IN THE UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

GOVERNOR JOSH SHAPIRO; RUSSELL REDDING, IN HIS OFFICIAL CAPACITY AS SECRETARY OF THE PENNSYLVANIA DEPARTMENT OF AGRICULTURE; and THE PENNSYLVANIA DEPARTMENT OF AGRICULTURE.

Plaintiffs,

v.

U.S. DEPARTMENT OF AGRICULTURE; BROOKE ROLLINS, IN HER OFFICIAL CAPACITY AS SECRETARY OF THE U.S. DEPARTMENT OF AGRICULTURE; and THE AGRICULTURAL MARKETING SERVICE,

Defendants.

No.

COMPLAINT

INTRODUCTION

1. This action challenges a determination by the U.S. Department of Agriculture ("USDA") that a food assistance program in which 100% of funds are used to buy food from local farmers that is then distributed through Pennsylvania's charitable food network to people and communities experiencing hunger no longer effectuates USDA's priorities.

- 2. Based on this determination, USDA has terminated the Local Food Purchase Assistance 2025 Cooperative Agreement ("LFPA25 Agreement"), which it executed with the Pennsylvania Department of Agriculture ("PDA") only several months ago.
- 3. Through the LFPA25 Agreement, USDA had committed to provide PDA just over \$13 million for PDA to "[p]urchase local, unprocessed or minimally processed domestic foods from local producers, targeting historically underserved farmers/producers/fishers and small businesses including processors, aggregators, and distributors" and then to "[d]istribute the food purchased to underserved communities."
- 4. The LFPA25 Agreement did not create a new program. Instead, it supplied further funding to Pennsylvania's existing Local Food Purchase Assistance Program ("LFPA"), which PDA was already successfully operating with two prior rounds of funding—totaling nearly \$30 million—from USDA. Through that prior funding, PDA has helped provide nearly 30 million pounds of food sourced from Pennsylvania farmers and food distributors to over 6.1 million Pennsylvania households.
- 5. Despite the success of the LFPA program, in March 2025 USDA notified PDA that the federal agency would terminate the LFPA25 Agreement under 2 C.F.R. § 200.340(a)(4) because, the federal agency asserted, that agreement "no

longer effectuates agency priorities." The formal termination letter, sent 60 days after the notice, confirmed that the LFPA25 Agreement was "terminated in accordance with 2 CFR § 200.340(a)(4) and the terms and conditions of the award."

- 6. Neither the termination notice nor the termination letter explained why USDA had determined that a program that uses 100% of its funding to feed hungry families no longer effectuated its priorities. Nor did either document identify the factors the federal agency had considered to make its decision, indicate that USDA had at all accounted for those who were relying on the agreement, or acknowledge that USDA's decision represented a change in the agency's position.
- 7. PDA wrote to USDA on two separate occasions seeking to understand the basis for the Agency's conclusion that the program no longer effectuated agency priorities and to invoke PDA's right to formally appeal the decision. USDA did not respond to either letter.
- 8. For all these reasons, USDA's regulatory termination of the LFPA25 Agreement is arbitrary and capricious and violates the regulations that the federal agency purported to follow.
- 9. Accordingly, USDA's decision to terminate the LFPA25 Agreement should be vacated.

JURISDICTION AND VENUE

- 10. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331. Jurisdiction is also proper under the judicial review provisions of the Administrative Procedure Act. *See* 5 U.S.C. § 702.
- 11. Venue is proper in this district under 28 U.S.C. § 1391(b)(2), (e)(1). Defendants are United States agencies or officers sued in their official capacities. Governor Josh Shapiro, Secretary Russell Redding, and PDA reside in this district and a substantial part of the events giving rise to this Complaint occurred and continue to occur within this district.

PARTIES

A. Plaintiffs

- 12. Josh Shapiro is the Governor of Pennsylvania. He brings this case in his official capacity.
- 13. The Pennsylvania Constitution vests "[t]he supreme executive power" in the Governor. Pa. Const. art. IV, § 2. The Governor oversees all executive agencies in Pennsylvania.
- 14. Russell Redding is the Pennsylvania Secretary of Agriculture. He brings this case in his official capacity.
- 15. The Pennsylvania Department of Agriculture is an executive agency within the Commonwealth of Pennsylvania. *See* 71 P.S. § 441.

B. Defendants

- 16. Defendant U.S. Department of Agriculture is a cabinet agency within the executive branch of the United States government. *See* 7 U.S.C. § 2201.
- 17. Defendant Brooke Rollins is the Secretary of the U.S. Department of Agriculture, and that agency's highest ranking official. She is charged with the supervision and management of all decisions and actions of that agency. *See* 7 U.S.C. § 2201. She is sued in her official capacity.
- 18. Defendant Agricultural Marketing Service ("AMS") is an agency within USDA. It administers programs that create domestic and international marketing opportunities for U.S. farmers and food producers.

FACTS

A. The Local Food Purchase Assistance Program in Pennsylvania

- 19. USDA is statutorily charged with administering federally funded emergency food programs that purchase food from domestic farmers and food producers to then distribute to communities and individuals in need. *See generally* 7 U.S.C. §§ 7501-7518.
 - 20. LFPA is one such program.
- 21. Through LFPA, USDA provides grants to states and other government entities "to purchase foods produced within the state or within 400 miles of the

delivery destination to help support local, regional and underserved producers." The program's purpose "is to maintain and improve food and agricultural supply chain resiliency," and the program allows states "to procure and distribute local and regional foods and beverages that are healthy, nutritious, unique to their geographic areas and that meet the needs of the population." Food purchased from these local producers "will serve feeding programs, including food banks and organizations that reach underserved communities. In addition to increasing local food consumption, the funds will help build and expand economic opportunity for local and underserved producers."

22. Funding for LFPA initially came from the American Rescue Plan Act of 2021, through which Congress appropriated \$4 billion to "purchase food and agricultural commodities"; "to purchase and distribute agricultural commodities (including fresh produce, dairy, seafood, eggs, and meat) to individuals in need, including through delivery to nonprofit organizations and through restaurants and other food related entities, as determined by the Secretary, that may receive, store, process, and distribute food items"; and to "make loans and grants and provide other assistance to maintain and improve food and agricultural supply chain resiliency." Pub. L. No. 117-2, § 1001, 135 Stat. 10 (2021).

¹ See Local Food Purchase Assistance Cooperative Agreement Program, USDA, available at: https://www.ams.usda.gov/selling-food-to-usda/lfpacap (last visited June 4, 2025).

- 23. Pennsylvania received \$15,200,000 from the initial round of funding appropriated for the LFPA program.
- 24. Pennsylvania's LFPA program subcontracts with Feeding Pennsylvania, a statewide organization of food banks that works through approximately one dozen large regional food banks to purchase food from approximately 190 local farmers. The regional food banks distribute food to a network of thousands of local food pantries and soup kitchens across Pennsylvania that serve individuals and communities with limited access to food.
- 25. In 2022, USDA announced it was expanding the LFPA program with \$464 million in funding from the Commodity Credit Corporation ("CCC"), a government-owned corporation chaired by, and subject to the direction of, the U.S. Secretary of Agriculture. Among other powers, CCC is authorized to "[p]rocure agricultural commodities (other than tobacco) for sale to other Government agencies, foreign governments, and domestic, foreign, or international relief or rehabilitation agencies, and to meet domestic requirements." 15 U.S.C. § 714c(c).
- 26. This second round of funding for LFPA was called LFPA Plus. Pennsylvania received \$14,724,610 for its LFPA program through this round of funding.

- 27. Between the initial LFPA award and the LFPA Plus award, Pennsylvania provided about 30 million pounds of food sourced from Pennsylvania farmers and food distributors to more than 6.1 million Pennsylvania households.
- 28. By the end of May 2025, PDA had less than \$30,000 remaining from the nearly \$30 million awarded under the original LFPA funding round and the LFPA Plus round, and soon will have used the full award.

B. The LFPA25 Agreement

- 29. In October 2024, USDA announced another funding opportunity for states' LFPA programs—referred to as LFPA25.
- 30. On or about December 19, 2024, a designated representative of the USDA signed the LFPA25 Agreement for Pennsylvania. PDA countersigned the LFPA25 Agreement eight days later. A true and correct copy of the LFPA25 Agreement is attached as Exhibit 1.
- 31. The stated goal of the LFPA25 Agreement is "to support to maintain and improve food and agricultural supply chain resiliency through the procurement of local, domestic and unprocessed or minimally processed agricultural commodities." Funding under the agreement is to "be used to purchase local, unprocessed or minimally processed domestic foods."

- 32. The LFPA25 Agreement did not state, however, that this stated goal was a material term or condition of the grant award or that a change in this stated goal might give rise to termination of the grant award.
- 33. Among other things, USDA's responsibility under the agreement was to provide the Commonwealth with "\$13,003,131 to cover allowable costs."
- 34. PDA's responsibility under the agreement was to "[p]urchase local, unprocessed or minimally processed domestic foods from local producers, targeting historically underserved farmers/producers/fishers and small businesses including processors, aggregators, and distributors" and to "[d]istribute the food purchased to underserved communities."
- 35. The LFPA25 Agreement was to be executed "according to all applicable parts of Title 2 of the Code of Federal Regulations (CFR), Parts 25, 170, 200, and 400 or as they may be later revised, and successive published regulations as appropriate."
- 36. The agreement permitted USDA to prohibit use of funds awarded if it determined that PDA was not in compliance with the agreement's terms.

C. USDA's Regulatory Termination of the LFPA25 Agreement

37. On March 7, 2025, Jack Tuckwiller, Deputy Administrator of AMS, sent a letter to PDA notifying the state agency that the LFPA25 Agreement would be terminated in 60 days "in accordance with 2 C.F.R. § 200.340(a)(4) and the terms

and conditions of the award." A true and correct copy of that letter is attached as Exhibit 2.

- 38. Quoting § 200.340, the letter stated that AMS had determined that the LFPA25 Agreement "no longer effectuates agency priorities" and thus that "termination of the award is appropriate."
- 39. The notice specified that it was being sent "[p]ursuant to 2 CFR § 200.341."
- 40. Significantly, the LFPA25 termination notice communicated that \$240.340 was the primary basis for terminating the LFPA25 Agreement, signaling USDA was using purported regulatory—rather than contractual—authority to terminate the agreement.
- 41. Although the LFPA25 termination notice refers to the "terms and conditions of the award," no term or condition of the award is cited.
- 42. The LFPA25 termination letter did not state why the LFPA25 Agreement no longer effectuated USDA priorities. Nor did it state whether USDA had concluded that the LFPA program had changed in some way, or whether USDA's priorities had changed since December 2024. If the latter, the letter did not state what USDA priorities had been advanced by the LFPA25 Agreement when it was signed in December 2024, nor did it state what the new and different agency priorities were in March 2025.

- 43. The LFPA program had not changed in any meaningful way between December 2024 and March 2025.
- 44. On March 25, 2025, Secretary Redding wrote Deputy Administrator Tuckwiller, to reiterate the virtues of the LFPA program. A true and correct copy of that letter is attached as Exhibit 3.
- 45. As Secretary Redding explained, LFPA had funded (as of that time) the purchase of 25.9 million pounds of food from local farms. That food went to food banks across the Commonwealth that in turn provided more than 5 million meals to the Commonwealth's most vulnerable citizens. Secretary Redding wrote that it would be "hard to imagine a program that better furthers the statutory priorities of USDA" than one, like LFPA, that simultaneously "supports local farmers, helps promote supply chain resiliency, and provides healthy food to the neediest residents."
- 46. Secretary Redding urged USDA to rescind the termination notice and, if it would not, to "provide [PDA] with the factual and legal basis for your determination that this agreement 'no longer effectuates agency priorities."
- 47. Secretary Redding also asked USDA to "provide your written procedures for processing objections, hearings, and appeals, which you are required to maintain under 2 C.F.R. § 200.342" or to inform PDA that no such procedures existed.

- 48. USDA never responded to Secretary Redding's letter.
- 49. Instead, on April 14, Secretary Rollins visited Pennsylvania and accused Secretary Redding and PDA of not having the "facts right." She further insisted that Pennsylvania had "tens of millions of dollars sitting in state accounts" for its food assistance programs and that "the money is there."
- 50. After Secretary Rollins's comments, Secretary Redding sent a subsequent letter to remind her that LFPA is a reimbursement program—Pennsylvania spends its own funds initially and then seeks federal reimbursement for authorized expenses. For such a program, no federal money—let alone millions of dollars—is held in a Pennsylvania account. A true and correct copy of that letter is attached as Exhibit 4.
- 51. Secretary Redding again explained how LFPA serves both PDA's and USDA's goals. He noted that LFPA dollars allow regional food banks to purchase healthy food from local farmers and feed Pennsylvania families.
 - 52. Secretary Rollins did not respond to this letter.

² Jaxon White, *With potential lawsuit pending, Pa. agriculture secretary slams USDA canceling \$13M food bank program*, Lancaster Online (Apr. 18, 2025), available at: https://lancasteronline.com/news/politics/with-potential-lawsuit-pending-pa-agriculture-secretary-slams-usda-canceling-13m-food-bank-program/article_13ee9eff-bac5-4c69-b904-2d699b9c5122.html; John Cole, *U.S. Agriculture Secretary Brooke Rollins defends Trump tariffs in visit to Pennsylvania*, Pennsylvania Capital-Star (Apr. 14, 2025), available at: https://penncapital-star.com/agriculture-pa-farms/us-agriculture-secretary-brooke-rollins-defends-trump-tariffs-in-visit-to-pennsylvania/.

- 53. On May 7, 2025, USDA sent a letter formally terminating the LFPA25 agreement. The termination letter stated that "the agreement was terminated in accordance with 2 CFR § 200.340(a)(4) and the terms and conditions of the award." No specific term or condition was cited. A true and correct copy of that letter is attached as Exhibit 5.
- 54. Like the termination notice, the termination letter makes clear that USDA's primary basis for terminating the LFPA25 Agreement was not contractual, but rather regulatory. It identified that the basis for the termination was §200.340. Although the LFPA25 termination letter refers to the "terms and conditions of the award," no term or condition of the award is cited.
- 55. In subsequent conversations initiated by Secretary Redding, USDA restated that it would not change its termination decision nor provide any further process for challenging or revisiting the termination.

D. Impact of the Termination on Pennsylvania Farmers and Food Banks

56. The need for food assistance remains as strong as ever. For example, according to the Central PA Food Bank, food insecurity has increased about 30% in Pennsylvania's Dauphin County since 2022. The Warminster Food Bank in Bucks County distributed 30,000 pounds of food a year in 2019 and now distributes 31,000 pounds of food in one month alone. In 2020, the Greater Pittsburgh Community Food Bank served 40 million meals, and it served 48 million meals in 2024. Finally,

a 2023 survey reported that around 20% of students are worried about running out of food at home in the Pennsylvania Youth Survey. In 2021, that number was just 9% of students.

- 57. Since being awarded LFPA25 funds, PDA has developed plans for how it would use the \$13 million award. PDA intended to begin using funds from the LFPA25 Agreement in July 2025 through a contract with Feeding Pennsylvania to purchase unprocessed and minimally processed food from Pennsylvania farmers and producers.
- 58. Feeding Pennsylvania is an umbrella organization that subcontracts with more than a dozen large regional food banks throughout Pennsylvania to provide food to needy Pennsylvanians through their local food pantries and soup kitchens. None of the \$13 million award would have been used for administrative costs; 100% of the money would be used for food purchases.
- 59. That \$13 million LFPA25 award would have allowed Feeding Pennsylvania to purchase approximately 14.9 million pounds of food from local Pennsylvania farmers, which would have been supplied to approximately 3.2 million low-income Pennsylvania households.
- 60. Ensuring Pennsylvanians have access to food and supporting Pennsylvania farmers are core aspects of PDA's statutory duties.

- 61. The abrupt and unexpected termination of the LFPA25 Agreement will therefore interfere with PDA's work and have a devastating effect on Pennsylvania food banks, which were relying on the availability of the award funding, and the low-income Pennsylvanians they serve. PDA and residents of the Commonwealth will now be deprived of funding for a critical source of food and nutrition.
- 62. Similarly, the roughly 190 Pennsylvania farmers that PDA works with to supply food banks with fresh local food will lose an important market for their farm products, which in some cases was the difference between having a place to sell a bumper crop and seeing it go to waste.

CLAIMS FOR RELIEF

Count I – Violation of the Administrative Procedure Act Arbitrary and Capricious

- 63. Plaintiffs incorporate by reference the allegations contained in the preceding paragraphs.
- 64. Under the Administrative Procedure Act ("APA"), a reviewing court shall hold unlawful agency action that is "arbitrary" or "capricious." 5 U.S.C. § 706(2)(A).
 - 65. Defendants are agencies under the APA. 5 U.S.C. § 551(1).
- 66. Agency action is arbitrary or capricious where it is not "reasonable and reasonably explained." *Ohio v. Environmental Protection Agency*, 603 U.S. 279, 292 (2024). This standard requires that agencies provide "a satisfactory explanation for

its action[,] including a rational connection between the facts found and the choice made." *Id*.

- 67. Agency action must be judged based on the contemporaneous reason given for the action.
- 68. Additionally, if agency action reflects a changed position, the agency must, at a minimum, acknowledge and display awareness of the change. *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515 (2009).
- 69. Here, USDA's decision to terminate the LFPA25 Agreement under 2 C.F.R. § 200.340 is arbitrary and capricious.
- 70. In its termination notice and letter, USDA has claimed that the LFPA25 Agreement no longer effectuates its priorities but has completely failed to identify what its priorities are or how the program fails to advance them.
- 71. That sort of explanation is an essential piece of the reasoned decision making that the APA demands.
- 72. Likewise, USDA's decision that the LFPA25 Agreement no longer effectuates agency priorities is a change in position for USDA that the federal agency has completely failed to explain, justify, or even acknowledge.
- 73. The determination—had it been explained—that a program in which 100% of funding supports local farmers and feeds Pennsylvanians with limited access to food no longer effectuates USDA's or AMS's priorities is arbitrary and

capricious, given that such a determination would be at odds with the federal department's and agency's core functions. PDA's use of the LFPA25 funds would have continued to support Pennsylvania agricultural supply chain by purchasing domestic food to then feed families.

- 74. Further, USDA's termination of the LFPA25 Agreement fails to consider the reliance interests PDA, Pennsylvania farmers, food banks, and the people who rely on Pennsylvania's charitable food network have in the availability of funds that USDA agreed to distribute to PDA through the LFPA25 Agreement.
- 75. For each of these reasons, the decision that the LFPA25 Agreement no longer supports USDA's priorities and the resulting decision to terminate the agreement are arbitrary and capricious.

Count II – Violation of the Administrative Procedure Act Unlawful Agency Action

- 76. Plaintiffs incorporate by reference the allegations contained in the preceding paragraphs.
- 77. Under the Administrative Procedure Act, a reviewing court shall hold unlawful agency action that is "not in accordance with law" 5 U.S.C. § 706(2)(A).
- 78. Executive agencies must follow the laws that govern their conduct and may not engage in any conduct that violates the law.
- 79. Under 2 C.F.R. § 200.340, a federal agency may terminate an award "pursuant to the terms and conditions of the Federal award, including, to the extent

authorized by law, if an award no longer effectuates the program goals or agency priorities." 2 C.F.R. § 200.340(a)(4).

- 80. But while § 200.340 allows for termination under some circumstances, an agency's discretion is limited. For example, § 200.340 expressly provides that the federal agency "must clearly and unambiguously specify all termination provisions in the terms and conditions of the Federal award." 2 C.F.R. § 200.340(b).
- 81. The limits of federal agency discretion in § 200.340 were further laid out by the Office of Management and Budget ("OMB") when it amended its Uniform Grant Guidance ("UGG") in 2024. There, OMB made clear that the purpose of subsection (a)(4) in § 200.340 was not to give federal agencies unfettered discretion to unilaterally cancel grants, but rather to allow the federal agency to terminate grant agreements for reasons that are expressly provided in the grant agreements.
- 82. Specifically, OMB stated that § 200.340(a)(4) provides that "a Federal award may be terminated by the Federal agency or pass-through entity pursuant to the terms and conditions of the Federal award." 89 Fed. Reg. 30046-01, 30089 (April 22, 2024). A federal agency may terminate an award if it "no longer effectuates the program goals or agency priorities," but only "[p]rovided that the language is included in the terms and condition of the award." *Id.* Further, OMB clarified that this requirement should be read together with § 200.340(b), which "direct[s] Federal agencies and pass-through entities to clearly and unambiguously specify all

termination provisions in the terms and conditions of the award." *Id*.

- 83. The LPFA25 Agreement does not specify any circumstances under which the agreement can be terminated under § 200.340.
- 84. Moreover, the LFPA25 Agreement specifically identifies the program's purpose as "to maintain and improve food and agricultural supply chain resiliency through the procurement of local, domestic and unprocessed or minimally processed agricultural commodities."
- 85. Pennsylvania's LFPA program, including the LFPA25 Agreement, still supports those objectives. Indeed, there have been no changes in the administration of LFPA's program since USDA and PDA completed the LFPA25 Agreement.
- 86. Because the circumstances under which § 200.340 permits termination of an agreement do not apply here, USDA acted in violation of the law.

Count III – Violation of the Administrative Procedure Act Contrary to Law – Violation of UGG

- 87. Plaintiffs incorporate by reference the allegations contained in the preceding paragraphs.
- 88. Under 2 CFR § 200.341, a federal agency terminating a grant "must provide written notice of termination to the recipient or subrecipient," and that notice should include, among other things, "the reasons for termination." 2 CFR § 200.341(a).

- 89. Further, the UGG provides that a federal agency must provide recipients of terminated grants "with an opportunity to object and provide information challenging the action." 2 CFR § 200.342. To maintain this due process right, a federal agency "must maintain written procedures for processing objections, hearings, and appeals," and it must comply with those procedures during any challenge to an agency termination. *Id*.
- 90. USDA's termination of the LFPA25 Agreement failed to provide any opportunity to challenge the decision. Indeed, USDA failed to do so despite PDA's specifically informing USDA that it wished to use the mandatory appeals process and requesting information about USDA's required appeal procedures.

Count IV – Fifth Amendment of the United States Constitution Procedural Due Process

- 91. Plaintiffs incorporate by reference the allegations contained in the preceding paragraphs.
- 92. The core requirement of due process is the opportunity to be heard at a meaningful time and in a meaningful manner. *Mathews v. Eldridge*, 424 U.S. 319, 333 (1976). Where the government seeks to deprive a party of an interest in liberty or property, some form of hearing is required prior to the deprivation of that property interest. *Id*.
- 93. Here, Plaintiffs have a protected interest in the continued receipt of LFPA25 funding for the duration of time indicated by the USDA. This interest is

grounded in policy, not mere contract—the LFPA program was born from an act of Congress and effectuated through the USDA for multiple years, and its continuation for another three years had been expressly promised by the USDA as recently as January 2025.

- 94. In May 2025, USDA cancelled the LFPA25 funding without providing any meaningful legal process. Although Plaintiffs were given 60 days' notice, they were not given any opportunity to be heard during that time.
- 95. In fact, Plaintiffs affirmatively sought an opportunity to be heard, but USDA refused to provide any such opportunity. Twice, PDA sent letters to USDA seeking to challenge the decision to cancel the LFPA25 grant termination, but USDA never provided any response.
- 96. Secretary Redding's letters make clear why a hearing in this case would have been more than a mere formality. The USDA purported to cancel the LFPA25 grant because it "no longer effectuates agency priorities," but it refused to explain this conclusion. A hearing would have forced USDA to present reasons for the grant's cancellation, including what specific agency priorities were no longer being served by the program. Plaintiffs would have then had the opportunity to rebut by showing that the program as implemented does in fact continue to serve agency priorities.

- 97. As described above, this constitutionally required process is enshrined in the UGG itself. Although § 200.340(a) allows an agency to terminate a grant for any number of reasons, § 300.342 requires the agency to "maintain written procedures for processing objections, hearings, and appeals." These procedures are the hallmark of due process, and they were completely ignored here.
- 98. Because USDA provided Plaintiffs with no opportunity to be heard at a meaningful time and in a meaningful manner, the cancellation of the LFPA25 grant violated the Fifth Amendment's guarantee of due process.

PRAYER FOR RELIEF

Plaintiffs respectfully ask that this Court enter the following relief:

- a. Declare that Defendants' determination that the LFPA25 Agreement no longer effectuates agency priorities, and the resulting termination of that agreement, is arbitrary and capricious;
- b. Declare that Defendants' determination that the LFPA25 Agreement no longer effectuates agency priorities, and the resulting termination of that agreement, is contrary to law;
- c. Declare that Defendants' determination that the LFPA25 Agreement no longer effectuates agency priorities, and the resulting termination of that agreement, violates due process;

- d. Vacate Defendants' determination that the LFPA25 Agreement no longer effectuates agency priorities, and the resulting termination of that agreement;
- e. Award plaintiffs' costs and reasonable attorneys' fees, as appropriate; and
 - f. Grant any other relief the Court deems just and appropriate.

June 4, 2025

John H. Howard (Pa. 84002) Chief Counsel Pennsylvania Department of Agriculture 2301 N. Cameron Street Harrisburg, PA 17110 Respectfully submitted,

Jennifer C. Selber General Counsel

Michael J. Fischer (Pa. No. 322311) Executive Deputy General Counsel

s/ Jacob B. Boyer

Jacob B. Boyer (Pa. No. 324396) Stephen R. Kovatis (Pa. No. 209495) Deputy General Counsel Office of General Counsel 30 North Street, Suite 200 Harrisburg, PA 17101 jacobboyer@pa.gov (717) 460-6786

Counsel for Plaintiffs

Exhibit 1

Vendor I.D. (UEI) - UD7YBMAB7T81

Agreement No. 6000034503 Agency Assistance Listing Number: 10.182

COOPERATIVE AGREEMENT between the

AGRICULTURAL MARKETING SERVICE UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D.C. 20250

(hereinafter called the Federal Agency)

and the

Pennsylvania Department of Agriculture 2301 North Cameron Street Harrisburg, PA 17110-9408 (herein after called the State, Territory or Federally Recognized Tribal Agency)

- **Title of Agreement:** Local Food Purchase Assistance 2025 Cooperative Agreement
- 2. Objective: The U.S. Department of Agriculture (USDA), Agricultural Marketing Service (AMS), is entering cooperative agreements with U.S. States and Territories and Federally Recognized Tribal Governments for the Local Food Purchase Assistance 2025 Cooperative Agreement (LFPA25). The overall goal of LFPA25 is to support to maintain and improve food and agricultural supply chain resiliency through the procurement of local, domestic and unprocessed or minimally processed agricultural commodities.

Following signatures on these agreements, States, Territories, and Federally Recognized Tribal Governments are to submit formal plans to purchase local, unprocessed or minimally processed domestic foods and distributing the food to underserved communities. States, Territories, and Federally Recognized Tribal Government plans must include all information in the Project Summary template. Funds will be used to purchase local, unprocessed or minimally processed domestic foods. Funding can only be used for food procurement. Applicants may not request direct or indirect costs associated with developing or administering the program. All food purchased must be unprocessed or minimally processed, must meet the definitions of domestic and local, as defined in section 1.2.1 of the attached Program Scope and Requirements. States, Territories, and Federally Recognized Tribal Governments may subaward funds to eligible entities.

- 3. Statement of Responsibilities: This cooperative agreement shall be carried out by the organizational units or officials of the Federal Agency and the State, Territory or Federally Recognized Tribal Agency in the manner and subject to the conditions provided in the Statement of Responsibilities attached below and agreed to in the final approved State, Territories, or Federally Recognized Tribal Government Plan that will be completed by April 30, 2025.
- **Legal Authority**: Section 5(c) of the Commodity Credit Corporation Charter Act (15 USC 714c(c)).

Revision: N/A

Effective Date: January 15, 2025

Approvals: The signatories hereby certify that they have authority to enter into said cooperative agreement.

This agreement is hereby approved for the State, Territory or Federally Recognized Tribal Agency.

Done at Harrisburg, PA (City and State) (Date) Russell C. Redding Digitally signed by Russell C. Redding Date: 2024.12.27 09:07:08 -05'00' Signature Pennsylvania Secretary of Agriculture

This agreement is hereby approved for the Federal Agency.

Vendor I.D. (UEI) – UD7YBMAB7T81

Agreement No. 6000034503 Agency Assistance Listing Number: 10.182

Done at Washington, D.C. on $\frac{12/19/24}{(\text{Date})}$

ERIN MORRIS Digitally signed by ERIN MORRIS Date: 2024.12.19 17:03:13 -05'00'

Signature
Associate Administrator
Agricultural Marketing Service

CONTINUATION SHEET - COOPERATIVE AGREEMENT NUMBER: 6000034503

This STATEMENT OF RESPONSIBILITIES is part of the Cooperative Agreement between the Agricultural Marketing Service, United States Department of Agriculture and Pennsylvania Department of Agriculture, effective January 15, 2025, having the title of Local Food Purchase Assistance 2025 Cooperative Agreement.

I. <u>Introduction</u> - Federal and State, Territory or Federally Recognized Tribal Agency employees conducting activities under terms of this agreement shall be as follows:

- A. <u>For the Federal Agency</u> Elizabeth Lober, Assistant to the Deputy Administrator, <u>Elizabeth.lober@usda.gov</u>, 202-313-1411.
- B. <u>For the State, Territory or Federally Recognized Tribal Agency</u> Morgan Sheffield, Administrative Specialist, Msheffield@PA.gov, 717-787-3568.

II. Responsibilities

A. The Federal Agency will:

- 1. Operate the program according to the attached Program Scope and Requirements.
- 2. Provide the State, Territory or Federally Recognized Tribal Agency with all necessary templates and information about the LFPA25 program during all phases of the program.
- 3. Arrange opportunities for the State, Territory or Federally Recognized Tribal Agency to engage with USDA-AMS staff to answer questions via meetings, informational webinars, or office hours.
- 4. Provide ongoing access to AMS staff who can provide guidance, technical assistance, instruction, and monitoring throughout the life cycle of the cooperative agreement.
- 5. Collaborate with the State, Territory or Federally Recognized Tribal Agency to oversee project timeline and alignment of activities with project goals.
- 6. Conduct a review of the State, Territory or Federally Recognized Tribal Government Plan within 60 days of Agency submission of said State, Territory or Federally Recognized Tribal Government Plan. Collaborate with the State, Territory or Federally Recognized Tribal Agency, as needed, to review, edit, and revise the initial State Plan and any revisions needed throughout the Agreement.
- 7. Issue an amendment to this agreement after State, Territory or Federally Recognized Tribal Agency and Federal Agency finalize the State, Territory or Federally Recognized Tribal Government Plan, including a detailed budget.
- 8. Have ongoing substantial involvement as described in the Program Scope and Requirements throughout the term of the agreement.
- 9. Provide the State, Territory or Federally Recognized Tribal Agency with a sum of \$13,003,131 to cover allowable costs.

B. The State, Territory or Federally Recognized Tribal Agency will:

- 1. Operate their program and use funds in accordance with the attached Program Scope and Requirements, AMS General Terms and Conditions, and responsive to Federal Agency input throughout the program.
- 2. Submit a State, Territory or Federally Recognized Tribal Government Plan to the Federal Agency by April 30, 2025 using the attached Project Summary template. Funds will not be disbursed until a final State, Territory or Federally Recognized Tribal Agency Plan has been approved and prior LFPA and LFPA Plus funding has been expended.
- 3. Purchase local, unprocessed or minimally processed domestic foods from local producers, targeting historically underserved farmers/producers/fishers and small businesses including processors, aggregators, and distributors. Distribute the food purchased to underserved communities.
- 4. Participate in regular program status meetings with the Federal Agency related to financial, programmatic, or other activities as requested by the Federal Agency.
- 5. Provide quarterly progress and financial reports to the Federal Agency documenting information described in section 6.3 of the attached LFPA25 Program Scope and Requirements for the life of the award period of performance.
- 6. Submit requests for advances or reimbursements to the Federal Agency at least quarterly on Form SF-270, *Request for Advance or Reimbursement,* via ezFedGrants portal.

CONTINUATION SHEET - COOPERATIVE AGREEMENT NUMBER: 6000034503

- 7. Immediately refund to the Federal Agency, at the end of the agreement, any balance of unobligated funds advanced. This agreement is assessed an administrative charge as provided under the Debt Collection Act of 1996 (PUBLIC LAW 104–134—APR. 26, 1996). Late payments are assessed an interest charge of 18 percent per month after 60 days, or the Current Value of Funds Rate fixed by the Secretary of the Treasury. A penalty charge of 7 percent is assessed per month, in addition to the interest charge, after 90 days.
- 8. Keep a separate account of expenditures and provide the Federal Agency a final *Federal Financial Report*, Form SF-425, submitted no later than 120 days after the end of the award period of performance.
- 9. Submit a final performance report summarizing information provided in the quarterly reports no later than 120 days after the end of the award period of performance.

C. It is mutually understood and agreed that:

- 1. Reimbursements and advances to the State, Territory or Federally Recognized Tribal Agency shall be limited to the minimum amounts needed to meet current disbursement needs and shall be processed so that the funds are available to the State, Territory or Federally Recognized Tribal Agency as close as is administratively feasible to the actual disbursements by the State, Territory or Federally Recognized Tribal Agency for program costs. Cash advances made by the State, Territory or Federally Recognized Tribal Agency to secondary recipient organizations or the State, Territory or Federally Recognized Tribal Agency's field organizations shall conform substantially to the same standards of timing and amount as apply to cash advances by the Federal Agency to the State, Territory or Federally Recognized Tribal Agency.
- 2. All aspects of this agreement shall be executed according to all applicable parts of Title 2 of the Code of Federal Regulations (CFR), Parts 25, 170, 200, and 400 or as they may be later revised, and successive published regulations as appropriate, hereby incorporated by reference and made a part of this agreement. The State, Territory or Federally Recognized Tribal Agency confirms that it understands and is bound by the above regulations.
- 3. As a condition of this award, the State, Territory or Federally Recognized Tribal Agency agrees to comply with and require subrecipients to comply with the requirements contained in:
 - a. USDA AMS General Terms and Conditions
 - b. Standard Form 424B, Assurances Non-Construction Programs
 - Form AD-1047, Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions.
 - d. Form AD-1048, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions. Note: The recipient is responsible for obtaining the signatures and retaining the certificates, if warranted, from lower tier recipients or contractors as defined in 2 CFR 200.
 - e. Form AD-1049, Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I For Grantees Other Than Individuals.
 - f. Certification Regarding Lobbying. Note: The appropriate lobbying disclosure report form, SF-LLL, is available from the Federal Agency if applicable.
 - (a) Exception to the above: Certification Regarding Lobbying is not required from recipients of a Federal contract, grant, or cooperative agreement of \$100,000 or less
 - g. 2 CFR Part 170, Reporting Subaward and Executive Compensation Information.
 - h. 2 CFR Part 175, Award Term for Trafficking in Persons.
 - i. National policy requirements contained in 2 CFR 1-200 and 400 et seq.
 - j. In accepting the provisions of the award, the State, Territory or Federally Recognized Tribal Agency certifies that all employees and personnel responsible for providing the economic, marketing, or scientific data ensure the integrity and accuracy of the information. USDA has in place a Scientific Integrity Policy (DR 1074-001) that can be found at: https://www.ocio.usda.gov/policy-directives-records-forms/directives-categories.
 - k. Prohibition Against Using Funds under Grants and Cooperative Agreements with Entities that Require Certain Internal Confidentiality Agreements:
 - (a) The recipient may not require its employees, contractors, or subrecipients seeking to report fraud, waste, or abuse to sign or comply with internal confidentiality agreements or statements prohibiting or otherwise restricting them from lawfully reporting that waste,

CONTINUATION SHEET - COOPERATIVE AGREEMENT NUMBER: 6000034503

- fraud, or abuse to a designated investigative or law enforcement representative of a Federal department or agency authorized to receive such information.
- (b) The recipient must notify its employees, contractors, or subrecipients that the prohibitions and restrictions of any internal confidentiality agreements inconsistent with paragraph (a) of this award provision are no longer in effect.
- (c) The prohibition in paragraph (a) of this award provision does not contravene requirements applicable to any other form issued by a Federal department or agency governing the nondisclosure of classified information.
- (d) If the Government determines that the recipient is not in compliance with this award provision, it:
 - (1) Will prohibit the recipient's use of funds under this award, in accordance with sections 743, 744 of Division E of the Consolidated Appropriations Act, 2016 (P.L. 114-113) or any successor provision of law; and
 - (2) May pursue other remedies available for the recipient's material failure to comply with award terms and conditions.
- The State Agency further certifies that any service provider with concerns, questions, complaints, or information regarding possible violations of scientific integrity will report those concerns, either directly or through the State Agency's management, to the contracting officer who will forward those concerns to the AMS Scientific Integrity Officer (ASIO) or use the OIG Hotline at www.usda.gov/oig/hotline.htm.
- 4. No member of Congress or resident commissioner shall be admitted to any share or part of this agreement or to any benefit to arise therefrom, unless it be made with a corporation for its general benefit.
- 5. Subject to the necessary authority and funds, this agreement shall continue in force until **January 14, 2028**, unless amended or terminated by mutual consent of the parties in writing or terminated by either party upon 60-day notice in writing.

Equal Employment Opportunity and Civil Rights

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.

Exhibit 2



1400 Independence Avenue, SW Room 2055-S, STOP 0201 Washington, D.C. 20250-0201

March 7, 2025

Caryn Earl
Director, Bureau of Food Assistance
Pennsylvania Department of Agriculture
2301 North Cameron St, Harrisburg, PA 17110

Subject: Termination Notice for Agreement No. AM25LFPA0000C013 for the project titled, Local Food Purchase Assistance 2025 Cooperative Agreement (LFPA25)

Dear Recipient:

Pursuant to 2 CFR § 200.341 this letter serves as written notification that the subject agreement between the Agricultural Marketing Service (AMS) and Pennsylvania Department of Agriculture will be terminated 60 days from today's date in accordance with 2 CFR § 200.340(a)(4) and the terms and conditions of the award. AMS has determined this agreement no longer effectuates agency priorities and that termination of the award is appropriate.

LFPA and LFPA Plus agreements that were in place prior to LFPA 25 will continue to be in effect for the remainder of the period of performance. Reporting requirements will be reduced and communicated as such soon. AMS will resume processing claims for payment for LFPA and LFPA Plus for activities accruing prior to and after January 20, 2025.

If you have questions, contact your Program Contact or send your questions to LFPA@USDA.gov.

Sincerely, Jack Tuckwiller Deputy Administrator

Exhibit 3



March 25, 2025

Jack Tuckwiller, Deputy Administrator United States Department of Agriculture Agricultural Marketing Service 1400 Independence Avenue, SW Room 2055-S, STOP 0201 Washington, D.C. 20250-0201

Subject: Termination Notice for Agreement No. AM25LFPA0000C013 for the project titled, Local Food Purchase Assistance 2025 Cooperative Agreement (LFPA25)

Dear Mr. Tuckwiller:

As you are aware, on December 27, 2024, the Pennsylvania Department of Agriculture (Department) executed a Cooperative Agreement with the United States Department of Agriculture, Agriculture Marketing Service (AMS) under which AMS agreed to provide \$13,003,131 to the Department to cover costs associated with the Local Food Purchase Assistance (LFPA) 2025 program.

Over the last two and a half years, the LFPA and LFPA+ programs have provided more than \$28 million to local farmers across Pennsylvania. In turn, farmers funded through those programs have provided more than 25.9 million pounds of food to food banks and other institutions that have provided healthy meals for more than 5 million of the Commonwealth's most vulnerable citizens. Pennsylvania's LFPA program is one of the only programs in the nation where all purchases by participating food banks go strictly to buy food from in-state producers. For your awareness, I have attached a list of the nearly 190 farms across Pennsylvania that have benefited from LFPA funding to date.

Despite the widespread and universally-recognized benefits of the LFPA program, on March 7, 2025, the Department received the above-referenced Termination Notice, dated March 7, 2025, purporting to terminate this agreement. The Department is aware of no legal basis for USDA to terminate the agreement, and the letter identifies none. Rather, it claims, without support, that the agreement "no longer effectuates agency priorities." Given LFPA's proven record of "helping rural America to thrive" and "promot[ing] agriculture production that better nourishes Americans," there is no basis for this claim.¹ Indeed, it is hard to imagine a program that better furthers the statutory priorities of USDA than one which—as LFPA does—supports local farmers, helps promote supply chain resiliency, and provides healthy food to the neediest residents.

 $^{^1 \, \}textit{See} \,\, \text{https://www.usda.gov/about-usda/general-information.}$



As there is no articulated or reasonable basis for terminating the agreement, the purported termination is unlawful, and the Department objects to and challenges this decision. See 2 C.F.R. § 200.342. Given the enormous benefits of the LFPA program, we urge you to rescind your termination notice and honor USDA's obligations under the agreement. If USDA refuses to do so, please provide the Department with the factual and legal basis for your determination that this agreement "no longer effectuates agency priorities." In addition, please provide your written procedures for processing objections, hearings, and appeals, which you are required to maintain under 2 C.F.R. § 200.342. If USDA does not maintain such procedures, or if you contend that they are not applicable to the agreement, please inform us promptly so that the Department may take appropriate action.

Thank you for your prompt attention to this request.

Sincerely,

Russell C. Redding

Secretary

cc: Caryn Long Earl, Director, Bureau of Food Assistance

Exhibit 4



April 17, 2025

The Honorable Brooke Rollins Secretary of Agriculture United States Department of Agriculture 1400 Independence Ave SW Washington, DC 20250

Dear Secretary Rollins,

Thank you for taking the time to visit Pennsylvania and to see first-hand the essential contributions made by farmers to our Commonwealth. As you are well aware, agriculture has the power to help address many of the challenges our nation faces, and Pennsylvania's farmers are leading the way in helping grow our economy, reduce poverty, promote better health, and strengthen our communities.

The Pennsylvania Department of Agriculture has been proud to partner with the U.S. Department of Agriculture to help strengthen the connection between farmers and the charitable feeding system through the Local Food Purchase Assistance Cooperative Agreement Program (LFPA). As you know, Pennsylvania was awarded two previous rounds of funding, totaling nearly \$30 million, under the LFPA program. The Commonwealth looked forward to building on the success of these prior rounds of funding, and was grateful when the USDA committed an additional \$13 million to Pennsylvania through the LFPA25 allocation. Pennsylvania is particularly proud of our participation in the LFPA program, as we went above and beyond and prioritized the purchase of Pennsylvania grown, cultivated, and harvested foods by our charitable feeding system. As a result, LFPA has supported nearly 190 Pennsylvania farms across the Commonwealth. This policy aligns perfectly with the USDA's goal, spanning multiple administrations, of encouraging the consumption of healthy foods for the betterment of Americans' health.

Despite the many successes of the LFPA program, there appear to be some misconceptions about how the program has operated in Pennsylvania. I would like to clear up these misconceptions and explain why this program serves such an important purpose in Pennsylvania:

- Pennsylvania has used LFPA dollars to work directly with a network of 13 regional food banks. Dollars allocated to those food banks are used to purchase healthy foods, including unprocessed or minimally processed foods from Pennsylvanian farmers. These dollars represent as much as 15% of these food banks' purchasing budget—a significant amount that provides millions of meals to hungry Pennsylvanians. Throughout the duration of the LFPA program, food banks have purchased from nearly 190 farmers across the state.
- It has been reported that you stated that there are "tens of millions of dollars sitting in the Pennsylvania state accounts" to use for this program. This is incorrect. To the contrary,



Pennsylvania uses its own funds to operate the program, and seeks reimbursement from the USDA after those funds have been spent.

 Since the program's inception, Pennsylvania has received reimbursements of \$17.8 million for money it has spent under the program. In addition, Pennsylvania has submitted a reimbursement request for an additional \$9.1 million, which was approved for payment this week. Through the end of July, we will continue to spend all remaining program dollars under the second round of funding, as required by the terms of our cooperative agreement.

Following the USDA's announcement of Pennsylvania's LFPA25 allocation, the Pennsylvania Department of Agriculture and the USDA entered into a signed agreement on December 27, 2024, under which the USDA agreed to provide Pennsylvania "with a sum of \$13,003,131 to cover allowable costs." I have attached a copy of the agreement for reference. Yet just months later, the Department rescinded that contract in a letter dated March 7, 2025, which claimed that the agreement "no longer effectuates agency priorities." I sent a letter to the USDA on March 25, 2025, requesting the USDA reconsider its decision of this termination based on our signed cooperative agreement and appealing the USDA's unlawful cancellation, but have not yet received a response. Copied of both letters are attached.

Pennsylvania has held up its end of the bargain. LFPA funds have been used by food banks across the Commonwealth to buy food directly from Pennsylvania farmers, in furtherance of the program's essential goals. The Pennsylvania Department of Agriculture has administered the program expeditiously in order to get fresh food into the hands of those who need it most. The LFPA program falls squarely within the core mission of the USDA to strengthen American agriculture by giving farmers a new, reliable market outlet for their fresh foods, while encouraging the consumption of healthy, local food, by all Americans, regardless of income.

We look forward to working with the USDA on our mutual goals of strengthening American agriculture and bringing prosperity to farm families across the country. In that spirit, I hope that you will reconsider this decision and honor the agreement that your agency entered into with Pennsylvania to provide \$13 million to allow food banks to purchase local food from farmers across the Commonwealth. If you have any further questions about our spending of these dollars, please do not hesitate to reach out at any time.

Sincerely,

Russell C. Redding

Secretary

cc: Pennsylvania Congressional Delegation

Exhibit 5



1400 Independence Avenue, SW Room 2055-S, STOP 0201 Washington, D.C. 20250-0201

May 7, 2025

Caryn Earl
Director, Bureau of Food Assistance
Pennsylvania Department of Agriculture
2301 North Cameron St, Harrisburg, PA 17110

Subject: Termination Letter for Agreement No. AM25LFPA0000C013 for the project titled, Local Food Purchase Assistance 2025 Cooperative Agreement (LFPA25)

Dear Recipient:

In accordance with the 60-day termination notice issued on March 7, 2025, the USDA Agricultural Marketing Service has terminated the subject agreement with your organization in good standing for future consideration for Federal assistance. Per the termination notice, the agreement was terminated in accordance with 2 CFR § 200.340(a)(4) and the terms and conditions of the award.

This termination notice only applies to the subject agreement and does not apply to any Local Food Purchase Assistance awards made prior to fiscal year 2025.

If you have questions, please contact your Program Contact or send your questions to LFPA@usda.gov.

Sincerely,

Jack Tuckwiller Deputy Administrator