

Updated August 5, 2025

Farm and Food Support Under USDA's Section 32 Account

Congress created a mandatory appropriation in 1935—the Funds for Strengthening Markets, Income, and Supply (Section 32 of the act of August 24, 1935; 7 U.S.C. 612c). The account supports producers of agricultural commodities that are not supported by other farm support programs, such as the Commodity Credit Corporation. Such commodities include primarily fruits, vegetables, meats, poultry, and fish. Ongoing issues for Congress include the scale of funding and how to direct support to various uses.

Known as Section 32, the fund has three primary purposes identified in law: Clause 1—to encourage the export of agricultural products; Clause 2—to encourage the domestic consumption of farm products by diverting surpluses and increasing their use; and Clause 3—to reestablish farmers' purchasing power by making payments to farmers.

A permanent appropriation of 30% of customs receipts on all imports from the prior calendar year funds the Section 32 account. Following imposition of higher tariffs in 2018, this amount has more than doubled to exceed about \$25 billion as of FY2026, but that has not provided more funding for the U.S. Department of Agriculture's (USDA's) discretionary use.

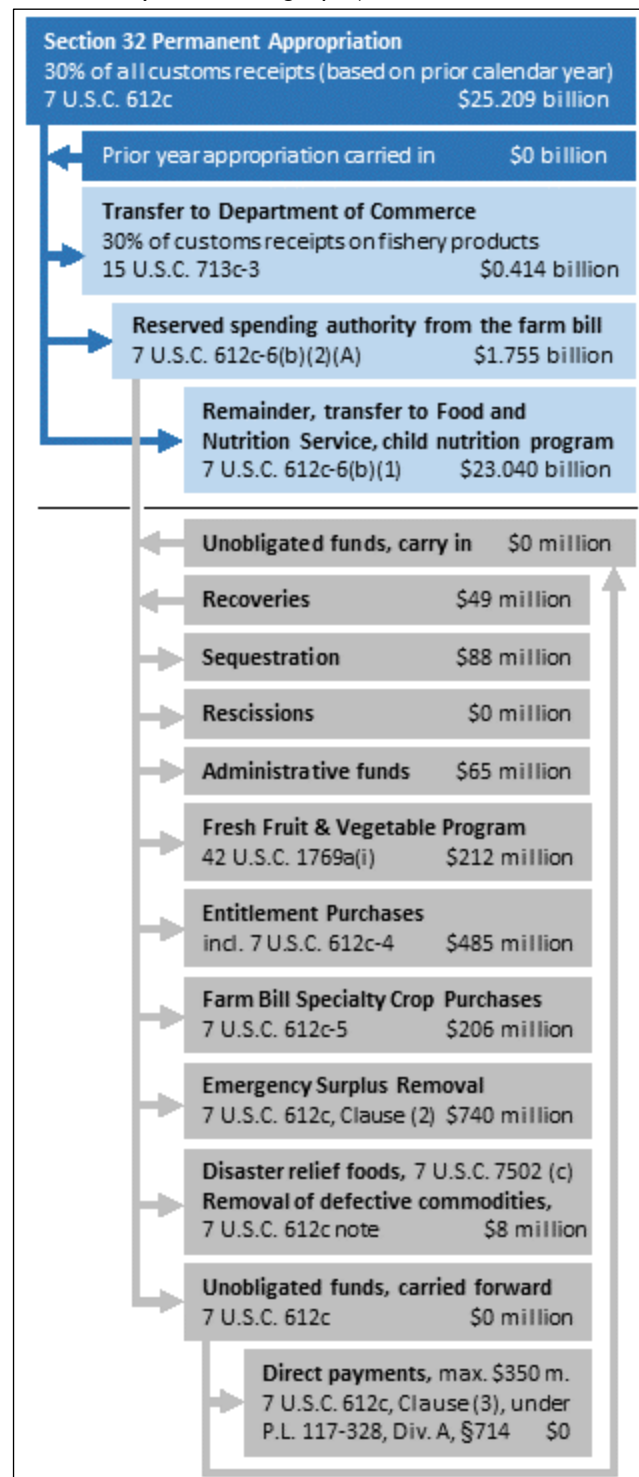
Three allocations flow from the permanent appropriation: a transfer to the Department of Commerce of 30% of customs receipts from fishery products; a statutory amount retained by USDA to support farmers and domestic food assistance programs that increases with inflation (known as “reserved spending authority”); and a transfer of the remainder to the Food and Nutrition Service (FNS) for the child nutrition programs. The Section 32 transfer to FNS is the largest portion (blue portions of **Figure 1** and top of **Table 1**) and partially funds the mandatory amount needed to pay for the child nutrition programs, with other Treasury funds.

Section 32 Commodity Procurement

Commodities procured with Section 32 funds may be categorized as either entitlement or contingency (both are shown in the gray boxes in **Figure 1** and **Table 1** below the line). USDA's entitlement purchases are mandated by various laws and then planned for what is delivered. Various nutrition acts specify an amount that is to be delivered in kind to schools and other entities. Based on local preferences, organizations and USDA develop a purchase plan. USDA's Agricultural Marketing Service (AMS) issues bid specifications, generally for processed products, for deliveries to specific locations.

Contingency purchases (also known as emergency surplus removals) are possible with USDA's discretion in Clause 2 to increase demand for surplus commodities when farm prices are low. Recipients of bonus commodities include schools, child care centers, and food banks.

Figure 1. Flow of Funds in USDA's Section 32 Account
Amounts vary and are budget projections for FY2026



Source: CRS using USDA, AMS, FY2026 Congressional Budget Justification; and OMB, FY2026 Budget Appendix.

Table 1. USDA's Section 32 Account: Funding and Uses

Dollars in millions

Description	Authority	FY2023 Actual	FY2024 Actual	FY2025 Estimate	FY2026 Estimate
Permanent appropriation	7 U.S.C. 612c	+27,123	+30,801	+24,447	+25,209
+ Prior year appropriation carried in	—	+16	+18	+1	na
- Transfer to Department of Commerce	15 U.S.C. 713c-3	-363	-377	-345	-414
- Reserved spending authority	7 U.S.C. 612c-6 (b)(2)(A)	-1,561	-1,657	-1,709	-1,755
- Transfer to Food and Nutrition Service	7 U.S.C. 612c-6 (b)(1)	-25,215	-28,785	-22,393	-23,040
Detail for reserved spending authority					
Reserved spending authority	7 U.S.C. 612c-6 (b)(2)(A)	+1,561	+1,657	+1,709	+1,755
+ Unobligated balance brought forward	7 U.S.C. 612c	+431	+229	+302	+0
+ Recoveries	—	+0	+34	+0	+49
- Sequestration	2 U.S.C. 901a(6)	-78	-83	-86	-88
- Rescissions	—	-16	0	-49	0
- Administrative expenses	7 U.S.C. 601 et seq.	-54	-57	-59	-65
- Fresh Fruit and Vegetable Program	42 U.S.C. 1769a(i)	-191	-195	-205	-212
- Entitlement purchases	7 U.S.C. 612c-4, with 42 U.S.C. 1755 and 42 U.S.C. 1762a	-485	-485	-485	-485
- 2008 farm bill specialty crop purchases	7 U.S.C. 612c-5	-206	-206	-206	-206
- Emergency surplus removal (contingency)	7 U.S.C. 612c, Clause 2	-734	-591	-914	-740
- Disaster relief foods	7 U.S.C. 7502 (c)	+0	+0	-5	-5
- Removal of defective commodities	7 U.S.C. 612c note	+0	-1	-2	-3
= Unobligated balance carried forward	7 U.S.C. 612c	229	302	0	0

Source: CRS, using USDA Congressional Budget Justification for Agricultural Marketing Service (AMS); and OMB Budget Appendix for USDA.

Notes: na = not available. Itemization of amounts varies between the USDA and OMB sources; amounts here are organized to reflect congressional policy issues to show the flow of funds. Entitlement purchases are specific amounts of foods required to be delivered to schools and entities. The amount of emergency surplus removal is not identified explicitly in the sources and is computed here from total commodity purchases. The budget request estimates zero carry forward in FY2025 and FY2026, leading to a particularly high estimate of contingency purchases in FY2025 and an estimate in FY2026 with less influence from carry forward. Amounts may not add due to rounding.

Limitations and Uses of Section 32

Historically, USDA had considerable discretion with Section 32. Congress reduced that discretion in the 2008 farm bill, which established the reserved spending authority to limit USDA spending (P.L. 110-246, §14222). Various farm bills also have established provisions with minimum purchase requirements of fruits, vegetables, and other specialty crops.

Appropriations acts from FY2012-FY2017 prohibited using Clause 3 authority to make direct payments to farmers for emergencies or disasters. Since FY2018, appropriations acts have limited up to \$350 million of carryover may be used for Clause 3 payments, though this exception has been used minimally. The Clause 3 limit has existed at the same time that permanent disaster programs, ad hoc disaster assistance, and federal crop insurance have grown.

provides a limited amount of disaster relief foods during natural disasters, and may pay to remove a defective commodity that is found to pose a health risk after being distributed by USDA. Unobligated balances less than \$500 million may be carried forward to future fiscal years.

USDA Procurement Beyond Section 32

In recent years, AMS has procured more than \$4 billion of food for domestic uses, including the Section 32 purchases that are identified in **Figure 1** and **Table 1**. Some of these other purchases are for FNS from the child nutrition appropriation and fulfil other entitlement requirements in the National School Lunch Act and other Child Nutrition Programs statutes (CRS Report R48141, *Trends in USDA Procurement of U.S. Food and Agricultural Products*).

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Section 32 pays for some administrative expenses and oversight of federal marketing orders. Section 32 also

IF12193

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