



September 16, 2020

Congressional Committees

### **Agriculture Spending: Opportunities Exist for USDA to Identify Successes and Challenges of the Farmers to Families Food Box Program to Inform Future Efforts**

Coronavirus Disease 2019 (COVID-19) has caused disruptions in the U.S. food supply chain, from the farms where raw agricultural commodities are produced to the food processing and distribution network that enables these commodities to be used by consumers. The closure of institutions (e.g., schools, restaurants, and hotels) made it difficult for agricultural producers to market their commodities, leading to the spoilage of crops, dumping of milk, and euthanization of livestock. As part of its response to the pandemic, the U.S. Department of Agriculture (USDA) developed the Farmers to Families Food Box Program. Through this program, USDA plans to purchase up to \$3 billion in fresh fruits and vegetables, dairy products, and meat products; contract with distributors to package these products into family-sized boxes; and transport these boxes to food banks, community and faith-based organizations, and other nonprofits that will then provide the food boxes to persons in need. The program is implemented through USDA's Agricultural Marketing Service and involves about 200 contractors.

We reviewed the Farmers to Families Food Box Program in response to a provision in the CARES Act for GAO to conduct monitoring and oversight of the use of funds made available to prepare for, respond to, and recover from the COVID-19 pandemic. Specifically, our objective was to review the key actions USDA has taken, to date, to respond to and recover from COVID-19. We last reported on the Farmers to Families Food Box Program in June 2020 as part of GAO's mandated 90-day report to Congress.<sup>1</sup> We conducted this work as part of GAO's mandated 60-day report to Congress. We reviewed the most recent USDA Farmers to Families Food Box Program delivery data on its website as of August 27, 2020; federal laws, agency policy and other guidance, and expenditure data provided to us by USDA as of August 14, 2020; and written responses to our questions by USDA officials in the Agricultural Marketing Service. We determined that the USDA Farmers to Families Food Box Program delivery data and obligations and expenditures data were sufficiently reliable for the purpose of describing delivery and spending information. We examined USDA's implementation of the Farmers to Families Food Box Program, including the collection and evaluation of information and assessing USDA's approach against relevant guidance from the Office of Management and Budget (OMB) and *Federal Standards for Internal Control*.<sup>2</sup> GAO continues its work on various

<sup>1</sup>GAO, *COVID-19: Opportunities to Improve Federal Response and Recovery Efforts*, GAO-20-625 (Washington, D.C.: June 25, 2020).

<sup>2</sup>Office of Management and Budget, *Increased Emphasis on Program Evaluations*, OMB Memorandum M-10-01 (Washington, D.C.: 2009); Office of Management and Budget, *Evaluating Programs for Efficacy and Cost-Efficiency*, OMB Memorandum M-10-32 (Washington, D.C.: 2010); and GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014). Specifically, the monitoring control activities component of the Federal Standards for Internal Control—that management should establish and operate monitoring activities to monitor the internal control system and evaluate results—was significant to this objective.

aspects of the program, including program implementation and contracting. We conducted this performance audit from June 2020 to September 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **USDA Continues Spending on the Farmers to Families Food Box Program**

As of August 14, 2020, USDA continued to spend funds for food purchases for redistribution to food banks, nonprofits, and other entities as part of the Farmers to Families Food Box Program. USDA reported on its website that through this program, it has delivered more than 74 million food boxes to nonprofits, food banks, and other entities throughout the country since May 15, 2020, (as of August 27, 2020). According to USDA, the agency obligated \$2.6 billion during the first and second rounds of the program—entering into 190 contracts during the first round and adding 16 contracts during the second round. On July 24, 2020, USDA announced a third round of the program for purchases that would spend the balance of the \$3 billion allocated for the program (or about \$450 million). Finally, on August 25, the administration and USDA announced that USDA intends to add up to \$1 billion to the third round of the program. Table 1 shows the obligations and purchases (or expenditures), as of August 14, by each round of the program.

**Table 1: Obligations and Purchases for Each Round of the U.S. Department of Agriculture's Farmers to Families Food Box Program, as of August 14, 2020  
(in dollars)**

	<b>Round 1 (May 15 through June 30, 2020)</b>	<b>Round 2 (July 1 through August 31, 2020)</b>	<b>Round 3 (September 1 through October 31, 2020)</b>	<b>Total</b>
Obligations	1.11 billion	1.44 billion	To be determined	Up to 3 billion
Purchases (or expenditures)	949 million	672 million	To be determined	To be determined

Source: U.S. Department of Agriculture. I GAO-20-711R.

Notes: According to USDA, expenditures (or purchases) are determined by the payments USDA makes on invoices it receives from contractors. As of August 14, 2020, USDA had not announced contracts for Round 3 of the program. USDA stated that \$1 billion will be added to the third round of the program.

### **USDA Implementation of Farmers to Families Food Box Program Includes Some Oversight and Monitoring Mechanisms but Has Not Included Program Reviews**

As we reported in June 2020, according to USDA, the Farmers to Families Food Box Program represents a completely different way of doing business for USDA.<sup>3</sup> USDA officials told us they consider the program a success, having implemented an innovative, multi-billion-dollar system for purchases and redistribution in weeks. According to officials, the need to move quickly created numerous implementation challenges, including limited time to design and implement the program, lack of suppliers and recipient agencies, limited staff, and use of a new contracting approach by the Agricultural Marketing Service.<sup>4</sup>

<sup>3</sup>GAO-20-625.

<sup>4</sup>According to USDA, this contracting approach was new to the Agricultural Marketing Service, not to the federal government. Specifically, USDA used contracting flexibilities provided by Federal Acquisition Regulation (FAR) Part 18 which streamlines standard acquisition processes during an emergency declaration.

On July 24, 2020, USDA announced a third round of spending, as described above. For this third round of spending, USDA said it would first approve a pool of potential contractors (through an initial solicitation) who are qualified to respond to region-specific solicitations for food box deliveries in food insecure communities around the country. According to USDA officials, the focus on providing food to food insecure communities is a programmatic change from the first two rounds of the program. The first two rounds of the program, according to USDA, focused on purchasing surplus food from farmers and other agricultural entities and routing the food to any community rather than targeting specific communities. USDA made other changes related to the initial solicitation for this pool of contractors. For example, USDA will require contractors to cover all costs, including the “last mile,” which includes delivery to the recipient of the food box.<sup>5</sup> According to USDA, including costs for the “last mile” ensures that food banks do not incur costs to provide food boxes. USDA had not issued region-specific solicitations and did not have a timeline for doing so, as of July 28, 2020.

USDA has said that it has developed various oversight and monitoring mechanisms as part of its program implementation approach.<sup>6</sup> In July 2020, USDA reiterated what it stated on its website—that it would oversee the Farmers to Families Food Box Program throughout the contract period by conducting audits of, among other things, contractors’ plans for ensuring that the food deliveries are safe for consumption. In addition, according to USDA, the program conducts a range of oversight activities such as producing reports from its electronic system to track delivery progress at the contractor level on a state-by-state basis and nationwide. USDA also stated that it has a range of oversight options to monitor and address fraud by contractors. For example, USDA officials told us that even though the Farmers to Families Food Box Program is new, USDA is conducting ongoing evaluations regarding potential fraud risks. However, according to USDA officials, USDA has not evaluated programmatic aspects for the first two rounds of the program. USDA said in July 2020 that it developed the Farmers to Families Food Box Program as a short-term solution to hardships faced by American farmers due to the COVID-19 outbreak. According to USDA officials, changes to the program for the third round were a result of emails, phone calls, and letters from industry associations, recipient organizations, Congress, and others providing feedback on the program.

While the Farmers to Families Food Box Program is not a permanent program, there are opportunities to identify successes and challenges from the implementation of the program and to obtain lessons learned that could be used to inform future similar efforts or if the program is extended. This would be consistent with OMB guidance on the use of evaluations and other forms of evidence and federal standards for internal control to strengthen the design and operation of programs. The guidance and standards outline the need to conduct evaluations for program effectiveness and reviews and evaluations as a feature of monitoring within an internal control system, respectively.<sup>7</sup> Evaluations can be separate or a part of ongoing monitoring, at a

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<sup>5</sup>According to USDA, the “last mile” is defined as the final movement of goods from a transportation or distribution hub to the final delivery destination—the individual user of the food box.

<sup>6</sup>Members of Congress continue to raise questions about USDA’s implementation of the Farmers to Families Food Box Program. The first two rounds have faced questions about accountability and transparency around program participation, contractor qualifications, and food distribution decisions. In an August 24, 2020 letter to the Secretary of Agriculture, the U.S. House of Representatives Select Subcommittee on the Coronavirus Crisis announced that it is conducting an investigation into the program.

<sup>7</sup>GAO-17-743.

specific time, or of a specific function or process. The *USDA FY 2018-2022 Strategic Plan* also emphasizes the role of evaluation in improving USDA's programs.<sup>8</sup>

USDA officials indicated that, to date, they have focused on oversight efforts related to contractor performance, as described earlier. Going forward, an evaluation, for example, could focus on better understanding program participation, stakeholder perspectives, and lessons learned for future programs. As described earlier, one change USDA made for the third round of spending was the inclusion of costs for the "last mile" of delivery to the recipient of the food box. Program reviews or an evaluation focused on the perspectives of nonprofits, food banks, and other entities —a key stakeholder group in the program— could allow USDA to incorporate additional changes for this stakeholder group, for example. By conducting an evaluation of the Farmers to Families Food Box Program after the third round of the program, USDA would have better assurance it has identified successes and challenges from its implementation of the program that could be used to inform future similar efforts or if the program is extended.

## **Conclusions**

As part of USDA's response to the pandemic, it developed and implemented the Farmers to Families Food Box Program in a matter of weeks and, according to the department, has delivered millions of food boxes. Getting food out quickly was a necessity to address farmers' surplus food because of institutional closings and to provide food to the public. USDA has implemented some changes for the third round of the program. By conducting an evaluation of the Farmers to Families Food Box Program after the third round of the program, USDA would have better assurance it has identified successes and challenges from its implementation of the program that could be used to inform future similar efforts or if the program is extended.

## **Recommendation for Executive Action**

The Secretary of the U.S. Department of Agriculture should direct the Agricultural Marketing Service to conduct an evaluation of the Farmers to Families Food Box Program after the third round of the program. (Recommendation 1)

## **Agency Comments and Our Evaluation**

We provided a draft of this report to USDA for review and comment. In its comments, USDA stated that it appreciated the opportunity to respond to the report; and, did not explicitly agree or disagree with our recommendation.

First, USDA stated that rather than evaluating the programmatic aspects for the first two rounds of the program, the Agricultural Marketing Service initiated an internal review of the program at the beginning of August 2020. This internal review, according to USDA, includes a risk-based methodology to verify that procurements were properly accounted for and that payments made to vendors were based on appropriate documentation provided by non-profit organizations. USDA said that, in the agency's view, such review would be more impactful, cost-effective, and provide assurance that funds were adequately expended. Second, according to USDA, the Farmers to Families Food Box Program is expected to be completed by the end of October 2020. Therefore, USDA stated, the costs of conducting an evaluation after the program is over would seem to outweigh the benefits. Finally, USDA said that any reviews could be redundant

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<sup>8</sup>U.S. Department of Agriculture, *USDA Strategic Plan FY 2018-2022* (May 2018).

because the program is being reviewed internally by the Office of the Chief Financial Officer and externally by GAO and the USDA Office of Inspector General.

We agree that the types of reviews that USDA cites are important to assuring that funds are properly spent and contractors are monitored for compliance. Such reviews are an expected component of on-going monitoring in a program. We continue to believe that by conducting an overall evaluation of the Farmers to Families Food Box Program after the third round of the program, USDA would have better assurance it has identified successes and challenges which could inform future efforts to address similar situations. The overall evaluation, for example, could consider the results of the procurement reviews USDA cites as well as lessons learned about the program's design and implementation approach, including the views and perspectives of participants and stakeholders.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of the Department of Agriculture, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3841 or [morriss@gao.gov](mailto:morriss@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in Enclosure I.



Steve D. Morris  
Director, Natural Resources and Environment

Enclosures – 1

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**Enclosure I: GAO Contact and Staff Acknowledgments**

**GAO Contact**

Steve D. Morris, (202) 512-3841 or [morriss@gao.gov](mailto:morriss@gao.gov)

**Staff Acknowledgments**

In addition to the contact named above, Tahra Nichols (Assistant Director), Sahar Angadjivand, Tara Congdon, Steve Cleary, Andy Furillo, Marc Meyer, Amanda Mullan, and Lillian Slodkowski made key contributions to this report.

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