



# **School Recipient Agency (RA) Processing Handbook**

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A Guide to USDA Foods for Recipient Agencies

Revised December 2015

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# Introduction

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The USDA Foods Program (formerly known as The USDA Commodity Distribution Program) provides approximately 15-20% of the food served in the National School Lunch Program (NSLP). The program, established in 1935, serves two key roles: to support American agriculture and to provide nutrition assistance to children and families who need it. USDA Foods are distributed to nutrition assistance programs that service school children through school meal programs, emergency feeding (pantries), food distribution on Indian Reservations, food packages for the elderly and to supplement disaster feeding. This entitlement program provided over 2.2 billion dollars in food assistance to eligible Recipient Agencies (RA) in FY2015, with schools receiving almost 75% of the USDA Foods offerings.

The funds allocated to States are based on a yearly established per meal rate. For schools, the amount of funds available is calculated by multiplying the number of creditable lunches claimed in the previous year times the per meal rate. While USDA Foods is a federal program, it is administered to RAs through State Distributing Agencies (SDA). The yearly meal rate published by USDA can be found at: <http://www.fns.usda.gov/fdd/regs/mealrates.htm>

Schools can elect to receive “direct delivery” USDA Foods for on-site preparation (formerly known as brown box) or can elect to have the USDA Foods diverted to a manufacturer for further processing to make into usable end products such as a fully cooked hamburgers or chicken patties.

The goal of this handbook is to provide schools a “hands-on” practical, easy to use reference for understanding and making the best use of the USDA Foods offered to them.

## USDA Mission

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School meal programs are administered at USDA by the Food and Nutrition Service (FNS). The Food Distribution Division (FDD) oversees the USDA Foods program. FNS's mission is to strengthen the Nation's nutrition safety net by providing food and nutrition assistance to school children and families through USDA Foods distribution and other nutrition assistance to low-income families, emergency feeding programs, Indian Reservations, and the elderly.

USDA Foods procurement is administered by the Agricultural Marketing Service (AMS). Their mission is to help to stabilize prices in domestic agricultural markets by balancing supply and demand.

The two agencies work together to meet the demands of their dual missions.

# Getting Started

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## USDA Foods Entitlement

The USDA Foods program provides a variety of nutritious USDA Foods for the National School Lunch Program (NSLP) and other recipient agencies. Each school year (SY) SDAs receive an allocation of entitlement dollars to request USDA Foods selected and purchased by USDA. The entitlement dollars made available to each RA is calculated by multiplying the number of lunches claimed in the previous school year (SY) times an established per meal rate. The per meal rate is based on a formula defined in Section 6 of the Richard B. Russell National School Lunch Act (NSLA) and includes an annual adjustment that reflects the three month average value of the Price Index of Foods used in Schools and Institutions. It is updated each year in July. This entitlement is issued to States which, in turn, communicate allocations, known as the Planned Assistance Level (PAL), to each RA according to the number of meals they claimed.

The yearly meal rate published by USDA can be found at:

<http://www.fns.usda.gov/fdd/regs/mealrates.htm>

## USDA Purchase Planning

Each year, USDA develops a Foods Available List and purchase schedule for all products that USDA intends to purchase that RAs may request using their PAL. The Foods Available List and purchase schedule are shared with States to begin planning their purchases in collaboration with RAs. Every State handles orders for USDA Foods a little bit differently, but many administer surveys to school districts to better understand RAs needs and requests. For more information about how the State handles RA requests and the timelines the State has for submitting USDA Foods requests, please contact your State Agency representative. A list of State agency contacts can be found here: <http://www.fns.usda.gov/fdd/food-distribution-contacts>

## Additional Program Benefits

In addition to entitlement based on lunches claimed the prior year, there is an additional funding provision that guarantees that States shall receive a minimum of 12% of their funding for NSLP in the form of USDA Foods. This means there will be an additional per meal rate which will be added to the lunch entitlement. This amount will also change every year.

## USDA Foods Processing Overview

The USDA Foods processing program allows schools to contract with commercial food Processors to convert raw bulk USDA Foods into more convenient, ready-to-use end products by sending bulk USDA Foods to Processors to be manufactured into finished products. These end products are produced under controlled conditions and strong food safety standards. Processing can be a cost effective option when used wisely.

For further understanding of the guidance that follows, see a Glossary of Terms. For a comprehensive understanding of the USDA Processing program, visit the USDA website at: <http://www.fns.usda.gov/fdd/processing/default.htm>

## USDA Foods Available

The USDA Foods Available List is a list of USDA Foods that may be offered by USDA to State Distributing Agencies annually. However, which items will actually be purchased depends on SDA decisions, market conditions and available funding. SDAs make the final decisions about which USDA Foods from the list will be offered to RAs in their State. The Foods Available list can be found at: <http://www.fns.usda.gov/fdd/foods-expected-be-available> All USDA Foods have been assigned a “material code”. It’s important to use these codes when you are processing to make sure you are requesting the correct items. Each USDA Foods has its own yields, and that affects your true costs. Listed below are subcategories of the types of USDA Foods available:

**Direct Delivery – Minimally Processed:** USDA purchases food products for SDAs which can be used in recipes for school meals; minimally processed means only those “agricultural products that retain their inherent character.” Preparations like butchering, husking, cutting, washing, pasteurization, chilling, etc., are not considered processing.

*Fruits and Vegetables* – USDA offers a wide variety of canned, frozen, and dried fruits and vegetables. Some hearty fresh fruits and vegetables are also available through direct delivery, like apples, pears, oranges, as well as white and sweet potatoes. USDA is continuously evaluating and writing specifications to provide USDA Foods that support school foodservice programs in meeting meal requirements. For example, specifications for canned vegetables limit the amount of sodium to no more than 140 mg per ½ cup serving, and no sodium added for frozen vegetables.

*Meat/Meat Alternate:* A significant portion of USDA Foods purchases are meat items in various forms that are packed for use in school kitchens. These include fresh frozen fine ground beef, frozen raw pork roasts, and frozen raw cut-up chicken.

*Grains:* USDA purchases a number of whole grain products such as brown rice, oats, and whole wheat flour to help schools meet their grain requirements.

**Direct Delivery – Value Added:** USDA purchases value added end products for delivery to State Agency warehouses or contracted warehouses, or directly to schools for the National School Lunch Program. “Value added” means that the food has been further processed to reduce labor, preparation and/or cooking time of the product, and may include additional ingredients like seasonings.

*Fruits/Vegetables:* USDA offers a variety of added value fruits and vegetables such as applesauce cups.

*Meat/Meat Alternate:* Some examples of value added meat/meat alternate products would be: Chicken Fajita, Diced Chicken, Deli roll products of turkey and ham, Diced and sliced pork ham, hamburger patties, and beef or pork crumbles. In addition, there are a variety of ready to use cheese products that easily fit into most school meal operations. Many of the USDA Foods proteins are formulated to have lower sodium and fat profiles to help schools meet the meal pattern requirements.

*Grains:* USDA purchases a number of products to help schools meet their grain requirements. These products include whole grain pastas, whole grain tortillas, and whole grain pancakes.

### **Direct Diversion to Approved Processors for Further Processing:**

USDA requires State Agencies to enter into processing agreements with manufacturers to allow bulk USDA Foods to be used in the production of fully finished end products. Over 40% of USDA Foods purchases are diverted for further processing. Approximately 20 bulk USDA Foods make up 95% of the USDA Foods delivered to Further Processors. Some of the more popular bulk USDA Foods diverted for processing are frozen Bulk Coarse Ground Beef, frozen or chilled Whole-body Turkey, Chilled Chicken, Frozen Pork Roasts, Bulk Cheddar, Bulk Mozzarella and Bulk Potatoes and Sweet Potatoes.

**DoD Fresh Fruit and Vegetable Program:** USDA has an agreement with the Department of Defense to purchase fresh produce for schools. The “DoD Fresh” program is managed by the Defense Logistics Agency (DLA) that operates a nationwide system to purchase and distribute a wide variety of high quality fresh produce to military installations, Federal prisons, and veterans’ hospitals. Either SDAs or their schools place orders directly through the Fresh Fruit and Vegetable Order Receipt System (FFAVORS) for a variety of available, American grown fresh produce. RAs can request their SDA to allocate a portion of their planned assistance level for DoD Fresh purchases. As produce orders are delivered, the RAs planned assistance level is drawn down, like a debit system.

## **Orders versus Requests**

Throughout this manual, we refer to “ordering” USDA Foods and “requesting” USDA Foods. While it is a convenient way to discuss the acquisition process for RAs and SDAs as orders, there is no guarantee that USDA will buy or deliver items requested by the States. So, while a school director may think they are “ordering” USDA Foods, they are, in fact, placing requests for the items and quantities they want.

## **Summary End Product Data Schedules (SEPDS)**

The SEPDS form is a listing of all products from a processor listing information critical to your use of USDA Foods. The SEPDS includes what USDA Food item(s) are being processed, like Turkey Chilled - Bulk or Coarse Ground Beef, their USDA material codes (100124 for the turkey, and 100154 for the beef). For each case of end product, the SEPDS includes the weight, the number of servings, and the amount of donated

food. This will help you calculate how much USDA Foods you need to divert to the processor and what you can expect back from them.

## **USDA Foods Complaint Process**

USDA endeavors to provide quality products and services to RAs. However, as is true with any program, particularly one as large and complex as the USDA Foods program, problems occur. USDA has a process in place to address problems when they occur.

School Food Authorities which operate Child Nutrition Programs should report USDA Foods Complaints to their State Distributing Agency (SDA) as soon as a defect is found with a USDA Food. The SDA will decide whether the complaint can be resolved at the State level, and if not, the SDA will enter the complaint into the Web-Based Supply Chain Management (WBSCM) Application.

# Roles and Responsibilities

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The USDA Foods program is a complex, sequential process. Each stakeholder has a responsibility to ensure the integrity and effectiveness of the program; USDA for procurement and administration; States for administration, inventory management, order processing, recordkeeping and monitoring; Processors for processing, inventory management, reporting and recordkeeping; Distributors for inventory management, billing and recordkeeping; and RAs for effectively using their entitlement dollars, inventory management, and recordkeeping. This section will look at the various partners' roles.

Following is a list of many of the roles and responsibilities of the participants. Some are required by law. Some are simply good business practices. ACDA's website provides many sample forms and systems to assist in carrying out these duties.

## USDA Responsibility

Much of USDA's responsibility has been presented in the discussion of USDA Foods available and the USDA purchasing role. As it pertains to RAs, the USDA role is limited to their oversight of the States. USDA has an agreement with States for program administration, and States have agreements with school districts and other RAs. USDA does not have a contractual relationship with the RAs.

Consistent with the two missions of USDA – supporting domestic agriculture and providing a nutrition safety net for Americans, administering both procurement and distribution is complex. Beginning in 2011, USDA migrated many of the administrative tasks from legacy technology systems to a new platform called Web-Based Supply Chain Management, or WBSCM.

## WBSCM

WBSCM is a comprehensive, integrated system that is accessible to all partners in the USDA Foods system. AMS uses WBSCM to post solicitations for bids, make purchases, and pay invoices. FNS uses WBSCM for entitlement allocations, annual offering catalogs, delivery and receipt, and inventory management. States use WBSCM to open catalogs, take requests, place orders, monitor delivery status, and manage inventory.

In many States, the SDA “rolls down” access to WBSCM directly to RAs. This means that RAs have access to the reports, can submit orders, track status and receipt and other related tasks managing their USDA Foods.

USDA hosts a website that contains an enormous amount of information about WBSCM and how to use it. You can find the site at:

<http://www.usda.gov/wps/portal/usda/usdahome?navid=WBSCM>

## State Responsibilities

The State Distributing Agency plays a critical role in the USDA Foods program. Their responsibilities go in both directions – up to USDA, and down to RAs. They are the conduit through which RAs place orders and receive products, directly or indirectly. And they have oversight and monitoring responsibility as well. Following is a list of some of the SDA responsibilities and activities as well as the support and services you can expect from your SDA.

- The SDA monitors and reviews RA management of USDA Foods as part of its oversight responsibility.
- The SDA must provide guidance to processors and SFAs ensuring program compliance with regulations and policies.
- The SDA must offer RAs a variety of USDA Foods
- The SDA requests USDA Foods on behalf of the SFAs
- The SDA enters into or approves processing agreements
  - State Participation Agreements (SPA)
  - In-State Master Agreements
  - Recipient Agency Agreements
- The SDA educates and informs SFAs of Value Pass Through (VPT) systems available in their state and other state specific requirements.
- The SDA ensures program compliance including Monitors Monthly Performance Reports (MPRs) and Inventory Management

## Inventory Management

Every partner in the USDA Foods program has a responsibility for managing inventory. Federal law limits inventory at any point in the process to no more than six months usage on hand. This limit applies to individual RAs as well as aggregate inventory in a state. It applies to individual donated USDA Foods, as well.

Let's look at a hypothetical example – Coarse Ground Beef. Coarse Ground Beef is a bulk item diverted to Processors in 42,000 lb. truckloads. Processors sell end products like cooked beef patties or spaghetti sauce with ground beef to schools. In theory, RAs divert the exact amount of USDA Coarse Ground Beef to their Processor of choice to produce the number of cases of products they need for the school year. Read the section on planning below for tips on how to do this accurately.

Sometimes, however, an RA doesn't use all of the products they had planned. Over time, their inventory of Coarse Ground Beef at the Processor builds up. Sometimes an RA changes vendors after they have made their diversion requests and may not be able to transfer the existing balance to the new Processor. And sometimes, RAs forget to consider their existing inventory at a Processor when making determinations for the new school year.

Regardless of the cause, Processors and RAs are responsible for reducing inventory of USDA Foods levels to less than six month's supply. States are responsible for monitoring inventory levels at both the Processor and the RA and facilitating inventory management through enforcement of the regulations.

There are two primary ways of controlling inventory levels. The first is not to send additional quantities of a USDA Food to a Processor whose inventory is too high. This may be applied broadly to the Processor, or it may be applied to individual RAs whose balance is the cause of the excess inventory. For example, if, based on usage history, a processor has a full year's inventory of Coarse Ground Beef in storage, even though RAs request diversion of additional pounds to that Processor, the SDA can refuse to place those orders until the inventory comes into compliance. Or, if an individual RA has enough Coarse Ground Beef to meet its historical usage for more than six months at a processor, additional requests for diversion to that processor by that RA may be declined by the state.

The second way to reduce inventory is through transfers. Transfers can be between processors, between States or between RAs. Let's take a brief look at each.

Processor to Processor transfers – If an RA selects a new Processor for the new school year, they may request that their existing balance at the old Processor be transferred to the new Processor. Frequently, such transfers occur on paper as the changes between Processors by RAs may balance each other.

Transfers between States may occur if one state's inventory exceeds its six month limit. States may transfer excess inventory to another state that can use the product more efficiently.

All transfers must be managed by the SDA.

Detailed guidance about inventory management can be found in USDA Policy Memos. [FD-064](#) was updated in early 2012.

## **Processor Performance Monitoring**

It is critical that all the partners in processing USDA Foods area be accountable for their part of the program. Like all purchases, RAs must ensure that they are, in fact, receiving what they order at the price agreed to. This includes monitoring vendors' performance. In the case of USDA Foods, this also includes tracking the food and making sure the agency receives the full value of the donated food.

SDAs bear the greatest responsibility for monitoring processor performance. They do this through Monthly Performance Reports (MPR). Each MPR must be reconciled against sales, transfers, receipts and inventory data, and discrepancies must be resolved. A core element in the USDA Foods program is that federal dollars, whether the dollars or the USDA Foods they buy, are accurately accounted for.

## Summary of Partners' Responsibilities

The USDA Foods program is a complex, sequential process. Participants at each step along the way must assume responsibility for their role. The participants include USDA, States, Recipient Agencies, Processors and Distributors. Each is responsible to ensure the integrity and effectiveness of the program. Following is a list of many of the roles and responsibilities of the participants. Some are required by law. Some are simply good business practices. ACDA's website provides many sample forms and systems to assist in carrying out these duties.

### **USDA**

- Establish annual entitlement and communicate to States
- FDD and AMS develop purchasing plan for USDA Foods offered
- FDD Communicates Foods Available List and purchase schedule to SDAs
- FDD manages and finalizes SDA orders
- FDD approves National Processor Agreement, EPDS and SEPDS
- AMS approves all meat and poultry EPDS's, even in-state Processors
- FDD sets the level of bonds required for Processors
- FDD maintains updated list of nationally approved Processors
- FDD monitors national MPR of inventories at Processors
- FDD reviews independent audits required for Processors
- FNS Office of Food Safety notifies FDD of Processor recalls
- FDD notifies Processor and States of Processor recall

### **State Agency**

- Communicates allocations and surveys to RA
- Consolidates RA orders, coordinates with other SDAs to meet truckload shipping requirements, and forwards requests to FDD for delivery of USDA Foods
- Determines which VPT systems will be accepted from each Processor
- Signs State Participation Agreements (SPA) with multi-state Processors
- Signs SEPDS
- Enters into agreements with in-state Processors
- Communicates Processor approvals to RAs
- Monitors, establishes and enforces policies that ensure inventory levels at RAs and Processors conform with limits established in regulation
- Follows recall procedures established by USDA and develops and maintains a system to communicate hold and recall information in a timely manner
- Provides training and education to RA's
- Serves as a resource to RA's for USDA Foods related issues
- Is required by law to ensure that RA have the maximum options available to them to use entitlement
- Receives and reviews Monthly Performance Reports

- State implements the State Emergency Notification System (SENS) to improve recall notification to RAs

### **Processor**

- Enter into agreements with USDA (NPA) and/or States (processing agreements and SPA) to process USDA Foods
- Secures performance and surety bonds as required
- Provides SEPDS to States
- Responds to bids and contracts from RAs and SDAs for processing USDA Foods
- 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 and other related activities. Where requested or appropriate, individual items that meet requirements for CN labeling
- Bills RAs in accordance with bid using State's approved VPT method
- Ships end products to RA or state designated destination(s)
- Conducts monthly sales verifications
- Provides monthly performance, inventory and production reports to state and FDD
- Retains records for a minimum of three years (in addition to the current SY)
- Maintains tracking system for USDA Foods from receipt through production and delivery to all sites
- Responds to recalls in accordance procedures established by USDA

### **Distributor**

- Stores and delivers USDA Foods in accordance with RA bids or Processor agreements
- Maintains tracking system for all USDA Foods received, stored and delivered
- As required, maintains system to monitor RA USDA Foods inventory at Processors to ensure accurate VPT crediting
- Follows recall procedures established by USDA

### **RA**

- 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 WBSCM or other state designated system or method
- Forwards responses to surveys to state, designating Processor and quantity of USDA Foods to divert

- Monitors orders to Processor to assure steady drawdown of inventory
- If end products purchased using the NOI sales method, RA must participate in verification procedures
- 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, should have signed agreements governing roles and responsibilities for handling USDA Foods
- Follows recall guidance as provided by FNS Office of Food Safety
- For food safety notifications, RAs should register on [www.envoyprofiles.com/USDA-ALERTS/](http://www.envoyprofiles.com/USDA-ALERTS/)

# Planning and Forecasting

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## Menu Planning

Your menu is the heart of your operation; it must take into account student likes and dislikes, as well as meet the nutritional requirements for reimbursable school meals. USDA Foods should not drive your menu; your menu should determine what USDA Foods you elect to use. It is important to develop a menu for your operation that first meets your students' needs, and then determine what USDA Foods are available that supports your menu. It does not benefit you to bring in USDA Foods that your students will not eat under the assumption that USDA Foods save you money.

## Past Usage/Forecasting

Once you determine what your menu is going to be and what USDA Foods you want to use, you need to determine the quantity of product you feel you will need for a given period of time. It is important to use historical data - whether inventory counts, meal counts, or production records - to forecast what you think your students will take each time a product has a menu placement. Once you have an estimated count and determine how often the item is on the menu, you can determine how much of a given product you want to request from USDA. More than 40% of all USDA Foods ordered are sent to further processors.

Many Processors have spreadsheets or “commodity calculators” available that will assist in determining how many pounds of raw product need to be sent to a Processor to meet your menu needs. If you do not have a Processors spreadsheet, refer to the SEPDS for the product to determine the number of pounds of product (DF) needed per case.

## Analyzing Costs and Value

Do not assume that just because a product contains USDA Foods it represents a savings. Several factors need to be evaluated before you proceed with processing USDA Foods:

- Does the product that contains USDA Foods have a commercial equivalent? A commercial equivalent will guarantee consistency on your menu.
- Can you afford the commercial equivalent if you run out of USDA Foods?
- What is the cost of processing the USDA Food:
  - What are the state charges, if any, for USDA Foods?
  - What is the handling fee you pay your Distributor?
  - What are your storage fees and how many months will your product be in storage?

**The true value of a product manufactured with USDA Foods =  
Value of USDA donated food + state charges + processing costs + storage  
and handling fees**

In the end, you need to determine what is the best use of your Planned Assistance Level (PAL): direct delivery USDA Foods (brown box) and/or USDA Foods diverted to a Further Processor of your choosing. Like all other purchasing decisions, the use of your commodity entitlement must be in the best interest of your students and your program.

USDA has created a USDA Foods Cost Analysis Tool which can assist school districts in doing cost comparisons and assist them with annual forecasting.

[http://www.fns.usda.gov/sites/default/files/USDA\\_Foods\\_Cost\\_Analysis\\_Tool.xlsx](http://www.fns.usda.gov/sites/default/files/USDA_Foods_Cost_Analysis_Tool.xlsx)

# Yields

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An important factor to consider when making a decision about further processing is “yield”. There are several methods of determining yields:

**Guaranteed Minimum Return (GMR)**: The minimum weight or number of finished units of processed end items that will be produced and returned using a fixed amount of USDA Food. The exact amount of “donated food” that is required to produce one finished case is available on the SEPDS. Under GMR the further processor is accountable for making an RA “whole” if the actual production is short from the GMR; conversely, the RA may expect to receive all cases from an “overrun”. Some RA’s have found the lack of predictability of exact number of case per order to be problematic in planning for receipt and menu planning.

**Guaranteed Return (GR)**: This yield is most common for the further processing of USDA meat. A Further Processor must have a USDA approved Further Processor Certification Program (FPCP) in place in order to offer this option of guaranteed return to an RA. Under GR, a Further Processor guarantees a fixed number of cases will be produced using a fixed amount of meat or poultry. This ensures that the RA will receive a predictable number of cases from the diverted meat sent to a Further Processor. A Processor must meet and maintain internal controls as overseen by USDA in the FPCP program to offer GR to its school customers.

**Standard Yield**: This yield is most common for the further processing of USDA poultry. The standard yield is fixed by USDA and is set at a level that requires the Processor to add commercial equivalent raw materials to achieve the set yields for each component part of the poultry—chicken and turkey. Although this adds to the cost of the end items for RA’s, it has the benefit of ensuring that they will receive a predictable number of cases of finished product which assists in menu planning.

# Value Pass Through (VPT) Systems

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Federal law requires that schools and other recipient agencies receive the full value of USDA Foods to which they are entitled. For USDA Foods sent to Further Processors to be made into processed end products, a system must be in place to ensure this occurs. This section of the ACDA RA Handbook describes currently approved Value Pass Through Systems (VPT).

## **REGULATIONS**

The authority for VPT systems is found in the Code of Federal Regulations at 7 CFR Parts [250](#) and [251](#). The regulations are restrictive, as opposed to permissive, in that only systems that have been approved may be used. However, USDA has broad authority to test new approaches through limited pilots.

## **DEFINITIONS**

**EPDS – End Product Data Schedule** - This is the detailed form that includes product formulation, USDA Foods ingredients and the quantity and value of USDA Foods ingredients credited for each case of finished end product sold to recipient agencies. EPDS are submitted by processors to USDA, but not publicly available.

**SEPDS – Summary End Product Schedule** - This is the list of all approved products offered by a Processor. It is generated from the EPDS's submitted to USDA and includes only the crediting information. It is available to States and Recipient Agencies.

**PTV – the Pass Through Value of USDA Foods** - This is value of the USDA Foods ingredients included in processed end products expressed in price per pound or case.

**VPT – Value Pass Through system** - The VPT is the system used to credit the value of USDA Foods to the Recipient Agency.

**Direct Delivery** - USDA Foods requested by Recipient Agencies to be sent to the district's identified delivery location (state warehouse, distributor, district warehouse). Direct Delivery USDA Foods are frequently called "brown box".

**Diversion** - Diversions are requests from Recipient Agencies to State Distributing Agencies to divert USDA Foods to specific Further Processors.

**Diverted Products** - Items procured by USDA and shipped to a Processor in response to diversion requests.

**RA** –Recipient Agency.

**SA/ SDA**– SA means State Agency, SDA means State Distributing Agency. The terms are interchangeable and refer to the authorized State Agency that manages USDA Foods distribution

**Processor** – A company that makes and sells end products using USDA Foods ingredients. Processors must have agreements with USDA that explicitly account for the utilization and value of the USDA Foods used.

## **RECIPIENT AGENCY RESPONSIBILITY**

Regardless of the VPT system used, the RA must take responsibility for managing their USDA Foods entitlement account. Many Processors offer a variety of tools to assist in tracking USDA Foods inventory and draw down. However, as the descriptions below imply, with the complexity of tracking multiple ingredients at multiple Processors through a myriad of distribution systems, only the RA has all of the information of what was ordered and received. It is incumbent on the RA to check all receipts and verify that they are being credited for the full value of their entitlement.

Following are descriptions of approved and common VPT.

## **REBATES**

Perhaps the simplest and most easily understood VPT is the rebate system. With rebates, an RA orders processed products from approved SEPDS and pays the full price of the item. The full price is the total price of the USDA Foods content of the item, the fee-for-service from the Processor and, if delivered to a third-party distributor (commercial or state run) any fees for storage and delivery/handling. Upon proof of delivery to the RA, the Processor issues a check for the value of the USDA Foods contained in the case(s) of processed products received. When the check is issued, the processor draws down the inventory of USDA Foods allocated to the RA.

There are two basic ways rebates are managed. The easiest for the RA is an automatic rebate (e-rebate) issued when a third party delivers the goods and reports that delivery to the Processor. The RA has no task other than to acknowledge receipt by, for example, signing the delivery receipt. There is no mention of e-bates in current policies. Given changing technologies and the Department's emphasis on utilizing them in managing USDA Foods found in the proposed regulation [7 CFR Parts 250 and 251 - Requirements for the Distribution and Control of USDA Foods; 10/22/2014], the policy should be amended to allow them.

The second, more common approach is for the RA to submit a rebate form with appropriate proof of delivery.

One of the negatives for the rebate system is that the work and cost of managing it, particularly for small schools and/or small quantities, may be high relative to the value of the rebates. If the RA does not submit the reimbursement claim, the inventory is not drawn down. Assembling the claim information and submitting it

may be time consuming for the RA. And issuing a large number of small checks is time consuming and expensive for the Processor.

USDA rules require monthly reconciliation and check issuance for rebates unless the check is less than \$25. Some States have granted waivers allowing longer accumulation time and less frequent distribution of rebate checks.

A concern for some RAs is that rebate checks are often not recognized as CN funds when received at the district office and are deposited in the general fund.

FSMCs pose a particular set of issues for rebates. Many companies prefer rebates as they are easier to manage. It is less complicated where FFS or NOI is not practical. Ensuring that each client district receives the PTV should be part of the contract between the FSMC and the district.

## **FEE-FOR SERVICE, TRADITIONAL MODEL**

Fee-for Service (FFS), is a VPT where the pass through value (PTV) and cost of producing processed end products are reported separately. Schools identify the delivery location, which might be a district warehouse (drop ship), a state warehouse, or a third-party distributor. The price charged is the FFS that includes the cost of additional ingredients, processing, and delivery to the identified location. The Processor draws down from the district's account when the invoice is generated for the sale. Changes that occur during shipment and at the time of receipt by the Distributor are managed through credit memos. Billing is made directly to the State or RA for the FFS only.

In some States, there is a "forward warehouse" where the Processor stores product for delivery to the RA. This has no impact on the sale or responsibility. The forward warehouse is an extension of the Processor's facilities.

One concern for Processors is when payment is made. When receiving at a district warehouse, payment is made on receipt of invoice. However, if delivery and receipt occur at a third-party Distributor, the RA may not pay until the product is delivered to the district, and even then, district accounts payable policies may further delay payment processing. The Distributor takes payment terms into consideration when establishing its pricing model. A best practice is to have agreements among all stakeholders so that the cost or discount for payment schedules is clearly understood. While data is limited, it is thought that 90% of districts pay on receipt of the invoice from the Processor.

Another concern is liability for loss or damage. The Processor is responsible for the value of the product, including the PTV of the USDA Foods until delivered to the identified location. If the receiving location/purchaser is a state warehouse, the State takes title on receipt. The State is then responsible to ensure proper allocation and delivery to RAs. When received at the RA, title transfers to them at that time.

Where a third-party Distributor is the delivery location, title transfers to the District on receipt by the Distributor who is acting as an agent for the RA. It is important that

the RA identify in writing their delivery location. Systems like K12 and Processor Link include this information in their RA database. Therefore it is critical that an agreement exist between the RA and the third-party Distributor to ensure that the Distributor is responsible for both the VPT and the FFS until delivered to the RA's facility.

Because the Processor has received and used USDA Foods without incurring a cost for the ingredient, and charged the RA only for the additional costs, FFS (through the Processor) is the cleanest VPT. There tend to be fewer inventory management problems and inventory carry-over with FFS. The FFS is part of the Processors "cost model", so all additional costs have been considered. The primary issue here is extended storage. This is a Processor issue and should not affect sales, inventory or RA costs.

Much as a forward warehouse is considered an extension of the Processor's facilities, when a third-party Distributor is identified as the RA's receiving location, the Distributor's warehouse is considered to be an extension of the RA's facilities. All of the terms of a contract between the Distributor and the RA should be clearly stated including liability and responsibility, costs for delivery and storage, etc. The RA is responsible for the PTV of the goods stored at the Distributor and must recover those costs from the Distributor for loss or damage. Recovery should include both the PTV and the FFS for lost or damaged goods as well.

FFS when a Distributor is involved incurs two invoices to the RA – one from the Processor when product is delivered and received at the Distributor, and one when the Distributor delivers to the RA. The latter invoice is only for the Distributor's storage and delivery costs. It is important to note that Federal law prohibits applying percentage markups in procurement. Fixed fee contracts are allowable. Therefore, the fee charged is not related to the value of the product.

Traditional FFS where a third-party Distributor is involved is not as free from problems as direct ship and state contracted warehousing. The biggest concern is ensuring that each RA receives the product delivered to the Distributor on their behalf, as the RA has already bought and paid for the goods. A best practice is to segregate FFS goods by RA.

RAs should track their USDA Foods and ensure that they receive the goods they purchased. There have been instances where Distributors take advantage of the "free" USDA Foods products, selling them to customers at the commercial price while selling commercial products to the RA. Setting aside questions of ethics, it is the RA's responsibility to manage their USDA Foods inventory, whether it is stored in the RA's warehouse or held on their behalf at a Distributor.

## **FEE-FOR-SERVICE THROUGH A DISTRIBUTOR**

Fee-for-Service through a Distributor (FFSD) is sometimes referred to as *Modified Fee-for-Service*. Modified Fee-for-Service is not a term recognized by USDA. Another way of considering FFSD is that it amounts to a pooled physical inventory of processed end products at distributors.

FFSD is similar to FFS except that under FFSD, the RA receives a single invoice from the Distributor, frequently with two cost lines on the invoice – one for the FFS from the Processor, and a separate line for the handling and delivery fees from the Distributor. However, many Distributors are challenged by two line invoices. USDA Guidance FD-025 allows the Distributor to combine the Processor and Distributor charges into a single price line as long as there is documentation to ensure that the correct price and value is charged. RA's should retain the appropriate documentation of pricing, and ensure that the accounting department has this information when reviewing invoices.

Product is shipped to the Distributor net of the PTV, effectively providing the Distributor with lower cost goods. The Processor retains financial liability for the USDA Foods needed to produce the end product until a sale is made. Draw down occurs when the Distributor reports the sale to an eligible RA. It has been noted that the Processor is required to audit shipments against sales, and that the Processor retains liability for the inventory at the Distributor until a sale is made. The Processor bond reflects inventory at Distributors.

FFSD may be less efficient and more costly in managing inventory carry-over than FFS since the end product is not assigned to an eligible RA. If RAs stop ordering items, inventory is not drawn down.

## **NET OFF INVOICE (NOI)**

Net Off Invoice is a VPT system that can be used for commercial products. In general, NOI is used for fully substitutable products like cheese, but can also be used for limited substitutable products like poultry. For red meat, NOI requires that the Processor have a substitution plan whereby the entire commercial product utilizes a raw ingredient that is equal to or exceeds USDA's specifications including pathogen testing. This may increase the cost of goods as commercial products that are not included in the inventory of items that can be sold as USDA Foods may not include ingredients that meet USDA standards.

Under NOI, Processors sell commercial products to Distributors at the full commercial price. To be eligible for the discounted price for products that include USDA Foods, the commercial product must meet all of the requirements for the USDA ingredient(s) including grading, pathogen testing and specification. The Distributor sells eligible end products (those approved on SEPDS) to eligible RAs (those with entitlement balances) net of the PTV of the USDA Foods. On proof of sale, the Processor rebates the PTV to the Distributor.

The benefit of NOI to the RA is that they pay only the net price (FFS cost) and a single item code is purchased with or without the USDA Foods ingredient. A challenge to the RA is tracking entitlement. Since the product is commercial (i.e. does not include the discount for USDA Foods) until sold to an eligible RA, the USDA Foods in each case are not recognized until after the sale. With multiple DF items, there may be many permutations of price and drawdown. This adds complexity to the process.

Under NOI, the Distributor bears the cost of PTV upfront. The benefit to the Distributor is two-fold. NOI increases sales volume by making processing more available to customers. In theory, NOI also decreases the number of SKUs by combining USDA Foods and non-USDA Foods items under a single code.

Title of finished goods containing USDA Foods has been an issue for NOI. USDA has operated for several years under a management policy that lacks regulatory authority that allows USDA to retain title until sale of eligible end products is made to an RA. This is necessary in that the commercial product doesn't contain USDA Foods until the sale is made. The 2014 Farm Bill included the legislative authority that will allow rulemaking to proceed on this issue.

RAs divert USDA Foods to Processors. The RA's decision as to which Processor to send its diverted USDA Foods is not necessarily tied to a procurement at the time the district submits its requests to the State. In some cases, the diversion occurs prior to a procurement process and award. If the procurement results in award to a Processor other than the one to which the diversion was made, either there is no draw down of the inventory at the original Processor, or a transfer must be made to the successful Processor. If the RA does not vigilantly monitor entitlement utilization, they may not be aware of existing inventory at a Processor.

NOI also requires careful monitoring and auditing of entitlements by the Distributor. The commercial price net of the PTV can only be billed if the RA has inventory at the Processor. There is a significant challenge in this respect. Inventory/entitlement balances are only as current as sales data is uploaded. The Processor can only draw down inventory when a sale is reported. If a Distributor is delayed in reporting sales, the Processor may show inventory that has already been sold. If an RA is using multiple Distributors, one may discount a sale for which no inventory exists. Third-party systems like K12 and Processor-Link facilitate data transfer, but are still dependent on the timely reporting of sales.

It is worth restating that RAs must take responsibility for verifying that they receive all of the USDA Foods diverted to a Processor, and that the price paid reflects the pass-through value of the USDA Foods ingredient(s).

## **CLOSED SKU NOI**

Closed SKU is not a VPT, but an assignment of product from a Processor to a Distributor explicitly for sale to a specific RA or purchasing group. The item may be developed specifically for this customer. It requires a separate SKU and is used primarily with (very) large RAs and national FSMC accounts, although it is possible that it can work with large cooperatives as well.

# Procurement

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Federal procurement requirements are based on the simple premise that all procurement must be fair, open and competitive. Regardless of the procurement method used, awards must be made only to responsive and responsible offerors. Responsive means that the offeror and their offer meet the requirements of the procurement. Responsible means that the offeror has the means to execute the procurement – they have the ability to provide the goods and/or services required.

Because school foodservice programs are the recipients of billions of dollars in federal grants, procurement is subject to federal law. It is important to note that all RA procurement is subject to federal law even though not all school foodservice revenue comes from the federal government. A school district cannot segregate revenue by source and apply different rules to the non-federal portion.

In general, federal law falls into two categories – statutes and regulations. Statutes are the laws passed by Congress and signed by the President. By and large, statutes set broad policy for the government. Federal Agencies, like USDA, then write regulations to implement the statutes.

The laws governing school meal programs, including procurement, are contained in two statutes – the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966. Regulations are found in Title 7 of the Code of Federal Regulations - Agriculture.

This manual does not provide detailed training on basic procurement. Readers are encouraged to use one of the resources identified below. However, in general, sound competitive practices are established procedures that are consistently followed resulting in procurements that are conducted fairly, with integrity and uniformity, so that the goods and services procured meet the needs and quality standards of the purchaser at the best possible price. Sound competitive practices foster full and open competition and are free from real and perceived conflicts of interest.

Specifications for goods and services should be as detailed as possible to ensure receiving exactly what the district requires. Estimated quantities should be as accurate as possible and updated regularly. Forecasting quantities and guaranteeing minimums will ensure adequate production levels and may decrease pricing.

Specifications should not limit or prohibit any responsible vendor from responding.

## **Procurement Methods**

There are several ways to meet the fundamental principles of procurement - fair, open and competitive purchasing,

**Invitation for Bids (IFB)** is a formal method used when the only significant point of differentiation between vendors is the price.

**Requests for Quotation (RFQ)** is similar to bidding except that it is less formal, in some cases much less formal like simply calling several vendors and asking for the price on the goods or services a district is requesting. This is utilized when purchases are under the federal, state, and/or local bid thresholds.

A **Request for Proposals** (RFP) differs from bids and quotes in that there are other factors that are considered in making an award. For example, service may be of critical importance, or the skills and experience of the vendor. While RFPs are frequently used when procuring services, there are a growing number of districts that are using RFPs to obtain goods when they are looking for additional services as part of the contract.

A **Request for Information** (RFI) is a method of identifying the range of possibilities available when a district is unsure what to include in their procurement. As with all forms of procurement, RFI's must be open to all potential respondents. The RFI might be used to prequalify vendors moving forward. USDA has determined that a district cannot make an award based on an RFI, but must issue a subsequent IFB or RFP that is more exact.

**Sole Source Procurement** is very rare and there must be clear and compelling reasons for engaging in this type of procurement. Approval by the State Agency is required for sole source purchases.

Some jurisdictions allow what is known as an *Intergovernmental Agreement* or a “**piggyback**” clause. This type of contract allows other entities to make purchases against a legally awarded contract by the initiating agency. For example, a school district may award a bid for milk and dairy products that other districts in the area may use for their own milk purchases. There are three considerations to these contracts. The first is that state law and local/district rules must allow this, and both the issuing district and the district that wishes to piggyback on the contract must agree. Second, the vendor must agree as well. In one model, all potential agencies are listed in the IFB or RFP, and offerors check which, if any, of these agencies they are willing to serve. Third is that the agency wishing to take advantage of a piggyback contract must accept it as written. They cannot negotiate changes to the award. Vendors accepting piggyback options frequently include a broad range of options in their contracts to allow flexibility to agencies wishing to take advantage of the contract.

## **Rules to Note**

There are a few special issues that are addressed in the statutes, regulations and guidance to make note of. Copies of policy memos referenced here are included in the appendices.

**Buy American Provision** – This is the requirement that all goods purchased for school meal programs must be predominantly produced, processed and packed in the United States. The Buy American provisions are part of the school lunch act in section 12(n), and the implementing regulations are 7 CFR 250.23. There are also a number of policy memos which address Buy American requirements either stand alone or as part of Q & A guidance on procurement.

**Inventory Management** – An ongoing concern in the USDA Foods program is ensuring the timely use of USDA Foods distributed to RAs. Sections 7 CFR 250.14(f)(2) and 7 CFR 250.30(n) both address this issue by limiting inventory not to exceed six months usage. Also, policy memos issued in 2012 (FD 107 and FD 064 rev.) add specific guidance on this.

**Value of Inventory** – As is discussed elsewhere in this manual, there are several ways that the value of USDA Foods is determined. This becomes very important during both program and financial audits. Policy Memo FD 104 issued in 2012 addresses this.

**Food Service Management Companies** – FSMCs are a special case in school foodservice, and there are regulatory sections governing them in both the program area (7 CFR 210.16) and food distribution (7 CFR 250.50-54).

**Cooperatives and Buying Groups** – An increasing number of RAs are joining together through co-ops and buying groups. USDA issued a policy memo (SP 35-2012) in June of 2012 with guidance addressing this.

**Bidding Commercial and Processed Goods with One Solicitation** – RAs may elect to have the same Distributor manage both commercial and USDA Food processed items. USDA provides guidance and instructions for this in FD 119.

**Geographical Preferences** – There is a growing emphasis on the purchase of locally grown products, products and Child Nutrition programs may apply a geographic preference when procuring locally grown or raised agricultural products. USDA has published several guidance and Q&A documents on this issue. Refer to the USDA website for current information.

## **Resources**

The most important resource for learning about procurement is the law. Procurement law for programs administered by USDA can be found at 7 CFR 3016.36. Go to <http://www.gpo.gov/fdsys/granule/CFR-2012-title7-vol15/CFR-2012-title7-vol15-sec3016-36> to read about the procurement regulations.

Procurement regulations specific to Child Nutrition are at 7 CFR 210.21 and can be found at [http://www.fns.usda.gov/cnd/governance/regulations/7cfr210\\_12.pdf](http://www.fns.usda.gov/cnd/governance/regulations/7cfr210_12.pdf) . This section refers back to 7 CFR 3016.36 as its authority. The regulations for food distribution are provided at 7 CFR 250.

Additionally, USDA issues guidance and policy memos that provide clarification and explanations for regulations. These policy memos carry the weight of law. There are two databases of the guidance materials, one for school meals and one for food distribution. They can be found at <http://www.fns.usda.gov/cnd/governance/policy.htm> and [http://www.fns.usda.gov/fdd/policy/schcnp\\_policies.htm](http://www.fns.usda.gov/fdd/policy/schcnp_policies.htm) respectively. It is worth reviewing the lists of titles for these policies to familiarize yourself with their range of topics. Also worth noting is that policies may be updated from time to time, but will retain their original reference number. For example, a recent update affected FDD 007, first published in 2003. Look for “revised” in older policies.

**The Institute of Child Nutrition** (ICN), formerly the National Food Service Management Institute, is a federally funded program based at the University of Mississippi. ICN provides a great deal of information, research and training for school meal programs. Written in 2013, the ICN developed a comprehensive procurement resource, Procurement in the 21<sup>st</sup> Century, found at <http://www.theicn.org/ResourceOverview.aspx?ID=475>. In addition, the ICN offers three online procurement training modules (USDA State Agency Guidance to

Procurement Topics 1, 2, and 3) that are now available to all. This training is available at <http://www.nfsmi.org/Templates/TemplateDefault.aspx?q=cELEPTIzOA>

**School Nutrition Association** (SNA) has developed a toolkit to assist in procurement. The *School Nutrition Supply Chain Toolkit* includes a number of sample forms and materials that can assist RAs in building a strong procurement system. This toolkit can be found at <http://procurement.schoolnutrition.org/> .

Federal procurement law for grantees and sub-grantees (States and schools) defers to States and local agencies for the final word in the legal requirements for purchasing as long as the state or local rules are no less restrictive than the federal requirements. This is known as the federalism principle. The most common example of the federalism principle is what is commonly referred to as a “bid limit.” A bid limit is the maximum amount an agency can spend without utilizing a formal procurement method. The federal bid limit, which they refer to as small purchase threshold, is \$150,000. That is, any purchase using federal funds with a value of less than \$150,000 does not require a formal bid or proposal. However, most States and many school boards set a much lower limit on the buyer’s authority. It is as important that RAs understand their local and state procurement laws and guidelines as federal law.

**American Commodity Distribution Association** (ACDA) has worked with USDA for many years to develop materials for the USDA Foods program, including this manual. Many resources are available at:  
<http://www.commodityfoods.org>

# Co-ops and Buying Groups

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Many school districts have found great benefit from joining a purchasing cooperative or buying group. In fact, USDA recommends cooperative purchasing as a means to reduce costs by increasing the volume of procurement contracts. However, as with all purchasing decisions, districts should weigh all of the issues and do what will be in the best interest of the program.

## **Types of Co-ops**

There are a number of ways that school districts can organize together to save money in their procurements. Some co-operative purchasing focuses on USDA Foods and processing only. Others are used for a broader range of products and services. The fundamental premise in cooperative purchasing is to lower costs by increasing the volume. When vendors reduce their operating costs or improve the economies of production through volume, customers benefit. For this manual, we will only look at USDA Foods co-ops, but the same principles apply elsewhere.

One of the benefits of USDA Foods co-ops is their ability to combine the ADP of the participating agencies. Most USDA Foods are distributed in truckload quantities. So pooling ADP increases what may be offered to the co-op.

In its simplest form, a co-op can be a group of school districts within a geographic area agreeing to pool their purchasing power through a single agency. In this case, the school boards of all the districts agree to abide by a common procurement, most likely an Invitation for Bid (IFB). Only one district executes the procurement on behalf of all the districts. The participating agencies jointly agree on the specifications for each product on the bid list and agree to abide by the majority or consensus decision. They then estimate the quantities to be purchased by the combined agencies.

There are two significant issues that must be addressed in this type of co-op, although they are common to most group buying. First is the restriction of choice. When a school district decides to participate in a cooperative buying program, it must agree to abide by the co-op's decisions. If each district can order any items they want, regardless of the group's common list, the volume benefits diminish for the vendor and, hence, prices reflect this. Second, if the successful vendors are required to manage USDA Foods inventory balances and billing for each district individually rather than the buying group as a whole, there is no savings on administrative costs. Similarly, if the vendor is expected to deliver to each district rather than a single, common delivery point, there is no savings to pass on to the member districts.

The most effective model for USDA Foods co-ops is where a "lead district" is the single recipient of USDA Foods, the single procuring agency, the single delivery point, and the single billing recipient. In this model, the participating agencies' boards approve the transfer of their USDA Foods entitlement to the lead agency and pay that district for its share of the costs and charges.

A variance on the above model brings a third-party administrator to the table. There are several examples of both for-profit and non-profit co-op buying administrators. In all cases, however, the administrator requires compensation for their efforts. The

most benign model has the participating agencies pay a prorated share of the operational costs based on their share of the total volume of USDA Foods they receive. Others require an annual fee and a per case cost of either the USDA Foods shipped to the co-op and its Processors, or end products delivered to the Recipient Agencies.

A question arises in cooperative buying groups regarding their authority and their responsibility. 7 *CFR* 250.3 includes a definition that says that if a company, whether for-profit or non-profit, manages any aspect of the recipient agency's program, it is considered a Food Service Management Company (FSMC) and subject to regulations governing FSMCs. Some third-party administrators say that they are only providing administrative services and not making any decisions (managing) procurement. It is important to have roles and responsibilities clearly defined both in principle and practice.

A similar concern has to do with how a third-party administrator is selected by a buying co-op. A June 2012 policy memo from FNS (SP 35-2012) provides guidance that clearly States that contracting for co-op administrative services requires following federal procurement standards, including the term of a contract. In effect, the co-op, directly or through the lead district, must bid co-op administrative services.

Regardless of the type of cooperative buying program a district participates in, the law is very clear that all rebates, discounts and other credits must go to the Recipient Agency. An administrative system must be in place to ensure that each district receives all of the refunded cost for which it is eligible. The administrator may not retain any of these funds. In models with a lead district, checks should be made out to the district for redistribution, not to the administrator.

To sum up, Recipient Agencies considering participating in a cooperative buying group should carefully weigh the costs and benefits of the program. Will they receive value, either by having access to limited availability items, or reduced prices because of the economies of scale enjoyed by larger purchasers. But to enjoy these volume benefits, the agencies must give up some control over what items they may order. All costs should be considered including any fees or shared expenses for co-op operations. And when using a third-party administrator, those services are subject to the same procurement requirements as any other purchase of goods or services.

# Procurement Topics of Consideration

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This manual does not provide detailed training in the general area of procurement, keeping its focus on the very specialized area of USDA Foods. There are a number of references to other resources for RAs who want and need procurement training, an area of need for many program operators. However, there are several key components of procurements particular to the USDA Foods program.

The following topics are mostly specific to USDA Foods that are recommended to be addressed in bid documents so that the bidding process is easier and a more cost efficient process for both the RA and the Processor and Distributor. The help ensure consistency with the basic principles of fair, open and competitive procurements

**NOTICE AND PUBLICATION:** Every potential bidder must be given an opportunity to respond. RAs are legally required to publish/post all IFBs and RFPs. Prospective bidders may be notified via advertisement in national or local newspapers, email, facsimile, and/or posted on a designated website for retrieval.

**FACTORS USED FOR EVALUATION:** Clearly list the factors that will be used to evaluate and determine the winner of the bid. Any clarifications to the IFB or RFP provided to prospective bidders during the solicitation phase must be provided in writing to all. The factors should reflect their importance to the program, so factors should be weighted. With respect to USDA Foods, factors might include years of experience in processing, existence of current NPAs, a clean record with USDA for food safety, and compliance with reporting and record keeping. They might also include the means used to manage and communicate inventory status, like using a well-supported third party software program.

**TIMING:** It is valuable to determine when a new contract period starts, how long it lasts, whether the contract may be renewed and if so, how many times, and escalator clauses to allow adjustments that reflect changing market conditions.

**PRODUCT SPECIFICATIONS:** Beyond standard requirements for purchasing goods, a USDA Foods IFB or RFP should include language related to the use of donated USDA Foods. Also, if desired, include language about offering items that have commercial equivalents so there is consistency throughout the term of the bid with or without USDA Foods. Where USDA Foods are to be used, the specification should indicate USDA ingredient(s) that will be processed. Indicate direct diversion or a backhaul arrangement. We recommend avoiding backhauling if at all possible.

USDA has a certification program called CN Labeling. THERE IS NO REQUIREMENT that USDA Foods need to be CN labeled. The value and cost of the CN Label is not part of this manual.

To meet federal menu planning requirements, it is important to ask for nutritional statements for all USDA Foods processed items being procured.

**YIELD:** There are several methods for calculating the yield of donated USDA Foods in processing. A discussion of these different methods can be found elsewhere in this manual. It is important to request documentation of the method each bidder uses. The effect of yield calculations can be seen on the SEPDS, so you might consider requesting that the bidder submit a copy of the current, approved SEPDS with their response.

**QUANTITY DESIRED:** RAs should include a realistic estimate of the quantity of each item anticipated purchasing for the term of the bid. However, actual purchases may be contingent on the availability of the USDA Foods items used in producing the items. The procurement should clearly state this. If bidding both USDA Foods processed and commercial products, include the total quantity needed, with language that requires delivery of the processed item whenever donated USDA Foods are available.

**VALUE PASS THROUGH METHOD:** VPT is discussed elsewhere in this manual. However, it is critical to include a requirement that responders identify which one they will be using and that the SDA has approved this method in your state.

**RECORD KEEPING:** As previously mentioned, many Processors use one of several third party systems for managing inventories. The procurement should request information about which third-party program the bidder uses or what method it uses to track USDA Foods and entitlement dollars. You might also ask if there are any additional costs to you for these services.

**TITLE TO PRODUCT:** This is a highly technical, regulatory issue. However, you might include language in your procurement that you are not responsible for USDA Food products until you have received them, either in your district or to your approved distributor. Similarly, any storage or distribution bid should include language regarding liability for donated USDA Foods.

**BUY AMERICAN PROVISION:** As discussed elsewhere in this manual, federal law requires that RAs only purchase USDA Foods that are produced and packaged domestically. This is especially true for USDA Foods. Regulations stipulate that all procurement clearly state this requirement.

**SUSPENSION AND DEBARMENT:** This is also a technical issue. However, it is important to include language that prohibits companies that are debarred from doing business with USDA may not participate in the procurement. The RA can obtain this assurance by checking the Excluded Parties List System (EPLS) (<http://www.epls.gov>) and documenting this process by printing a copy of the status. In addition or in lieu of, the RA can have the bidder certify that they are not debarred, suspended, or proposed for debarment through the collection of a certification, or by adding a term or condition in any lower tier award agreement to the bidder enter into requiring disclosure or non-procurement debarment and suspension status.

# Food Safety

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Food Safety is a critical issue for all of the partners in the USDA Foods programs. The first line of defense is keeping unsafe USDA Foods out of the supply chain. But when an incident occurs, or is believed to have occurred, how USDA, SDAs, Processors, Distributors and RAs respond is extremely important. Systems for addressing food safety issues, particularly in the event of recalls is ever evolving, and readers of this manual should regularly check the USDA websites and their SDA for updates.

In the event that a USDA Food purchased by USDA is sent to a Processor and is subject to a recall, notification procedures have been developed by the FNS Office of Food Safety to ensure that products produced from those products are not served in schools. All participants in the USDA processing program should consult this manual, which can be found on the Institute of Child Nutrition website: “Responding to a Food Recall”. In the section of this RA manual, “Participant’s Responsibilities”, it is emphasized that all parties should adhere to the USDA policies for responses to recalls and that 24/7 contact information must be provided in all contracts.

## **Responding to a Recall**

USDA developed a handbook with instructions for responding to a recall. The document can be accessed at <http://www.theicn.org/foodrecall>

# Glossary of Terms

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**Agricultural Marketing Service (AMS):** The USDA Agency responsible for purchasing USDA Foods such as meat, poultry, fish, fruits, vegetables, grain, dairy, peanut, and oil products under price-support activity. AMS also provides end product certification that, at a minimum, certifies that diverted or substituted meat and poultry USDA Foods are replaced with generically identical USDA Foods of US origin that meet USDA specifications. AMS purchases all USDA Foods

**Average Price File for Processors:** This file lists the price of USDA Foods used for processing and includes the material numbers, description, pack sizes and other pertinent information. The pricing information is used to determine the value pass through for the upcoming Agreement year that begins on July 1. The price represents the average of prices over the previous 12 months.

**Backhaul:** The pickup of a USDA Foods products from a Recipient Agency facility by a processor for processing and return. There may be an additional charge per pound to pick up the food. Any substitution of backhauled USDA Foods product is expressly prohibited. RA's may need their SDA's permission to backhaul USDA food to a processor.

**“Brown Box” USDA FOODS:** see Direct Delivery

**Child Nutrition (CN) Labeling Program:** CN labeling is a fee for service program administered by the Agricultural Marketing Service (AMS), with oversight by the Child Nutrition Division (CND) of Food and Nutrition Service (FNS). It evaluates formulations to determine the contribution a serving of a commercially prepared product makes toward the school meal pattern requirements. When approved, a label is placed on the end product that states that the product meets USDA specifications and can be credited as a component(s) of the reimbursable meal pattern requirement. As such, CN labels are a form of certification that the labeled products meet its stated contribution to reimbursable school meals. RAs may rely on the label in menu planning. If the product is found not to meet its stated contributions, the school is held harmless for menu deficiencies.

**Commodity File:** This has been replaced with the Average Price File for Processors

**Commodities:** See USDA Food

**Contract Value of USDA Food:** The price assigned to a USDA food that reflects USDA's current acquisition price, transportation and, if applicable, processing costs related to the food.

**De-escalation Clause:** a provision in a contract which calls for a reduction in price in the event of a decrease in specified costs.

**Direct Delivery: Also known as “brown box”:** Products which USDA purchases for delivery to Recipient Agencies, Direct delivery items include both unprocessed and minimally processed products as well as “value added” items. Unprocessed or minimally processed items include items like canned or frozen fruits and vegetables, raw ground beef, cut up chicken and whole-body turkey, and brown rice. Value added

products include items like turkey taco meat, roasted chicken pieces, sliced cheese, and frozen fruit cups.

**Direct Diversion:** Items purchased in bulk form for shipment to further processors on behalf of RAs. Diverted items include chilled chickens and turkey, Coarse Ground Beef and pork and similar items that are used in making finished end products for RAs.

**End Product:** A finished product containing any amount of USDA Foods product that has been commercially processed.

**End Product Data Schedule (EPDS):** A standard form used to describe the finished end product being produced. Information detailed on this form includes formulation, quantity of donated food needed to produce a specific number of units of end product, packaging and yield information.

**Entitlement:** The total USDA Foods assistance available to a State Distributing Agency for the school meals program. It is calculated by multiplying the number of lunches claimed in the prior year by the annually established per-meal-rate.

**Entitlement Rate:** the per-meal entitlement established in any given year. The rate formula is established in the Act and adjusted annually based on a fixed index.

**Escalation Clause:** a provision in a contract which calls for an increase or decrease in price in the event of a change in specified costs.

**Farm Service Agency (FSA):** The USDA Agency responsible for purchasing USDA Foods for export and foreign aid. They also administrate the Commodity Credit Corporation and off shore shipments of USDA Foods.

**Fair market Value (FMV):** The fair market value is the price of commercial products used to establish the value of USDA Foods. FMV has been replaced with the average price.

**Fee-For-Service (FFS):** A value-pass-through system which separates the value of donated USDA Foods from the other costs of production. The FFS price represents a Processor's costs of ingredients (other than USDA Foods), labor, packaging, overhead, and other costs incurred in the conversion of the USDA Foods into the specified end product. Fee-for-service is an alternative to using a standard value pass-through system. It has traditionally been used when processing meat and poultry products or other non-substitutable USDA Foods.

**Fee-For-Service Through a Distributor (FFSD):** A VPT system whereby the Distributor bills the RA for the end products that includes the Fee for Service and the Distributor's costs. The Distributor must provide documentation to the RA that describes the fee – for –service price and Distributor cost separately.

**Food and Nutrition Service (FNS):** The USDA Agency responsible for administering domestic food assistance programs.

**Food Distribution Division (FDD):** The FNS division responsible for administering the donation of USDA Foods to domestic nutrition assistance programs.

**Food Safety Inspection Service (FSIS):** The USDA Agency whose primary mission is to inspect the wholesomeness of meat and poultry products.

**Grader:** A person licensed as a representative of AMS to monitor, examine, and certify the production of end products made of poultry or red meat containing USDA Foods

products. All USDA Foods Processors are required to have graders present when producing processed goods. The fees assessed by USDA for graders are included in the cost of USDA Foods processed items.

**Guaranteed Minimum Return:** The minimum weight or number of finished units of processed product that will be produced and returned using a fixed amount of commodity food. This information is obtained from the End Product Data Schedule (see EPDS).

**Guaranteed Return:** A concept in red meat processing where the Processor guarantees a fixed number of cases will be produced using a fixed amount of meat. Calculations are based on the pounds needed to produce a case of finished product (EPDS Col. 8).

**IFB:** Invitation for Bid to Processors to submit a proposal for a product based on pricing, with award to lowest bid from responsive and responsible bidders.

**Indirect Refund Sale:** The Processor sells product to the Distributor at the commercial price. The Distributor will invoice the RA this price plus the Distributor markup. Refunds for the value of the USDA Foods product will be made to the RA upon receipt of the refund application.

**Inventory Management:** The accounting of USDA Foods product for which a Distributing Agency, Recipient Agency, or Processor is liable or responsible. In processing, the inventory can include food in physical inventory (on hand), in finished USDA Foods processed products, or in book inventory.

**Limited Substitution:** A term describing a processor's ability to substitute commercial poultry for USDA purchased poultry with the concurrence of both AMS and FNS.

**Manufacturing Yield:** The actual yield a Processor achieves when converting raw USDA Foods into a finished end product.

**Monthly Performance Reports (MPR):** Reports submitted monthly by the Processor to the Distributing Agency detailing receipts of USDA Foods pounds, sales of finished end products to Recipient Agencies, and information on the inventory of USDA Foods.

**Multi-State Food Processor:** A Processor who has entered into a processing agreement with agencies in more than one State or a Processor who has entered into a processing agreement with an Agency that is in a State other than where the Processor's plant or business office is located. If finished product crosses a State line, the Processor is considered a multi-State Processor.

**National Processing Agreement (NPA):** A processing agreement between a multi – state Processor and USDA where USDA approves all End Product Data Schedules (EPDS) and holds the surety instrument for inventory protection. Used in conjunction with State Participation Agreements signed between the individual State and the Processor.

**National Monthly Performance Report (NMPR):** A report submitted to FNS under the National Processing Agreement that summarizes the individual State Monthly Performance Reports for the purposes of national monitoring of the Processor's inventory balances.

**Net off Invoice (NOI):** A VPT system. Processors sell finished product to Distributors at commercial price. Distributor sells end product to RA at price minus the value of the USDA Foods products used. Distributor submits documentation to Processor that product was sold and receives a credit from processor. Verification of sales from RAs is required.

**Non-substitutable Food:** A USDA food that cannot be substituted with a commercially purchased product under the terms of a processing agreement.

**One Hundred Percent Yield:** A requirement that 100 percent of the substitutable USDA Foods product given to the Processor actually be contained in the finished end product returned to the eligible Recipient Agency. Any manufacturing losses (the difference between 100% and the manufacturing yield) are to be made up by the Processor with commercial USDA Foods of domestic origin and equal or better quality than the USDA Foods that was provided.

**Per Meal Rate:** The national average value of USDA Foods shall be adjusted each July 1 to reflect the annual percent change for the five major food components in the Bureau of Labor Statistics Producer Price Index during the months of March, April, and May in the Price Index for Food Used in Schools and Institutions.

**Planned Assistance Level (PAL):** The total USDA Foods assistance available to a School Food Authority / Recipient Agency for the school lunch program is calculated by multiplying the number of lunches claimed by the School Food Authority in the prior year by the established per-meal-rate.

**Processor:** Any commercial facility which processes or repackages USDA Foods. However, commercial enterprises, which handle, prepare and/or serve products or meals containing USDA Foods on-site solely for the individual Recipient Agency under contract are exempt under this definition. School food authorities that provide meals to other eligible outlets are exempt from being defined as processors if they provide accountability for the USDA Foods they are given and return any profit from the venture to their own school food service account.

**RFP:** Request for Proposal is an invitation to Processors to submit a proposal for end products that will identify risks and benefit that can be evaluated in conjunction with pricing.

**Rebate:** A VPT where the RA pays the commercial price for processed items and then submits a request for rebate for the value of donated food used. A value pass-through system by which a Recipient Agency purchases a Processor's end products at the commercial price and receives from the processor, by means of a refund application, a payment equivalent to the value of the USDA Foods contained in the end products. See the definition of Refund Application and Indirect Refund Sale.

**Recipient Agency (RA):** Any of the following organizations within a State eligible to receive USDA Foods: schools (public and private), residential child care institutions, charitable institutions, nutrition programs for the elderly, summer camps, Summer Food Service Program participants, and soup kitchens.

**Redonation:** A USDA Foods item that has been shipped to one State Distributing Agency (SDA), then returned to the custody of USDA and given to another SDA.

**Refund Application:** An application (usually a pre-printed form) completed by a Recipient Agency or Distributor and sent to the Processor that certifies the purchase of

end products. Receipt of the refund application obligates the Processor to refund the contract value of the USDA Foods product contained in the end products purchased. This application may be sent electronically.

**Refund System:** see Rebate

**Single Inventory:** This concept was introduced in Policy Memo No.FD-020 (see Appendix No. 10) The main premise of this policy was to eliminate the obligation of the RA to maintain and report separate inventories and values of commercial and USDA Foods. Since USDA has promoted commercial labeling of USDA Foods and the increase of processed raw USDA Foods by commercial vendors, it had become increasingly difficult for RA's to discern the difference between the two. This policy represents a paradigm shift in how USDA Foods are valued once the RA receives them. In essence, once the RA receives the USDA Foods items, they become indistinguishable from commercial product. As a result, the concept of backhauling has changed. Since the majority of States now participate in Single Inventory, the burden of responsibility is now the RAs to require the Processor to account for inventory tracking of backhauled product, instead of RAs needing their SDAs permission to do this.

**Standard Yield:** A concept that originated in poultry processing where the Processor guarantees a fixed number of cases will be produced using a fixed amount of USDA Foods product. The standard yield is always fixed at a level that requires the Processor to add some commercial product to achieve the required yield. Standard yield could be used for other USDA Foods when a Processor has significant manufacturing loss in the production of an end product.

**State Distributing Agency (SDA):** The agency, usually an agency of State government, which enters into an agreement with FNS for the distribution of USDA Foods to eligible Recipient Agencies.

**State Participation Agreement (SPA):** An agreement between an individual State and a multi-State Processor, which defines how the Processor may do business in that particular State. Used in conjunction with a National Processing Agreement (NPA)

**Summary End Product Data Schedule (SEPDS):** A compilation of the information that was provided through the submission of individual EPDS's to USDA under a National Processing Agreement. This schedule provides relevant information to RAs regarding case weight, serving sizes, approximate servings per case, and the USDA Foods items needed to produce a case of finished product.

**Substitutable Food:** A USDA Foods product that may be replaced by a commercially purchased food of domestic origin, generically identical and equal or better in quality.

**Transfer:** The giving of USDA Foods product by an eligible Recipient Agency to another eligible Recipient Agency. Transfers between like Recipients are approved by the State or States involved and transfers between unlike Recipients must be approved by FNS.

**USDA Foods:** Food for donation by USDA to eligible RAs. USDA Foods are formerly referred to as "commodities". Although USDA Foods are purchased with "entitlement dollars", those dollars are provided by law to eligible RAs

**Value Pass-Through System (VPT):** A system used to ensure that the full value of the USDA food contained in the end product is passed on to the eligible purchasing

Recipient Agency. See the definitions for Refund System, Indirect Refund Sale, Fee For Service, Fee for Service Through a Distributor and NOI.

**WBSCM:** Web Based Supply Chain Management is an internet based computer system used by USDA to process and track USDA Foods for nutrition assistance programs.

## Frequently Used Acronyms

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AAA	Area Agencies on Aging
ACDA	American Commodity Distribution Association
ADP	Average Daily Participation
AMS	Agricultural Marketing Service, USDA
CACFP	Child & Adult Care Food Program, FNS/USDA
CAP	Commodity Acceptability Progress [Reports]
CCC	Commodity Credit Corporation, FSA/USDA
CDC	Centers for Disease Control and Prevention, DHHS
CI	Charitable Institutions
CID	Commercial Item Description
CLOC	Commodity Letter of Credit
CN	Child Nutrition
CPI	Consumer Price Index
CR	Civil Rights
CSFP	Commodity Supplemental Food Program, FNS/USDA
DA	Distributing Agency aka/ SDA
DF	Donated Food
DHHS	Department of Health & Human Services
DoD	Department of Defense
DLA	Defense Logistics Agency
EFOs	Emergency Feeding Organizations
EPDS	End Product Data Schedule
EPLS	Excluded Parties List System
FDA	Food and Drug Administration, DHHS
FDD	Food Distribution Division, FNS/USDA
FDPIR	Food Distribution Program on Indian Reservations, FNS/USDA
FEMA	Federal Emergency Management Agency
FFS	Fee For Service
FFSD	Fee For Service through Distributor
FMV	Fair Market Value
FNCS	Food, Nutrition and Consumer Services, USDA
FNIC	Food and Nutrition Information Center
FNS	Food and Nutrition Service, USDA
FNSRO	Food and Nutrition Service (FNS) Regional Office
FOIA	Freedom of Information Act
FPCP	Further Processor Certification Program
FSA	Farm Service Agency, USDA
FSIS	Food Safety and Inspection Service, USDA
FSMC	Food Service Management Companies
FY	Fiscal Year

GMR	Guaranteed Minimum Return
GR	Guaranteed Return
HACCP	Hazard Analysis and Critical Control Point
HOB	Household Operations Branch, FDD/ FNS/USDA
ICN	<a href="#">Institute of Child Nutrition</a> (formerly NFSMI)
IFB	Invitation For Bid
ITO	Indian Tribal Organizations aka/DA
MPR	Monthly Performance Reports
NAFDPIR	National Association of Food Distribution Programs on Indian Reservations
NMPR	National Monthly Performance Report
NOI	Net Off Invoice
NPA	National Processing Agreement
NSBP	National School Breakfast Program, FNS/USDA
NSIP	Nutrition Services Incentive Program FNS/USDA
NSLA	National School Lunch Act
NSLP	National School Lunch Program, FNS/USDA
OGC	Office of General Counsel, USDA
OIG	Office of the Inspector General, USDA
OMB	Office of Management and Budget
P.L.	Public Law
PAL	Planned Assistance Level
PCCP	Process Control Certification Program
PTV	Pass Through Value
RA	Recipient Agency
RFI	Request for Information
RFP	Request For Proposal
RFQ	Requests For Quotation
SA	State Agency
SC	Summer Camps
SDA	State Distributing Agency aka/ DA
SEA	State Education Agency
SEPDS	Summary End Product Data Schedule
SFA	School Food Authority
SFSP	Summer Food Service Program, FNS/USDA
SNEB	<a href="#">Society for Nutrition Education</a> and Behavior
SNA	<a href="#">School Nutrition Association</a>
SNAS	Supplemental Nutrition and Safety / FNS/USDA
SOC	State Option Contracts [Program], AMS/FNS/USDA
SPA	State Participating Agreement
SY	School Year or Standard Yield depending on the reference
TANF	Temporary Assistance for Needy Families
TEFAP	The Emergency Food Assistance Program, FNS/USDA
USDA	<a href="#">United States Department of Agriculture</a>
VPT	Value Pass Through
WBSCM	Web Based Supply Chain Management

## List of Appendices

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[Click on the policy number to access the policy]

### **ACDA Recommended Forms**

<http://www.commodityfoods.org/processing>

### **Food Distribution Guidance Memos**

- [FD-061](#) Inbound Cheese to Further Processors Revised 10/17/11
- [FD-064](#) Managing of Donated Food Inventories at Processors Revised 03/20/2012
- [FD-103](#) Waiver of Requirement to Submit copies of refund request and payments with state MPR (seems like a processor issue—not RA)
- [FD-104](#) Value of USDA donated USDA Foods for audits
- [FD-105](#) setting aside the Commodity Acceptability Reporting Requirement
- [FD-107](#) Storage and Inventory Management of USDA donated Foods (how is this different from FD 064??)
- [FD-110](#) Clarification of Reporting Requirements and Replacement of Donated Foods in Disasters, Emergencies and Situations of Distress
- [FD-119](#) Soliciting Bids from Commercial Distributors for End Products
- [FD-121](#) Donated Foods Possibly Containing LFT
- [FD-122](#) Substitution of Donated Foods in Advance of Purchase and Negative Inventories
- [FD-125](#) Offering School Food Authorities the Required Value and Variety of USDA Foods, and Efficient Cost-Effective Distribution
- [FD-127](#) Approval of End Products and Monitoring of End Product Sales
- [FD-129](#) USDA Foods Bone-in-Chicken Products
- [FD-130](#) Substitution of Beef and Pork
- [FD-133](#) School Food Authorities (SFAs) Purchasing Produce from U.S. Department of Defense (DoD) Vendors using Section 4 and 11 or Fresh Fruit and Vegetable Program (FFVP) Funds
- [FD-134](#) Minimum Inventory Protection Requirements for Processors Participating in the National Processing Program

### **Food and Nutrition Service Policy Memos**

<http://www.fns.usda.gov/fdd/index-all-fd-national-policies>

- [SP 18-2011](#) Procurement Geographic Preference Q and A's 02-01-2011
- [SP 41-2011](#) Indirect Cost Guidance 07-07-2011

- [SP 10-2012](#) Q&As on Final Rule "Nutrition Standards in the National School Lunch and School Breakfast Programs"
- [SP 20-2012](#) Frozen Fruit Products and Nutrition Standards in the National School Lunch and School Breakfast Programs (Revised)
- [SP 35-2012](#) Procuring Services of Purchasing Cooperatives, Group Purchasing Organizations, Group Buying Organizations 06-12-2012
- [SP 39-2012](#) Existing Inventory of USDA Foods and Commercial Products
- [SP 41-2012](#) Procurement Questions Relevant to the Buy American Provision 02-13-2012
- [SP 43-2013](#) Supplemental State Administrative Expense Reallocation Funds for School/Child Nutrition Food Distribution Training
- [SP 49-2013](#) Frozen Fruit Products in the National School Lunch and School Breakfast Programs in School Year 2014-2015
- [SP 57-2013](#) Q&As Regarding the Use of State Administrative Expense Funds and SAE Reallocation Funds in the Food Distribution Program for Child Nutrition Programs
- [SFSP02-2013](#) Procurement Geographic Preference Q&As – Part II
- [SP16-2013](#) Revised Meat/Meat Alternates and Milk Charts in the Food Buying Guide for Child Nutrition Programs
- [SP31-2012](#) Q&As Related to the Certification of Compliance with Meal Requirements for the National School Lunch Program
- [SP23-2013](#) Guidance Reaffirming the Requirement that State agencies and School Food Authorities Periodically Review Food Service Management Company Cost Reimbursable Contracts and Contracts Associated with USDA Foods
- [SFSP01-2013](#) Federal Small Purchase Threshold Adjustment
- [SP33-2014](#) FFVP: Pilot for Canned, Frozen and Dried Fruits & Vegetables Request for Application Guidance & Procedures for Selection of States and Schools
- [SP34-2014](#) FFVP: Allocation of Funds for School Year 2014-15
- [SP35-2014](#) Grain Entrees Related to the Smart Snacks in School Standards
- [SP36-2014](#) Smart Snacks Nutrition Standards and Exempt Fundraisers
- [SP39-2014](#) 2014 Edition of Q&As for the National School Lunch Program's Seamless Summer Option
- [SP41-2014](#) Clarification of the Policy on Food Consumption Outside of Foodservice Area, and the Whole Grain-Rich Requirement
- [SFSP17-2014](#) Sharing Aggregate Data to Expand Program Access and Services in Child Nutrition Programs
- [SFSP18-2014](#) Disaster Response
- [SP47-2014](#) Flexibility for Whole Grain-Rich Pasta in School Years 2014-15 and 2015-16
- [SP48-2014](#) Child Nutrition Database Release 18
- [SP52-2014](#) Deadline Extension: State Agency Requests for Participation in the FFVP Pilot for Canned, Frozen and Dried Fruits and Vegetables
- [SP54-2014](#) Administrative Reviews and Certification for Performance-Based Reimbursement in SY 2014-15
- [SP55-2014](#) State Agency 3-Year Administrative Review Cycle Requirement: Waivers for Exceptional Circumstances
- [SP57-2014](#) Updated Offer versus Serve Guidance for the National School Lunch Program and School Breakfast Program in School Year 2014-2015

<a href="#"><u>SP60-2014</u></a>	Second Extension of Grant Period for State Administrative Funds to Implement New Meal Pattern Requirements
<a href="#"><u>SP63-2014</u></a>	Smart Snacks Standards for Exempt Foods when Paired Together
<a href="#"><u>SP65-2014</u></a>	Instructions for Reporting State Administrative Funds for Implementing the New Meal Patterns
<a href="#"><u>SP64-2014</u></a>	Team Up for School Nutrition Success Initiative
<a href="#"><u>SP66-2014</u></a>	Information and Guidance on the Domestic Beef Market
<a href="#"><u>SP34-201</u></a>	SY 2014-15 Certification of Compliance with New Meal Patterns: Certification Tools and Prototype Attestation - Revised
<a href="#"><u>SP47-2014</u></a>	Flexibility for Whole Grain-Rich Pasta in SY2014 and SY2015
<a href="#"><u>SP07-2015</u></a>	Assessing Proposed Nutrition Education Costs in the NSLP and SBP
<a href="#"><u>SFSP02-2015</u></a>	Written Codes of Conduct and Performance of Employees Engaged in Award and Administration of Contracts
<a href="#"><u>SP13-2015</u></a>	Summer Meal Programs Meal Service Requirements Q&As - Revised
<a href="#"><u>SP17-2015</u></a>	USDA Farm to School Census
<a href="#"><u>SP20-2015</u></a>	Requests for Exemption from the School Meals' Whole Grain-Rich Requirement for School Years 2014-2015 and 2015- 2016
<a href="#"><u>SP21-2015</u></a>	National Procurement Training for Child Nutrition Programs
<a href="#"><u>SP22-2015</u></a>	FY2015 Reallocation of SAE Funds in Child Nutrition Programs
<a href="#"><u>SFSP13-2015</u></a>	CN Labels Copied with a Watermark Acceptable Documentation
<a href="#"><u>SFSP12-2015</u></a>	Administrative Review Process Regarding the Child Nutrition (CN) Label, Watermarked CN Label and Manufacturer's Product Formulation Statement
<a href="#"><u>SP29-2015</u></a>	Reporting Guidance for Results of Administrative Reviews Conducted in SY 2013-14
<a href="#"><u>SP28-2015</u></a>	Q&As Regarding the Use of SAE Funds and SA Funds for Farm to School Related Expenses
<a href="#"><u>SP23-2014v3</u></a>	Q&As Related to the "Smart Snacks" Interim Final Rule
<a href="#"><u>SP37-2015</u></a>	2015 Edition of Q&As for NSLP's Seamless Summer Option
<a href="#"><u>SP39-2015</u></a>	Professional Standards for State and Local School Nutrition Programs Personnel as Required by the Healthy, Hunger-Free Kids Act of 2010
<a href="#"><u>TA 01-2015</u></a>	Child Nutrition Programs and Traditional Foods
<a href="#"><u>SFSP10-2014</u></a>	Smoothies Offered in Child Nutrition Programs
<a href="#"><u>SP41-2015</u></a>	Updated Offer vs Serve Guidance for the NSLP and SBP Beginning SY2015-16