

Impact of COVID-19 on Agriculture

Reviewing USDA's COVID-19 Food Purchase and Distribution Plans



Market Intel / April 23, 2020

As the COVID-19 pandemic grips America, many are struggling to meet their basic needs and adjust to rapidly changing access to everything from grocery stores to medical attention. And for the more than 26 million now-jobless Americans, being able to afford food may be more of a problem than being able to get to a well-stocked grocery store.

In order to expedite the delivery of food to needy Americans as quickly and efficiently as possible, USDA, with funding provided by lawmakers in the CARES act, has developed the [Coronavirus Food Assistance Program](#). The \$19 billion agriculture aid package includes \$3 billion dedicated to increased commodity purchases for food aid programs. This initiative, which will bring farmers and food banks closer together, will be in addition to USDA's existing food purchasing programs ([What's in USDA's New Coronavirus Food Assistance Program?](#))

Background

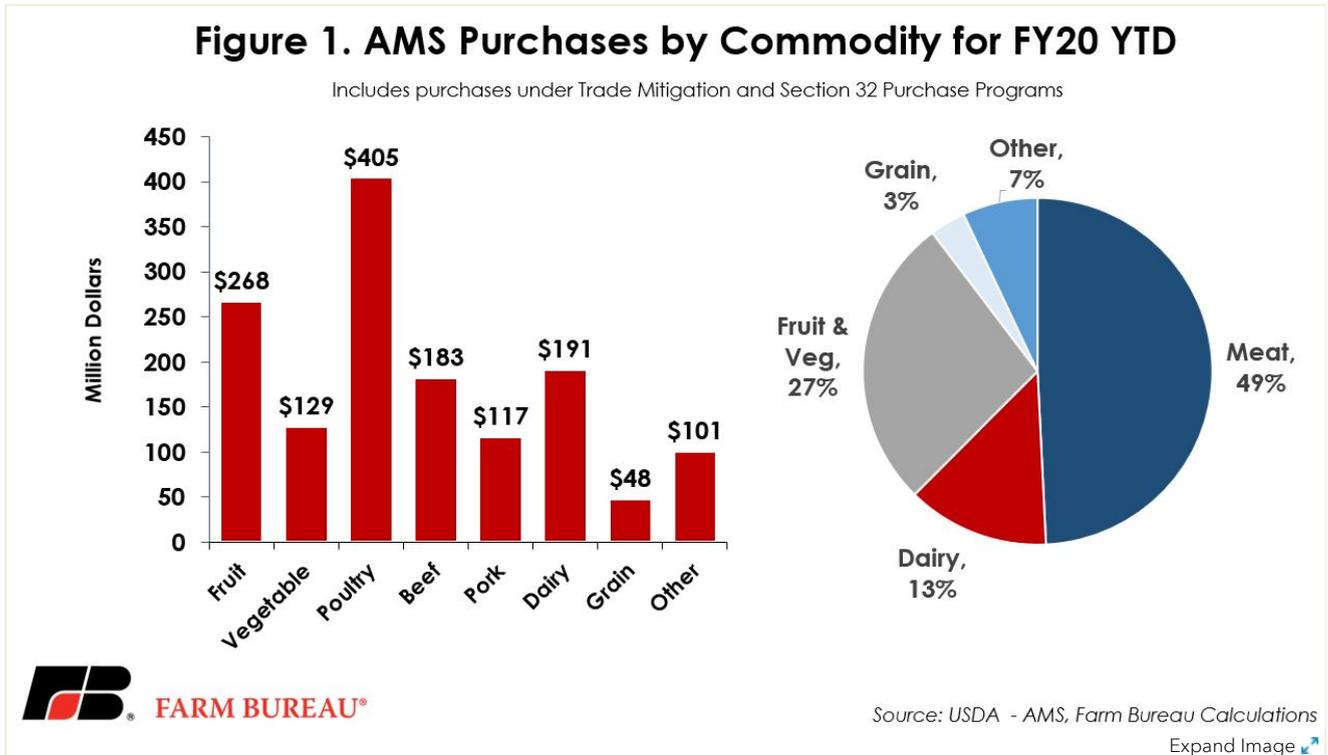
There are two main ways that USDA directly connects farmers with food aid programs: vouchers to utilize at farmers' markets and direct purchases through the Food Purchase and Distribution Program.

At [farmer's markets](#) across the country, participants of USDA's food aid programs are either able to use their electronic benefits transfer card directly with the vendor if the vendor is an approved SNAP retailer, or they can receive a voucher from the farmers' market authority to use at any vendor. The voucher system provides a simple avenue for all vendors at the market to utilize one [SNAP retailer license](#).

Under the direct [purchase program](#), USDA buys food from approved vendors who have proven they are able to supply U.S.-produced products, which the department distributes to states for use in food banks and local food pantries. An [approved vendor](#) must complete the vendor registration form, provide a company letter certifying the operation's capability to perform, and three letters of reference from customers. Then, the purchases are made through a standard [RFP, or solicitation, process and then awarded by USDA](#). The food purchase decisions are based on analysis conducted in the distribution region and comes through the solicitation process for what is in demand in that region.

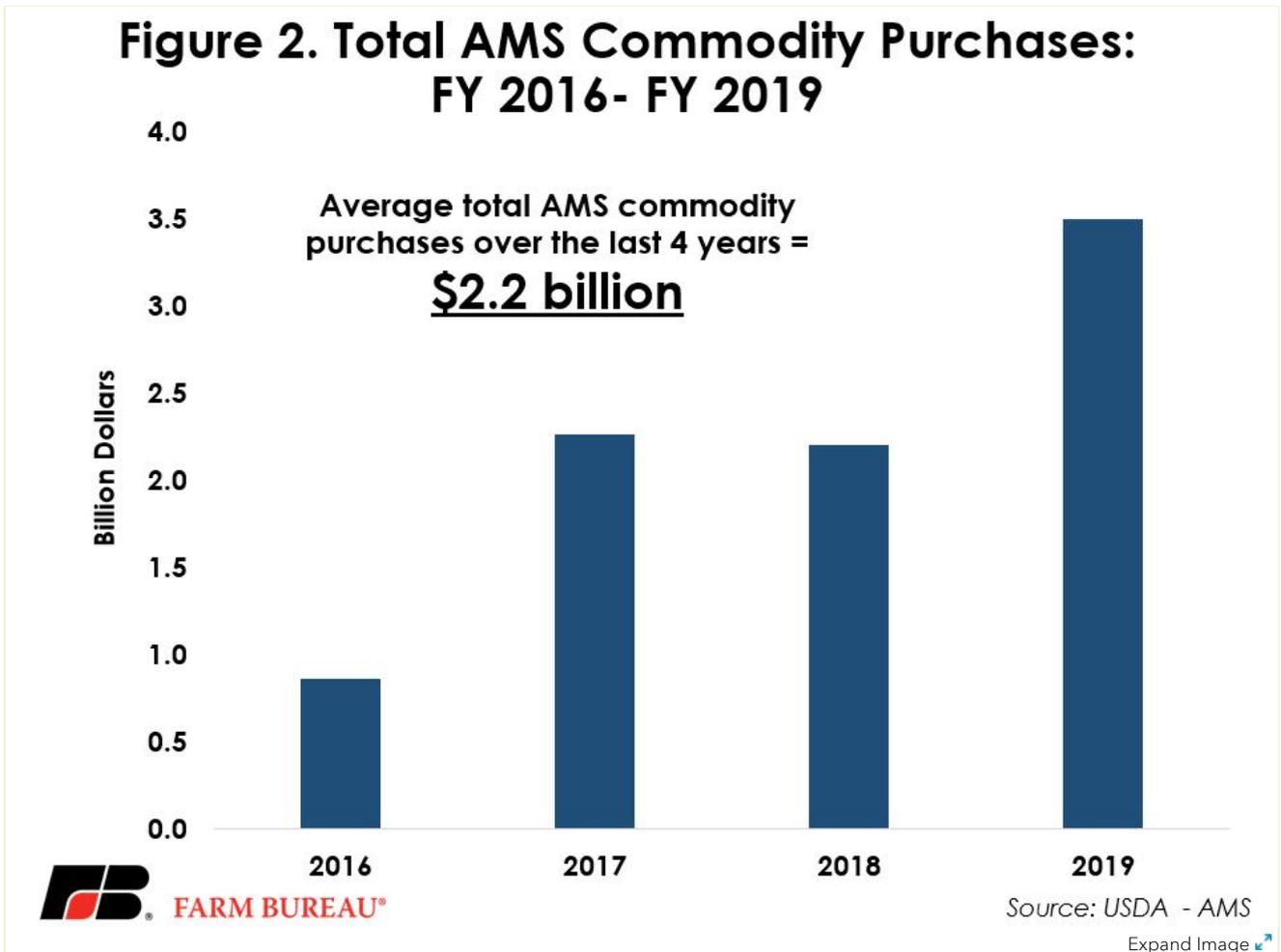
Program Purchases

Since October 2019 to the end of March 2020, USDA's Agricultural Marketing Service has purchased \$1.5 billion, or 1.4 billion pounds, worth of domestic food products to distribute to food aid programs. Nearly half of all AMS purchases in fiscal year 2020, 49%, have been poultry, beef, pork and fish products. Fruits and vegetables, including fresh and frozen products, account for 27% of fiscal year 2020 purchases so far. Figure 1 highlights the top commodity group purchases made up to March in fiscal year 2020.



AMS commodity purchases are based on solicitations on an ongoing basis for over 200 different foods. This includes solicitations issued under the Trade Mitigation and Section 32 purchase programs. The Section 32 purchasing account is funded by a permanent appropriation of 30% of the previous calendar year's customs receipts. The funds are made available to encourage the export of farm products through producer payments, domestic consumption of farm products by diverting surpluses to low-income groups, and reestablishing farmers' purchasing power by making payments directly to farmers.

The integration of the trade mitigation farm purchases helped to nearly double total AMS commodity purchases, which reached \$3.5 billion in fiscal year 2019, an increase of \$1.3 billion from fiscal year 2018. Figure 2 illustrates total AMS commodity purchases over the past four years, averaging \$2.2 billion from fiscal year 2016 to fiscal year 2019.



The CARES Act

The Coronavirus Aid Relief, and Economic Security Act provides a safety net for the major federal food security programs, allocating \$8.8 billion to school meal programs, \$15.8 billion to the Supplemental Nutrition Assistance Program, and \$450 million for USDA's Commodity Assistance Program. The funds provided to the Commodity Assistance Program are designated to prevent, prepare for, and respond to the coronavirus through emergency food assistance programs. The act provides an allowance of up to \$150 million for the costs associated with the distribution of commodities both domestically and internationally.

The funds provided to SNAP will help shore up the program through September 30, 2021, in preparation for the increase in the number of people who may become eligible for benefits during the current crisis. Of the \$15.8 billion, \$300 million is specifically designated for food distribution programs on Indian reservations, the Commonwealth of Northern Mariana Islands, Puerto Rico and American Samoa.

The Coronavirus Food Assistance Program: Purchase and Distribution

Using the funding and authorities provided under the CARES Act, and the Families First Coronavirus Response Act, USDA will partner with regional distributors to purchase \$3 billion in fresh produce, dairy and meat. The procurement process will follow a streamlined version of the commodity assistance programs, guidelines, with an estimated \$100 million per month each for dairy products, meat products, and fresh fruits and vegetables.

These purchases will then be provided in pre-approved food boxes to food banks, and community and faith-based organizations, as well as other non-profit organizations. The goal is to have the food boxes ready to distribute when they are delivered to the food bank, meaning all packaging sizes must be for households or smaller food service. USDA will award contracts for the purchase of the agricultural products, assembly of commodity boxes and delivery to identified non-profit organizations that can receive, store and distribute food items.

The food products available in AMS's commodity boxes will vary depending on regional supply and demand. USDA officials have announced priority commodities will be fresh fruits and vegetables, pre-cooked poultry and pork, and fluid milk. Aiming to provide food to those in need as quickly as possible, USDA will be issuing solicitations by April 24 and will begin shipping to food banks on May 15.

In addition to the \$3 billion set aside for food purchases in CFAP, USDA is authorized to spend the \$873.3 million available in the Section 32 account for a larger variety of commodity purchases to distribute to food banks.

Summary

Food purchase and distribution programs have created an important partnership between those in need of food assistance in the U.S., farmers and ranchers and food and agribusiness companies.

Despite the abundance of quality food products U.S. farmers grow, due to increased unemployment claims many Americans are more likely to need additional assistance to feed their families during this global emergency. USDA's program provides a valuable link to support those who grow food and those who need it most while minimizing food waste at the same time.

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