

Federal Food Purchases: Buying from Small Businesses and Local Sources

GAO-24-106602
Q&A Report to Congressional Requesters

March 20, 2024

[Accessible Version](#)

Why This Matters

The federal government purchases food in carrying out certain programs and functions. The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) purchases a variety of domestic foods from approved vendors in its role as the primary purchasing agency for USDA. The majority of these foods are purchased for schools, food banks, and households in communities across the country, providing a vital component of our nation's food safety net. The Department of Defense's (DOD) Defense Logistics Agency (DLA) procures and distributes food throughout the DOD supply chain, including military installations. DLA is also the procurement agency for the USDA DOD Fresh Fruit and Vegetable Program (USDA DOD Fresh), which provides produce to schools and Indian reservations in partnership with USDA.

In fiscal years 2018 through 2022, AMS accounted for the largest amount of federal food purchases (57 percent) and DLA accounted for the second largest amount (33 percent). Over that same period, the federal government obligated more than \$33 billion for contracts to purchase food sourced from within the United States from domestic vendors. AMS and DLA accounted for almost \$30 billion (over 90 percent) of total obligations. The federal government's purchasing decisions have the potential to affect food production and marketing, including the production of locally grown food.

The federal government follows various legal and regulatory requirements and processes to make decisions about foods to purchase. We were asked to examine issues related to federal purchases of food, including the extent of small business participation and the purchases of locally grown food. This report provides information about how AMS and DLA make decisions about the types of food to purchase, the amount they purchased from small businesses, and their purchases of locally grown food in fiscal years 2018 through 2022.

Key Takeaways

- Both AMS and DLA purchase food in response to requests from their clients, which include school districts, military installations, food banks, and others (e.g., international food aid programs). Many of these clients base their requests on dietary guidelines tailored to their specific needs.
- AMS and DLA obligated nearly \$30 billion for food purchases in fiscal years 2018 through 2022. Of that amount, the agencies obligated \$13.6 billion (over 45 percent) on contracts with small businesses, according to our analysis of federal procurement data.

- Both agencies are generally required by law to purchase domestic food, but there are no requirements that this food be locally grown. Neither AMS nor DLA collects comprehensive data on such purchases. However, according to our analysis of agency documentation, both agencies attempt to source, or support the purchase of, locally grown food when possible. For example, AMS offers financial assistance to states and tribal governments to increase the availability of locally grown food. In addition, DLA requires vendors selling food through USDA DOD Fresh to provide information about where the food was grown.

How do AMS and DLA decide on the types of food to purchase?

Client demand and needs drive AMS and DLA's decisions about food purchases.¹ Many of these purchases reflect menus created by clients, such as schools and military installations, patterned after the Dietary Guidelines for Americans.² AMS and DLA generally use their clients' stated food preferences and requirements to identify suitable vendors with which to contract for the food. Under law, both agencies are generally mandated to procure domestic food—that is, food that is produced, grown, or processed within the United States. For DLA, there are exceptions to this rule, such as instances where DLA may purchase foods that are not domestically available, such as coffee.³

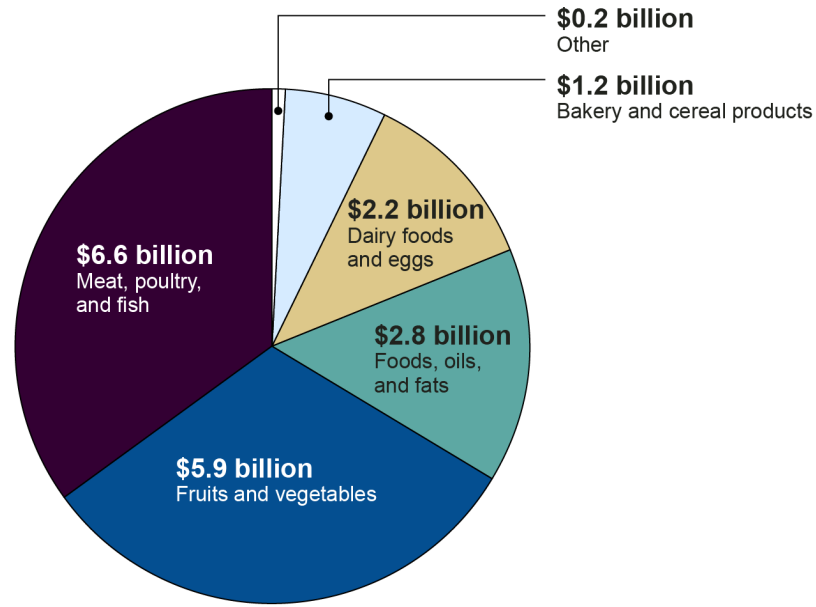
AMS

As the primary purchasing agency for USDA, AMS purchases food for agencies within the department, including for use in domestic programs, such as the National School Lunch Program administered by the Food and Nutrition Service (FNS).⁴ AMS also purchases food for international programs, such as Food for Progress, administered by the Foreign Agricultural Service.⁵

For example, under the National School Lunch Program, AMS and FNS coordinate to determine the types of food to make available to School Food Authorities (generally school districts) and State Distributing Agencies (generally state education or agriculture agencies).⁶ These entities then place orders through USDA's supply chain management database, where the State Distributing Agencies submit the food orders on behalf of the School Food Authorities. School Food Authorities base these orders on menus (e.g., school lunch menus) they develop, informed by the dietary guidelines and other factors.

AMS issues solicitations for, and subsequently purchases, the food ordered through the database. In fiscal years 2018 through 2022, AMS contracted for the purchase of nearly \$19 billion in domestic food for all its clients on behalf of USDA agencies. Figure 1 illustrates these contract obligations.

Figure 1: U.S. Department of Agriculture’s Agricultural Marketing Service Contract Obligations for Food, by Commodity Type, Fiscal Years 2018–2022



Source: GAO analysis of Federal Procurement Data System. | GAO-24-106602

Note: The figure provides information from our analysis of the Federal Procurement Data System’s top five commodity types based on AMS contract obligations related to domestic food purchases, which also include food purchases for international food aid programs. “Other” captures the remaining AMS contract obligations by commodity type, which include “sugar, confectionery, and nuts” and “special dietary foods and food specialty preparations.” According to AMS officials, grains and oilseeds, comprising a significant portion of purchases, are classified into various commodity categories including “bakery and cereal products” and “food, oils, and fats,” as reported by the Federal Procurement Data System. Data as of May 2023. Dollar amounts adjusted for inflation. Purchases limited to domestic food from vendors registered in the U.S. COVID-19-related contract obligations, such as contracts for the purchase of food for the Farmers to Families Food Box Program, were excluded. Under law, AMS is mandated to procure domestic food—that is, food that is produced, grown, or processed within the United States.

DLA

DLA purchases food for the military services, which provide the food to service members around the world, including in dining facilities on military installations and aboard Navy ships.

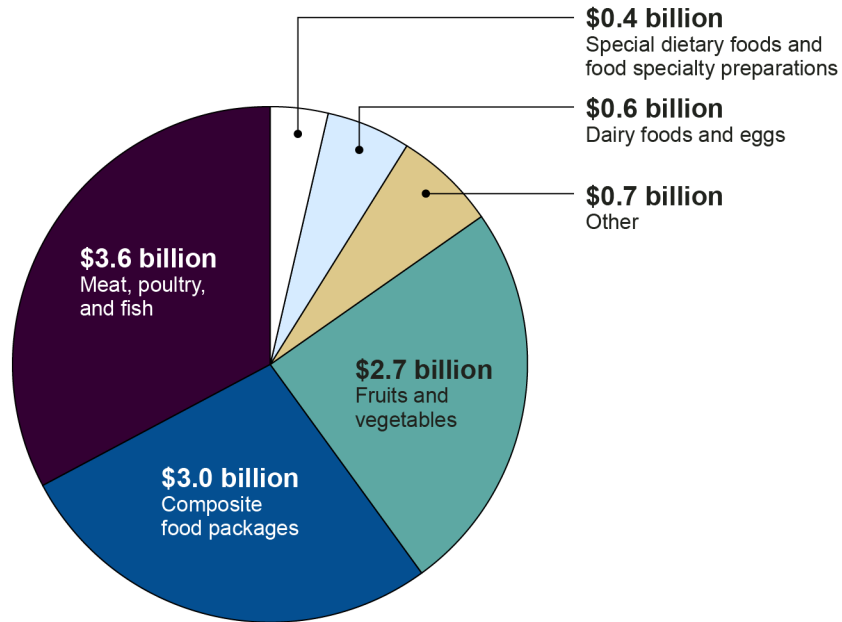
DOD establishes and maintains menu standards, which are the minimum practical guidelines that military food service programs are required to use during menu planning and food procurement to meet nutritional standards. The military services use these standards to develop service-specific menus and service-specific purchasing guidelines for DLA.

For nearly 30 years, DLA has also partnered with FNS to supply fresh fruits and vegetables to FNS clients through the USDA DOD Fresh program.⁷ These clients include more than 25,000 schools or school districts as well as Tribes and tribal organizations. The program provides FNS clients with access to a variety of fresh produce through regionally based vendors that work with DLA. For example, if a school would like to purchase a specific product, such as whole tomatoes, that is not easily available from USDA’s network of vendors but is available from DLA’s network of vendors, the school can order through the USDA DOD Fresh program.⁸

For FNS clients, DLA provides a list of items that vendors are required to make available for purchase based on input from these clients. Clients order items from

a web-based ordering system maintained by FNS, and DLA then purchases those items. The contracted vendor then delivers those items to the program site (e.g., schools). In fiscal years 2018 through 2022, DLA contracted for the purchase of nearly \$11 billion in domestic food for military and FNS clients. Figure 2 illustrates these contract obligations.

Figure 2: Department of Defense’s Defense Logistics Agency Contract Obligations for Food, by Commodity Type, Fiscal Years 2018–2022



Source: GAO analysis of Federal Procurement Data System. | GAO-24-106602

Note: The figure provides information from our analysis of the Federal Procurement Data System’s top five commodity types based on DLA contract obligations related to domestic food purchases. “Composite food packages” are items such as ration packs and emergency rations. “Other” captures the remaining DLA contract obligations by commodity type, which include “bakery and cereal products,” “beverages, nonalcoholic,” “coffee, tea, and cocoa,” “condiments and related products,” “food, oils, and fats,” “soups and bouillons,” “jams, jellies, and preserves,” and “sugar, confectionery, and nuts.” Data as of May 2023. Dollar amounts adjusted for inflation. Purchases limited to domestic food from vendors registered in the U.S. COVID-19-related contract obligations were excluded. Under law, DLA is generally required to procure domestic food—that is, food that is produced, grown, or processed within the United States.

To what extent are AMS and DLA required to purchase from small businesses?

Federal agencies, including AMS and DLA, are required by federal contracting regulations to provide the maximum contracting opportunities practicable to small businesses, including for the purchase of food.⁹ In addition, federal agencies, are required under the Small Business Act to establish goals for contracting with small businesses.¹⁰ These goals must separately address both prime contracting and subcontracting.¹¹ In fiscal year 2022, USDA’s goal for small business participation for prime contract awards was 47 percent; DOD’s goal was 22.5 percent. However, the act does not require agencies to establish goals for purchasing specific products, including food, from small businesses.¹²

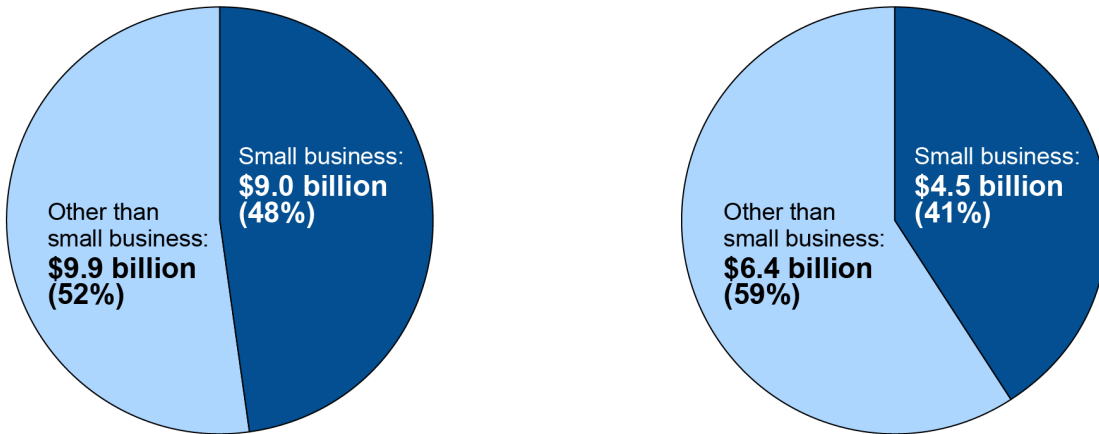
What do available data show about AMS and DLA food purchases from small businesses in FY2018–2022?

AMS and DLA obligated nearly \$30 billion for food purchases in fiscal years 2018 through 2022. Of that amount, the agencies obligated \$13.6 billion (about 45 percent) on contracts with small businesses, according to our analysis of federal procurement data.¹³ Figure 3 shows the amount obligated on contracts with small businesses by each agency.

Figure 3: AMS and DLA Contract Obligations for Food Purchases by Business Size, Fiscal Years 2018–2022

Agricultural Marketing Service contract obligations

Defense Logistics Agency contract obligations



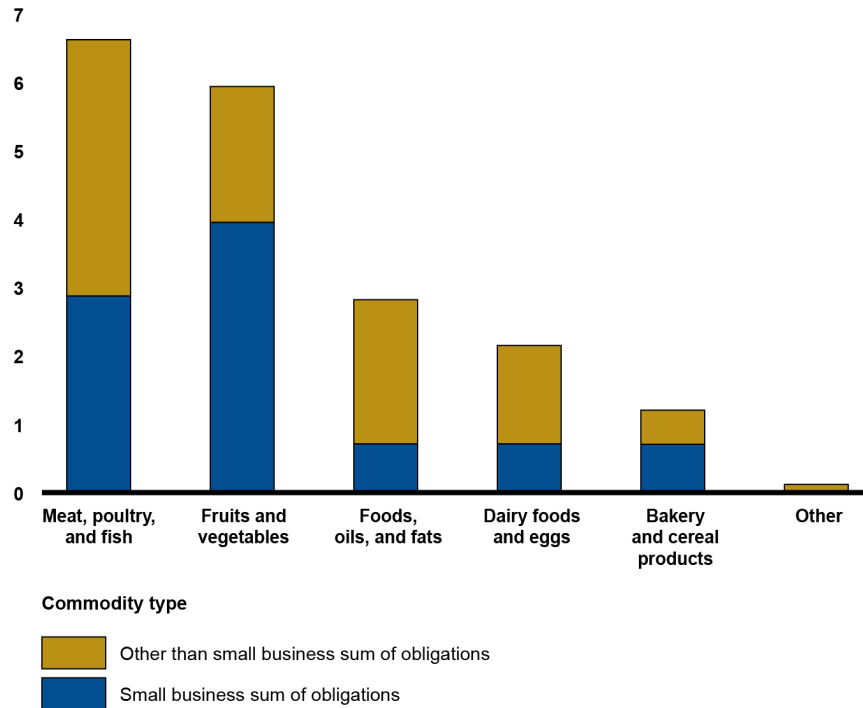
Source: GAO analysis of Federal Procurement Data System. | GAO-24-106602

Notes: Obligations limited to domestic food from vendors registered in the U.S. COVID-19-related contract obligations, such as contracts for the purchase of food for the Farmers to Families Food Box Program, were excluded. AMS obligations include food purchases for international food aid programs. Data as of May 2023. Dollar amounts adjusted for inflation. Federal contracting regulations generally define a small business as a concern that is independently owned and operated, not dominant in its field of operation, and qualified as a small business under the Small Business Administration’s criteria and size standards. Under law, both agencies are generally mandated to procure domestic food—that is, food that is produced, grown, or processed within the United States.

Figures 4 and 5 show the amounts obligated by AMS and DLA, respectively, for food purchases, by commodity type and business size. Together, AMS and DLA purchased more than 70 percent of their fruits and vegetables from small businesses, the top commodity purchased from such businesses.

Figure 4: Agricultural Marketing Service Contract Obligations, by Commodity Type and Business Size, Fiscal Years 2018–2022

Billions (in fiscal year 2022 dollars)

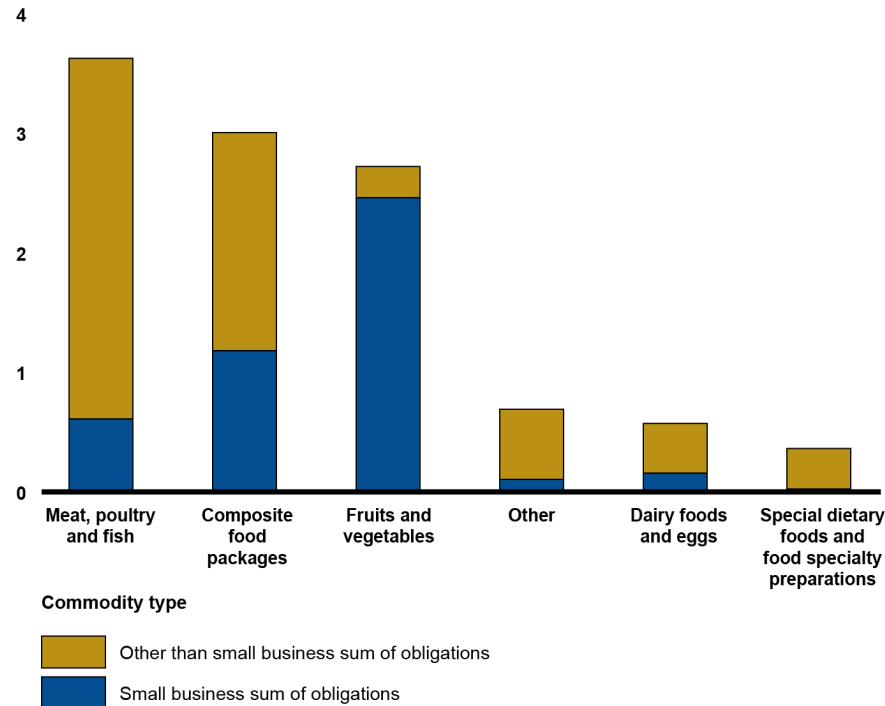


Source: GAO analysis of Federal Procurement Data System. | GAO-24-106602

Note: The figure provides information from our analysis of the Federal Procurement Data System's top five commodity types based on AMS contract obligations related to domestic food purchases from different business sizes. "Other" captures the remaining AMS contract obligations by commodity types, which include "sugar, confectionery, and nuts" and "special dietary foods and food specialty preparations." Obligations limited to domestic food from domestic vendors. COVID-19-related contract obligations, such as contracts for the purchase of foods for the Farmers to Families Food Box Program, were excluded. According to AMS officials, grains and oilseeds, comprising a significant portion of purchases, are classified into various commodity categories including "bakery and cereal products" and "food, oils, and fats," as reported by the Federal Procurement Data System. Data as of May 2023. Dollar amounts adjusted for inflation. Federal contracting regulations generally define a small business as a concern that is independently owned and operated, not dominant in its field of operation, and qualified as a small business under the Small Business Administration's criteria and size standards.

Figure 5: Defense Logistics Agency Contract Obligations, by Commodity Type and Business Size, Fiscal Years 2018–2022

Billions (in fiscal year 2022 dollars)



Source: GAO analysis of Federal Procurement Data System. | GAO-24-106602

Note: The figure provides information from our analysis of the Federal Procurement Data System's top five commodity types based on DLA contract obligations related to domestic food purchases from different business sizes. Composite food packages are items like ration packs and emergency rations. "Other" captures the remaining DLA contract obligations by commodity types, which include "bakery and cereal products," "beverages, nonalcoholic," "condiments and related products," "coffee, tea, and cocoa," "soups and bouillons," "sugar, confectionery, and nuts," "jams, jellies, and preserves," and "food, oils, and fats." Obligations limited to domestic food from domestic vendors. COVID-19-related contract obligations were excluded. Data as of May 2023. Dollar amounts adjusted for inflation. Federal contracting regulations generally define a small business as a concern that is independently owned and operated, not dominant in its field of operation, and qualified as a small business under the Small Business Administration's criteria and size standards.

To what extent are AMS and DLA required to purchase locally grown food?

Although AMS and DLA are generally required to purchase food that is grown and produced domestically, there is no requirement that these products originate from local sources. However, according to our review, both agencies attempt to source, or support the purchase of, locally grown food when possible. For example, AMS offers financial assistance to School Food Authorities to purchase local foods in schools, and DLA has language in its solicitations encouraging vendors to consider sourcing food from local sources where available. In addition, according to DLA solicitations we reviewed, the agency requires vendors selling food through the USDA DOD Fresh program to provide information such as a list of food items that they currently source locally and plans to expand the sourcing of local items.

What do available data show about AMS purchases of locally grown food in FY2018–2022?

According to our review of available data, since fiscal year 2022 AMS has allocated—i.e., distributed funding among states and other eligible entities—more than \$600 million in financial assistance to help support local, regional, and underserved producers. AMS provided this funding through two programs: the Local Food Purchase Assistance Cooperative Agreement Program and the Local Food for Schools Cooperative Agreement Program.¹⁴ These programs provide financial assistance to states, territories, and tribal governments to purchase foods produced within the state, or within 400 miles of the delivery destination.¹⁵ However, AMS is not required to purchase locally grown food, and does not collect comprehensive data on such purchases.

Through the Local Food Purchase Assistance Cooperative Agreement Program, AMS allocated \$400 million in fiscal year 2022 to support local, regional, and historically underserved producers. AMS has signed cooperative agreements with states and tribal governments that applied for the program. For example, AMS allocated roughly \$38 million to the state of Texas. The Texas Department of Agriculture awarded nearly \$23 million of these funds to organizations, including food banks and nonprofits. Among the recipients was Common Market Texas—a nonprofit regional food distributor that connects urban communities with local farms—facilitating the purchase of locally grown food products, such as lettuce (see fig. 6).¹⁶

Figure 6: Hydroponic Lettuce Grown in Texas under a Contract Funded by Agricultural Marketing Service’s Local Food Purchase Assistance Cooperative Agreement Program



Source: GAO. | GAO-24-106602

Note: According to USDA, hydroponics is the technique of growing plants using a water-based nutrient solution rather than soil and can include an aggregate substrate, or growing media, such as vermiculite, coconut coir, or perlite. Hydroponic production systems are used by small farmers, hobbyists, and commercial enterprises.

Through the Local Food for Schools Cooperative Agreement Program, AMS allocated \$200 million in fiscal year 2022 to enhance the availability of local foods in schools. AMS awarded these funds to states that applied for the program. For example, AMS allocated over \$23 million to the state of California. According to a press release from AMS issued in 2022, the California Department of Education was awarded the full \$23 million of the state’s allocation. According to their project narrative, the department plans to provide School Food Authorities participating in the National School Lunch Program or School Breakfast Program with grants for the purpose of developing new or expanding existing agreements with local vendors for the acquisition of fresh, unprocessed, and minimally processed foods.

What do available data show about DLA purchases of locally grown food in FY2018–2022?

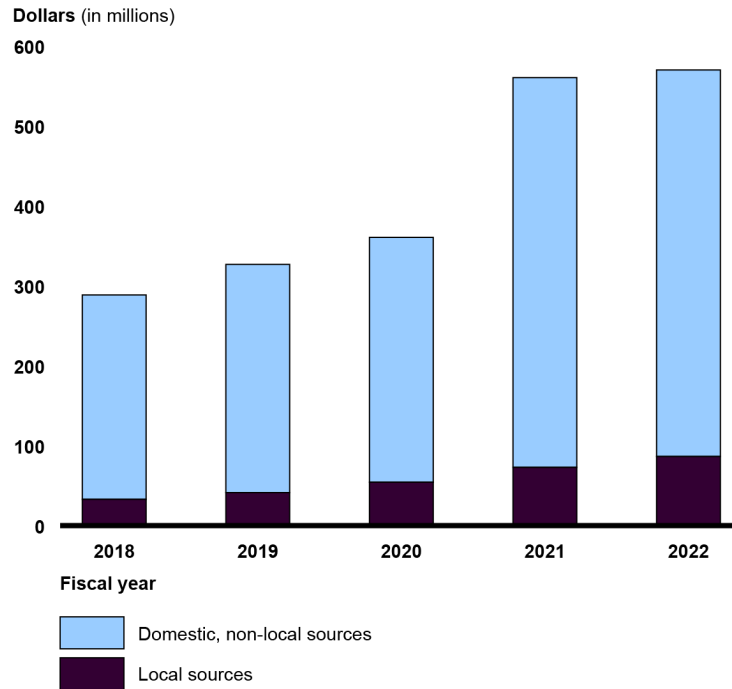
According to our analysis, DLA purchased more than \$287 million of locally grown food in fiscal years 2018 through 2022 for clients participating in the USDA DOD Fresh program. However, DLA is not required to purchase locally grown food and the agency does not collect comprehensive data on such purchases, particularly purchases for military service clients.

Purchases for USDA DOD Fresh Clients

For purchases made by clients ordering through the USDA DOD Fresh program, DLA requires vendors to identify the state in which the food was produced or grown. FNS’s web-based ordering system for these purchases makes this information available to clients.¹⁷

For clients participating in the USDA DOD Fresh program, DLA purchased more than \$2.1 billion in food products in fiscal years 2018 through 2022. This included more than \$287 million (14 percent) in purchases of locally grown products (see fig. 7). The USDA DOD Fresh program defines “local” food products as those grown or manufactured within the state, or a state adjacent to, the one where the client is located.

Figure 7: USDA DOD Fresh Fruit and Vegetable Program Food Purchases, Fiscal Years 2018–2022



Source: GAO analysis of U.S. Department of Agriculture (USDA) Department of Defense (DOD) Fresh Fruit and Vegetable Program data. | GAO-24-106602

Note: USDA’s Food and Nutrition Service defines “local” as produced within the same, or an adjacent, state as the client.

Purchases for Military Service Clients

DLA does not collect information about whether the food it purchases is locally grown or produced because it does not use this information in its purchasing decisions. However, vendors working with DLA may include information about where food products are grown, processed, or manufactured within their own catalog and ordering systems (see fig. 8).

Figure 8: Identification of Locally Sourced Food Products within a Vendor’s Online Catalog

Glenview Farms
Egg, Shell Large Grade A Brown Cage-free Loose Pack Fresh
 #9922765 | 15 DZ

★★★★★5

PPL - Contract **SCOOP** **Locally Sourced**

0 \$33.58 CS

Source: Screenshot from US Foods, Inc.’s online ordering and catalog system, MOXē. | GAO-24-106602

Agency Comments

We provided a draft of this report to USDA and DOD. USDA concurred with our draft report and provided technical comments, which we incorporated as appropriate. DOD concurred with our draft report.

How GAO Did This Study

We reviewed AMS and DLA documentation including agency guidance, and examples of solicitations and contract awards. We interviewed agency officials about their processes for purchasing food, including how clients (e.g., schools, military installations) express preferences for various food types.¹⁸ We reviewed relevant laws and regulations related to federal contracting.

We conducted site visits and interviewed program participants to learn more about their experience with the programs and to provide illustrative examples of how these participants engaged in the programs (e.g., AMS's Local Food Purchase Assistance Cooperative Agreement Program). We identified areas where a range of program participants were located near one another, such as clients, vendors, and producers. Using this approach, we selected Houston, Texas, and visited facilities and interviewed staff from the following types of organizations:

- A small business produce vendor that delivers fresh fruits and vegetables to Houston area schools through the USDA DOD Fresh program as well as military installations in the Houston area.
- A distribution center for a large DLA prime vendor that delivers food to various federal facilities in the area. While this distribution center does not work with DLA, its staff told us that the vendor's processes were nearly identical to other distribution centers that do work with DLA.
- A hydroponic producer currently providing lettuce to a nonprofit organization under a contract funded by AMS's Local Food Purchase Assistance Cooperative Agreement Program.
- A working farm owned and operated by a Houston area School Food Authority that provides students with a foundational knowledge of food and where it comes from by giving them the opportunity to plant a garden and grow, harvest, and prepare produce.
- A joint military installation that orders its food products through DLA.

We interviewed agency officials to determine how contracting information was collected and maintained, including the extent to which information was available about contract awards made to small businesses. We analyzed Federal Procurement Data System (FPDS) data from fiscal years 2018 through 2022 to identify AMS and DLA obligations for food purchases. We limited our analysis to food produced in the U.S. and vendors registered in the U.S. We reviewed FPDS data up to fiscal year 2022 because it was the most recent data available at the time of our review. To identify food purchases, we used the product and service codes in FPDS. To identify purchases from small business, we used the contracting officer's determination of business size in FPDS. This determination is based on whether the vendor meets the Small Business Administration's small business size standard for the assigned North American Industry Classification System. Size standards vary by industry and are generally based on annual revenue or number of employees.

To assess reliability of the FPDS data, we reviewed agency documentation, including DLA and AMS's annual FPDS certifications, interviewed agency officials, and performed electronic testing for missing values. We found that FPDS data in fiscal years 2018 through 2022 were sufficiently reliable for purposes of describing the total amount obligated for food purchases, including food purchases from small businesses.

We excluded COVID-19-related contracts obligated for food purchases in fiscal years 2018 through 2022 to make totals more consistent with non-pandemic-related contract obligations. FPDS includes a field that identifies the National Interest Action Code, which is the national interest for which the contract was created. The code for COVID-19 was valid from March 13, 2020, through September 30, 2022. The Office of Management and Budget directed agencies to use this code for all procurement actions reported in FPDS that were issued in response to the pandemic.

Based on our discussions with DLA officials, FPDS may not be able to completely identify food purchases originating outside the U.S., since FPDS is not designed to report data at the contract line-item level. We mitigated this limitation by using the vendor country to exclude food purchased from vendors outside the U.S. and described this limitation in our reporting.

We interviewed AMS and DLA agency officials on the process for contracting and purchasing food, including the extent to which information was available about the source of the products purchased. We also reviewed and analyzed agency documentation and data to identify purchases made through the USDA DOD Fresh program. To determine the reliability of the data, we reviewed documentation on the processes used to collect and manage the data, including the Fresh Fruits and Vegetables Order Receipt System, interviewed officials responsible for managing the system, and manually and electronically tested the data. We determined that the data were sufficiently reliable for our purposes of identifying total food purchases, including the share of purchases made for locally grown products as defined by the agencies.

We conducted this performance audit from January 2023 to February 2024 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

List of Addresses

The Honorable John Fetterman
Chair
Subcommittee on Food and Nutrition, Specialty Crops, Organics, and Research
Committee on Agriculture, Nutrition, and Forestry
United States Senate

The Honorable Cory A. Booker
United States Senate

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees, the

Secretary of Agriculture, the Secretary of Defense, and other interested parties. In addition, the report will be available at no charge on the GAO website at <https://www.gao.gov>.

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Endnotes

¹For the purposes of this report, food includes products such as meat, poultry, fruits, vegetables, and beverages. According to AMS officials, grains and oilseeds, comprising a significant portion of purchases, are classified into various commodity types including “bakery and cereal products” and “food, oils, and fats,” as reported by the Federal Procurement Data System. In our analysis, we chose to focus on AMS and DLA due to their predominant role, encompassing over 90 percent of federal food purchases. Consequently, we excluded the remaining 10 percent of federal agencies that procure food from our analysis.

²These guidelines, issued every 5 years by USDA and the Department of Health and Human Services, are based on the preponderance of current scientific and medical knowledge current at the time the guidelines are prepared. U.S. Department of Agriculture and U.S. Department of Health and Human Services, *Dietary Guidelines for Americans*, 2020–2025, 9th ed. (December 2020). For more information on the Dietary Guidelines for Americans, see GAO, *Dietary Guidelines for Americans: Strengthening Interagency Collaboration Could Help Inform Nutrition Research and Future Guidelines*, [GAO-24-106130](#) (Washington, D.C.: Oct. 18, 2023).

³In fiscal years 2018 through 2022, government-wide food obligations to vendors that were outside of the United States totaled approximately \$3.6 billion, according to our analysis of Federal Procurement Data System data.

⁴USDA also purchases food products for other FNS programs, such as the Commodity Supplemental Food Program, Food Distribution Program on Indian Reservations, and The Emergency Food Assistance Program. In addition to purchases made based on client requests, AMS purchases agricultural products to relieve market surpluses with funds authorized by Section 32 of the Agriculture Act of 1935. These products are generally referred to as “bonus foods” because clients do not have to use their government-provided funding to acquire them.

⁵According to AMS officials, to purchase food for international food distribution programs, AMS receives food orders from the United States Agency for International Development and the USDA’s Foreign Agricultural Service and determines the required food types in coordination with their cooperating partners (e.g., non-governmental organizations). Our review did not examine processes for purchases for international food aid recipients.

⁶GAO, *School Meals: USDA Should Address Challenges in Its “Foods in Schools” Program*, [GAO-23-105697](#) (Washington, D.C.: June 14, 2023).

⁷Eligible entities participating in the USDA DOD Fresh program include School Food Authorities participating in the National School Lunch Program, Indian Tribal Organizations participating in the Food Distribution Program on Indian Reservations, and organizations participating in the Summer Food Service Program. In addition to efforts to expand access to locally available foods generally, AMS also recently launched a pilot aimed at increasing the availability of locally raised ground bison meat for tribal communities. Indian Tribal Organizations refers to either the recognized governing body of any Indian tribe on a reservation or the tribally recognized intertribal organization which the recognized governing bodies of two or more Indian tribes on a reservation authorize to operate the Food Distribution Program on their behalf. See 7 C.F.R. § 253.2.

⁸This program also allows FNS clients the flexibility to place an order for a small amount of produce a week in advance, with a minimum order of \$150; conversely, foods ordered through USDA must be ordered months in advance and purchased by the truckload, according to agency officials.

⁹*The Federal Acquisition Regulation*, codified in Title 48 of the *Code of Federal Regulations*, generally governs acquisitions of goods and services by executive branch agencies. It addresses various aspects of the acquisition process, from acquisition planning to contract formation to contract management. The Federal Acquisition Regulation generally defines a small business concern as a concern that is independently owned and operated, not dominant in the field of operation, and qualified as a small business under the Small Business Administration's criteria and size standards in part 121 of title 13 of the *Code of Federal Regulations*. 48 C.F.R. § 2.101. Such a business is "not dominant in its field of operation" when it does not exercise a controlling or major influence on a national basis in a kind of business activity in which a number of business concerns are primarily engaged. See 13 C.F.R. § 121.102(b). Determination of size varies by industry and is generally based on the number of employees or the amount of annual receipts of the business. See 13 C.F.R. § 121.201.

¹⁰For example, if a contracting officer identifies two willing small businesses that can fulfill a contract, that contracting officer is generally required to issue the solicitation as a small business set-aside. This is commonly referred to as the "Rule of Two."

¹¹Under federal contracting requirements, contractors must negotiate small business subcontracting plans for contracts expected to exceed a defined cost threshold. These plans establish small business goals for each solicitation or contract modification with subcontracting opportunities. See 48 C.F.R. § 52.219–9(c)(1).

¹²AMS has established distinct small business goals for food contracts. In contrast, DLA has defined high-level small business objectives but has not detailed specific goals for its various product categories, including food. DLA has established small business goals for each of its six major subordinate commands (e.g., Troop Support), but these commands do not have small business goals related to specific supply chains (e.g., food products). DLA's subordinate commands are responsible for managing DOD's supply chains for various products. For example, DLA Troop Support is responsible for managing DOD's Subsistence, Medical, Clothing and Textiles, and Construction and Equipment supply chains.

¹³The Federal Procurement Data System is the real-time relational database that serves the government acquisition community as the authoritative source of contract information. It contains summary-level data that is used for policy and trend analysis. Our analysis does not contain purchases made with COVID-19 related obligations as identified within the system for fiscal years 2018 through 2022. Between fiscal years 2018 and 2022, AMS and DLA food purchases, including COVID-19-related obligations, amounted to nearly \$37 billion. For more information see GAO, *COVID-19 Contracting: Opportunities to Improve Practices to Assess Prospective Vendors and Capture Lessons Learned*, [GAO-21-528](#) (Washington, D.C.: July 29, 2021).

¹⁴According to AMS officials, both the Local Foods for School Cooperative Agreement Program and Local Food Purchase Assistance Cooperative Agreement Program began awarding grants in fiscal year 2022, and ongoing awards are still in progress. Consequently, an evaluation of both programs is not currently available.

¹⁵The 2008 Farm Bill defines a "locally or regionally produced agricultural food product" as any agricultural food product raised, produced, and distributed in the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product or the state in which the product is produced. Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, § 6015, 122 Stat. 1651, 1929 (codified at 7 U.S.C. § 1932(g)(9)(A)(i)).

¹⁶The remaining approximately \$15 million will be sub-awarded by the Texas Department of Agriculture to nonprofits and community organizations to increase their purchases of local foods from socially disadvantaged producers and provide additional variety and culturally relevant products to underserved communities.

¹⁷In USDA's fiscal year 2024 Budget Proposal, the agency indicated that it intended to transfer the Fresh Fruits and Vegetables Order Receipt System into its Web Based Supply Chain Management System. According to the agency, this effort is intended to eliminate system duplication and enhance customer service and the customer experience.

¹⁸We did not interview international food aid program recipients.