



Agricultural Marketing Service  
U.S. DEPARTMENT OF AGRICULTURE



# COMMODITY PROCUREMENT PROGRAM



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# Looking Ahead

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AMS Commodity Procurement Program



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# First: Why and What



# Mission

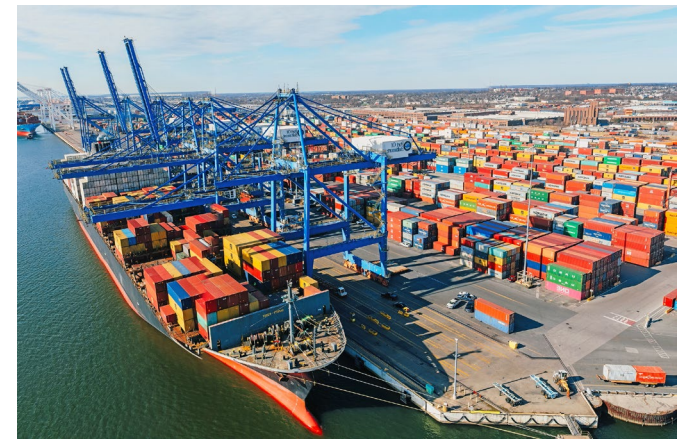
- **Agricultural Marketing Service:** create marketing opportunities for American farmers
- **Commodity Procurement Program:** create marketing opportunities by purchasing food from American farmers and donating it to the hungry around the world





# International Nutrition and Food Aid Programs

- **Foreign Agricultural Service (FAS)**
  - Food For Progress (FFPr)
  - McGovern-Dole Food For Education (FFE)
- **U.S. Agency for International Development (USAID)**
  - Title II Food For Peace (FFP)
- **Fiscal Year 2022 – 4.4 billion pounds, \$1.1 billion**





# Domestic Nutrition Assistance Programs (Food and Nutrition Service)

- **Child Nutrition Programs**
  - National School Lunch Program
  - Child and Adult Care Food Program
  - Summer Food Service Program
- **Nutrition Services Incentive Program**
- **Commodity Supplemental Food Program**
- **Food Distribution Program on Indian Reservations**
- **The Emergency Food Assistance Program**
- **Fiscal Year 2022 – 1.7 billion pounds, \$2.3 billion**





# Market Support Program

- **Section 32 of the Act of 1935**
- **Support American farmers in times of surplus**
  - Industry request
  - Market analysis
  - Secretary approval
- **Fiscal Year 2022 – 318.1 m pounds, \$548.4 m**





# Emergency Procurement Programs

- **Disaster Assistance**

- Distribute food during Presidentially declared disasters
- Replenish food used by food banks and schools during Presidentially declared disasters
- FY 2022 – 65.4 million pounds, \$77.8 million

- **Emergency food need**

- FY 2022 – 1.4 billion pounds, \$826 million
- FY 2021 – 555.5 million pounds, \$659.7 million
- FY 2020 – 315.4 million pounds, \$377.4 million







# Emergency Procurement Programs

- **Market Support**

- Farmers to Families Food Box Program
  - FY 2021 – 2.0 billion pounds (est), \$1.9 billion
  - FY 2020 – 2.7 billion pounds (est), \$4.0 billion
- Trade Mitigation
  - FY 2019 – 1.1 billion pounds, \$1.2 billion
  - FY 2020 – 1.0 billion pounds, \$1.3 billion





# Cooperative Agreements

- Local Food Purchase Assistance Program (LFPA)
  - \$900 million
  - Agreements with state and tribal governments
  - Purchase from local producers
  - Target underserved producers
  - Target distribution to underserved communities
- Local Food for Schools Program (LFS)
  - \$200 million
  - Agreements with state governments
  - Purchase from small, local producers
  - Target underserved producers
  - Distribution to schools





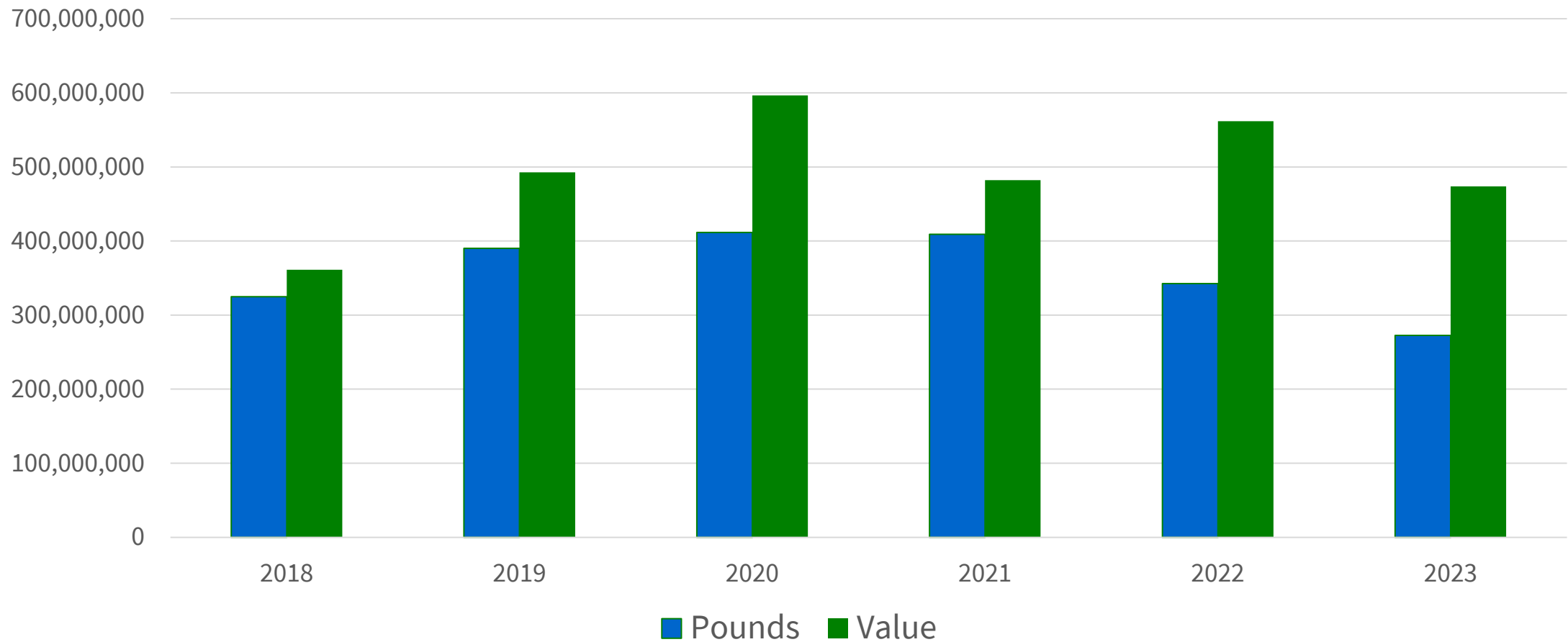
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# Second: Recent History

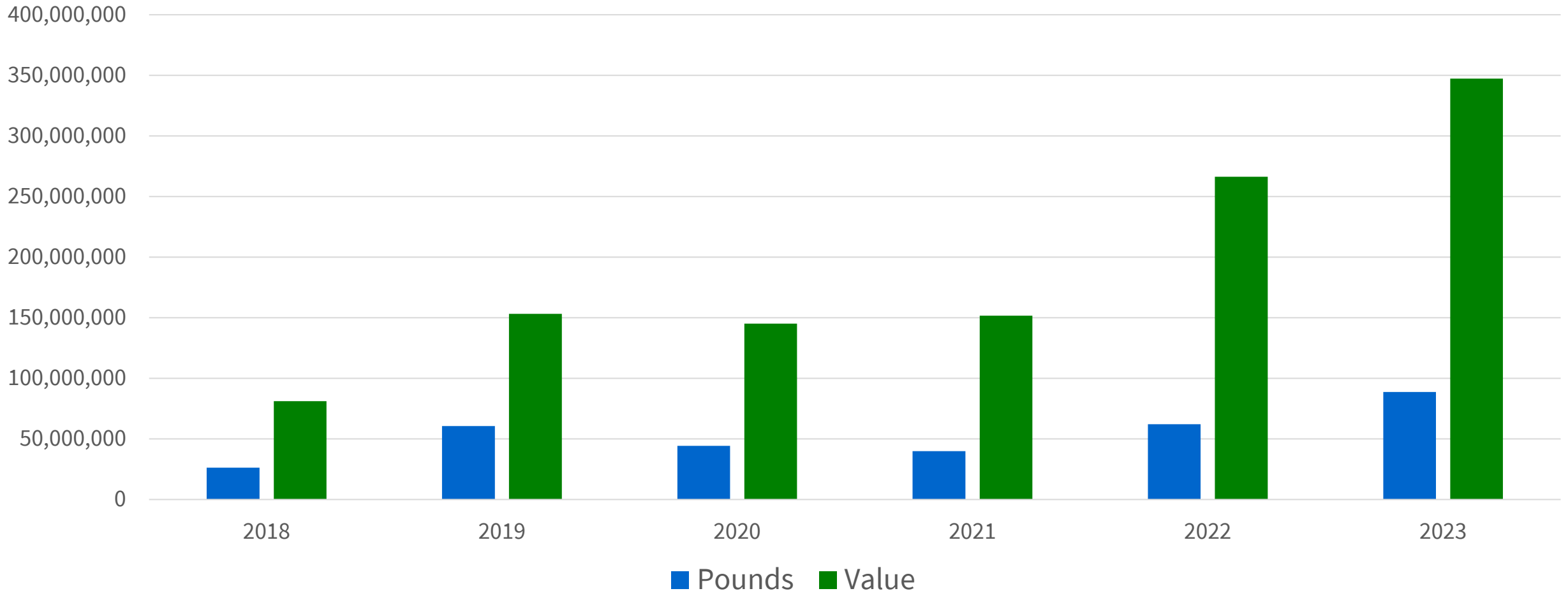


# Dairy Products



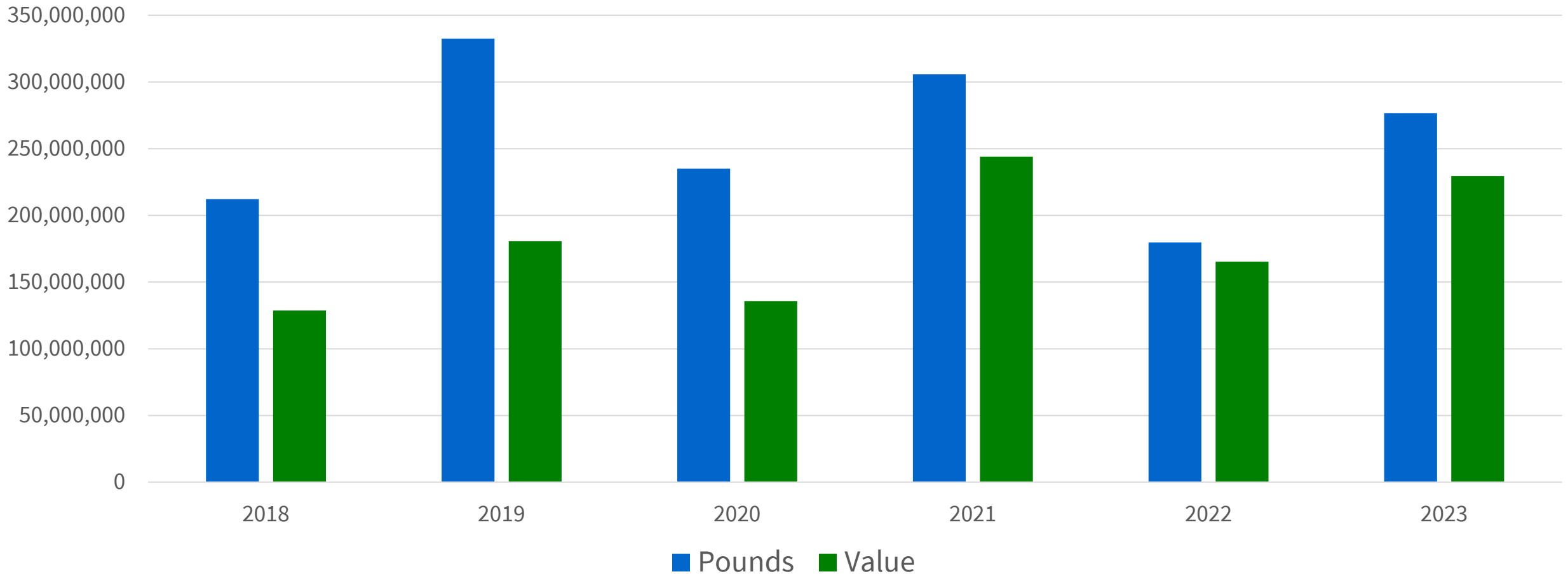


# Fish & Seafood Products



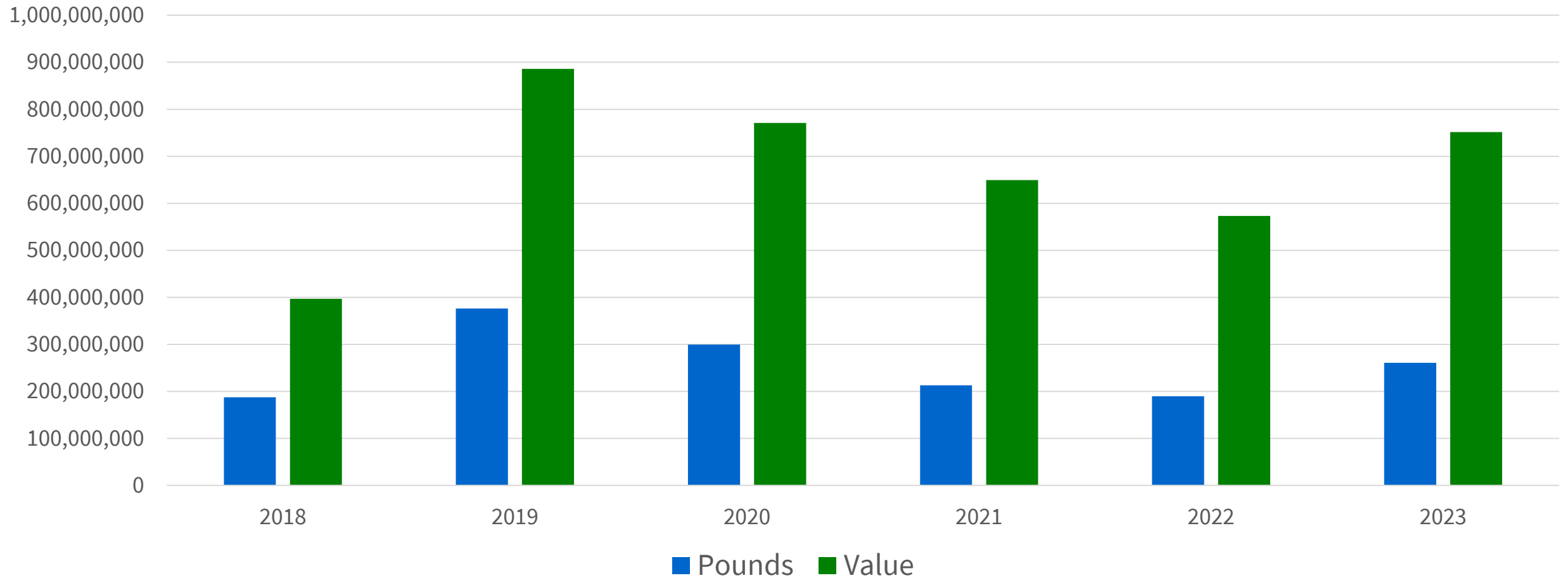


# Grain and Oilseed Products



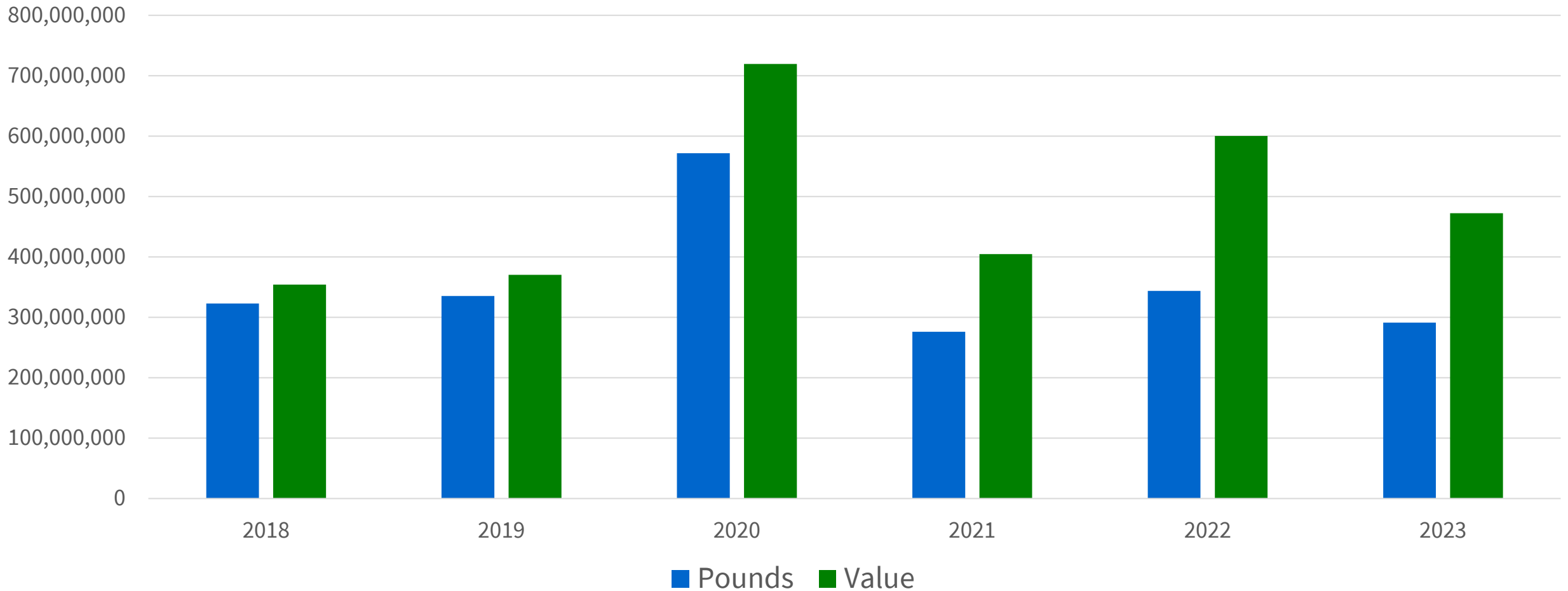


# Livestock Products





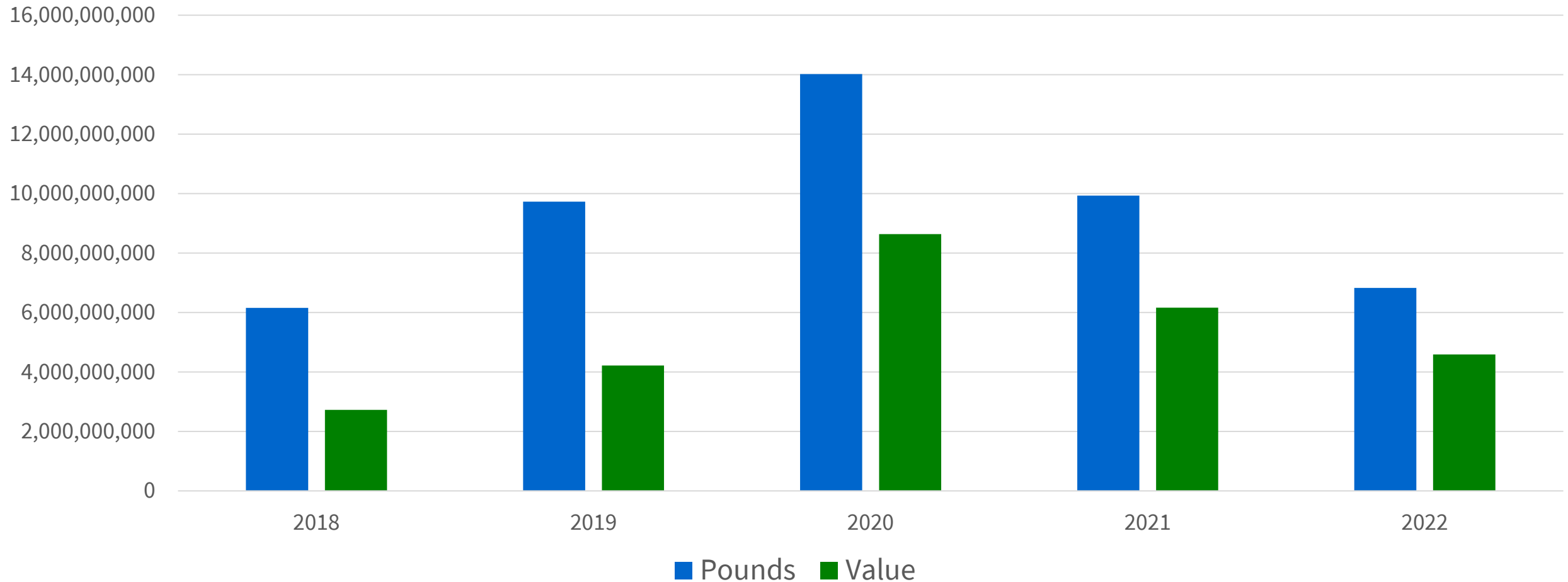
# Poultry Products







# AMS CPP Procurements





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# How Accomplished?

Dedication of CPP employees to  
the support of American farmers  
and people who need food





# How Accomplished?

- Partnerships
  - AMS – LPP, SCP, FGIS, Dairy
  - FNS, FAS, USAID
  - Industry representatives
  - Suppliers





# How Accomplished?

- System Innovation

- Automated invoicing
- Implemented Electronic Data Interchange
- Integrated with USDA financial system
- Added reporting capabilities
- Supported new contracting methods





# How Accomplished?

- Contracting Innovation
  - Contracted for unknown products delivered to unknown destinations
  - Relaxed supplier approval requirements
  - Longer-term contracting with price adjustments
  - Forecasted and purchased without orders
  - Contracted for transportation through GSA





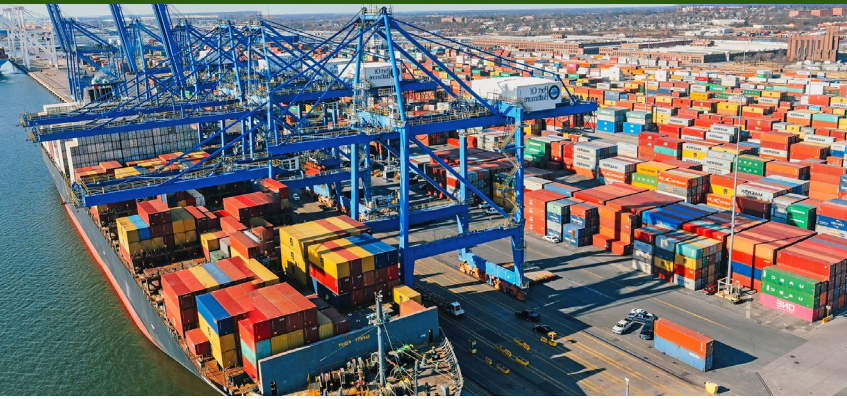
# How Accomplished?

- Requirements Innovation
  - Modified oversight requirements
  - Modified specifications
  - Purchased commercial items





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# Third: Looking Ahead



## Current Model vs. Desired Model

- Current Model (predominant)

1. Orders placed through FNS with material, quantity, delivery period, destination
2. AMS attempts to purchase orders through an invitation for bid solicitation
3. Approved suppliers offer firm-fixed pricing for each line item
4. AMS awards based on lowest cost

- Desired Model

1. FNS/AMS forecasts expected customer demand for up to 5 years
2. AMS solicits proposals for longer-term periods
3. Approved suppliers submit proposals, using adjustable pricing models
4. AMS awards long-term contracts based on best value to the government
5. Orders placed through FNS against contracted volumes





# Forecasting

- **Goal:** Utilize forecasting to award long-term contracts and reverse the current “order then procure” model to “procure then order”, more effectively aligning supply and demand
- WBSCM tool fully developed
- Currently planning proofs of concept for fiscal year 2024
- Plan to expand use in fiscal year 2025 and beyond





# Long-Term Contracting

- **Goal:** Lock in supplier capacity so production can be planned, while meeting customer expectations more effectively
- Effort to document business and technical requirements to enable more efficient long-term contracting and continued use of LTC and other methods when needed in FY 2024
- Develop system functionality and begin working with suppliers to determine contract structure in FY 2025
- Begin transition to long-term contracts in FY 2026





# Transportation Management

- **Goal:** Manage transportation to allow FOB origin purchasing, which may lead to more supplier participation, enable long-term contracts, and result in more timely delivery
- Use GSA transportation contracts as needed to address challenges and document business requirements for system changes in FY 2024
- Document technical requirements in FY 2025
- Develop system functionality in FY 2026 for use beyond



# Distribution Centers

- **Goal:** Use the commercial “hub spoke” distribution model to enable less-than truckloads and reduce or eliminate multi-stops
- Data collection and material master reconfiguration in FY 2024 – 2026
- Document business and system requirements and develop functionality for inventory management – FY 2024 - 2026





# Supplier Management

- **Goal:** Manage our suppliers more effectively, treating them like “partners” and removing requirements that negatively affect their success, while addressing non-conformance to contractual requirements
- Reduced documentation needed to determine financial responsibility and working on recommendations from RFI responses
- Explore the removal of liquidated damages in FY 2024, replacing with a supplier management program



# Specifications/Quality Assurance

- **Goal:** Reduce or eliminate requirements that provide no real value or have been made irrelevant by improvements in commercial practices
- Already made some changes – truck seals, USDA checkloading, grading vs. auditing
- Working on recommendations from RFI responses, reviewing other requirements





## Closing

- We learned from the “opportunities” over the few years
- We have a plan to attain our desired procurement model – it will take time
- We look forward to working with you and we need your input as we walk through the next few years

