



Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE



AMS Commodity Procurement Program Specialty Crops Procurement Division Industry Meeting



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Welcome and Introductions

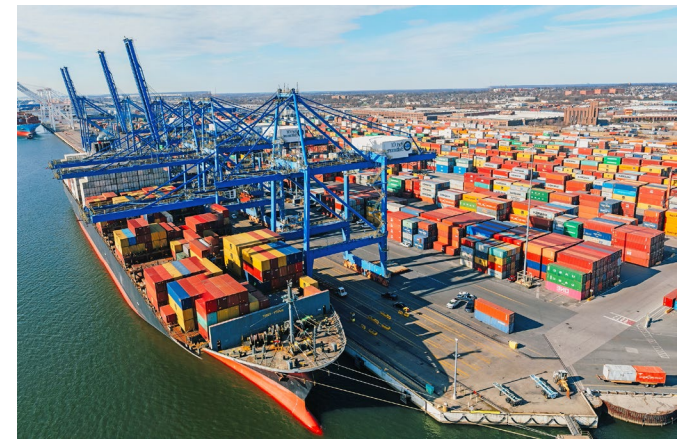
David C. Jackson

Director, Specialty Crops Procurement Division
AMS Commodity Procurement Program



Key Questions

- Why?
- How is it going?
- What are your thoughts?



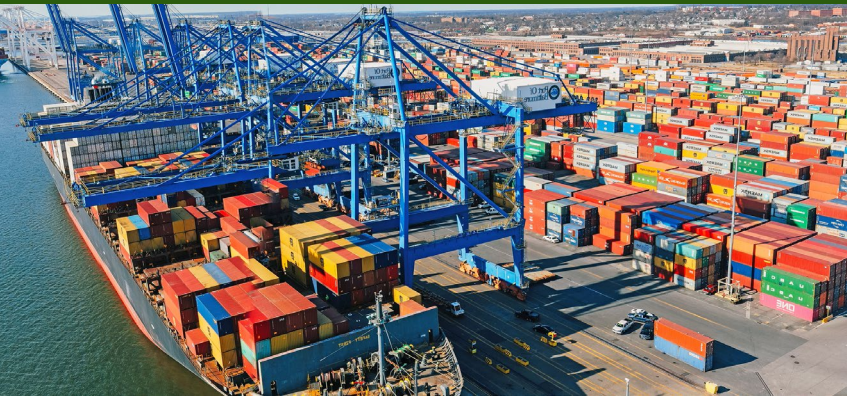


Modernization of the Future of Commodity Procurement Program

Dave Tuckwiller
Deputy Administrator
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 2023 – 2.3 billion pounds, \$537.9 million**





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 2023 – 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 2023 – 616.2 m pounds, \$958.8 m**





Market Support Program

- **Commodity Credit Corporation (CCC)**
- **Support American farmers in times of surplus for products not allowed under Section 32**
- **Fiscal Year 2023 – 95.6 m pounds, \$49.4 m (rice industry)**





Emergency Procurement Programs

- **Disaster Assistance**

- Distribute food during Presidentially declared disasters
- Replenish food used by food banks and schools during Presidentially declared disasters
- FY 2023 – None

- **Emergency food need**

- FY 2023 Ukraine Supplemental – 615.0 m pounds, \$135.8 m
- FY 2023 Bill Emerson Humanitarian Trust – 168.4 m pounds, \$49.8 m
- FY 2023 TEFAP/CSFP – 491.0 m pounds, \$943.0 m





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

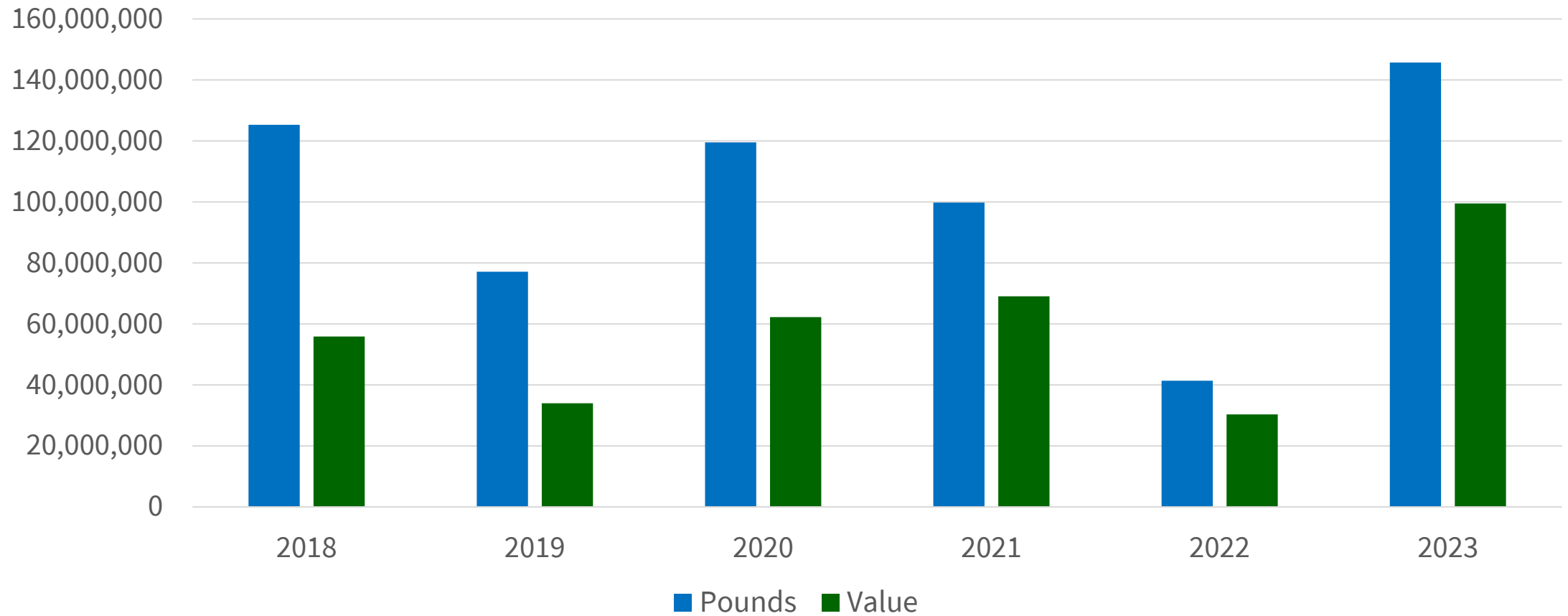




Second: Recent History

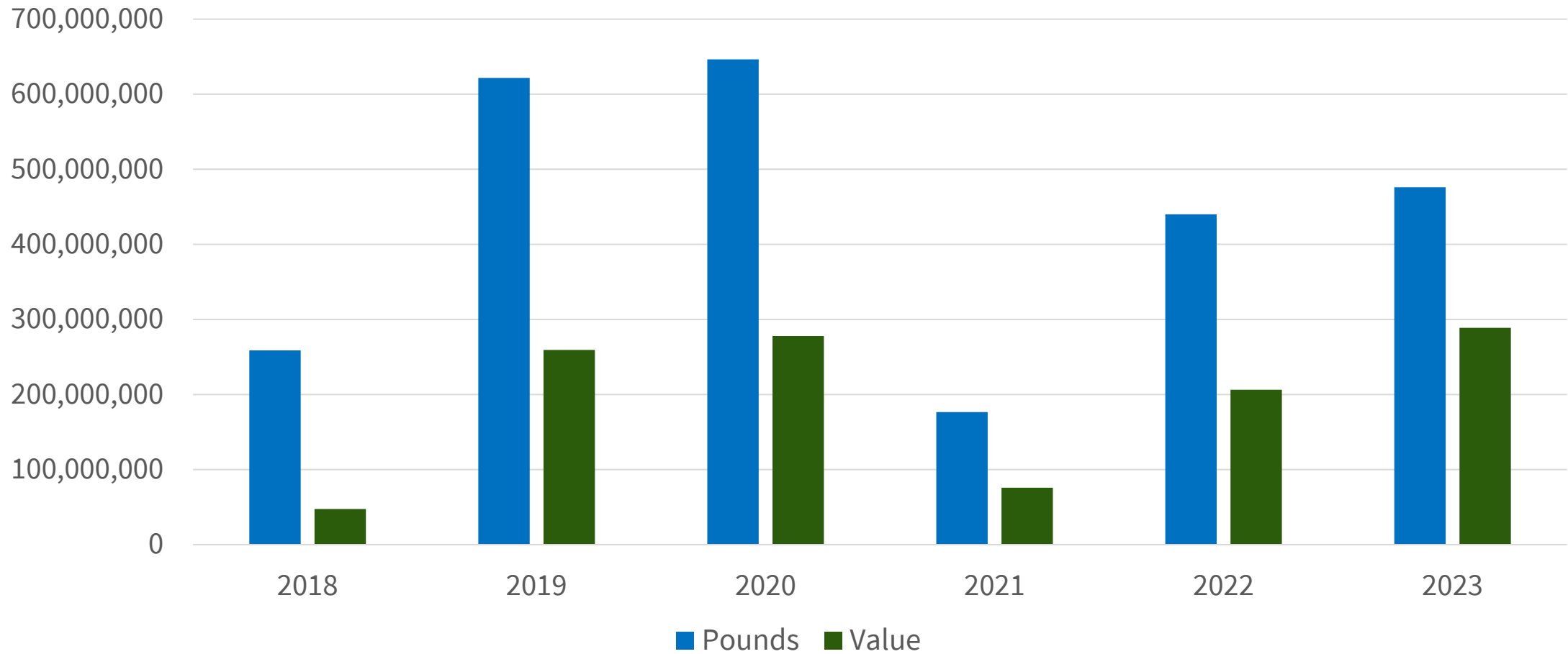


Dry Beans and Peas



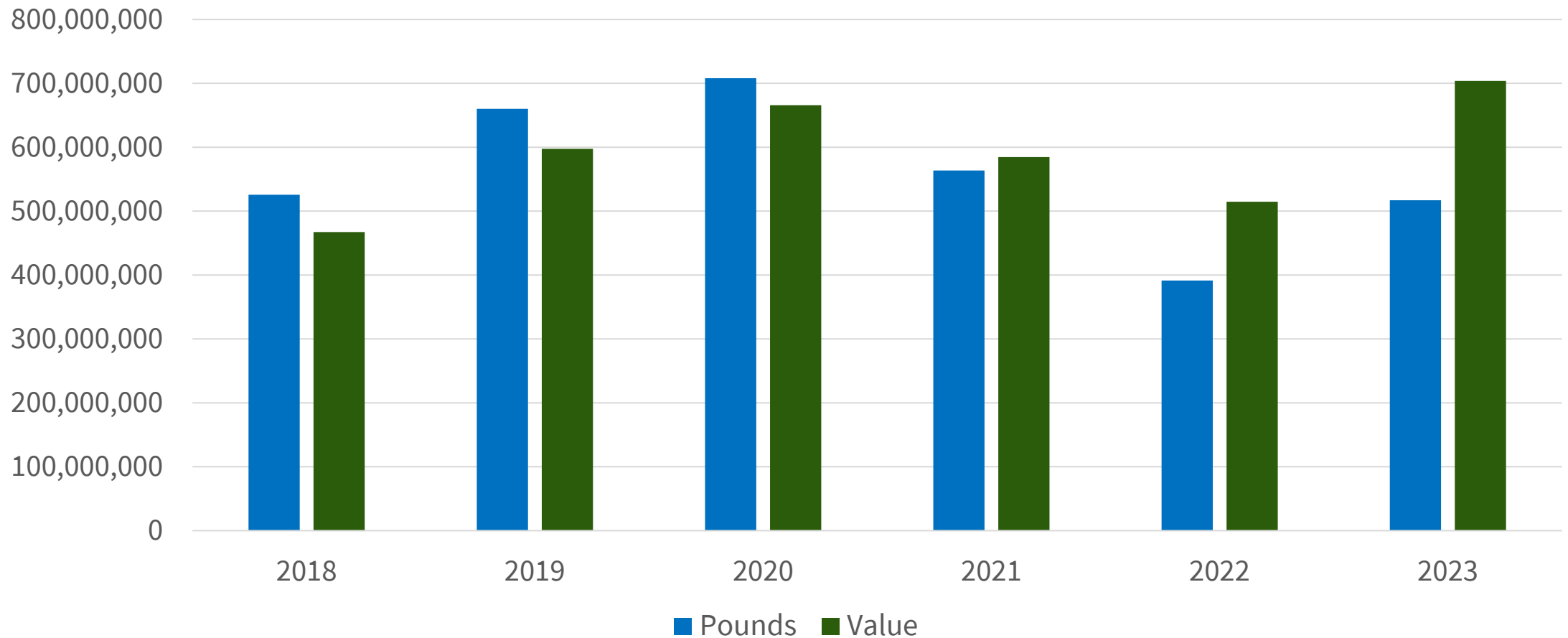


Fresh Fruit and Vegetables



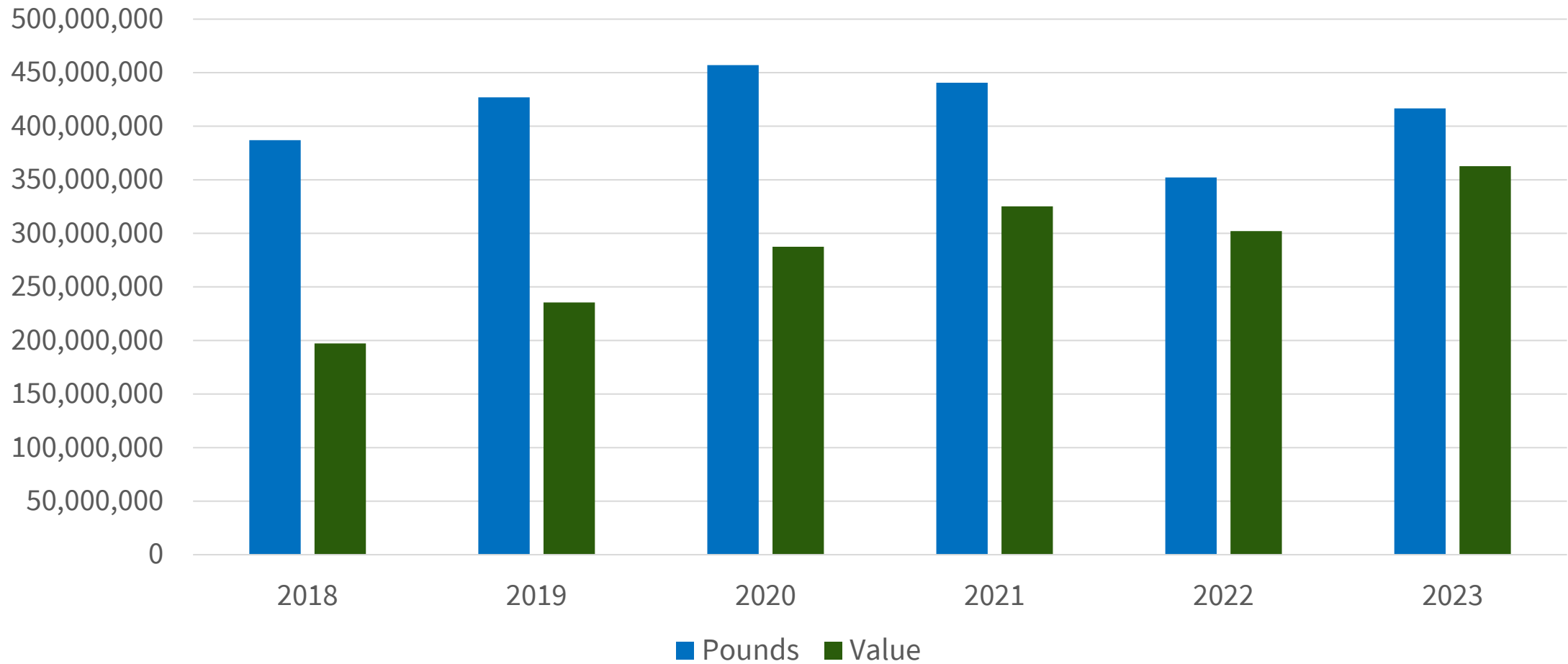


Processed Fruit



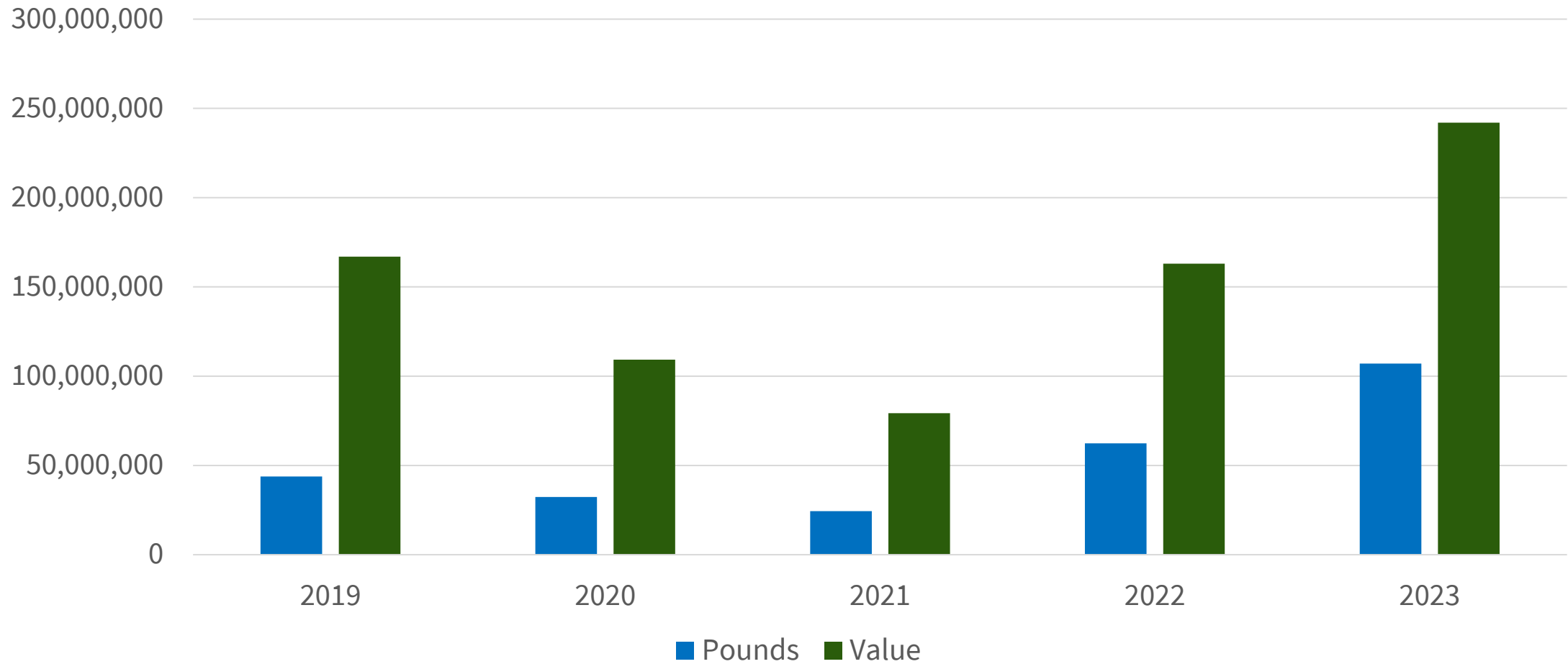


Processed Vegetables



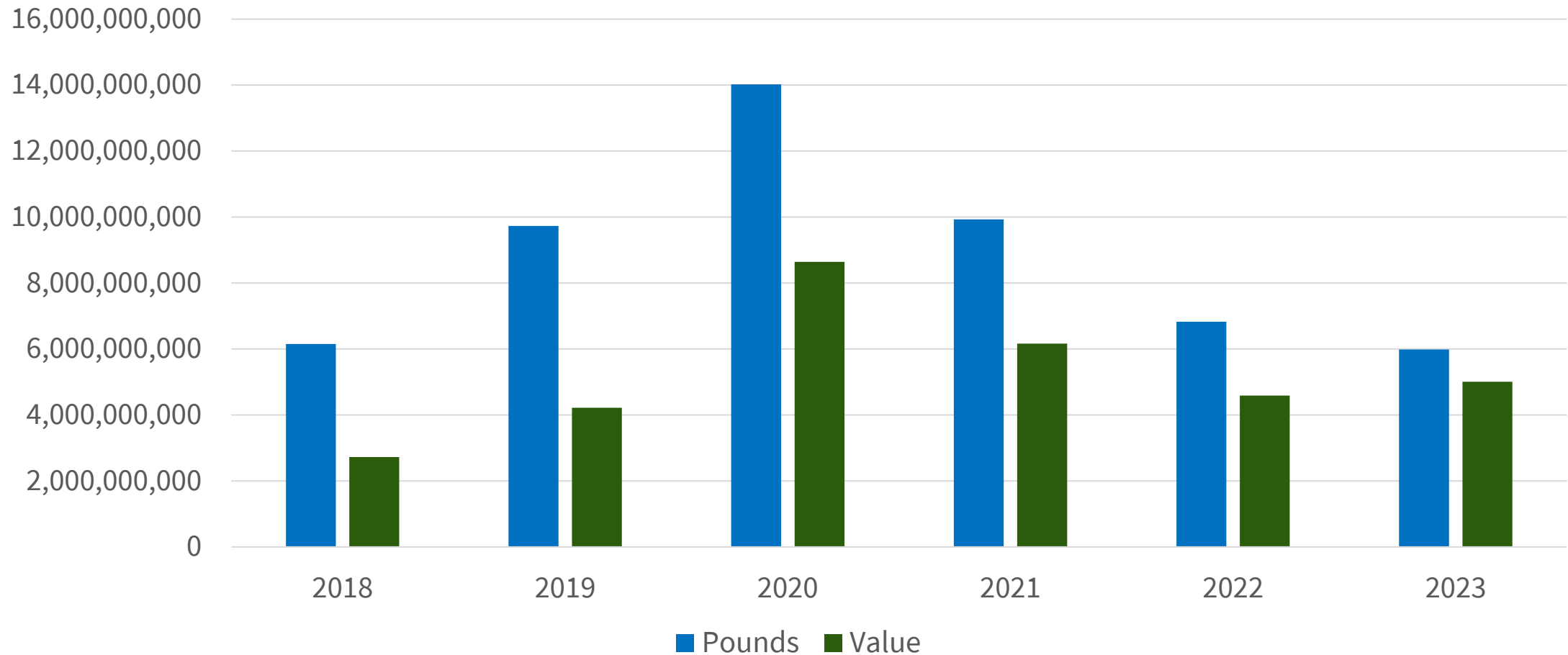


Tree Nuts





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 – SCP, LPP, 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





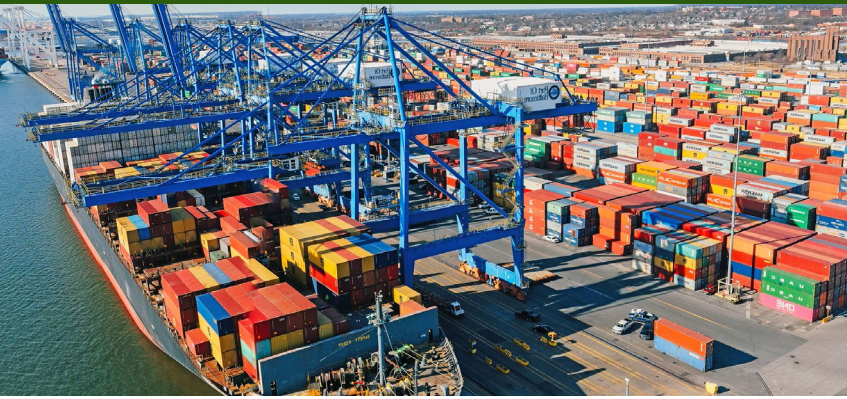
How Accomplished?

- 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 functionality fully developed
- Currently learning how to use it in 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

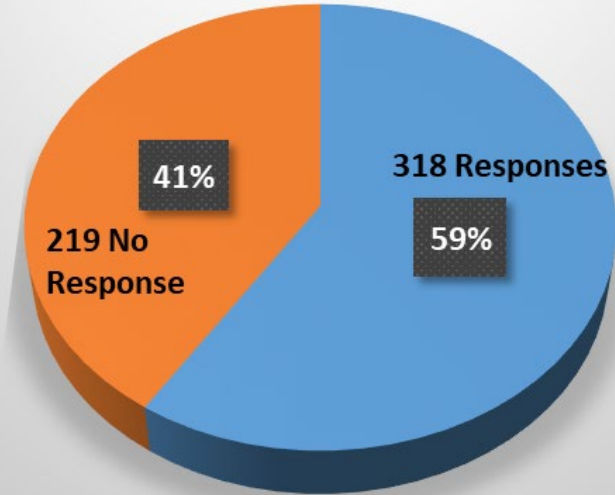
- **Goal:** Use the commercial “hub and spoke” distribution model to enable less-than truckloads and reduce or eliminate multi-stops
- Data collection and material master reconfiguration in FY 2024 – 2026
- Document business and system requirements and develop functionality for inventory management (FY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



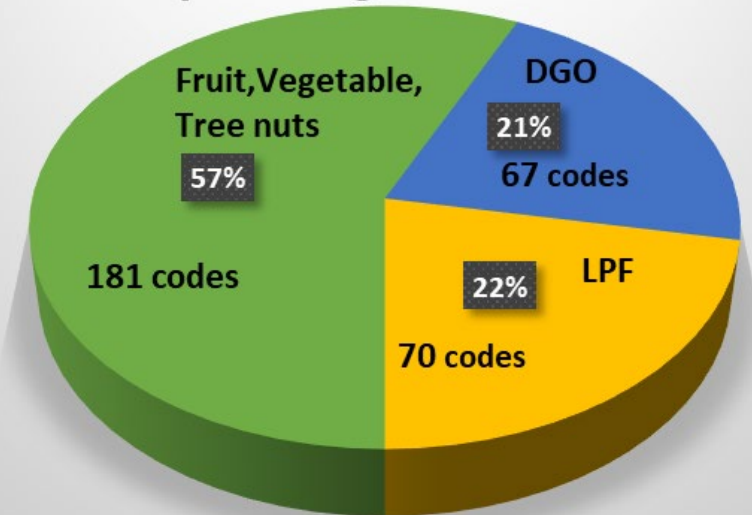
Summary of Respondents

- **398 USDA domestic vendors notified**
 - 104 (26%) vendor responses (excluded, bulk products for further processing and International Commodity Procurement products)
- **Total USDA Foods material codes 537**
 - 318 responses
 - 57% Fruit/Vegetable/Tree Nuts
 - 22% Livestock/Poultry/Fish vendors
 - 21% Dairy/Grain/Oilseed vendors

Vendor Responses for Material Codes



Vendor Responses by Material Codes per Program Area





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
- Document the foundation for a supplier management program in FY 2024
- Explore removal of liquidated damages in FY 2025



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
- 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





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Specialty Crops Procurement Division Priorities

Christopher Edwards

Why? How is it going? What are your thoughts?



Background

- Who we are
- What we do
- Impacts and benefits



Discussion Topics

- Build Partnerships
- Ensure Timely Delivery



Business Partnerships

- How are we doing ?
- What can we do better?
- How do our goals align with industry?

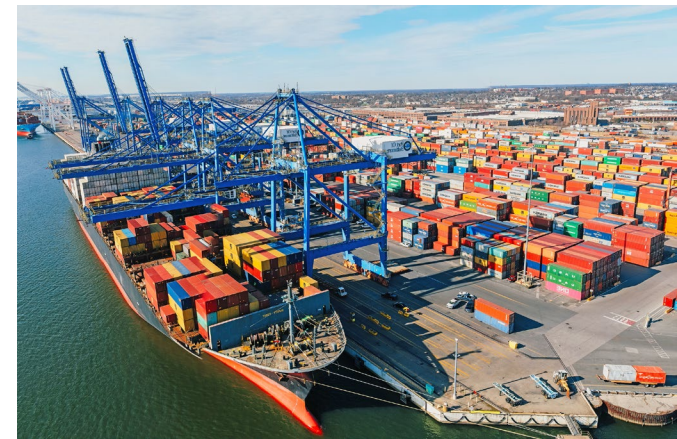




CCC Procurements

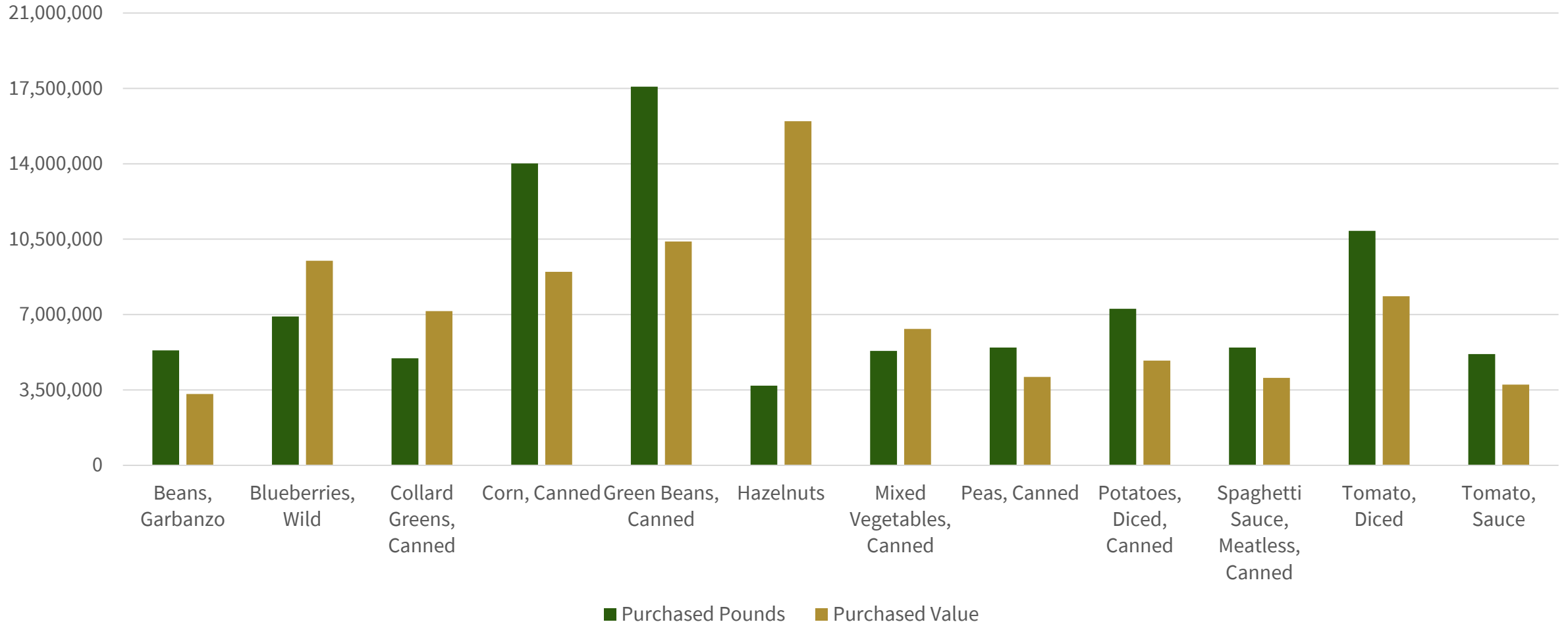
Kelli Dawkins

Why? How is it going? What are your thoughts?





CCC: Specialty Crop Purchases--Pounds and Value (October 1, 2023 through March 28, 2024)





Objectives of CCC Procurement Approach

- Support American agriculture by encouraging the consumption of domestic foods.
- Feed hungry people through the purchase of commodities for distribution through TEFAP.
- Assist emergency food organizations.
- Mitigate shortfalls.

CCC Planning Process

Collaborating with economists, vendors and industry groups to identify a list of available products.

Partnering with FNS (Food Nutrition Service) to determine which products best align with program stakeholders.

Utilizing the IDIQ (Indefinite Delivery Indefinite Quantity) contract method to achieve purchasing objectives.





Current Contracting Method

- Requires bids to each state to mitigate shortfalls.
- Pricing is evaluated to determine fair and reasonable.
- Guaranteed minimum equals 1 full truckload per awarded material.
- Target volume equals the awarded volume.
- Maximum volume equals 20% over the Target Volume per material.
- Task orders issued every 1-3 months.



Questions for Industry

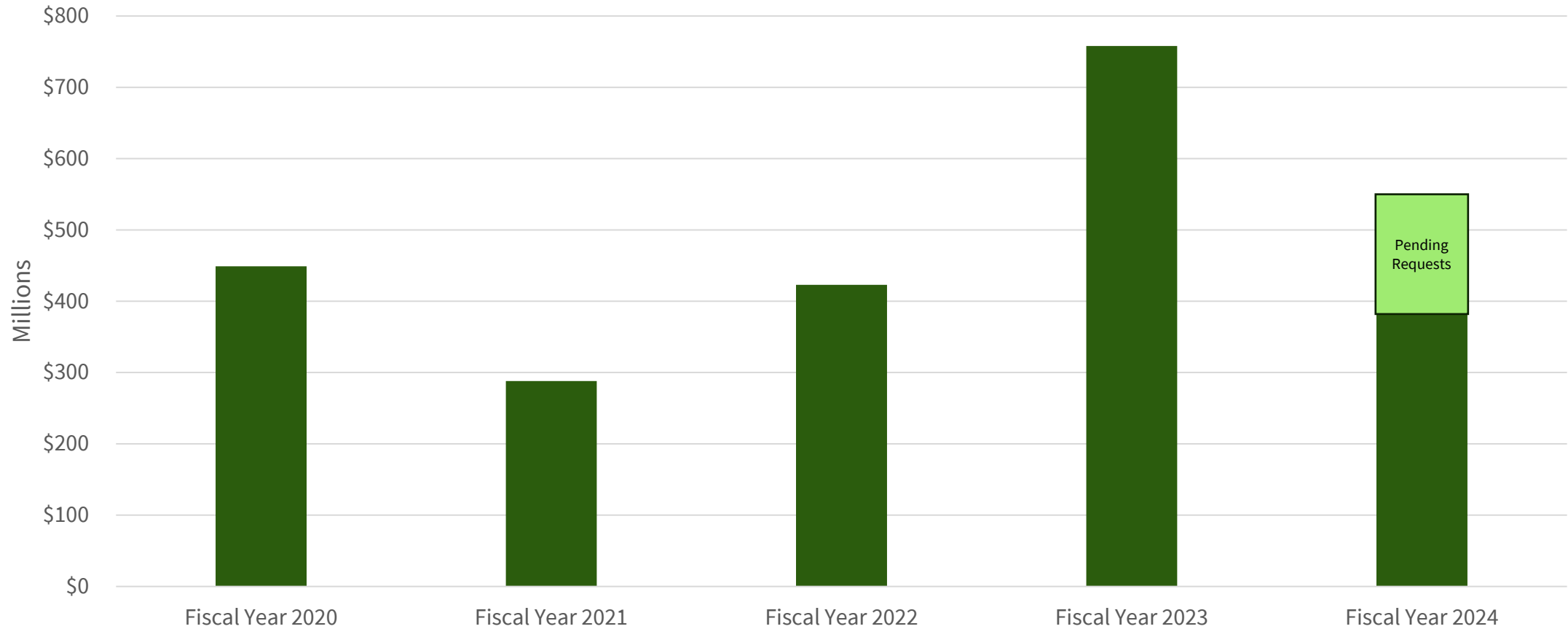
- What is working well?
- Where can we improve?
- How would you recommend we mitigate shortfalls?



Section 32 Discussion



USDA Specialty Crop Section 32 Purchases (Approved Amounts)



Section 32 Request Rationale

- Markets experiencing an oversupply situation
- Not all requests have the same justification
- Demand-driven program



When submitting a request, please consider:

- Any changes to the specification that may be necessary
- Approval request times vary
- Delivery dates
- Time required to develop, issue and award a solicitation
- Late deliveries and product that does not meet arrive in good condition could reflect badly on your industry





Networking:

The Rail Bar & Bites

Crowne Plaza

Kansas City Downtown