

**Testimony of Secretary Tom Vilsack
U.S. Department of Agriculture
before a Joint Hearing of the**

**Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and
Related Agencies of the Committee on Appropriations and the
House Subcommittee on Nutrition, Foreign Agriculture, and Horticulture of the Committee
on Agriculture**

September 11, 2024

Chair Harris, Chair Finstad, and members of the two subcommittees, thank you for the opportunity to speak before you today about the Food Distribution Program on Indian Reservations (FDPIR) and the Commodity Supplemental Food Program (CSFP), two of many important food assistance programs that USDA carries out. These programs, collectively, ensure that about 800,000 people receive dietary staples every month and have been dependable, accessible and accountable to the people who rely on them. I recognize that has not been the case for the past few months, and I accept responsibility for these delays and I apologize for the impact they have had on vulnerable communities. I am here today to commit to you that the U.S. Department of Agriculture is working diligently, creatively, and collaboratively to not just get them back on track expeditiously, but to improve them so they are even better suited than before to serve the needs of Tribes and seniors.

Many of you have asked for information on how we got where we are today. For well over a decade, FDPIR and CSFP were serviced nationwide by two food delivery contractors. These companies were contractually obligated to uphold a rate of 98 percent or better on-time delivery, which they met consistently, and which earned them strong reputations among many of the agencies and participants they helped us serve. Under Federal Acquisition Regulations, we could not extend their contracts past 2024, and we were required to open a competitive bidding process. We began this process in September 2022, and the deadline for submitting bids was September 11, 2023. Of the bids received, only one company, Paris Brothers, Inc., was judged as acceptable by the technical evaluation board, which consisted of cross-agency experts at USDA. All other offerors were determined to be unacceptable by the board. In addition, Paris Brothers has a solid track record dating back to 2007. Furthermore, in the submitted offer to USDA, Paris Brothers did not take exception to the requirements in the solicitation, which indicated its ability meet all requirements in the performance work statement. As a result, in January 2024, Paris Brothers was awarded a contract to deliver nationwide to both programs, work it had previously shared with another vendor.

Paris Brothers began deliveries under the new contract in April. USDA first heard reports of delayed deliveries from Tribes and CSFP agencies in May. In response, in June AMS staff began working with Paris Brothers on a corrective action plan to get deliveries back on track—including consolidating commodities, segmenting warehouses, and updating bin locations. Considering our long, trusted relationship with Paris Brothers, staff expected the company would be able to course correct and resume on-time deliveries.

Unfortunately, the reports of delays and other disruptions continued to increase. In June, USDA began to meet with the National Association of Food Distribution Programs on Indian Reservation (NAFDPIR) and conducted an on-site audit of the Paris Brothers' Kansas City warehouse. In July, it became clear that the situation would not be remedied without immediate interventions and additional support from USDA.

Since this was brought to the attention of the Office of the Secretary in late July, USDA has taken an all-hands approach to resolve the contractor delays and resume regular, on-time deliveries to all communities that depend on the FDPIR and the CSFP. We have already implemented multiple actions to address immediate needs as we work to restore a fully functional and dependable food distribution system.

USDA's first order of business has been to use every tool we have available to get food to where it is needed as soon as possible. USDA is utilizing resources available to us to fill inventory gaps and provide immediate relief, while also working with the contractor to help resolve the delays and return to accurate and on-time deliveries to FDPIR and CSFP sites.

Over the past month, USDA has made available four short-term options to help FDPIR program sites obtain food as quickly as possible. These options include making use of The Emergency Food Assistance Program (TEFAP), accessing Commodity Credit Corporation (CCC) Funds to purchase domestic food, expanding deliveries through the USDA Department of Defense Fresh Fruit & Vegetable Program (USDA DoD Fresh) to include items beyond produce, and purchasing local foods through Local Food Purchase Assistance Cooperative Agreements (LFPA). These options have been communicated to Tribal leaders and FDPIR administering agencies in formal written communications and on regular calls. The CCC Funds, TEFAP, and LFPA options are also available to get domestically produced food to CSFP operators. Where possible, USDA is also shipping USDA commodities directly to CSFP agencies, rather than going through Paris Brothers.

More recently, USDA has stood up a team of 20+ dedicated case workers who have initiated twice weekly phone calls to all FDPIR and CSFP administering agencies. That team is helping to augment the contractor's customer service abilities, provide updated information on the status of orders and deliveries to CSFP and FDPIR programs, and gather critical data on food inventory levels, delivery and receipt schedules, and other site-specific program information. These communications provide USDA with a better understanding of the impact of the short-term measures we have put in place to temporarily fill gaps, and will assist us in prioritizing orders and targeting contractor deliveries to those operators most in need.

Since making those four options available, as of September 9, 2024, 20 states have been approved for the situation of distress option under TEFAP. In the weeks since the \$11 million in CCC funds were made available to FDPIR administrators, 60 Indian Tribal Organizations (ITOs) out of the 110 administering agencies have opted to sign agreements. USDA has processed funds for 59 of those 60 ITOs. USDA has also made available up to \$36 million in CCC funds to CSFP administering agencies; as of September 9, 2024, 44 of 60 CSFP agencies have elected to receive these funds. Lastly, deliveries to ITOs in multiple states have begun through a temporary expansion of DoD Fresh.

USDA continues to meet with Paris Brothers' ownership to discuss corrective actions and with Paris Brothers' staff to discuss logistics improvements, deliveries, and prioritization for those administering agencies with the lowest inventories. USDA has also conducted onsite warehouse examinations and has modified the contract to gain viewing access to the Paris Brothers' schedule of deliveries. We have also looked beyond our expertise at USDA and have had access to senior logisticians from the Federal Emergency Management Agency to help with assessments for how to best remedy food logistics management challenges in Paris Brothers' warehouses.

While all parties are working around the clock to resolve these issues as soon as possible, regretfully we expect it will take some additional time before a full return to normal operations and inventory levels. In the meantime, we will continue to support FDPIR and CSFP administering agencies in utilizing the alternative means of support.

We also understand that clear, consistent communication is critical during this time, and we continue to prioritize outreach. We are meeting with NAFDPIR and Tribal leaders on a weekly basis, with more communications with other program staff as necessary, to keep them updated on assistance that is available and progress that is being made. We are also communicating with CSFP program operators – including through regular calls – to assist them in accessing these options, to understand the changing dynamics on the ground, and to keep them updated on progress in resolving these challenges.

The situation on the ground is very fluid and changes by the day as food orders are processed, picked, and delivered. Delays and disruptions may continue for some time. Still, since the Department stood up a whole-of USDA response in July to address this emergency situation, we have made strong progress toward stabilizing the situation. Paris Brothers has steadily increased from shipping 94 trucks the week of August 5, to 140 trucks the week of August 19, to 155 trucks the week of August 25 and to 125 trucks the week of September 1 (which includes the Labor Day holiday). During the month of August, Paris Brothers consistently met and is now exceeding the number of weekly outbound trucks required in the remediation plan to improve deliveries for USDA Food to FDPIR and CSFP customers.

Although there is still work to be done to bring every participating location to the levels of inventory that support the issuance of complete, quality food packages to all participants, we are seeing some improvement. There are two primary data points that we are tracking to evaluate these distribution challenges and how our interventions are closing the gap: food inventory levels and the number of truck shipments per week. As of August 22, data showed that approximately 50 percent of Indian Tribal Organizations had inventory below two weeks in one or more food package categories, which was consistent with the preceding two weeks. As of September 4, we're seeing modest, but meaningful improvement: 38 percent of ITOs have inventory below two weeks in one or more categories. This data does not reflect the direct food purchases and food deliveries that are the result of the four additional measures we have put into place which we know are having a positive impact on inventories. I want to be clear: we know that this number is still unacceptable, and we are committed to returning all ITOs and CSFP agencies to standard inventory levels of 1-3 months and regular, on-time deliveries. While this cannot

happen quickly enough, we are encouraged by this positive trend, and we will continue to track it closely and provide updates.

The increased number of shipments per week, and the downward trend in the overall number of ITOs with less than two weeks of inventory in one or more categories, indicates the steps USDA has taken in the past few weeks are moving the needle. Paris Brothers' efforts to add staff and increase efficiencies with warehouse space are resulting in performance improvements.

Tomorrow, USDA is holding a Tribal consultation, with another scheduled in October. These are only some of the steps we are taking to rebuild a stable program that reflects Tribal and stakeholder feedback. USDA is undertaking a review of our procurement processes and procedures both within FNS and AMS and at the Department level to identify places where we can make changes that would prevent similar circumstances from occurring in the future.

As the short-term solutions we identified are taking root, USDA is also working to resolve the issue in the medium to long-term. In late August, USDA executed an emergency contract with Americold to provide receiving, storage, and distribution services to help resume on-time deliveries of multi-food orders for CSFP and FDPIR. USDA is in the process of filling the Americold warehouses with the appropriate quantities of food and setting up ordering catalogs for recipients.

This emergency contract is another step in a much broader effort to offer solutions for the immediate term while addressing underlying issues to restore a fully functional and dependable regular distribution system. We are also working toward a longer-term solution. This experience has underscored the importance of redundancy and distributed distribution capacity. To that end, USDA is considering ways to create additional distribution services that will allow for a more resilient distribution system. We will invite input from Tribes, CSFP agencies and other stakeholders so that ideas such as regionalizing distribution systems are properly considered. The end result of Tribal consultation and stakeholder dialogue is expected to be a more modern and responsive system that is better aligned with the needs of FDPIR and CSFP customers than the current one, and incorporates Tribal self-determination wherever possible.

As we take steps to build resiliency and improve the FDPIR and CSFP programs for the long-term there may be places where we run into statutory or financial barriers. We will continue to be thoughtful about making these visible to Congress.

This emergency is partially a result of poor communication and a lack of clear understanding of expectations, and for that we take responsibility. There are several places where we did not take steps that we should have taken—from the selection of a single contractor, to the initiation of the contract itself, to ensuring the contractor fully understood the requirements of the contract. USDA remains deeply committed to transforming America's food system to ensure access to safe and nutritious foods in all communities we serve, and to better partnering with Tribal Nations in empowering Tribal food sovereignty.

We will continue to work hand-in-hand with Tribal Nations, CSFP agencies, and other partners on a path forward that ensures our systems are resilient, reliable, and able to meet our partners' needs. We look forward to discussing this important issue with you today.