

**Statement by
Greg Ibach
Under Secretary for Marketing and Regulatory Programs
Before the House Committee on Agriculture
Subcommittee on Nutrition, Oversight, and Department Operations
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Chairwoman Fudge, Ranking Member Johnson, and members of the subcommittee and full committee, thank you for the opportunity to appear before you today to discuss the Farmers to Families Food Box Program (FFFBP). I am Greg Ibach, Under Secretary for USDA's Marketing and Regulatory Programs mission area. With me today is Bruce Summers, Administrator for the Agricultural Marketing Service (AMS), the agency which implements the FFFBP.

Today, I would like to provide you with background on the formulation and implementation of the program, the current status of activities, AMS' contracting and oversight of the program, and next steps.

BACKGROUND

As part of the Coronavirus Food Assistance Program Secretary Perdue announced on April 17, USDA utilized authority under the Families First Coronavirus Response Act to purchase and distribute agricultural products to those in need. Through FFFBP, AMS partners with national, regional and local suppliers, whose workforce has been significantly impacted by the closure of restaurants, hotels and other food service businesses, to purchase up to \$3 billion in fresh produce, dairy and meat products. Specifically, the announced objective of the program was to purchase an estimated \$100 million per month in fresh fruits and vegetables, \$100 million per month in a variety of dairy products, and \$100 million per month in meat products. The program supplies boxes packaged with fresh fruits and vegetables, dairy products, meat products and a combination box of fresh produce, dairy or meat products. Suppliers package these products into family-sized boxes, then transport them to food banks, community and faith-based organizations, and other non-profits serving Americans in need.

In just a few short weeks, USDA stood up FFFBP as a new and innovative multi-billion-dollar COVID response program to address three critical needs simultaneously: to provide markets for farmers faced with declining demand and the crisis of food rotting in fields and animals being euthanized; the food needs of newly unemployed Americans; and helping put suppliers and distributors back to work. I would like to stress two important points: all commodities purchased, packaged, and delivered are of 100 percent domestic origin and no vendor is paid until proof of delivery and compliance with the contract is confirmed.

CURRENT STATUS

The first round of purchases, for which \$1.2 billion was allocated, occurred from May 15 through June 30, 2020. USDA received approximately 550 bids and awarded 198 contracts just one week after the bids were due. During this first round, 35.5 million food boxes were delivered to over 10,000 non-profit organizations across the United States including Guam, and Puerto Rico. These boxes provided hundreds of millions of meals to needy Americans.

On July 1, 2020, USDA announced the approval up to \$1.27 billion in 189 extended contracts and up to \$218 million in 17 new contracts to support American producers and communities. In this second round of purchases, the program will purchase \$523 million in fresh fruits and vegetables, \$288 million in a variety of dairy products, \$233 million in meat products and \$444 million in a combination box of fresh produce, dairy or meat products.

As a part of the original request for proposal, USDA provided an option for vendors to offer delivery of boxes from July 1 – Aug 30. USDA exercised this option for the next performance period, however, vendor performance was critical to receiving a contract extension. Evaluation criteria for contract extensions included successful delivery of promised boxes, product quality, and safety, among other factors. Additionally, some contracts were not extended at the vendors' request or reduced based on information provided by the contractor.

USDA approved up to \$218 million in new contracts, via a new acquisition activity, with select vendors whose offers were not previously accepted due to various issues in their proposals. These distributors will help direct food to underserved areas and will have an increased focus on Opportunity Zones in order to direct food to reach underserved areas, places where either no boxes have yet been delivered, or where boxes are being delivered, but where there is additional need. A full, updated, list of current suppliers is available on the AMS website.

As of July 17, 2020, 43.5 million food boxes have been invoiced.

In addition, a survey was conducted during the week of June 22-26, 2020, of contractors participating in the program focused on the impact of their ability to retain, recall, or hire employees and on the extent FFFBP helped to offset losses caused by COVID-19 mitigation efforts. Approximately 70 percent of the contractors provided feedback on a series of questions.

Responders were asked to rate the impact of the program on their company using a scale of 1 to 10 with 1 having no impact and 10 having the greatest impact. All 135 responders provided feedback with just over half (55 percent) giving the program the maximum rating of 10. Fully 85 percent rated the program as 8 or higher with 13 percent scoring it between 5 and 7 and just over one percent rating the program less than 3.

Another question sought to gauge the effect of FFFBP on the contractor's ability to avoid furloughs, layoffs, or other such actions. Of the 100 responses received, 72 percent indicated that FFFBP did have a positive effect on their ability to retain staff. Respondents collectively identified that they either retained or created over 5,000 jobs.

When asked if their participation in FFFBP helped them to offset losses caused by COVID-19 mitigation efforts, of the 135 who responded, 95 percent said that it did. Of those surveyed, 96 percent indicated that participation in FFFBP helped them to form new relationships with non-profit, community organizations, or religious organizations with the same percentage indicating that they intend to maintain these new relationships.

CONTRACTING AND OVERSIGHT

Utilizing contracting flexibilities provided by Federal Acquisition Regulation (FAR) Part 18 during an emergency declaration, USDA designed a process to rapidly vet and approve contractors to participate in the program. The vetting process relied on answers to a Request for Proposals. Offerors described the capabilities they had for achieving performance under the contract.

Like other Federal contracts administered by USDA, FFFBP and its awardees must adhere to FAR and other regulations. All proposals were carefully reviewed by a team of approximately 18 contracting and technical experts, and contracts were made accordingly. Proposals for the FFFBP were evaluated by (in descending order of importance) the technical information; past performance of the offeror; the offeror's capability to perform; and the prices offered. The requirement of the RFP was to submit a price per box to the Government, which was all inclusive, including product, boxes, assembly of the boxes, and transportation to the distribution site. Prices were evaluated in accordance with contracting regulations to ensure fair and reasonable pricing. Prices per box varies based on size and contents, but the average value is approximately \$30 per box. Offerors must have met all criteria in order to be competitive and must have, or be able to acquire, a Perishable Agricultural Commodities Act (PACA) license to comply with the contractual requirement. All current contractors have valid PACA licenses.

As part of the proposal, applicants described their capabilities for achieving performance under the contract. Demonstrations of this capability included, but were not limited to, commercial experience; business ethics and integrity standards; food safety and/or regulatory audits, inspections, certifications and approvals; and a demonstration of financial capability to perform. Each vendor awarded a contract provided three past performance references for similar contract/orders completed within the past three years (or contracts and orders which were currently being completed). The amounts and locations awarded were based on the offers received and the evaluation of those offers.

Regarding oversight, there are safeguards in place to protect taxpayers' funds and ensure that relevant laws and regulations are followed. USDA provides oversight throughout the contract period, conducting robust audits to ensure food safety plans are followed, that only domestic produce is provided, and that quality products are delivered, among other contract administration matters. Contracts require suppliers to source food from producers, prepare the boxes of items identified in their proposal, and deliver the boxes to non-profit organizations on a mutually agreeable, recurring schedule, while adhering to the high USDA food safety protocols. Payment is only made upon the submission of an invoice documenting evidence of delivery and adherence to the contractual requirements.

In addition, the Contracting Officer is responsible for monitoring the performance of all contractors. If there are concerns, contractual remedies may be used, which could include termination. USDA has chosen to exercise this right in two situations. As with any new program, evaluations are ongoing to assist USDA in determining whether any adjustments are needed.

NEXT STEPS

The program was designed to put American farmers and distributors of all sizes back to work while supporting over-burdened food banks; community and faith-based organizations; and other non-profits serving Americans in need. USDA continues to prioritize working with impacted businesses of all sizes

and across all regions of the United States, to ensure maximum positive impact of the program during the COVID-19 pandemic.

USDA also understands that challenges and lessons learned have been identified throughout the current program.

Some of these challenges and lessons learned include:

- Last mile distribution and the costs associated with that distribution;
- Nonprofit access to all types of food boxes; and
- Variation in box size and contents.

While I cannot provide specific details on how each of these challenges will be addressed because this is a Federal contract activity, later this week, USDA will announce an opportunity for new and current vendors to submit proposals to utilize approximately \$500 - \$700 million that will be remaining when current contracts expire on August 31.

CONCLUSION

In the early days of the pandemic in March and April, USDA recognized the impacts to farmers, families, and sectors of the agricultural supply chain and responded by establishing this new program in a relatively short period of time. Tens of millions of boxes have been delivered resulting in hundreds of millions of meals being provided for needy Americans. As Secretary Perdue has stated on multiple occasions, the program is a “win-win-win.” While the feedback received by the Department has been overwhelmingly positive, we are constantly evaluating program operations and inviting input in order to ensure the program continues to have as positive an impact as possible. Again, thank you for the opportunity to be here today and I am happy to answer any questions you may have.