



Commodity Procurement

Commodity Procurement Branch
Fruit and Vegetable Programs
USDA, Agricultural Marketing Service
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Program Information

The U.S. Department of Agriculture buys food from industry vendors and arranges deliveries to U.S. schools and charitable outlets. In addition to helping to feed hungry Americans, these purchases are conducted to aid U.S. farmers facing poor market conditions due to excess supply.

Food recipients include the participants of the National School Lunch Program, the Summer Food Purchase Program, the Food Distribution Program on Indian Reservations, the Nutrition Program for the Elderly, the Commodity Supplemental Food Program, the School Breakfast Program, and the Emergency Food Assistance Program, along with survivors of natural disasters.

Using congressionally appropriated funds and shares of tariff duties collected by the U.S. Customs Service, the procurement program is performed under a number of different laws:

- Section 32 of the Agricultural Adjustment Act of 1935
- Section 6 of the National School Lunch Act
- Sections 4(a) and 17 of the Agriculture and Consumer Protection Act of 1973
- The Hunger Prevention Act of 1988
- Section 311 of the Older Americans Act of 1965

The National School Lunch Program is by far the largest recipient of USDA purchases. Two types of School Lunch purchases are routinely made: entitlement purchases and bonus buys.

Entitlement purchases are made on a regular basis for schools participating in the National School Lunch Program. These purchases help schools fulfill the numerous nutritional requirements for the program. The term “entitlement” refers to the amount of money per meal which



participating school districts may claim. Each participating district receives a certain dollar value

of USDA-purchased commodities through the use of entitlement funds provided in its school lunch program.

Bonus buys provide market relief when producers of a particular product face poor market conditions and additional outlets are needed to ease a surplus situation. USDA routinely tracks the economic conditions faced by U.S. fruit and vegetable producers, and when a supply crisis develops, USDA can act quickly to assist the industry.

Recipients under the various food donation programs (including schools) are surveyed to determine if they can efficiently use various products. In this way, the Bonus Surplus Removal Program provides the double benefit of providing sales to farmers undergoing difficult market conditions, while providing Americans in need with wholesome food.

Procurement Process

USDA's procurement program is a coordinated effort. The **Agricultural Marketing Service (AMS)** gathers competitive bids from vendors and awards contracts to the lowest responsible bidders. The **Food and Nutrition Service** ensures that quantity, quality, and variety of purchased commodities meet specific needs of food recipients. The **Farm Service Agency** administers payments to vendors to whom contracts have been awarded.

AMS works to ensure that all of the food it purchases, whether with entitlement or bonus funds, is healthful and nutritious. Food items are normally required to be low-fat, low-sugar (for instance, juice-pack rather than syrup-pack canned fruits), and low-sodium. Also, AMS buys only products of 100 percent domestic origin. Prior to delivery, product is also required to undergo inspection by the Federal-State Inspection Service.

In recent years, the AMS Fruit and Vegetable Programs' Commodity Procurement Branch has spent an average of \$300 million annually to purchase approximately 700 million pounds of fruit, vegetable and nut products.

Once USDA determines that a purchase is appropriate, the Commodity Procurement Branch publicly announces its general plan to buy a commodity in a *Food Purchase Report Offer to Buy*. After ascertaining the needs of recipient organizations, the Branch follows with an *Invitation for Offers*, stating specific quantities, packaging, qualities and delivery date requirements.

In virtually all cases, competitive bids are received by the Commodity Procurement Branch, and contracts are awarded to the low bidders. Bidders must comply with Federal and USDA purchasing regulations, policies, and guidelines. Commodities must meet minimum specified grade requirements and be USDA-inspected to ensure quality.

Vendors wishing to sell food products to USDA can access all necessary documents through the Internet at www.ams.usda.gov/fv/fvcomm.htm.

Contacts

For more information, contact the Commodity Procurement Branch, Fruit and Vegetable Programs, Agricultural Marketing Service, U.S. Department of Agriculture, 1400 Independence Avenue, SW, Room 2546-South, Stop Code 0239, Washington, DC 20250-0239. Telephone: (202) 720-4517. FAX: (202) 720-2782. E-mail: Suzanne.Rigby@usda.gov. Internet: www.ams.usda.gov/fv/fvcomm.htm.

Notes

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