

Food Distribution Program

USDA Foods

Food Distribution Program - USDA Foods

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Additional Resources

- ISBE Food Distribution Program Website
<https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx>
- USDA Food Distribution Program Website
<https://www.fns.usda.gov/usda-fis>

Overview

The Illinois State Board of Education administers the United States Department of Agriculture (USDA) Food Distribution Programs for schools in Illinois. Program participants must follow federal regulations at [7 CFR Part 250](#).

Mission

The mission of the Food Distribution Programs is to strengthen the Nation's nutrition safety net by providing food and nutrition assistance to school children and families; and support American agriculture by distributing high quality, 100% American-grown USDA Foods. More specifically, the USDA Foods in schools program supports domestic nutrition programs and American agricultural producers through purchases of 100% American-grown and American-produced foods for use by schools and institutions participating in the National School Lunch Program.

Eligibility

Participants in the National School Lunch Program (NSLP) are eligible to participate in the Food Distribution Program. SFAs shall accept and use USDA Foods, in as large quantities as may be efficiently utilized. USDA Foods are also available to Summer Food Service Program participants that prepare their own meals, receive their meals via an agreement with a school food authority, or have a properly procured contract with the same food service management company from which they received NSLP meals during the prior school year.

Completing the annual School Nutrition Programs application automatically enrolls participants in the Food Distribution Program; however, the participants must place a USDA Foods order in the Illinois Commodity System, to receive food. Please see the Annual Order section for more details on placing an order.

Child and Adult Care Food Program participants receive cash in lieu of commodities. Cash in lieu of commodities reimbursement is added to lunch and supper meal reimbursement rates and provided to CACFP participants with claim reimbursement.

Finally, USDA Foods are made available to disaster relief agencies when the President of the United States declares a disaster, as well as, in other situations of distress. USDA Foods are provided to disaster victims through congregate meal services. Please see the Disasters and Situations of Distress section for more details.

Allocation

Each state receives USDA Foods entitlement based on the total number of eligible lunches claimed in NSLP during a given year, multiplied by the federal assistance rate, which is determined annually by USDA. In turn, each school food authority receives a portion of the state

dollars based on its lunches claimed, which is referred to as the Planned Assistance Level (PAL). A school food authority's PAL is listed on its annual order form in the Illinois Commodity System, to assist school food authorities when placing the annual order.

In addition to PAL USDA Foods, USDA may make special purchases of foods called bonus foods. Bonus foods are not charged against the state's or school's PAL. Most bonus USDA Foods are one-time or limited-purchase items and are allocated to states on a fair-share basis, based on the number of NSLP lunches claimed.

Spending Options

School food authorities (SFAs) have three options for spending Food Distribution Program entitlement money. SFAs can choose any or all options.

1. USDA Foods
2. DOD Fresh
3. Diversion to Processor

USDA Foods

The first option is to order USDA Foods, commonly referred to as commodities or brown box. SFAs may choose to designate a portion or all of their PAL to USDA Foods. SFAs order USDA Foods once a year, using ISBE's web-based [Illinois Commodity System \(ICS\)](#). USDA Foods are generally delivered monthly, from August through April, by Lanter Distributing, a contracted warehouse and delivery company. SFAs are responsible for paying the delivery cost. Please refer to the USDA Foods Delivery section for more delivery information.

USDA offers a variety of USDA Foods based on market availability, cost, and the preferences of recipient agencies. USDA continues to expand the variety of USDA Foods, with more than 200 products available for distribution. They have also reduced the fat, sugar, and salt content in many USDA Foods, in recognition of the *Dietary Guidelines for Americans*. Foods available include high quality 100% American-grown and American-produced vegetables, fruits, dairy, whole grains, lean meats, and other protein options. A [USDA Foods Available List](#) is provided by USDA annually. From the USDA Foods Available List and a review of past orders, ISBE determines which USDA Foods to include on the annual order form. School food authorities then make their selections from the annual order form.

Bonus USDA Foods become available at times, through USDA's price support and surplus removal programs. ISBE notifies participants when bonus USDA Foods become available.

DOD Fresh

The second spending option is the Department of Defense (DOD) Fresh fruits and vegetables program. SFAs may choose to designate a portion or all of their PAL to DOD Fresh. SFAs must use the DOD web-based [Fresh Fruits and Vegetables Order Receipt System \(FFAVORS\)](#) to place orders and receipt orders. FFAVORS also maintains the SFA's fund balance. For delivery service in Illinois, DOD contracts with Central Illinois Produce, and Central Illinois Produce subcontracts with various regional companies. DOD Fresh is generally delivered weekly, throughout the school year. There is a \$150 minimum order per delivery, and no separate delivery cost to the SFA.

Please refer to the [DOD FFAVORS Ordering Manual](#) for step-by-step instructions on viewing the catalog of offerings, placing orders, receipting orders, and running reports. A login and password are required for FFAVORS. Please contact ISBE to set-up a user account.

Diversion to Processor

The third option SFAs have for spending Food Distribution Program entitlement money is diversion to processor. SFAs may choose to divert raw USDA Foods to a manufacturing company, for further processing. The processor will convert the USDA Foods into more convenient, ready-to-use end products. SFAs may choose to designate a portion or all of their PAL for diversion to processor.

SFAs indicate their choice to divert USDA Foods once a year, during the annual order period, in ISBE's web-based Illinois Commodity System (ICS). SFAs choosing to divert USDA Foods for processing must select the processor(s), the USDA Food(s), and the number of pounds to be diverted, on the annual order form in ICS. Please refer to the [Processing Calculator](#) for assistance in calculating the number of pounds to divert.

SFAs interested in diverting USDA Foods for processing are encouraged to attend an ISBE sponsored USDA Foods Show, generally held between September and November each year, prior to the annual order period. In addition to sampling various end products, SFAs have the opportunity to meet company representatives and discuss the processing option.

Before diverting USDA Foods, it is important for SFAs to communicate with their distributor, to ensure that the distributor carries the desired end products. If the distributor does not and will not carry the desired end products, and the SFA cannot receive deliveries directly from processors, then SFAs should not divert pounds for those products.

For SFAs that have diverted to processors previously, it is important to check the pound balances in [K12](#) and/or [ProcessorLink](#). K12 and ProcessorLink are data systems that track the diversion and usage of USDA Foods diverted to processors. The SFA is responsible for tracking the drawdown

of pounds and verifying the receipt of processed end products in K12 and ProcessorLink each month.

Once USDA Foods have been diverted to a processor, SFAs place orders through their distributor and/or directly with the processor, as needed. Deliveries and delivery costs are based on the terms of the distributor and/or processor contracts. The value of the USDA Foods used in the end product is provided to the SFA using a value pass through system. The four value pass through systems include:

- Direct Discount – The SFA purchases the end product from the processor or distributor at an initial discounted price. The discounted price is the commercial price less the value of USDA Foods.
- Indirect Discount (Net-off Invoice) – The processor works with the distributor to deliver the end product to the SFA and to deduct the value of the USDA Foods used to produce the end product, from the commercial price of the product. The price reduction is reflected on the SFA’s invoice from the distributor. The processor then compensates the distributor for the discount provided to the SFA.
- Refund or Rebate – The processor works with the distributor to deliver the end product to the SFA; however, the distributor is not involved in passing the value of the USDA Foods onto the SFA. The SFA must work with the processor directly to receive a refund/rebate, after paying full price to the distributor for the product. The refund/rebate is for the value of the USDA Foods used to produce the end product. The refund/rebate must be requested by the SFA in writing and must be paid by the processor within 30 days of receiving the request.
- Fee for Service – The processor sells end products to a distributor or SFA at a fee-for-service, which includes all costs to produce the end products not including the value of USDA Foods. There are three types of fee-for-service:
 1. Direct shipment and invoicing from the processor to the SFA
 2. Fee-for-service through a distributor, where the processor ships multiple pallets of product to a distributor with a breakout of who owns what products
 3. Modified fee-for-service, where the SFA has an authorized agency bill them for the total case price

Annual Order

In order to receive USDA Foods, school food authorities (SFAs) must place an annual order in the [Illinois Commodity System \(ICS\)](#). The annual order is generally placed in January, for the following school year, July 1 to June 30. To place an order, please follow the steps in the [ICS Instructions](#).

ICS requires a login and password. To register, please complete and submit the [ICS New User Registration Form](#). SFAs must have one authorized user, and a back-up user is recommended. SFAs may allow user access for food service management companies and vended meal companies, however, SFAs are responsible for the operation of the Food Distribution Program.

After SFAs place orders with ISBE, ISBE places orders with USDA. USDA specifies delivery periods for certain USDA Foods. In an effort to help SFAs plan menus and storage needs, ISBE creates an [Anticipated USDA Foods Chart](#), which lists the month(s) each USDA Food is planned to be delivered to schools.

USDA Foods orders can be adjusted by the SFA throughout the school year. ISBE will do its best to accommodate changes, but there is no guarantee. Accommodations are dependent upon order deadlines, inventory, and budget considerations.

DOD allotment can be adjusted by the SFA for a period of time after the annual order period deadline. Once the DOD screen in ICS becomes unchangeable to the SFA, the SFA may contact ISBE if an adjustment is needed. ISBE will make adjustments if possible, based upon budget and contract considerations.

Diversions to processors cannot be adjusted by the SFA after the annual order period deadline.

USDA Foods Delivery

ISBE contracts with Lanter Distributing, LLC for warehouse and delivery services of USDA Foods. Each month, from August through April, ISBE allocates USDA Foods to SFAs, based on the SFA's annual order form and receipt of USDA Foods from USDA. Lanter delivers the allocated USDA Foods to the delivery sites specified by SFAs in the Illinois Commodity System (ICS).

The following terms apply to deliveries of USDA Foods:

Deliveries will be made between 7:00 AM and 2:30 PM (CST), Monday through Friday.

Designated delivery sites may be schools, school storage facilities, or – unless disapproved by ISBE – commercial warehouse facilities of the SFA's choice.

SFAs are responsible for paying the delivery charges. The cost of delivery for school year 2023-2024 is \$6.70 per case. The charge may change from year to year. There is a 5-case minimum delivery requirement, per delivery site, per month.

Lanter must schedule deliveries to each SFA that take into consideration the SFA's labor needs for the delivery of USDA Foods.

At the option of the SFA, weekly deliveries are available to any site receiving more than \$40,000 a year in USDA Foods.

Deliveries will be unloaded from the truck trailer and placed in the designated location outside the SFA's delivery site. The delivery site does not need a delivery dock.

Custom deliveries may be prearranged or requested at the time of delivery by the SFA. Custom delivery is defined as placing the USDA Foods in an indoor central holding area at the delivery site, as determined by the SFA. SFAs will incur a custom delivery charge. The charge for school year 2023-2024 is \$0.75 per case. The charge may change from year to year.

Lanter shall provide all equipment necessary to deliver foods.

Lanter shall provide SFAs with 72-hour advance notice of a future delivery. At a minimum, the notice shall include the delivery date and the type and quantity of food being delivered. If the SFA does not receive a 72-hour prior notification of a delivery date, Lanter must provide a custom delivery at no charge to the SFA.

After delivering food to each SFA at each delivery site, Lanter must obtain a signature from a designated representative of the SFA on the delivery receipt of the Bill of Lading/Freight Waybill.

Lanter must transport food to the SFAs in such a manner as to ensure safety, wholesomeness, and sanitary conditions. In addition, Lanter must maintain the appropriate ventilation, security, and temperature levels for the types of food being transported. Lanter shall ensure that frozen foods stay frozen until delivered to the SFA.

SFAs must verify the accuracy of quantities and code numbers for each item and the condition of the food.

- Count the items received
- Check all items for damage
- Check temperatures
- Compare the delivery request to what was actually delivered
- Reject damaged items
- Note discrepancies on the delivery receipt – Identify the quantity and whether the item(s) were missing or returned due to damage. Shortages and damages shall be noted on the delivery receipt by the SFA and initialed by both the SFA and the Lanter truck driver. Lanter shall not be required to issue a credit for errors not detected at the time of delivery, except for hidden damage.
- Sign the delivery receipt
- Sign the custom delivery (if applicable)
- Mark *yes* or *no* regarding delivery satisfaction
- Record the date received on each case/bag delivered

Lanter must factor in ample time to each delivery to allow truck drivers to be physically present for the verification of quantity and code numbers of each item and condition of the food.

Lanter and the SFA shall understand and agree that the title of the food shall pass from ISBE to the SFA when the SFA signs the delivery receipt.

The following shall apply in instances where a scheduled delivery is not made.

- **Missed Delivery:** If Lanter is unable to meet the preassigned delivery date, then the SFA must be notified prior to the scheduled delivery, and Lanter must provide a custom delivery at no charge. The alternate delivery date must be scheduled within the delivery month unless an alternate delivery date is approved by ISBE.
- **Emergency Day:** If unforeseen circumstances cause the SFA to take an emergency day and subsequently cause a non-delivery, then Lanter is not obligated to provide a custom delivery to the SFA on the reschedule delivery date. An emergency day is defined as an unscheduled official day of school closing entered on the official ISBE school calendar. Additionally, Lanter may charge a back-haul fee equal to no more than half of the regular delivery fee for having to return the USDA Foods from the truck to its warehouse.
- **Refused Delivery:** If all or part of a delivery is refused by the SFA for reasons other than damaged USDA Foods or the scenarios noted above, Lanter may charge a back-haul fee equal to no more than half the regular delivery fee. A back-haul fee may be charged in addition to the delivery fee.

Storage

7 CFR 250.14 requires SFAs to provide facilities for the storage and control of USDA Foods that protect against theft, spoilage, damage, or other loss. The storage facilities must maintain USDA Foods in sanitary conditions, at the proper temperature and humidity, and with adequate air circulation. SFAs must ensure that storage facilities comply with all Federal, State, or local requirements relative to food safety and health and procedures for responding to a food recall, as applicable, and obtain all required health inspections.

USDA Foods may be stored at commercial storage facilities. USDA Foods may not be stored in private homes. SFAs using a commercial storage facility must do so in compliance with procurement requirements, and SFAs must ensure that commercial storage facilities comply with all Food Distribution Program requirements.

All storage must meet the USDA required [Hazard Analysis and Critical Control Point \(HACCP\)](#) practices. Infestation, spoilage, contamination, damage, and theft of USDA Foods usually occur because of malfunctioning refrigeration equipment or improper storage practices. Below are desirable practices to follow:

Storage Temperatures

- Dry – 50-70°F
- Refrigerated – 36-40°F
- Frozen – 0°F or below

Refrigerator/Freezer Storage

- Store foods in refrigerators and freezers operating properly and in good repair.
- Clean and dry refrigerators and freezers thoroughly before placing foods in storage.
- Place foods on pallets or shelves, with one to two inches of space left between the walls and the food containers, to ensure proper air circulation.
- Stack foods properly to prevent damage.
- Take and record daily temperatures in the refrigerators and freezers. Recording thermometers should be on the outside of the refrigerators and freezers for easy viewing of the temperatures without opening the doors.
- Check thermometers and refrigeration equipment periodically to ensure proper operation. Repair malfunctioning equipment immediately. This is especially important over summer break.
- Equip refrigerators and freezers with an alarm system to detect low/high temperatures or power failures. Check refrigerators and freezers immediately after a power failure to ensure they are operating properly, and stored foods are still in good condition.
- Lock all refrigerators and freezers. Only authorized personnel should have access.

Dry Storage

- Maintain an insect and rodent control program.
- Ensure walls, floors, and ceilings are smooth, impervious to moisture, easy to wash, and vermin-proof.
- Store containers of food a minimum of six inches off the floor to protect the food from contamination and permit easy cleaning. Containers may be stored on dollies, racks, or pallets that are easily moveable.
- Allow one to two inches of space between the walls and the food containers, to ensure proper air circulation.
- Cross-stack boxed items on pallets to provide for circulation and to prevent toppling. Bagged items and those requiring fumigation and insect control should not be stored in large masses in corners of the storeroom or directly against the wall.
- Take and record daily temperatures. Thermometers should be conveniently located.
- Label foods removed from their original containers and stored in bulk containers with the common name for contents.

- Store cleaning and sanitizing supplies in a separate area from food.
- Store chemicals used in pest control separately from food supplies and cleaning supplies.
- Ensure food is not stored under exposed or unprotected sewer lines or water lines.
- Lock storerooms. Only authorized personnel should have access.

Inventory

SFAs may utilize single inventory management, meaning that USDA Foods and foods from other sources may be commingled in storage, and the SFA may maintain a single inventory record of such commingled foods. Single inventory management applies to foods stored on-site at the SFA or to foods stored at a commercial storage facility. USDA Foods are subject to the same safeguards and effective management practices as other foods.

Excess Inventory at Processors

7 CFR 250.35(d) requires ISBE to monitor processor inventories to ensure that the quantity of donated foods for which the processor is accountable is the lowest cost-efficient level but may not exceed a six-month supply based on the processor’s average monthly usage. To ensure this requirement is met, ISBE enforces the following procedures:

- USDA Foods diverted to processors must be used by June 30 of the year in which the pounds were diverted. For example, if pounds were diverted for school year 2024 (July 1, 2023 to June 30, 2024), the pounds must be used by June 30, 2024.
- Pounds not used by June 30 will be removed from a School Food Authority’s (SFA) account and transferred to the State of Illinois account.
- Usage is monitored throughout the school year. If a SFA’s account exceeds a six-month supply based on the SFA’s average monthly usage, pounds will be transferred to the State of Illinois account.
- Inventory in the State of Illinois account will be available on a first come first served basis.
- SFAs may contact processors/brokers on an individual basis to request pounds from the State of Illinois account. SFAs requesting pounds should be familiar with USDA Foods processing procedures and end product distribution.
- SFAs losing pounds will not receive a credit, and SFAs gaining the pounds will not be charged.

SFA Transfers of USDA Foods

SFAs may transfer USDA Foods to another site under the same SFA, to another SFA, or to a charitable organization without approval from ISBE or USDA. The SFA must maintain inventory records documenting the transfer.

Out-of-Condition USDA Foods

SFAs must comply with State or local requirements in determining the safety of all foods, including USDA Foods, and in their destruction or other disposition. SFAs are not required to report such actions to ISBE.

Other Allowable Uses of USDA Foods

SFAs must use USDA Foods, as much as is practical, in the lunches provided through NSLP. However, SFAs may also use USDA Foods in other activities of the nonprofit food service. Revenues received from such activities must accrue to the nonprofit food service account. Some examples of such activities in which USDA Foods may be used include:

- School breakfasts or other meals served in child nutrition programs
- A la carte foods sold to school children
- Meals served to adults directly involved in the operation and administration of the nonprofit food service and to other school staff
- Training in nutrition, health, food service, or general home economics instruction for students

Food Recalls

Food recall means an action to remove food products from commerce when there is reason to believe the products may be unsafe, adulterated, or mislabeled. The action is taken to protect the public from products that may cause health problems or possible death. SFAs must follow all applicable Federal, State, or local requirements for USDA Foods subject to food recall. ISBE will notify SFAs of food recalls deemed to affect Food Distribution Program participants. There are three USDA recall classifications:

Class I – This is a health hazard situation where there is a reasonable probability that the use of the product will cause serious, adverse health consequences or death.

Class II – This is a health hazard situation where there is a remote probability of adverse health consequences from the use of the product.

Class III – This is a situation where the use of the product will not cause adverse health consequences.

Reviews

ISBE conducts School Nutrition Program administrative reviews in accordance with 7 CFR 210.18. Administrative reviews include a review of the Food Distribution Program. Per 7 CFR 210.14(d), SFAs shall accept and use, in as large quantities as may be efficiently utilized in its nonprofit school food service, such foods as may be offered as a donation by USDA. SFA's policies, procedures, and records must account for the receipt, full value, proper storage and use of USDA Foods. Furthermore, in regard to food service management companies (FSMC), ISBE ensures that all USDA Foods received by the SFA and made available to the FSMC accrue only to the benefit of the SFA's nonprofit school food service and are fully utilized.

Complaints

Please notify ISBE of concerns regarding USDA Foods by completing the [USDA Foods Complaint Form](#). Use this form for concerns with USDA Food quality, appearance, packaging, etc. Please complete as much information as possible on the form and include pictures. Do not discard any USDA Food that is the subject of a complaint prior to guidance and authorization from USDA.

Please notify ISBE of concerns regarding the delivery of USDA Foods by completing the [USDA Foods Delivery Complaint Form](#). Use this form for concerns regarding delivery issues, such as late deliveries, cancelled deliveries, damaged cases upon delivery, etc.

ISBE provides USDA Foods complaint information to USDA, and other applicable agencies, for further investigation. ISBE provides delivery complaint information to Lanter Distributing, our contracted warehouse and delivery provider, and works with them to ensure the terms of the contract are fulfilled.

Disasters and Situations of Distress

ISBE and SFAs may provide USDA Foods from current inventories to a disaster organization for use in providing congregate meals to persons in need of food assistance because of a Presidentially declared disaster or emergency. USDA will replace inventories used.

ISBE and SFAs may provide USDA Foods from current inventories for use in providing congregate meals to persons in need of food assistance because of a situation of distress, which means a natural catastrophe or other event that does not meet the definition of disaster. Examples include hurricanes, floods, snowstorms, or explosions. USDA will replace inventories used in a situation of distress only to the extent that funds are available.

Total Value of USDA Foods Received

A [report](#) of the total value of USDA Foods received by each SFA is provided annually, by July 31, for the previous school year. The report includes an alphabetical listing of all SFAs that participated in the Food Distribution Program and summarizes the value of all USDA Foods received for the year.

Record Retention

All records pertaining to the Food Distribution Program must be retained for three years plus the current year. However, records pertaining to claims or audits that remain unresolved in this period of time must be retained until such actions have been resolved.