

SIMPLIFYING USDA FOODS

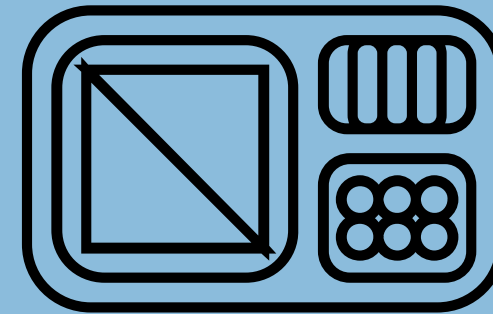


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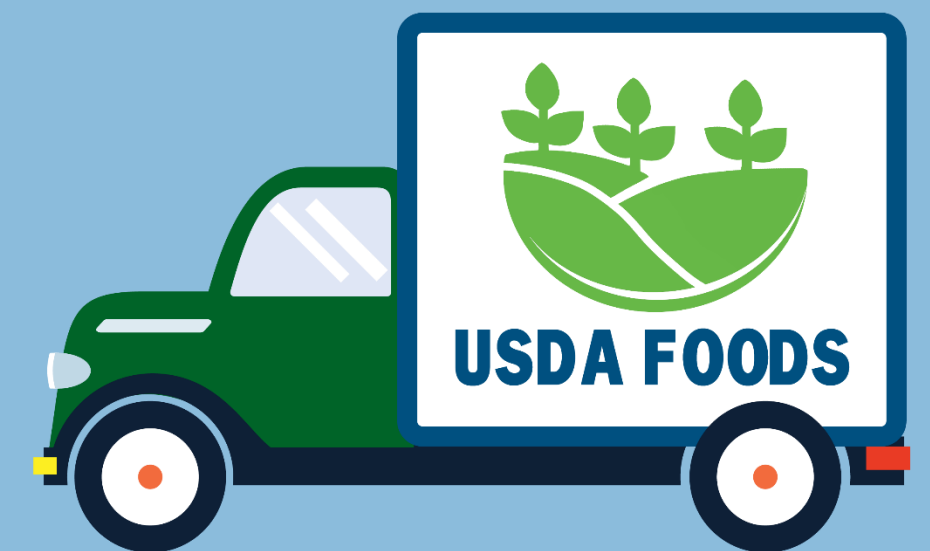
SCHOOL NUTRITION FUNDS AND USDA FOODS

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SCHOOL NUTRITION PROGRAM REVENUE

- **Entitlement** – Share of State’s USDA Foods allotment. State spends money on schools’ behalf
- **Reimbursement** – Cash paid for number of meals served



ROLES AND RESPONSIBILITIES PARTNERS IN THE PROCESS

ROLES AND RESPONSIBILITIES

- **USDA**
- **State Agencies**
- **Processors**
- **Distributors**
- **Recipient Agency (RA)**

USDA ROLES AND RESPONSIBILITIES

- **Establishes annual entitlement and communicates to States**
- **Develops purchasing plan for USDA Foods offered**
- **Communicates Foods Available List and Purchase Schedule to States**
- **Manages and finalizes SDA orders**

USDA ROLES AND RESPONSIBILITIES

- Approves National Processor Agreement, End Product Data Schedule, and Summary End Product Data (SPD) Schedule
- Maintains updated list of nationally approved processors
- Monitors national MPR of inventories at processors
- Notifies agencies of recalls

STATE ROLES AND RESPONSIBILITIES

- **Ensures utilization of entitlement**
- **Communicates allocations and surveys to Recipient Agencies (RAs)**
- **Consolidates RA orders, coordinates with other SDAs to meet truckload shipping requirements, and forwards requests to USDA for delivery**

STATE ROLES AND RESPONSIBILITIES

- **Determines which Value Pass Through (VPT) systems will be accepted from Processors**
- **Reconciles monthly Performance reports**
- **Signs State Participation Agreements (SPA)**

STATE ROLES AND RESPONSIBILITIES

- **Shares SEPDS with RAs**
- **Enters into agreements with in-state Processors**
- **Monitors, establishes and enforces policies that ensure inventory levels comply with regulation**
- **Provides training to RAs**
- **Implements State Emergency Notification System (SENS) to improve recall notification to RAs**

PROCESSOR ROLES AND RESPONSIBILITIES

- **Enter into agreements with USDA (NPA) and/or States (processing agreements and SPA) to process USDA Foods**
- **Provides SEPDS to States**
- **Secures performance and surety bonds as required**

PROCESSOR ROLES AND RESPONSIBILITIES

- Responds to bids and contracts from RAs and SDAs for processing USDA Foods
- Maintains tracking system for USDA Foods from receipt through production and delivery to all sites

PROCESSOR ROLES AND RESPONSIBILITIES

- **Provides detailed product information to assist RAs in meeting menu and production requirements**
- **Produces products that follow all federal and state requirements including inspections, grading, labeling, etc.**

PROCESSOR ROLES AND RESPONSIBILITIES

- **Meets requirements for CN labeling, as applicable**
- **Provides monthly performance, inventory and production reports to state and FDD**
- **Responds to recalls in accordance with procedures established by USDA**

DISTRIBUTOR ROLES AND RESPONSIBILITIES

- **Stores and delivers USDA Foods according to RA bids/Processor agreements**
- **Maintains tracking system for all USDA Foods received, stored and delivered**
- **Stores and delivers USDA Foods according to RA bids or Processor agreements**
- **Maintains tracking system for all USDA Foods received, stored and delivered**

RA ROLES AND RESPONSIBILITIES

- **Plans menus to meet meal pattern requirements**
- **Determines USDA Foods and quantities to request using entitlement dollars**
- **Develops and awards bids for processing**
- **Places requisitions for USDA Foods using Web Based Supply Chain Management or other state designated system or method**
- **Forwards responses to surveys to state, designating Processor and quantity of USDA Foods to divert**

RA ROLES AND RESPONSIBILITIES

- **Monitors orders to Processor to assure steady drawdown of inventory**
- **Monitors Processor and Distributor bills to assure Value Pass Through of USDA Foods are received**
- **If contracting with Distributor to store and deliver USDA Foods, have signed agreements governing handling of USDA Foods**
- **Follows USDA recall guidance**

SPENDING ENTITLEMENT

THREE OPTIONS

THREE WAYS TO SPEND YOUR ENTITLEMENT

Department of Defense (DoD) Fresh

- **Fresh U.S. Produce**

Processing Diversion

- **USDA Sends to Contracted Manufacturer**

Direct Delivery

- **Ready-to-use Products for On-site Preparation**

DoD FRESH

- **Enroll**

- Must be in Defense Logistics Agency (DLA) distribution area

- **Request Diversion of Entitlement**

- Domestic fruits and vegetables delivered from farmer to school

- No additional cost

- Bypasses warehouse, storage fees

PROCESSING DIVERSION

- **Send USDA Foods to processor with school specifications**
- **Schools pay for labor and shipping**



PROCESSING DIVERSION

PROS

- Receive consistent product and reduces input costs

CONS

- Complicated for schools
- Designated person should manage
- Costs incurred if processor is late

PROCESSING DIVERSION

Value Pass Through Systems

- **Rebate/Refund**
- **Direct Discount**
- **Indirect Discount**
- **Fee For Service**

DIRECT DELIVERY

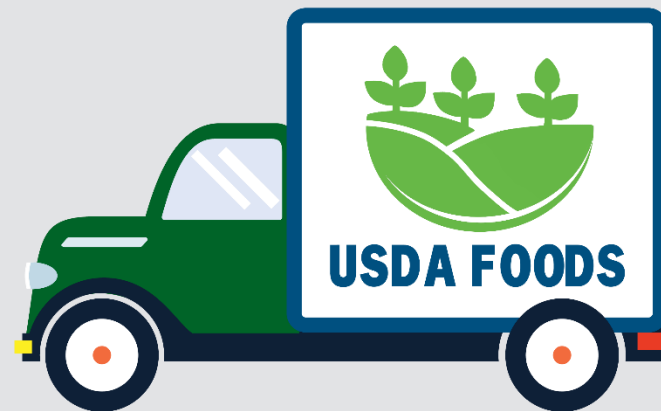
- **Best with proper menu planning (cycle menus) and strategic forecasting**
- **No control over manufacturer for processed products**
- **Sometimes require storage and distribution fees that must be factored into overall cost**



MAXIMIZING USDA FOODS

Impacts Food Budget

- Lower out-of-pocket expenses.
- Any entitlement utilization frees up budget for buying commercially.



COMPARISONS

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SAVINGS FOR LARGE DISTRICT



Food Service Budget

- Food Budget - \$24 Million

USDA Foods Entitlement

- 12% Rule
- \$2.8 Million

SAVINGS FOR LARGE DISTRICT



Maximized USDA Foods Entitlement

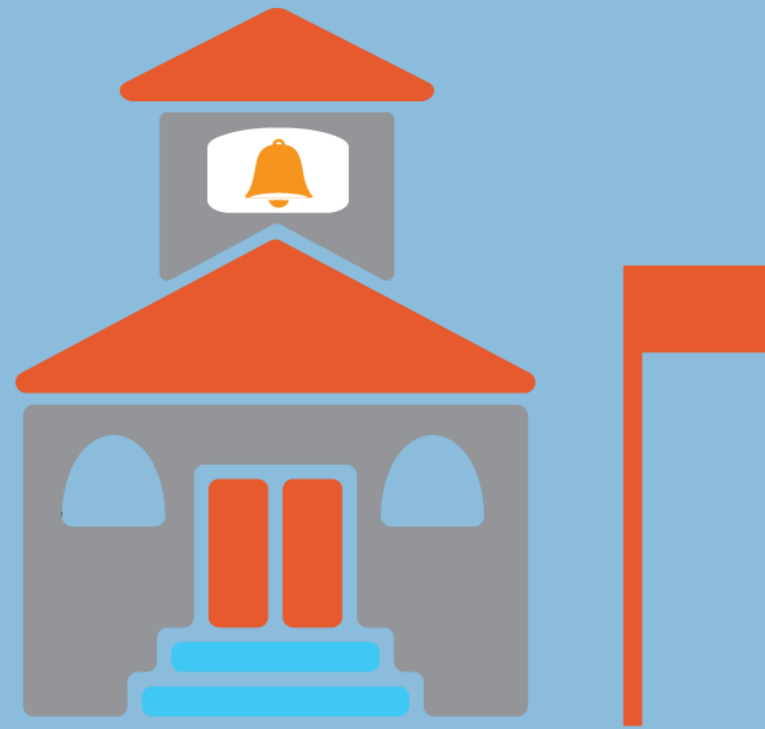
\$5 Million

- 50% - Direct Delivery*
- 25% - Processing Diversion**
- 25% - DoD Fresh

* Include storage and delivery fees in cost analysis

** Savings contingent upon full use of diversions

SAVINGS FOR SMALL DISTRICT



Food Service Budget

- **Food Budget - \$600,000**

USDA Foods Entitlement

- **12% Rule**
- **\$72,000**

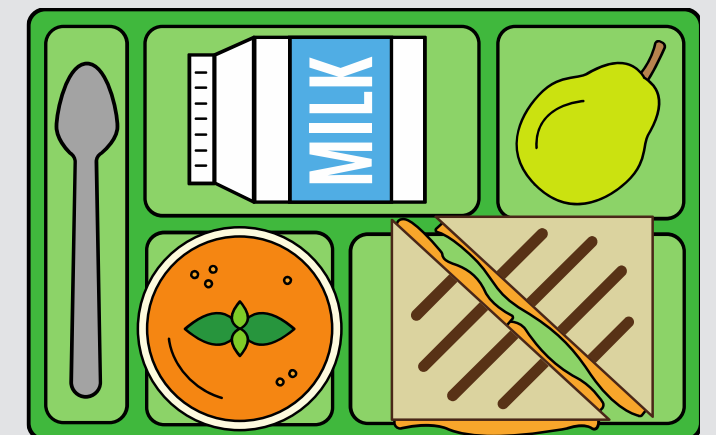
MANAGING USDA FOODS FOR THE BIGGEST IMPACT



MANAGING USDA FOODS

Menus Drive USDA Foods Ordering

- Develop Menus First
- Match Menus with Items Available on USDA Foods Available List
- Most Items on List are Common Menu Items
- Do Not Order Items Not on Menu



MANAGING USDA FOODS

Account for Menu Changes

- Before changing menus think about USDA foods ordered
- Items that come off menu should be incorporated elsewhere
- Consider that USDA has sent the food to a warehouse for your program

MANAGING USDA FOODS

Cost Analysis Pays Dividends

- Use Nov. 15 commodity file report to get food values
- Choose USDA foods items that cost more in commercial market
- Cost analysis will help get biggest bang for the buck

TEST YOUR KNOWLEDGE



AM I GETTING A GOOD DEAL?

HOW DO I KNOW?



DEAL



NO DEAL



AM I GETTING A GOOD DEAL?

SUMMARY END PRODUCT DATA SCHEDULE

NPA Summary End Product Data Schedule

Information Certified as Accurate by USDA

Revised 11/1/2021

School Yr	Processor Name	Product Status A=Approved N=New R=Revised X=Expired	End Product Code	End Product Description	Net Weight per Case (pound)	Servings per Case	Net Weight per Serving (Ounces)	WBSCM USDA Foods Material Code	WBSCM USDA Foods Material Description	USDA Foods Inventory Drawdown per Case	USDA Foods Value per Pound	USDA Foods Value per Case
SY23	Company	A	1501	16" Cheese Pizza Kit	36.72	96	6.12	110244	CHEESE MOZ LM PT SKM UNFZ PROC PK(41125)	12	\$1.84	\$22.04
SY23	Company	A	200124-0853	Part Skim Mozzarella, 8/5 lb Diced	40	8	5	110244	CHEESE MOZ LM PT SKM UNFZ PROC PK(41125)	40	\$1.84	\$73.48

READING THE SEPDs

Cost Per Donated Pound \$1.84

NPA Summary End Product Data Schedule

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Pounds needed for one case of product 12.00

Total discount – one case *based on USDA value \$22.08

CALCULATING VALUE

NPA Summary End Product Data Schedule

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I need 100 cs of Pizza & 100 cs of Shredded Mozzarella Cheese
Calculation

$$100 \text{ cases} \times 12 \text{ (lbs.)} = 1,200 \text{ lbs.} + 100 \times 40 = 4,000 \text{ lbs.} \quad 5,200 \text{ lbs.} \times \$1.84 = \mathbf{\$9,568}$$



DEAL



NO DEAL

USDA green beans are \$21/case direct delivery. Your commercial price is \$24/case. If your state covers distribution costs from the state warehouse, is this a deal or no deal?



DEAL





DEAL



NO DEAL

You are a small district that purchases cheese commercially for \$68/case. You discover the USDA foods value in a case of cheese to be \$40. Should you divert for processing or not?



DEAL



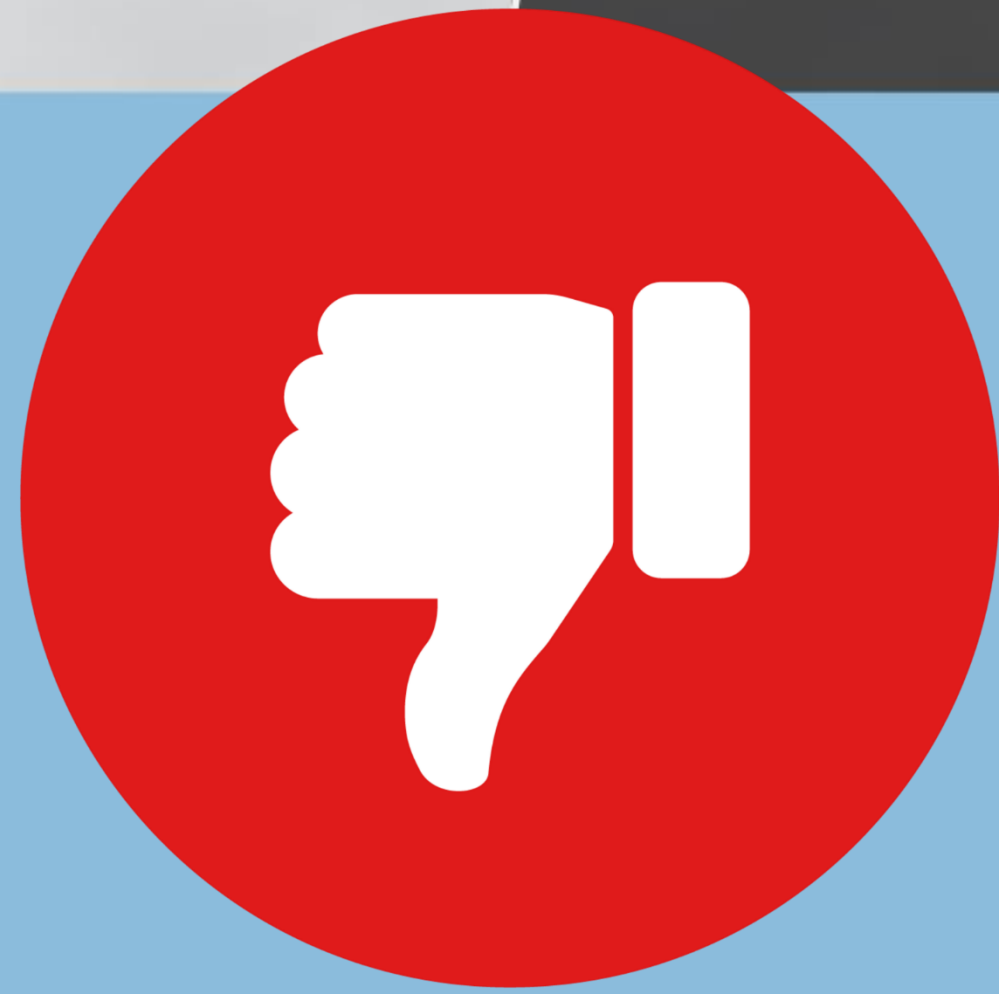


DEAL



NO DEAL

The individual boxes of raisins that you love are available as a USDA food at \$30/case. You pay \$34 commercially. Your state has a \$5.85 per case delivery fee. Is this a good deal?



NO DEAL



COMMON PITFALLS

- **Failure to evaluate your school district menu and usage needs**
- **Lack of a cycle menu**
- **Thinking of USDA Foods as “free”**
- **Not utilizing all available options**
- **Inadequately managing, tracking, and utilizing USDA foods**

MANAGING USDA FOODS

Know Your State's Guidelines

- **Does State Allow All Pass-through Models?**
- **Who Pays for Storage and Delivery for Direct Delivery?**
- **Does State Have Additional Administrative Fees for USDA Foods?**
- **What Are The State's Policies for Transferring Diverted Balances and State Account Pounds?**

MANAGING USDA FOODS

Best Practices

- **Attend State's Training**
- **Get State's Technical Assistance**
- **Use Entitlement Every Year**
- **Stay Ahead of Schedule**
- **Manage Processing Diversion**

QUESTIONS?

Today's Speakers

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