



United States Department of Agriculture

USDA Coronavirus Disease 2019 Funding



Engagement 50025-0001-23

September 2020

OFFICE OF INSPECTOR GENERAL



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Office of Inspector General
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DATE: September 30, 2020

ENGAGEMENT

NUMBER: 50025-0001-23

TO: G. Scott Soles
Principal Deputy Chief Financial Officer
Office of the Chief Financial Officer

ATTN: Annie Walker
Director
Office of the Chief Financial Officer

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: USDA Coronavirus Disease 2019 Funding

On May 28, 2020, we initiated a non-audit service to identify U.S. Department of Agriculture's (USDA) coronavirus disease 2019 (COVID-19) funding.¹ Our objective was to identify the funding streams USDA used to respond to the COVID-19 pandemic as of May 31, 2020. Specifically, we identified the programs, appropriations, and any other funding streams used; and key controls and mechanisms, including applicable information systems for the identified programs. To report the various funding streams, we reviewed agency websites, surveyed Departmental mission area and agency officials, and identified sources of funding from COVID-19 legislation as well as repurposed appropriations used for COVID-19 relief activities through May 31, 2020.²

Congress enacted four public laws in response to the COVID-19 pandemic, two of which provided USDA with funding: the Families First Coronavirus Response (FFCR) Act on March 18, 2020;³ and the Coronavirus Aid, Relief, and Economic Security (CARES) Act on

¹ A non-audit service, also known as a consulting service, is a service other than an audit, attestation engagement, inspection, evaluation, or investigation. A non-audit service consists of tasks or services consistent with auditors' skills and expertise. Therefore, the data and information provided were not verified or analyzed, and no audit procedures were performed on them.

² The Department submitted their spending plan to the Pandemic Response Accountability Committee on September 3, 2020. The spending plan provided information appropriated by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). We are reporting funding appropriated by both the CARES and Families First Coronavirus Response (FFCR) Acts, as well as general appropriations transferred and repurposed for COVID-19 response activities. Therefore, the numbers will not be the same.

³ Families First Coronavirus Response Act, Pub. L. No. 116-127, 134 Stat. 178.

March 27, 2020.^{4, 5} As of May 31, 2020, these two laws provided more than \$47.7 billion to USDA for pandemic relief activities.⁶ Additionally, the Secretary transferred \$6.5 billion from the Commodity Credit Corporation (CCC) to support the Coronavirus Food Assistance Program (CFAP).⁷

Finally, the Research, Education, and Economics (REE) and Farm Production and Conservation (FPAC) mission areas repurposed \$47.3 million for purposes related to COVID-19.⁸ (See the figure on the next page.) Other Departmental mission area agencies used some of their regular appropriations—but did not formally allocate funds—to address expenses related to COVID-19. Since this engagement identified appropriated or allocated funds, we are not reporting COVID-19 funding expenses.

These funding sources total \$54.3 billion. Of this amount, 64.2 percent has gone to the Food, Nutrition, and Consumer Services mission area for nutrition programs. FPAC also received 29.5 percent of USDA's COVID-19 funding to establish and administer CFAP, which was created to provide assistance to agricultural producers impacted by the effects of the COVID-19 outbreak. Additionally, the Marketing and Regulatory Programs mission area received 5.7 percent for the Farmers to Families Food Box Program and salary expenses associated with the Agriculture and Quarantine Inspection Program. Other mission areas accounted for the remaining 0.5 percent of the COVID-19 funding.⁹ For more detailed information on how the Departmental mission areas and agencies plan to spend this money, please see Exhibit A.

⁴ Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281.

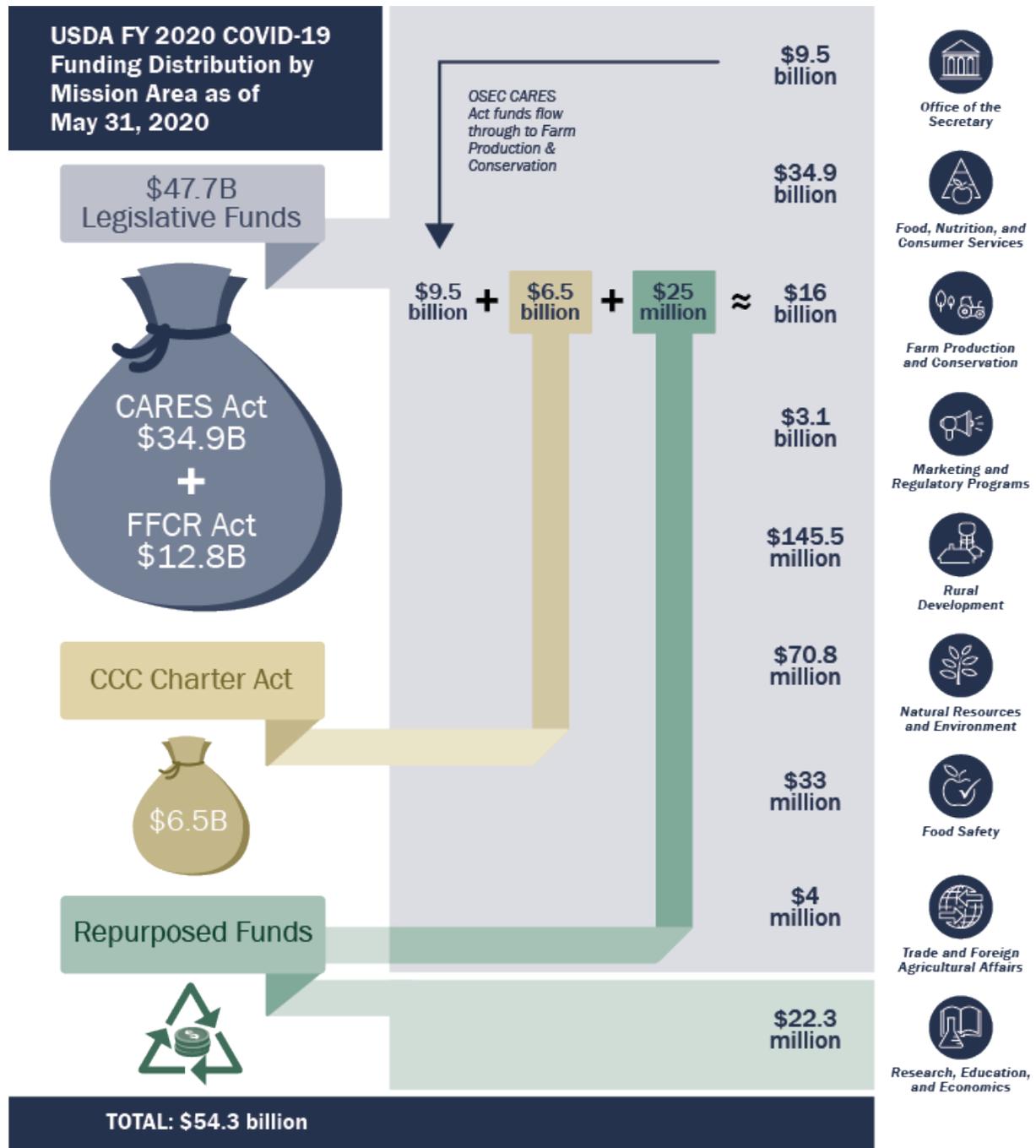
⁵ In addition to the FFCR and CARES Acts, Congress passed the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, Pub. L. No. 116-123, 134 Stat. 146 (2020), and the Paycheck Protection Program and Health Care Enhancement Act, Pub. L. No. 116-139, 134 Stat. 620 (2020). Together, these four statutes authorized approximately \$2.4 trillion in Federal spending.

⁶ The FFCR Act provided the Secretary the authority to allocate additional funds for purposes related to COVID-19. The Secretary allocated \$2.1 billion for the Food, Nutrition, and Consumer Services mission area's Pandemic Electronic Benefits Transfer Program, an additional \$1 billion for the Marketing and Regulatory Programs mission area's Farmers to Families Food Box Program, and an additional \$14 billion for the Farm Production and Conservation mission area's Coronavirus Food Assistance Program 2. We are not including these amounts in our funding totals, as they are outside the scope of our work. These allocations were made after May 31, 2020.

⁷ CCC is a wholly-owned Government corporation created within the USDA by the CCC Charter Act. CCC funds are used to implement specific programs established by Congress and carry out activities under the broad authorities of the CCC Charter Act to stabilize, support, and protect farm income and prices; assist in maintaining balanced and adequate agricultural commodities; and facilitate orderly agricultural commodities distribution. CCC is subject to the general supervision and direction of the Secretary of Agriculture.

⁸ The Office of Management and Budget (OMB) issued an exception that allows USDA to repurpose its Federal assistance awards (in whole or part) to support the COVID-19 response, as consistent with applicable laws. OMB, *Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus (COVID-19)*, Apr. 9, 2020.

⁹ As part of the CARES Act, Pub. L. No. 116-136, 134 Stat. 281, USDA's OIG received \$750,000 to provide oversight of USDA funding received in the CARES Act. This is not included in the final total. Additionally, the CARES Act reimbursed the CCC \$14 billion for net realized losses. We are not including this number in the final amount, as it is a reimbursement for losses already realized. Even though these funds were provided in the CARES Act, the \$14 billion is exempt from use for pandemic-related purposes. However, CCC officials told us that these funds may or may not be used for pandemic-related purposes and were unable to provide an exact amount of COVID-19 funding.



The data and information contained in this report were obtained from the Office of the Chief Financial Officer and appropriate Departmental mission area and agency officials. We also obtained documentation to support the key controls and mechanisms, including applicable information systems for the programs that received COVID-19 funding, from the mission area and agency officials. We did not assess or evaluate this information and are not reporting on it.

This report contains information as a non-audit service; it does not provide conclusions, findings, or recommendations, as we did not evaluate or validate any data or information

provided by Department officials. This non-audit service was conducted in accordance with USDA OIG guidance, which also incorporates the applicable independence standards from the *Government Auditing Standards*, American Institute of Certified Public Accountants standards, and CIGIE *Quality Standards for Inspection and Evaluation*. All work performed was not done in accordance with Generally Accepted Government Auditing Standards or CIGIE *Quality Standards for Inspection and Evaluation*, except for independence standards. However, before we performed this non-audit service, we determined that it would not impair our independence to perform audits, inspections, attestation engagements, or any other future or ongoing reviews of the subject.

In recent and coming months, OIG will provide oversight for these funds.¹⁰ Please see our [OIG COVID-19 Oversight Plan](#) for more information on our work. To see our progress and the results of our oversight activities, please visit our [pandemic-related reports](#).¹¹

¹⁰ USDA OIG, *OIG COVID-19 Oversight Plan* (Apr. 2020), <https://www.usda.gov/oig/reports/oig-plan-oversight-covid-19-funding>.

¹¹ USDA OIG, *Other Inspector General Reports*, <https://www.usda.gov/oig/reports/inspector-general-reports>.

Exhibit A: USDA COVID-19 Funding by Mission Area and Agency

Mission Area/ Agency/ Program Activities	Amount (thousands)	Legislative Source	Assistance Type	Eligible Recipients
Farm Production and Conservation				
<i>Farm Service Agency (FSA)</i>				
Coronavirus Food Assistance Program	\$9,500,000	CARES Act	direct payments with unrestricted use ¹²	Government— Federally-recognized Tribal Governments, individuals/families, profit organizations
Coronavirus Food Assistance Program	\$6,500,000	CCC Charter Act	direct payments with unrestricted use	Government— Federally-recognized Tribal Governments, individuals/families, profit organizations
Salaries and Expense	\$3,000	CARES Act	not applicable (N/A)	N/A
<i>Natural Resources Conservation Service (NRCS)</i>				
Environmental Quality Incentives Program	\$25,000	2018 Farm Bill ¹³	salaries and expenses, direct payments for specified use ¹⁴	Government— Federally-recognized Tribal Governments, individuals/families, anyone/general public
Subtotal	\$16,028,000			

¹² “Direct payments with unrestricted use” are financial assistance from the Federal Government provided directly to beneficiaries who satisfy Federal eligibility requirements with no restrictions being imposed on the recipient as to how the money is spent. Included are payments under retirement, pension, and compensatory assistance listings.

¹³ Agriculture Improvement Act of 2018, Pub. L. No. 115-334, 132 Stat. 4490 (2018 Farm Bill).

¹⁴ “Direct payments for specified use” are financial assistance from the Federal Government provided directly to individuals, private firms, and other private institutions to encourage or subsidize a particular activity by conditioning the receipt of the assistance on a particular performance by the recipient. This does not include solicited contracts for the procurement of goods and services for the Federal Government.

Mission Area/ Agency/ Program Activities	Amount (thousands)	Legislative Source	Assistance Type	Eligible Recipients
Food Safety				
<i>Food Safety and Inspection Service (FSIS)</i>				
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	\$33,000	CARES Act	salaries and expenses, project grants ¹⁵	Government—States ¹⁶
Meat, Poultry, and Egg Products Inspection			salaries and expenses, provision of specialized services ¹⁷	individuals/families, profit organizations, other private organizations
Subtotal	\$33,000			
Food, Nutrition, and Consumer Services				
<i>Food and Nutrition Service (FNS)</i>				
Child Nutrition Programs	\$8,800,000	CARES Act	formula grants ¹⁸	Government—States, local, ¹⁹ U.S. territories and possessions; public/private nonprofit organizations
Supplemental Nutrition Assistance Program— Contingency Reserve	\$15,510,000	CARES Act	formula grants, project grants, direct payments for specified use, salaries and expenses	Government—States, U.S. territories and possessions
Supplemental Nutrition Assistance Program (Pandemic EBT)	\$8,858,000 ²⁰	FFCR Act	formula grants, project grants, direct payments for specified	Government—States, U.S. territories and possessions

¹⁵ “Project grants” are the funding, for fixed or known periods, of specific projects. Project grants can include fellowships, scholarships, research grants, training grants, traineeships, experimental and demonstration grants, evaluation grants, planning grants, technical assistance grants, survey grants, and construction grants.

¹⁶ Within this report, “States” includes the District of Columbia.

¹⁷ “Provision of specialized services” are assistance listings that provide Federal personnel directly to perform certain tasks for the benefit of communities or individuals. These services may be performed in conjunction with non-Federal personnel, but involve more than consultation, advice, or counseling.

¹⁸ “Formula grants” are allocations of money to States or their subdivisions in accordance with distribution formulas prescribed by law or administrative regulation, for activities of a continuing nature not confined to a specific project.

¹⁹ Includes State-designated Tribes.

²⁰ The FFCR Act appropriated to the Secretary such amounts as are necessary to carry certain provisions of the act. As of May 31, 2020, the Secretary allocated more than \$8.85 billion for the Pandemic EBT Program.

Mission Area/ Agency/ Program Activities	Amount (thousands)	Legislative Source	Assistance Type	Eligible Recipients
			use, salaries and expenses	
Nutrition Assistance for Puerto Rico American Samoa and the Commonwealth of the Northern Mariana Islands	\$200,000	CARES Act	project grants, direct payments for specified use	Government—U.S. territories and possessions
Nutrition Assistance for Puerto Rico, American Samoa and the Commonwealth of the Northern Mariana Islands	\$100,000	FFCR Act	project grants, direct payments for specified use	Government—U.S. territories and possessions
Commodity Assistance Program	\$450,000	CARES Act	formula grants	Government—States
Commodity Assistance Program	\$400,000	FFCR Act	formula grants	Government—States
Food Distribution Program on Indian Reservations	\$100,000	CARES Act	direct payments for specific use, project grants, sale, exchange, or donation of property and goods	Government—States, Federally-recognized Tribal Governments; public nonprofit organizations, other public organizations, non-Government organizations
Special Supplemental Nutrition Program for Women, Infants, and Children	\$500,000	FFCR Act	formula grants, project grants (discretionary)	Government—State, local, and Federally-recognized Governments, U.S. territories; private nonprofit organizations
<i>Subtotal</i>	\$34,918,000			

Mission Area/ Agency/ Program Activities	Amount (thousands)	Legislative Source	Assistance Type	Eligible Recipients
Marketing and Regulatory Programs				
<i>Agricultural Marketing Service (AMS)</i>				
Food Box Distribution Program	\$3,000,000 ²¹	FFCR Act	sales, exchange, or donation of property and goods	nonprofit and governmental organizations ²²
Marketing Services— Salaries and Expenses	\$45,000	CARES Act	N/A	N/A
<i>Animal and Plant Health Inspection Service (APHIS)</i>				
Salaries and Expenses— Agriculture Quarantine and Inspection Program	\$55,000	CARES Act	N/A	N/A
Subtotal	\$3,100,000			
Natural Resources and Environment				
<i>Forest Service (FS)</i>				
Capital Improvement and Maintenance	\$26,800	CARES Act	N/A	N/A
Forest and Rangeland Research	\$3,000	CARES Act	N/A	N/A
Research Joint Venture and Cost Reimbursable Agreements			direct payments for specified use	Government—States, ²³ Federal; other public/private organizations
National Forest System— Recreation Heritage and Wilderness	\$34,000	CARES Act		

²¹ The FFCR Act appropriated to the Secretary such amounts as are necessary to carry out certain provisions of the act. As of May 31, 2020, the Secretary allocated \$3 billion for the Food Box Distribution Program.

²² Food banks, food pantries, churches, schools, and community groups.

²³ Public institutions of higher education and hospitals.

Mission Area/ Agency/ Program Activities	Amount (thousands)	Legislative Source	Assistance Type	Eligible Recipients
Law Enforcement Agreements			cooperative agreements	Government—general, States, ²⁴ local, ²⁵ State cooperators. ²⁶
Partnership Agreements			direct payments for specified use, direct payments for specified use (cooperative agreements)	Government—general, State, ²⁷ local, ²⁸ Federally-recognized Tribal Governments, U.S. territories and possessions; public nonprofit organizations, ²⁹ other public organizations, private nonprofit organizations, ³⁰ quasi-public nonprofit organizations, Native American organizations ³¹
Schools and Roads—Grants to States			cooperative agreements, formula grants	Government—States, local, ³² U.S. territories and possessions
Wildland Fire Management	\$7,000	CARES Act		
Cooperative Forestry Assistance			project grants, formula grants	Government—States, ³³ local, ³⁴ U.S. territories and possessions; private nonprofit organizations ³⁵

²⁴ Public institutions of higher education and hospitals.

²⁵ State-designated Tribes, excludes institutions of higher education and hospitals.

²⁶ Any State or political subdivision (that is, local governments).

²⁷ Public institutions of higher education and hospitals.

²⁸ State-designated Tribes, excludes institutions of higher education and hospitals.

²⁹ Institutions of higher education and hospitals.

³⁰ Institutions of higher education and hospitals.

³¹ Tribal groups, cooperatives, corporations, partnerships, associations.

³² State-designated Tribes, excludes institutions of higher education and hospitals.

³³ Public institutions of higher education and hospitals.

³⁴ State-designated Tribes, excludes institutions of higher education and hospitals.

³⁵ Institutions of higher education and hospitals.

Mission Area/ Agency/ Program Activities	Amount (thousands)	Legislative Source	Assistance Type	Eligible Recipients
Partnership Agreements			direct payments for specified use, direct payments for specified use (cooperative agreements)	Government—general, State, ³⁶ local, ³⁷ Federally-recognized Tribal Governments, U.S. territories and possessions; public nonprofit organizations, ³⁸ other public organizations, private nonprofit organizations, ³⁹ quasi-public nonprofit organizations, Native American organizations ⁴⁰
<i>Subtotal</i>	\$70,800			
Research, Education and Economics				
<i>National Institute of Food and Agriculture (NIFA)</i>				
Agriculture and Food Research Initiative—Foundation and Applied Science Program	\$21,100	discretionary funds ⁴¹	project grants	Government—Federal, State, ⁴² public nonprofit organizations, ⁴³ individuals/families, profit organizations, quasi-public nonprofit organizations
Small Business Innovation Research Program—Phase I	\$1,200	discretionary funds ⁴⁴	project grants	small businesses (less than 500 employees)
<i>Subtotal</i>	\$22,300			

³⁶ Public institutions of higher education and hospitals.

³⁷ State-designated Tribes, excludes institutions of higher education and hospitals.

³⁸ Institutions of higher education and hospitals.

³⁹ Institutions of higher education and hospitals.

⁴⁰ Tribal groups, cooperatives, corporations, partnerships, associations.

⁴¹ Competitive, Special, and Facilities Research Grant Act, Pub. L. 89-106 (section 2), amended through Pub. L. 115-334 (August 4, 1965).

⁴² Public institutions of higher education and hospitals.

⁴³ Institutions of higher education and hospitals.

⁴⁴ National Defense Authorization Act for Fiscal Year 2017, Pub. L. 114-328, 1130 Stat. 2001(enacted Dec. 23, 2016).

Mission Area/ Agency/ Program Activities	Amount (thousands)	Legislative Source	Assistance Type	Eligible Recipients
Rural Development				
<i>Rural Business Service (RBS)</i>				
Business and Industry CARES Act Program	\$19,885	CARES Act	guaranteed/ insured loans	Government— Federally-recognized Tribal Governments, public bodies, ⁴⁵ nonprofit/profit organizations, cooperative organizations ⁴⁶
Salaries and Expense	\$615	CARES Act	N/A	N/A
<i>Rural Utilities Service (RUS)</i>				
Distance Learning and Telemedicine Grants	\$24,250	CARES Act	project grants	Government— Federally-recognized Tribal Governments, States, local government entities, nonprofit/profit organizations, consortia of eligible entities
Rural e- Connectivity Pilot Program	\$97,000	CARES Act	project grants	Government— Federally-recognized Tribal Governments, States, local or any agencies, subdivisions, instrumentalities, or political subdivisions thereof, U.S. territories or possessions; cooperatives, nonprofits, or mutual associations; profit corporations or limited liability companies

⁴⁵ A “public body” is a municipality, county, or other political subdivision of a State; a special purpose district; a Tribe on a Federal or State reservation or other Federally-recognized Tribe; or an organization controlled by any of the above.

⁴⁶ A “cooperative organization” is an entity that is legally chartered as a cooperative or an entity that is not legally chartered as a cooperative, but is owned and operated for the benefit of its members, with returns of residual earnings paid to such members on the basis of patronage.

Mission Area/ Agency/ Program Activities	Amount (thousands)	Legislative Source	Assistance Type	Eligible Recipients
Salaries and Expense	\$3,750	CARES Act	N/A	N/A
<i>Subtotal</i>	\$145,500			
Trade and Foreign Agricultural Affairs				
<i>Foreign Agricultural Service (FAS)</i>				
Salaries and Expense	\$4,000	CARES Act	N/A	N/A
<i>Subtotal</i>	\$4,000			
Total COVID-19 Funding	\$54,321,600			

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