, and orchestrating deliveries. In doing so, AMS works closely with other federal agencies administering programs receiving these purchases, including USDA's FNS for domestic food distribution and USDA's Foreign Agricultural Service (FAS) for international food distribution. These agencies collaborate with AMS to determine what types of food and how much food is ordered. FNS programs are largely designed to support supplemental nutrition for lower-income Americans, while international food aid programs are designed to support emergency feeding efforts abroad. FNS programs are also used to distribute USDA Foods in response to domestic emergencies and disasters (see the "Emergency and Disaster Authorities" section).

Table 3 lists federal programs that receive USDA-purchased food and agricultural products, including their statutory authority and administering agency.

Domestic Food Assistance Programs

USDA FNS operates domestic nutrition assistance programs geared toward improving food security for lower-income Americans. Some of these programs distribute USDA-purchased foods (referred to as "USDA Foods" in the domestic context), while others rely on different mechanisms (e.g., providing grocery benefits for households or funding food purchases by local entities).⁴² For example, nearly 100% of foods distributed through TEFAP—which distributes food to food banks and other charitable feeding organizations nationally—are USDA Foods. The National School Lunch Program (NSLP), on the other hand, receives about 10% of its annual aid in the form of USDA Foods (other sources of aid include cash for administrative expenses and meal reimbursements).⁴³ Excluding purchases using supplemental funding, domestic nutrition assistance programs received and distributed approximately 83% of the value of USDA food and agricultural purchases in FY2023 (**Table 2**).⁴⁴ This total also excludes DoD Fresh purchases for USDA nutrition assistance programs.

⁴² For example, the largest domestic feeding program—the Supplemental Nutrition Assistance Program (SNAP)—does not provide USDA Foods and instead provides grocery benefits to households.

⁴³ CRS calculation based on FNS, "Child Nutrition Tables: National Level Annual Summary Tables: FY 1969-2023: NSLP, SBP and SMP - Program Costs—Cash and Commodities," April 12, 2024, https://www.fns.usda.gov/pd/child-nutrition-tables.

⁴⁴ In FY2023, domestic nutrition assistance programs distributed approximately \$3.3 billion out of a total of \$4.0 billion in domestic and international purchases (excluding \$1 billion in supplemental purchases).

Program	Statutory Authority for Program	Administering Agency				
Food and Nutrition Service (FNS) Programs						
Child Nutrition Programs (including the National School Lunch Program [NSLP])	Richard B. Russell National School Lunch Act (P.L. 79-396 as amended; 42 U.S.C. §§1751 et seq.)	USDA FNS				
Commodity Supplemental Food Program (CSFP)	Agriculture and Consumer Protection Act of 1973, §4(a) (P.L. 93-86, as amended; 7 U.S.C. §612c note)	USDA FNS				
Food Distribution Program on Indian Reservations (FDPIR)	Food and Nutrition Act of 2008, §4(b) (P.L. 88-525, as amended; 7 U.S.C. §2013(b))	USDA FNS				
Nutrition Services Incentive Program (NSIP)	Older Americans Act, Title III, Part A, §311 (P.L. 89-73 as amended; 42 U.S.C. §3030a)	U.S. Department of Health and Human Services Administration for Community Living (HHS ACL)				
The Emergency Food Assistance Program (TEFAP)	Emergency Food Assistance Act of 1983 (P.L. 98-8, Title II, as amended; 7 U.S.C. §7501 et seq.) and §27 of the Food and Nutrition Act of 2008 (P.L. 88-525, as amended; 7 U.S.C. §2036)	USDA FNS				
International Food Aid Programs (FAS/USAID)						
Bill Emerson Humanitarian Trust (BEHT)	Agricultural Act of 1980 (P.L. 96-494, Title III, as amended; U.S.C. §1736f-1)	USDA and the U.S. Agency for International Development (USAID)				
Food for Peace (FFP) Title II	Food for Peace Act of 1954 (P.L. 83-480, Title II, as amended; 7 U.S.C. §§1721 et seq.)	USAID				
Food for Progress (FFPr)	Food Security Act of 1985 (P.L. 99-198, §1110, as amended; 7 U.S.C. §17360)	USDA Foreign Agricultural Service (FAS)				
McGovern-Dole International Food for Education and Child Nutrition Program (McGovern-Dole Program)	Farm Security and Rural Investment Act of 2002 (P.L. 107-171, §3107, as amended; 7 U.S.C. §17360-1)	USDA FAS				

Table 3. Programs Receiving USDA-Procured U.S. Food and Agricultural Products

Sources: CRS, based on program laws, regulations, and agency guidance. The list of funding sources, agencies, programs, and recipients shown is not comprehensive of all USDA-purchased food and agricultural products but represents the majority of USDA purchases.

Table 3 lists FNS programs that receive USDA-purchased commodities, as well as the U.S. Department of Health and Human Services-administered Nutrition Services Incentive Program (NSIP). Like TEFAP, NSIP and the Commodity Supplemental Food Program (CSFP) both provide USDA Foods to various agencies and local organizations that distribute food to low-income Americans—however, the latter two programs are targeted specifically toward older adults.⁴⁵ Meanwhile, FDPIR uses USDA Foods in packages that are provided by states and Indian tribal organizations to low-income households living on Indian reservations and to Native American families residing in Oklahoma or in designated areas near Oklahoma. Child nutrition programs use USDA Foods in meals prepared by local entities and served to children through the

⁴⁵ States, U.S. territories, and tribal organizations receive an annual Nutrition Services Incentive Program (NSIP) allotment and can elect to use some or all of it to purchase USDA commodities in lieu of cash.

NSLP, the Child and Adult Care Food Program (CACFP), and Summer Food Service Program (SFSP); however, the vast majority (more than 99%) of such foods are distributed through NSLP.⁴⁶ (The **text box** titled "The USDA Foods Purchasing and Delivery Process" provides other related background.)

As shown in **Figure 6**, TEFAP and child nutrition programs (primarily NSLP) received the highest value of USDA Foods in FY2023. Child nutrition commodities are composed largely of entitlement commodities, whereas TEFAP commodities are split between entitlement and bonus to different extents in different years (the distinction between entitlement and bonus is discussed in the "USDA-Reported Purchases" section).⁴⁷

The USDA Foods Purchasing and Delivery Process

Each year, state agencies operating the FNS-administered domestic nutrition programs receive an allocation that they can use to purchase a certain dollar amount of commodities (referred to in some programs as "entitlement commodities") from a "USDA Foods Available List." The list differs by program but typically includes perishable and nonperishable staple items from categories such as dairy, meats, grains, legumes, fruits, and vegetables. The foods on the list are often tailored to the population or organizations using the foods and the nutritional requirements of the program (e.g., some programs require alignment with the Dietary Guidelines for Americans). State agencies (and sometimes Indian tribal organizations or delegated local organizations) place orders through an online system based on their needs. AMS then processes the orders, selecting vendors through a competitive bidding process. Depending on the contract, the vendor may make deliveries to a state-owned warehouse, commercial distributor, food manufacturer for further processing, or recipient organization.

Alternatively, state and tribal agencies operating certain domestic nutrition programs (specifically, NSLP and FDPIR) can opt to use some of their allocation to purchase fresh fruits and vegetables through the DoD Fresh program (discussed previously). Under DoD Fresh, DOD's DLA purchases and distributes such commodities rather than AMS. There are also program options within FDPIR and the Child and Adult Care Food Program that enable agencies to receive cash in lieu of USDA commodity funds to make their own purchases.

In contrast to entitlement commodities, bonus commodities are selected by USDA based on agricultural market conditions (as discussed earlier in this report). Agencies operating the domestic nutrition assistance programs can decide whether or not to accept bonus foods as they are made available.

Source: USDA FNS, "How to Get Your Product Considered for USDA Foods: Purchase and Delivery of USDA Foods," April 12, 2024, https://www.fns.usda.gov/usda-foods/foods-available/product-consideration; USDA FNS, "USDA Foods Available List," https://www.fns.usda.gov/usda-foods/foods-available; USDA FNS, "USDA Foods in the National School Lunch Program White Paper," February 2016, https://www.fns.usda.gov/fdd/usda-foods-national-school-lunch-program-white-paper; and USDA FNS, "FDPIR Self-Determination Demonstration Project," https://www.fns.usda.gov/fdpir/self-determination. Depending on the program, *state agencies* may include states, the District of Columbia, U.S. territories, and Indian tribal organizations.

International Food Assistance Programs

The United States is one of the largest donors of food globally, and USDA purchases provide food and agricultural commodities to several U.S. international food assistance programs.⁴⁸ USDA's FAS and USAID administer several international food assistance programs that donate U.S.

⁴⁶ For more information on domestic nutrition programs, see CRS Report R42353, *Domestic Food Assistance: Summary of Programs*. Data on USDA Foods distributed through child nutrition programs are available in FNS, "February 2024 Keydata Report," May 10, 2024, https://www.fns.usda.gov/data/february-2024-keydata-report.

⁴⁷ In FY2023, The Emergency Food Assistance Program (TEFAP) received more bonus than entitlement commodities due to USDA's use of CCC (approximately \$934 million) and Section 32 (nearly \$955 million), compared with approximately \$405 million in entitlement commodities.

⁴⁸ For more background, see CRS Report R45422, U.S. International Food Assistance: An Overview, and CRS In Focus IF12081, Farm Bill Primer: International Food Aid Programs, McGovern-Dole and Local and Regional Procurement. See also CRS In Focus IF11580, U.S. Government Procurement and International Trade.

agricultural commodities for economic development activities or emergency needs (**Table 3**).⁴⁹ USDA purchases for use in U.S. international food aid programs administered by USDA's FAS and USAID totaled \$0.7 billion in FY2023, excluding supplemental funding (**Table 2**).





Sources: CRS, from USDA, "2025 USDA Explanatory Notes-Food and Nutrition Service," https://www.usda.gov/sites/default/files/documents/34-FNS-2025-ExNotes.pdf, and USDA AMS, "FY 2023 International Food Aid Reports," https://www.ams.usda.gov/reports/international-food-aid-reports.

Notes: Values are expenditures (purchases) and include administrative costs, cash in lieu of commodities, and anticipated adjustments where applicable. In FY2023, TEFAP received more bonus than entitlement commodities due to USDA's use of the CCC and Section 32 funds. The National School Lunch Program distributes more than 99% of USDA Foods for child nutrition programs.

Under the McGovern-Dole International Food for Education and Child Nutrition Program, FAS donates U.S. agricultural commodities along with financial and technical assistance "to support school feeding and maternal and child nutrition projects" in developing countries.⁵⁰ Under the FFPr program, USDA typically sells donated U.S. agricultural commodities in foreign developing countries and emerging democracies, and proceeds are used to support agricultural development activities.⁵¹ Statute requires FFPr to provide at least 400,000 metric tons of commodities each year.⁵² USAID's FFP Title II program provides U.S. agricultural commodities for mostly foreign emergency situations but also for nonemergency activities to address food insecurity.⁵³ The Bill

⁵¹ FAS, "Food for Progress," https://fas.usda.gov/programs/food-progress. FFPr receives mandatory CCC funds.

⁴⁹ FAS, "Food Assistance," https://fas.usda.gov/topics/food-assistance. For additional information on international food assistance programs, reference CRS Report R45422, *U.S. International Food Assistance: An Overview*.

⁵⁰ FAS, "McGovern-Dole Food for Education Program," https://fas.usda.gov/programs/mcgovern-dole-food-educationprogram. The program is funded through annual appropriations. The program received additional funding in FY2023 through the Additional Ukraine Supplemental Appropriations Act, 2023 (P.L. 117-328).

⁵² 7 U.S.C. §§17360(f)(3) and 17360(g). Freight costs must not exceed \$40 million annually.

⁵³ USAID, "Food Assistance: What We Do," https://www.usaid.gov/food-assistance/what-we-do. The program is funded through annual appropriations. From FY2021 to FY2023, Congress provided an average of \$1.7 billion in annual appropriations funding for FFP Title II. In this same period, Congress provided the following additional funding for FFP Title II: \$800 million through the American Rescue Plan Act of 2021 (P.L. 117-2 \$1007); \$100 million through the Ukraine Supplemental Appropriations Act, 2022 (P.L. 117-103, Division N); and \$50 million through the Additional Ukraine Supplemental Appropriations Act, 2023 (P.L. 117-328, Division M).

Emerson Humanitarian Trust (BEHT) is a commodity and/or monetary reserve maintained by USDA that can be released at the request of USAID during emergency situations when FFP Title II resources are not available.⁵⁴ In FY2022 and FY2023, USAID used \$282 million and \$32 million in BEHT funds, respectively, to procure U.S. agricultural commodities to address global food insecurity.⁵⁵ **Figure 6** shows USDA purchases for selected international programs in FY2023. Commodities purchased for international programs largely consist of grains, oilseeds, and legumes among other storable, less perishable products.⁵⁶

USDA Vendors

USDA purchases food and agricultural commodities from a variety of vendors. USDA vendors include a variety of business types, such as wholesalers, processors, producers, cooperatives, distributors, and other intermediary entities. Vendors may include individual producers that grow, harvest, and/or package commodities—such as farms, ranches, and fisheries. Total annual vendor data reported by USDA do not explicitly differentiate between business type, such as whether the business is a farm or other business intermediary, across all programs. USDA also participates in several government-wide programs intended to create opportunities for small and socially disadvantaged businesses in USDA procurement. In general, however, aggregation challenges may limit the ability of small, disparate, and geographically dispersed agricultural producers to practically and cost-effectively participate in most U.S. government procurement solicitations.

Data are not readily available to assess the possible implications of foreign-owned companies that produce and process food in the United States that may be USDA vendors—such as JBS International (based in Brazil). In FY2023, JBS International was among USDA's Top 100 Contractors, accounting for \$70.7 million in foods and services sold to USDA.⁵⁷

Available Data and Statistics

USDA does not comprehensively report summary data on the businesses (vendors) that sell food and agricultural commodities to USDA procurement programs. While USDA maintains lists of approved or eligible vendors, these statistics are often specific to an individual program or commodity.⁵⁸ USDA does not report aggregate annual statistics of all domestic and international food assistance programs across all sources of available funding (including purchases using supplemental funds and/or bonus or contingency purchases). USDA also does not report aggregate vendor demographic statistics (e.g., by race and ethnicity) and provides only limited information on other vendor characteristics (e.g., business size, economic classification, or socioeconomic criteria, including whether a business is women or veteran owned). USDA does not report information on the types of production practices or processing methods used to produce federally purchased foods and agricultural commodities. Published data are also limited in terms

⁵⁴ USAID, "The Bill Emerson Humanitarian Trust," https://www.usaid.gov/fact-sheet/bill-emerson-humanitarian-trust.

⁵⁵ USDA, USDA FY 2025 Budget Summary, p. 46, https://www.usda.gov/sites/default/files/documents/2025-usdabudget-summary.pdf. BEHT may be replenished from funds made available to carry out the Food for Peace Act (P.L. 83-480; 7 U.S.C. §§1691 et seq.) or congressional appropriations. The Additional Ukraine Supplemental Appropriations Act, 2022 (P.L. 117-128 §601) appropriated \$20 million to BEHT. At the end of 2023, the Trust held \$30 million in cash and no commodities.

⁵⁶ USDA AMS, "International Food Aid Reports," https://www.ams.usda.gov/reports/international-food-aid-reports.

⁵⁷ An Excel spreadsheet of "Top 100 Contractors" (Agriculture (1200)) is available at https://sam.gov/reports/awards/ static.

⁵⁸ See, for example, USDA AMS, "Purchase Programs: Solicitations & Awards," https://www.ams.usda.gov/selling-food/solicitations, and USDA, "USDA Foods by Program," https://www.fns.usda.gov/usda-foods/foods-available.

of product certifications that may be claimed in the production or processing stage (e.g., locally sourced, sustainably grown, USDA-certified organic, or otherwise certified regarding certain labor or animal welfare practices).

Limited aggregate statistics are available from other federal agencies, such as the U.S. General Services Administration (GSA), the U.S. Small Business Administration (SBA), and the System for Award Management (SAM.gov).⁵⁹ Data from these sources are not limited to purchases of food and agricultural commodities and may reflect agency procurement of all goods and services procurement (including non-food items). Data in these annual static reports also may not match data that may be extracted from other available federal procurement databases, such as USAspending.gov and the FPDS.⁶⁰

Annual static reports by GSA provide selected summaries of the number and value of procurement contracts by federal agency, including USDA. According to the Top 100 Contractors Report, the amount of "dollars obligated" to the top 100 contractors selling foods and services to USDA totaled \$5.4 billion in multiyear contracts that were awarded by USDA in FY2023.⁶¹ Of these, seven contractors sold more than \$100 million each in foods and services to USDA.⁶² Together these seven companies received USDA procurement contracts valued at \$960.4 million in FY2023, accounting for roughly one-fifth of annual USDA contract spending. These data reflect a subset of all USDA procurement and may include food and non-food purchases and other types of procured services.

SBA provides information on selected USDA vendor businesses, as required in statute, based on available *set-aside programs* that support small businesses as well as small businesses in certain socioeconomic categories.⁶³ Annual static reports compiled by SBA provide selected summaries of prime contract procurements by federal agency, including USDA, involving small businesses and socially disadvantaged groups such as businesses that are veteran or women owned, among other classifications. According to the FY2023 FPDS GSA Report, the value of USDA procurement involving small businesses (as defined by SBA) totaled \$8.0 billion of all USDA procurement.⁶⁴ These data include food and non-food purchases and other types of procured services, in some cases across multiyear contracts, complicating annual comparisons. GSA's annual report includes all USDA procurement involving selected other small and socially

⁵⁹ Static reports are available from GSA (https://www.gsa.gov/policy-regulations/policy/acquisition-policy/smallbusiness-reports) and the System for Award Management (SAM) (https://sam.gov/reports/awards/static). Data from available static reports were collected using specific procedures and might not match data extracted directly from the Federal Procurement Data System (FPDS) or other sources.

⁶⁰ Various GAO reports address USAspending.gov data and federal spending transparency, including GAO, *Opportunities Exist for Treasury to Further Improve USAspending.gov's Use and Usefulness*, GAO-22-104127, December 2021; GAO, *OIGs Identified a Variety of Issues with the Quality of Agencies' Data Submissions*, GAO-22-105427, July 2022; and GAO, *Opportunities to Improve USAspending.gov Data*, GAO-24-106214, November 2023.

⁶¹ An Excel spreadsheet of "Top 100 Contractors" (Agriculture (1200)) is available at https://sam.gov/reports/awards/ static. As this reporting reflects multiyear contracts, this total might not match single-year totals reflected in the "Purchases by USDA Agricultural Marketing Service" section and **Table 2**.

⁶² Companies included Tyson Foods Inc., the Archer-Daniels-Midland Company, Bongards' Creameries, Accenture Solutions Private Limited, Stutz Packing Company, Cargill Incorporated, and CHS Inc. (ranked by value of sales from highest to lowest).

⁶³ Section 15(h)(3)(A)(ii) of the Small Business Act (P.L. 85-536), as amended (15 U.S.C. §631 et seq.). According to the Small Business Administration (SBA), set-aside contracts "help small businesses compete for and win federal contracts" as well as provide for certain SBA contracting assistance programs for some groups. See SBA, "Types of Contracts," June 27, 2024, https://www.sba.gov/federal-contracting/contracting-guide/types-contracts.

⁶⁴ GSA, "Final Data Report: FY 2023 Federal Procurement Data System GSA Report," https://www.gsa.gov/policy-regulations/policy/acquisition-policy/small-business-reports.

disadvantaged small businesses.⁶⁵ Additional background is provided in the "Small Business Considerations in USDA Programs" section.

Vendor Eligibility Requirements

USDA purchases food and agricultural products through a competitive process conducted by AMS purchasing offices across the country to coordinate orders in their geographic jurisdictions.⁶⁶ Businesses interested in selling commodities to USDA must become certified USDA vendors.⁶⁷ Other vendor requirements may include food facility registration through the U.S. Food and Drug Administration (FDA),⁶⁸ applicable facility license or certification requirements,⁶⁹ domestic origin certification and verification (and a business's product segregation plan, if it also handles non-domestic products), applicable food safety certifications, product liability insurance requirements, various self-certification forms,⁷⁰ and compliance with any other federal, state, and local requirements.⁷¹

Any certified vendor may submit bids for USDA commodity contracts. USDA purchasing contracts may vary in duration, volume, and requested products, among other specifics outlined by USDA in the solicitation. Some contracts may span multiple years and include multiple product orders, while others may be a one-time order of a specific item.

USDA is required by law to purchase 100% U.S.-produced foods.⁷² There are no statutory requirements that federal food purchases be locally grown or sourced. Moreover, USDA does not collect or report comprehensive data on such purchases (although some domestic programs may encourage vendors to source locally grown food where available).⁷³ Some individual domestic programs, such as procurement solicitations for certain USDA Foods programs or purchases

⁶⁵ Reporting categories include small business concerns involving businesses "Owned and Controlled by Service-Disabled Veterans," "Owned and Controlled by Socially and Economically Disadvantaged Individuals," "Owned by an Indian Tribe (as such term is defined in Section 8(a)(13)) other than an Alaska Native Corporation," "Owned by a Native Hawaiian Corporation," and "Owned and Controlled by Women," as well as qualified historically underutilized business zone (HUBZone) small business concerns. Available data do not distinguish between food and non-food procurement and other types of procured services.

⁶⁶ See, for example, USDA, *AMS Master Solicitation for Commodity Procurement–Domestic Programs (MSCP-D)*, February 2024, https://www.ams.usda.gov/sites/default/files/media/MSCP.pdf, and Janna Raudenbush, "Know Where Your Food Comes From with USDA Foods," USDA FNS, May 2016, https://www.usda.gov/media/blog/2016/05/25/ know-where-your-food-comes-usda-foods.

⁶⁷ USDA, "How the Process Works," https://www.ams.usda.gov/selling-food/how-process-works. USDA contract solicitations are processed through its Web Based Supply Chain Management (WBSCM) system (https://www.usda.gov/topics/food-and-nutrition/web-based-supply-chain-management). Records of executed contracts are publicly available from USAspending.gov, the System for Award Management (sam.gov), and the Federal Procurement Data System (fpds.gov).

⁶⁸ The Bioterrorism Preparedness and Response Act of 2002 (P.L. 107-188) and Section 415 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. §350d) require domestic and foreign facilities that manufacture, process, pack, or hold food for human or animal consumption in the United States to register with the Food and Drug Administration (FDA).

⁶⁹ For example, a Perishable Agricultural Commodities Act (PACA) license may be required for fruit and vegetable sellers and a Grain Inspection, Packers and Stockyards Administration (GIPSA) certification may be required for sellers of meat, poultry, grains, and oilseeds.

⁷⁰ All USDA vendors must register their businesses within SAM. See AMS, "How the Process Works," https://www.ams.usda.gov/selling-food/how-process-works. Upon registration, the entity provides information such as the size of the business, demographics and structure of ownership, and relevant small business certifications.

⁷¹ See, for example, requirements described in AMS, "USDA Pilot Project for the Procurement of Unprocessed Fruits and Vegetables: Vendor Eligibility Requirements and Participation under the Pilot," February 17, 2015.

⁷² For more background, see the **text box** titled "100% Domestically Produced and Processed."

⁷³ GAO, Federal Food Purchases: Buying from Small Businesses and Local Sources, GAO-24-106602, March 2024.

under some local food-purchasing agreements, may obtain food directly from individual producers or producer groups.

100% Domestically Produced and Processed

USDA AMS "purchases a variety of 100% domestically produced and processed commodity food products. These purchases support American agriculture by encouraging consumption of domestically-produced foods." Accordingly, USDA vendors must be certified as "domestic origin." Domestic origin covers all U.S. states, territories, or possessions; the Commonwealth of Puerto Rico; and the Trust Territories of the Pacific Islands. Businesses that seek to enter into a procurement contract with USDA must submit domestic origin certification and verification, and maintain a business's product segregation plan (if the business also handles non-domestic products).

The requirement that USDA-procured products be 100% domestically produced and processed reflects directives in the Department of Agriculture Reorganization Act of 1994 (P.L. 103-354 §292). As codified at 7 U.S.C. §7012, the act states that "[i]t is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased using funds made available pursuant to this title should be American-made." The Commodity Distribution Reform Act and WIC Amendments of 1987 (P.L. 100-237, as amended, 7 U.S.C. §612c note) state that "[t]he [USDA] Secretary shall require that recipient agencies purchase, whenever possible, only food products that are produced in the United States." Limited exceptions are made for commodities not produced domestically or unavailable at reasonable prices in comparison with the international market.

USDA does not report sufficient data to assess the implications of foreign-owned companies that produce and process food in the United States that may be USDA vendors. For example, in FY2023, JBS International was among USDA's Top 100 Contractors, accounting for \$70.7 million in foods and services sold to USDA, according to the System for Award Management (SAM) (https://sam.gov/reports/awards/static, Agriculture (1200) account).

Sources: USDA, "Selling Food to USDA," https://www.ams.usda.gov/selling-food, and USDA, AMS Master Solicitation for Commodity Procurement – Domestic Programs (MSCP-D), February 13, 2024, https://www.ams.usda.gov/ sites/default/files/media/MSCP.pdf. Purchases are subject to USDA Domestic Origin Verification Audit Program; see USDA, "Domestic Origin Verification," https://www.ams.usda.gov/services/auditing/dov; see also USDA AMS, Commodity Procurement Program: Become a Qualified Vendor for USDA, https://www.ams.usda.gov/sites/default/files/ media/NewVendorPresentation.pdf.

Small Business Considerations in USDA Programs⁷⁴

USDA participates in several government-wide contract set-aside programs to allocate contract funds to specific types of business entities that sell food to USDA. These include small businesses, small disadvantaged businesses (SDBs), and women-owned and service-disabled veteran-owned small businesses, among other groups. Small business eligibility is determined based on SBA business size standards.⁷⁵ The **text box** titled "Small Business Set-Aside Programs" provides background on these programs and applicable terminology.⁷⁶ USDA's Office of Small and Disadvantaged Business Utilization (OSDBU) provides technical support for these businesses.⁷⁷

⁷⁴ This section includes contributions from R. Corinne Blackford, CRS Analyst in Small Business and Economic Development Policy, and Dominick A. Fiorentino, CRS Analyst in Government Organization and Management, who can provide congressional offices with direct assistance on topics related to SBA and federal procurement, respectively.

⁷⁵ 13 C.F.R. §201. SBA's size standards are identified by the North American Industry Classification System code: small farms include those with annual receipts of \$2.25 million-\$25 million, depending on the type of operation; small food manufacturers are those with between 500 and 1,500 employees, depending on the type of operation.

⁷⁶ For other background on these programs, see CRS In Focus IF12458, *The SBA's 8(a) Business Development Program*; CRS In Focus IF12476, *SBA's Women-Owned Small Business Contracting Program*; and CRS In Focus IF12428, *The SBA's Historically Underutilized Business Zone (HUBZone) Program*. The HUBZone program helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities.

⁷⁷ OSDBU aims to maximize small business participation in USDA contracting processes; see USDA, "Office of Small and Disadvantaged Business Utilization (OSDBU)," https://www.usda.gov/da/osdbu. For related background, see CRS Report R47851, *Offices of Small and Disadvantaged Business Utilization: An Overview*.

Small Business Set-Aside Programs

USDA participates in several government-wide set-aside programs to award funding to specific businesses for the purposes of federal government contracting. USDA further provides targeted support and services through its Office of Small and Disadvantaged Business Utilization (OSDBU). The Small Business Administration (SBA) sets size standards for what constitutes a small business at 13 C.F.R. §201. Federal goals for participation of small business concerns in procurement contracts are given at 15 U.S.C. §644(g)(1).

Small Business Contracting/Subcontracting (48 C.F.R. §§19.5 and 19.13; FAR Subpart 19.7). The Small Business Act (P.L. 85-536; 15 U.S.C. §§631 et seq.) established a series of requirements regarding small business prime contracting and subcontracting and established SBA small business size standards. A simplified acquisition threshold applies for purchases below \$250,000. Large prime contractors receiving a federal contract exceeding \$650,000 (\$1.5 million in the case of construction) and offering subcontracting opportunities must establish subcontracting plans with goals that provide maximum opportunities to small businesses. USDA's goal is to award 49.5% of its procurement contract dollars to eligible small businesses. See also 15 U.S.C. §644(g)(1)(a)(i).

Small Disadvantaged Businesses (SDBs) (48 C.F.R. §119.8; FAR 19.304). An SDB is a small business entity, as defined by SBA, owned and controlled by a socially and economically disadvantaged individual. SDBs must have at least 51% ownership by one or more socially and economically disadvantaged individuals based on race, ethnicity, or other type of cultural bias because of their identification as members of certain groups (e.g., Black Americans, Native Americans, Hispanic Americans, and Asian-Pacific and Asian Indian Americans). USDA's and the U.S. government's goal is to award at least 5% of contract dollars to SDBs.

8(a) Business Program (48 C.F.R. §119.8; FAR Subpart 19.8). The Small Business Act (15 U.S.C. §637(a)) authorizes SBA to enter into contracts with federal agencies and award contracts and provide assistance to help "socially and economically disadvantaged entrepreneurs gain access to the economic mainstream of American society." SBA certifies to an agency that the vendor is competent and responsible to perform a specific contract.

Women-Owned Small Business (WOSBs) (48 C.F.R. §19.15; FAR Subpart 19.15). The Small Business Act (15 U.S.C. §637(m)) created the WOSB Program to ensure women-owned small businesses have an equal opportunity to participate in federal contracting and to assist agencies in achieving their women-owned small business participation goals (13 C.F.R. §127). Eligible companies must be at least 51% owned and controlled by one or more women, and primarily managed by one or more women and be a small business by SBA standards. USDA's and the U.S. government's goal is to award at least 5% of contract dollars to WOSBs (15 U.S.C. §644(g)(1)(a)(iv)).

Historically Underutilized Business Zone (HUBZone) (FAR Subpart 19.13). The HUBZone Act of 1997 (P.L. 105-135 §411; 15 U.S.C. §§631 note, 632(a),(j),(p), 644, and 657a) created the HUBZone Program to provide federal contracting assistance for qualified small business concerns located in HUBZones. To qualify, a business must (1) be a small business by SBA standards; (2) be owned and controlled at least 51% by U.S. citizens or be a Community Development Corporation, an agricultural cooperative, or an Indian tribe; (3) have its principal office located within a HUBZone; and (4) have at least 35% of its employees residing in a HUBZone. USDA's and the U.S. government's goal is to award at least 3% of procurement contract dollars to HUBZone-certified businesses each year (15 U.S.C. §644(g)(1)(a)(iii)).

Service-Disabled Veteran-Owned Small Business (SDVOSB) (48 C.F.R. §19.14; FAR Subpart 19.14). The Veterans Benefits Act of 2003 (P.L. 108-183 §308; 15 U.S.C. §657f) created the SDVOSB program to provide federal contracting assistance to SDVOSB concerns. Executive Order 13360 directed all federal agencies to establish a program participation goal for SDVOSBs. USDA's and the U.S. government's goal is to award at least 3% of contract dollars to SDVOSBs (15 U.S.C. §644(g)(1)(a)(ii)). (See also USDA's Memorandum 5090-001, July 2005, and Departmental Regulation 5090-005, September 2006.)

Sources: CRS, from USDA, "Small Businesses," https://www.usda.gov/smallbiz/programs; SBA, "Small Disadvantaged Business," September 28, 2023, https://www.sba.gov/federal-contracting/contracting-assistance-programs/small-disadvantaged-business; USDA OSDBU, *Connecting Small Business to USDA Contracting and Procurement Opportunities*, April 2022, https://www.usda.gov/sites/default/files/documents/osdbu-connecting-small-business-usda-contracting-procurement-opportunities.pdf; and FAR Part 19 (Small Business Programs), https://www.acquisition.gov/far/part-19. Programs ranked consistent with reported information in Small Business Goaling Reports (FY2005-FY2023), https://sam.gov/reports/awards/static, and other USDA reporting. For more background, see CRS Insight IN12266, *Small Disadvantaged Businesses, Disadvantaged Business Enterprises, and Minority Business Enterprises: Definitions and Differences in Terms Used by Government Programs; CRS Insight IN12018, Federal Small Business Contracting Goals; CRS In Focus IF12458, The SBA's 8(a) Business Development Program; CRS In Focus IF12476, SBA's Women-Owned Small Business Contracting Program; and CRS In Focus IF12428, The SBA's Historically Underutilized Business Zone (HUBZone) Program.*

USDA states that it awards 50% of all eligible contracting dollars to small businesses as defined by SBA.⁷⁸ USDA administers a series of small business preferences for small businesses, SDBs, and women-owned and service-disabled veteran-owned small businesses, among others. Procurement preferences for such businesses facilitate the achievement of small business contracting goals at both the federal and agency levels. In FY2021, USDA's goals were 49.5% for small businesses, 5% each for SDBs and women-owned small businesses, and 3% each for historically underutilized business zone (HUBZone) businesses and service-disabled veteranowned small businesses, as a share of USDA procurement contracts.⁷⁹ Small businesses generally self-certify their status through SBA's online certification platform at certify.sba.gov.⁸⁰

In an effort to expand opportunities to small and/or socially disadvantaged vendors, USDA procurement rules generally allow for simplified acquisition procedures as well as consideration of criteria other than cost when awarding contracts in some cases. For example, USDA purchases for child nutrition programs allow for streamlined, simplified procurement methods for certain purchases below specific monetary thresholds, rather than the more formal procurement procedures applicable to larger acquisitions. These provisions allow for a less complicated submission process in some cases, intended to "expedite the completion of [nonfederal entities'] transactions and minimize the associated administrative burden and cost."⁸¹

Purchases allowing for simplified procurement methods include the following:

- **Micro-Purchases.** Purchases for child nutrition programs with an estimated delivered cost of up to \$10,000 are considered *micro-purchases.*⁸² "Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly."⁸³
- Small Purchases. Purchases for child nutrition programs with an estimated delivered cost of between \$10,000 and \$250,000 are considered *small purchases*, provided they do not exceed the *simplified acquisition threshold* (SAT), which is \$250,000 for USDA purchases.⁸⁴ "If small purchase procedures are used, price or

⁷⁸ USDA, "Small Businesses," https://www.usda.gov/smallbiz/programs. See also transcripts from USDA's 2022 USDA Small Business 201 Workshop, https://www.usda.gov/smallbiz/workshops, and SBA's Procurement Scorecard, https://www.sba.gov/agency-scorecards/scorecard.html?agency=USDA&year=2022. SBA program requirements are at 13 C.F.R. Part 125, and size standards are defined at 13 C.F.R. §201.

⁷⁹ USDA OSDBU, *Connecting Small Business to USDA Contracting and Procurement Opportunities*, April 2022, https://www.usda.gov/sites/default/files/documents/osdbu-connecting-small-business-usda-contracting-procurementopportunities.pdf. See also SBA's Small Business Goaling Reports, https://sam.gov/reports/awards/static. For other background, see CRS Insight IN12018, *Federal Small Business Contracting Goals*.

⁸⁰ See CRS Insight IN12266, *Small Disadvantaged Businesses, Disadvantaged Business Enterprises, and Minority Business Enterprises: Definitions and Differences in Terms Used by Government Programs.* Firms whose owners meet the definitions in these regulations may self-certify their disadvantaged status and may be subject to "status protests" and punitive action if they misrepresent themselves.

^{81 2} C.F.R. §200.320(a).

 ⁸² 2 C.F.R. §200.320(a)(1); 48 C.F.R. §2.101. At USDA, the micro-purchase threshold was increased from \$3,000 to \$10,000 in the FY2017 National Defense Authorization Act (NDAA; P.L. 114-328 §217(b)) and the FY2018 NDAA (P.L. 115-91 §§805, 806, and 1702(a))); 41 U.S.C. §1902. See also 85 *Federal Register* 40064, July 2, 2020, and FNS, *Federal Micro-Purchase and Simplified Acquisition Thresholds*, SP20 CACFP07 SFSP06-2019, October 30, 2019.
 ⁸³ 2 C.F.R. §200.320(a)(1)(ii).

⁸⁴ 2 C.F.R. §200.320(a)(1); 48 C.F.R. §2.101. At USDA, the small purchase threshold was increased from \$150,000 to \$250,000 in 2019 (FNS, *Federal Micro-Purchase and Simplified Acquisition Thresholds*, SP20 CACFP07 SFSP06-(continued...)

rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the [nonfederal] entity."⁸⁵

State and local agencies may set lower micro- and small-purchasing thresholds and thereby impose more restrictive procurement procedures.⁸⁶

In general, price or net contract value are leading criteria for evaluating federal procurement contract bids.⁸⁷ For purchases exceeding the micro-purchase threshold (at USDA, \$10,000) but not exceeding the SAT (\$250,000), agencies use source selection methods to determine which entity (e.g., a business, nonprofit organization, or university) may be awarded a contract. Under sealed bidding, the contract award is made with consideration only to the price and price-related factors included in the solicitation.⁸⁸ In contrast to sealed bidding, negotiated contracting allows for the consideration of non-price criteria. To obtain the best value for the government, agencies may weigh costs and non-price criteria or evaluation factors.⁸⁹ Federal regulations define *best value* as "the expected outcome of an acquisition that, in the Government's estimation, provides the greatest overall benefit in response to the requirement."⁹⁰ In addition to price, other factors may be considered when determining best value. Such factors include past performance, technical expertise, and delivery terms, as well as "special features of the supply or service required for effective program performance" and "environmental and energy efficiency considerations."⁹¹

Certain USDA programs further define certain non-price criteria allowed for consideration in the evaluation of USDA procurement contract bids.⁹² For example, fresh fruits and vegetables procured and distributed through the DoD Fresh program may be sourced using "a geographic preference for the procurement of unprocessed agricultural products, both locally grown and locally raised."⁹³ Approximately 15% of DoD Fresh purchases are from "local" sources, defined as from within the state or an adjacent state.⁹⁴ In addition, agencies are encouraged to consider ways to advance certain sustainable acquisition goals in federal contracting.⁹⁵

^{2019,} October 30, 2019). In regulation, *simplified acquisition threshold* refers to "the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods ... in order to expedite the purchase of items at or below the simplified acquisition threshold" (as defined at 2 C.F.R. §200.1). See also FAR Part 13 (Simplified Acquisition Procedures).

⁸⁵ 2 C.F.R. §200.320(a)(2)(i).

⁸⁶ 7 C.F.R. §§210.19(e), 225.18(f), and 226.25(b).

⁸⁷ 7 C.F.R. §1493.210 defines *net contract value* as "the aggregate value of goods and cost of services (exclusive of local costs) that are eligible for guarantee coverage and for which coverage is requested."

^{88 48} C.F.R. §14.101.

⁸⁹ 48 C.F.R. §15.101.

⁹⁰ 48 C.F.R. §2.101(a).

^{91 48} C.F.R. §8.405-1(f).

⁹² USDA provides resources to sellers for such considerations. See, for example, USDA, "Directories and Business Listings," https://www.ams.usda.gov/services/business-listings, and USDA, "USDA Foods: A Resource for Maximizing Food Budgets to Buy Local," June 24, 2024, https://www.fns.usda.gov/f2s/usda-foods.

⁹³ Food, Conservation, and Energy Act of 2008 (P.L. 110-246, §4302; 42 U.S.C. §1758(j)).

⁹⁴ See the **text box** titled "DoD Fresh Fruit and Vegetable Program (DoD Fresh)." See also USDA FNS, *Procuring Local Foods for Child Nutrition Programs*, January 2022, https://www.fns.usda.gov/f2s/procuring-local-foods; GAO, *Food Assistance: Briefing on U.S. Department of Agriculture's Food Assistance Procurement Process*, GAO-13-395R, March 7; and Defense Logistics Agency, "Produce," https://www.dla.mil/Troop-Support/Subsistence/Produce/ (related to small, local food suppliers).

⁹⁵ See, for example, 48 C.F.R. §23.103 (79 *Federal Register* 35861, June 24, 2014). See also administrative programs and initiatives discussed in the "Administrative Proposals and Initiatives" section.

Legislative Proposals and Activity

Members of Congress have introduced several legislative proposals that would expand food and agricultural product procurement opportunities for certain producer groups and/or prohibit certain practices related to federal procurement. For example, in the 118th Congress, some bills would expand U.S. procurement of fruits and vegetables (e.g., H.R. 5589/S. 2874, S. 1639) and seafood products (e.g., H.R. 5087, S. 2208, S. 2182, H.R. 4185, S. 3982).⁹⁶ Other bills would modify international assistance programs, including the FFP Title II program and other USAID authorities, to eliminate the use of food procured outside of the United States (e.g., H.R. 4293/S. 2862). S. 436 would prioritize procurements of U.S. agricultural commodities as part of USAID emergency assistance, among other changes. Some bills would address labor standards related to eligibility to participate in federal procurement programs (e.g., H.R. 4978/S. 2601, S. 3139, H.R. 4559), while other bills would impose certain "buy American" requirements for some USDA programs (e.g., H.R. 4613/S. 2301).⁹⁷

Another bill (H.R. 4185) would facilitate federal procurement to "support a wider range of agricultural producers and agricultural product distributors" in an effort to promote "greater access to culturally or religiously relevant foods for individuals and households, resilient local and regional food systems, rural job creation, and reversal of the concentration of the ownership of the resources for the production and distribution of agricultural products". Some stakeholders want to expand current considerations to include a more values-based approach (i.e., values that are not strictly price based) when evaluating procurement contract bids, among other types of broad-based changes within USDA food procurement policies.⁹⁸ Similar objectives are reflected in H.R. 6569/S. 3390, which would expand certain requirements to include goals about farmers, food workers, and environmental and climate targets. H.R. 6569/S. 3390 assert that USDA, "as one of the largest food purchasers in the world, has the responsibility and opportunity to help spur a more just, healthy, and sustainable food system by purchasing more foods that support" regional and resilient food economies; worker well-being; a safe and healthy environment; equity and inclusion; and fairness for family farms, fishing businesses, and ranches, including support for socially disadvantaged, beginning, and veteran operations.

In May 2024, the House Agriculture Committee ordered reported a 2024 farm bill (Farm, Food, and National Security Act of 2024; H.R. 8467) that would require USDA to submit a report to Congress that examines how the department procures U.S. food and agricultural products under American domestic content "buy American" rules at 7 C.F.R. §220.16 involving the School Breakfast Program, including the solicitation process used to procure such commodities or products. The report would also examine barriers to entry for such procurement and the diet quality and accessibility of such procured products, as well as solicit USDA recommendations to improve such procurement processes.

⁹⁶ See also the bipartisan letter from several Representatives and Senators to leadership of the House and Senate Agriculture Committees (April 1, 2024) calling for more support for the U.S. seafood sector's competitiveness in the farm bill, including additional federal procurement. The letter is available at https://pingree.house.gov/news/ documentsingle.aspx?DocumentID=5198.

⁹⁷ Buy American provisions require federal agencies to give preference to American-made goods and products in procurement. See CRS Report R46748, *The Buy American Act and Other Federal Procurement Domestic Content Restrictions*.

⁹⁸ See, for example, the Good Food Purchasing Program, which "encourages large institutions to direct their buying power toward five core values: local economies, environmental sustainability, valued workforce, animal welfare and nutrition" (https://goodfoodpurchasing.org/program-overview/).

Other legislative actions relate to federal procurement more broadly. For example, to address claims that federal contracts continue to largely exclude minority- and women-owned small businesses,⁹⁹ the Chairs of the Congressional Asian Pacific American Caucus (CAPAC), Congressional Black Caucus (CBC), and Congressional Hispanic Caucus (CHC), among others, recommend that SBA publish a complete version of federal contracting spending data broken down by race and ethnicity on government contracts issued to SDBs across all federal agencies.¹⁰⁰ In another example, in April 2024, several Members of Congress called on the FAR Council to finalize U.S. government-wide regulations that would require the "largest federal contractors to disclose basic information about their climate-related risks and emissions."¹⁰¹

Congress could also consider various Government Accountability Office (GAO) recommendations related to transparency in federal procurement reporting. A series of GAO audits of USAspending.gov have found inconsistencies and omissions in federal agency procurement reporting to USAspending.gov, including for COVID-19 recovery funds.¹⁰² Among other findings, GAO has recommended that the Digital Accountability and Transparency Act (DATA) of 2014 (P.L. 113-101) be amended to require additional federal oversight and review of which federal agencies are required to report to USAspending.gov.

Administrative Proposals and Initiatives

USDA addresses procurement policies in its 2023 Equity Action Plan. Specifically, Strategy 5 seeks to "advance equity in federal procurement by providing underserved and disadvantaged businesses tools and resources to increase access to funding opportunities, and by helping promote safe and secure provision of services and supplies."¹⁰³

The Biden Administration has initiated a series of regulatory proposals and initiatives related to federal procurement, including USDA procurement of U.S. foods and agricultural products. In April 2024, DOD, GSA, and the National Aeronautics and Space Administration finalized regulations amending FAR to "restructure and update the regulations to focus on current environmental and sustainability matters and to implement a requirement for agencies to procure sustainable products and services to the maximum extent practicable."¹⁰⁴ The regulation dedicates FAR Part 23 to environmental matters and adds a definition of "sustainable products and services" (FAR 2.101), among other statutory and environmental purchasing program requirements. It also clarifies "reasonable price considerations" when considering procurement of

⁹⁹ See, for example, Third Way, "Shut Out: The Dearth of Opportunity for Minority Contracting," June 23, 2022, https://www.thirdway.org/report/shut-out-the-dearth-of-opportunity-for-minority-contracting.

¹⁰⁰ Congressional Black Caucus (CBC), "Tri-Caucus Chairs & Rep. Lee Call on Small Business Administration to Publish Complete Minority Contracting Data," press release, April 15, 2024, https://cbc.house.gov/news/ documentsingle.aspx?DocumentID=2505, and letter from leadership of the Congressional Asian Pacific American Caucus (CAPAC), CBC, Congressional Hispanic Caucus (CHC), and other congressional members to Isabella Casillas Guzman, Administrator, U.S. Small Business Administration, April 12, 2024.

¹⁰¹ Letter from 23 Members of Congress to Secretary Lloyd J. Austin III of the U.S. DOD, Administrator Robin Carnahan of the U.S. GSA, and Administrator Bill Nelson of the National Aeronautics and Space Administration, April 5, 2024, https://casten.house.gov/media/press-releases/casten-warren-escobar-23-lawmakers-urge-bidenadministration-to-finalize-climate-risk-disclosure-rule-for-federal-contractors.

¹⁰² See, for example, GAO, *Federal Spending Transparency: Opportunities to Improve USAspending.gov Data*, GAO-24-106214, November 2023.

¹⁰³ USDA, "Advancing Equity in Federal Procurement" (Strategy 5) in *Equity Action Plan: 2023 Update*, https://www.usda.gov/sites/default/files/documents/usda-equity-action-plan-2023.pdf. The plan references USDA's September 22, 2021, Office of Inspector General (OIG) audit, "USDA Oversight of Civil Rights Complaints," https://www.oversight.gov/report/USDAOIG/USDA-Oversight-Civil-Rights-Complaints.

¹⁰⁴ 89 Federal Register 30212, April 22, 2024.

a sustainable product or service, which could require adherence to certain water- and energyefficiency standards and guidelines from the U.S. Environmental Protection Agency.¹⁰⁵ A second ongoing rulemaking could require federal agencies to consider the social cost of greenhouse gas emissions when making purchases. These actions broadly relate to Executive Order 14057 ("Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability"), which includes USDA as a principal agency.¹⁰⁶ Relatedly, a White House fact sheet further urges federal agencies to consider the "social cost of greenhouse gases" in budgeting and purchasing decisions.¹⁰⁷

Separately, USDA is engaged in two regulatory actions that could expand USDA purchases of certain agricultural commodities, among other changes. One USDA-proposed rule, issued in 2022, would amend AGAR to implement modified labor standards for department contractors (48 C.F.R. Chapter 4).¹⁰⁸ A second USDA action requested public comments on the perceived barriers in AMS commodity contracting facing small businesses and businesses providing certified halal and kosher foods and organically produced foods.¹⁰⁹ Among the questions asked by USDA are what government business practices might "inhibit or deter small or underserved businesses, as well as halal, kosher, and organic providers, from participating in the USDA commodity procurement program" and how might USDA increase "utilization of small and underserved businesses, as well as halal, kosher, and organic providers, including Executive Order 14017, "America's Supply Chains";¹¹¹ Executive Order 14036, "Promoting Competition in the American Economy";¹¹² and Executive Order 13985, "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government."¹¹³

¹⁰⁵ FAR 23.103(a)(2). See also Jean Chemnick, "'Under the Radar': Biden Is Pushing 2 Big Climate Rules as First Term Ends," *Politico*, February 9, 2024, https://www.eenews.net/articles/under-the-radar-biden-is-pushing-2-big-climate-rules-as-first-term-ends/.

¹⁰⁶ 86 *Federal Register* 70935, December 13, 2021.

¹⁰⁷ White House, "Biden-Harris Administration Announces New Actions to Reduce Greenhouse Gas Emissions and Combat the Climate Crisis," September 21, 2023, https://www.whitehouse.gov/briefing-room/statements-releases/2023/09/21/fact-sheet-biden-harris-administration-announces-new-actions-to-reduce-greenhouse-gas-emissions-and-combat-the-climate-crisis/.

¹⁰⁸ 87 *Federal Register* 9005, February 17, 2022 (Docket USDA-2022-0002).

¹⁰⁹ 87 *Federal Register* 65185, October 28, 2022 (Docket AMS–CP–22–0014). The status of this rulemaking is not readily available.

¹¹⁰ Ibid.

¹¹¹ 86 Federal Register 11849, March 1, 2021.

¹¹² 86 Federal Register 36987, July 14, 2021.

¹¹³ 88 Federal Register 7009, January 20, 2021. For other related background, see CRS Report R46727, Defining a Socially Disadvantaged Farmer or Rancher (SDFR): In Brief, and CRS Report R47933, Programs for Beginning, Limited Resource, Veteran, Socially Disadvantaged, and Tribal and Indigenous Farmers and Ranchers and for Small Farms and Ranches.

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