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Updated September 14, 2026

Farm and Food Support Under USDA's Section 32 Account

Congress created a permanent 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). This appropriations account supports producers of agricultural commodities (primarily fruits, vegetables, meats, poultry, and fish) not supported by other U.S. Department of Agriculture (USDA) programs. Issues for Congress include the scale of funding and directing support.

Known as Section 32, the account has three primary statutory purposes: 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.

The account receives 30% of customs receipts (tariffs) on all imports from the prior calendar year. It is allocated in three primary ways: 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 (known as "reserved spending authority"); and a transfer of the remainder to the Food and Nutrition Administration (FNA) for the child nutrition programs (**Figure 1** and **Table 1**).

The reserved spending authority increases at the rate of inflation and does not vary with customs receipts. It funds both required and optional purchases of farm commodities (gray boxes in **Figure 1** and **Table 1**). Various farm bills have established minimum purchase requirements for fruits, vegetables, and other specialty crops.

Commodities procured with the reserved spending authority are categorized as either entitlement or contingency purchases. USDA's entitlement purchases are required in laws that specify amounts of food to be delivered in kind to schools and other entities. USDA and the entities develop purchase plans based on local preferences. The Agricultural Marketing Service (AMS) solicits bids for the delivery of specific products to identified locations. USDA has discretion to choose commodities and amounts for contingency purchases, also known as "emergency surplus removal," to increase demand for farm products. Recipients include schools, childcare centers, and food banks, which may refer to surplus removal as "bonus commodities."

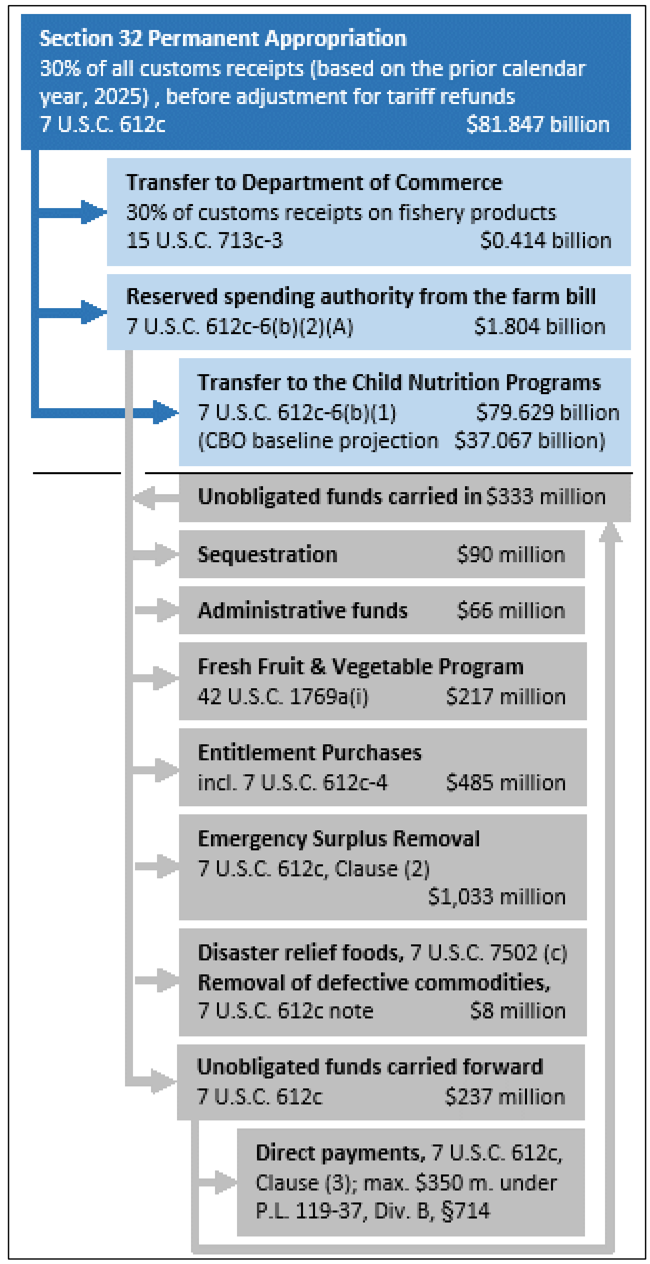
Issues for Congress

Tariffs and the Amount Transferred to FNA

Section 32 appropriations ultimately come from a general source of government revenue, and their uses are directed by law. Budget rules may limit options for changing the allocations of tariff receipts. The USDA budget request estimates that Section 32 will receive nearly $82 billion in FY2027 and reflects about $270 billion of tariffs collected during calendar year 2025.

Figure 1. Flow of Funds in USDA's Section 32 Account

Budget projections for FY2027



Source: CRS using USDA, Agricultural Marketing Service, *FY2027 Congressional Budget Justification*; Office of Management and Budget, *FY2027 Budget Appendix*; and Congressional Budget Office, *Child Nutrition Programs Baseline Projection*, February 2026.

This estimate precedes the Supreme Court decision that invalidated the collection of certain tariffs (CRS Legal Sidebar LSB11398, *Supreme Court Rules Against Tariffs*

Imposed Under the International Emergency Economic Powers Act (IEEPA)). Subsequent refunds of those tariffs may reduce the amount transferred to Section 32. Through August 31, 2026, the Treasury Department has refunded $125 billion, most of which may be from 2025 (CRS In Focus IF13150, *Potential Refunds of Tariffs Imposed Under the International Emergency Economic Powers Act (IEEPA)*). The effect on the final amount for Section 32 remains to be determined.

The Congressional Budget Office estimates that the cost of the child nutrition programs in FY2027 is $37 billion. A transfer from Section 32 that exceeds the child nutrition program's costs would not create extra spending authority. The child nutrition programs may not obligate more than authorized by law. Extra transfers may remain in the account, unobligated, for five years before returning to the Treasury (Office of Management and Budget, *Circular No. A-11*). If Section 32 transfers are less than the cost, additional transfers from the Treasury meet the obligations.

surplus removal has increased over the past decade from less than $500 million annually to nearly $1 billion as the reserved spending authority rises with inflation and other directives remain steady. Congress could consider whether to amend the allocation of the reserved spending authority and the amount available for emergency surplus removal.

In 2025, USDA purchased $866 million in emergency surplus removal commodities using Section 32, including fruit (apples, apricots, berries, cherries, dates, figs, grapefruit, grapes, mandarins, nectarines, oranges, peaches, pears, plums), vegetables (asparagus, beans, chickpeas, lentils, spinach, tomatoes), dried fruits (prunes, raisins), nuts (hazelnuts, pecans, pistachios), and proteins (chicken, catfish, Atlantic groundfish, Alaska pollock, and shrimp).

Limitations on Direct Payments from Section 32

Appropriations acts since FY2018 have limited the use of Clause 3 (direct payments) to $350 million from prior year carryover. USDA has used this rarely, given the availability of disaster programs, crop insurance, and ad hoc assistance.

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

Dollars in millions

Description	Authority	FY2024 Actual	FY2025 Actual	FY2026 Estimate	FY2027 Estimate
Permanent appropriation	**7 U.S.C. §612c**	**+30,805**	**+24,448**	**+25,209**	**+81,847**
- Transfer to Department of Commerce	15 U.S.C. §713c-3	-377	-345	-414	-414
- Reserved spending authority	7 U.S.C. §612c-6(b)(2)(A)	-1,657	-1,709	-1,755	-1,804
- Transfer to Food and Nutrition Service	7 U.S.C. §612c-6(b)(1)	-28,771	-22,393	-23,041	-79,629
Detail for reserved spending authority					
Reserved spending authority	**7 U.S.C. §612c-6(b)(2)(A)**	**+1,657**	**+1,709**	**+1,755**	**+1,804**
+ Unobligated balance brought forward	7 U.S.C. §612c	+229	+302	+334	+333
+ Recoveries	—	+27	+34	na	na
- Sequestration	2 U.S.C. §901a(6)	-83	-86	-88	-90
- Fresh Fruit and Vegetable Program	42 U.S.C. §1769a(i)	-195	-205	-212	-217
- Entitlement purchases	7 U.S.C. §612c-4, with 42 U.S.C. §1755 and 42 U.S.C. §1762a	-485	-485	-485	-485
- Emergency surplus removal (contingency)	7 U.S.C. §612c, Clause 2	-791	-871	-898	-1,033
- Administrative expenses	7 U.S.C. §§601 et seq.	-57	-55	-65	-66
- Disaster relief foods	7 U.S.C. §7502 (c)	0	-6	-5	-5
- Removal of defective commodities	7 U.S.C. §612c note	-1	-2	-3	-3
= Unobligated balance carried forward	7 U.S.C. §612c	302	334	333	237

Source: CRS using USDA Agricultural Marketing Service, *FY2027 Congressional Budget Justification*; and Office of Management and Budget, *FY2027 Budget Appendix*.

Notes: Itemization varies between sources. Entitlement purchases include food required to be delivered to entities. The requirement in 7 U.S.C. §612c-4 to purchase $200 million of fruits, vegetables, and other specialty food crops is met by entitlement purchases. The requirement in 7 U.S.C. §612c-5 to purchase $206 million of fruits, vegetables, and nuts may be met by other purchases, including emergency surplus removal. The amount of emergency surplus removal is not consistently shown in sources over time; it is computed here to result in the unobligated balance carried forward given other known amounts. na = not available. Amounts may not add to totals because of rounding.

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