# Food Distribution Program

## Processed USDA Foods
## How to Order?  Should You Order?

BETTER, STRONGER, TOGETHER

**ISBE Nutrition Division**
**SNP Back to School Conference**

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# Topics

- Spending Options
- Forecasting
- ICS
- Processing Calculators
- Value Pass Through Systems
- Tracking
- Processor Inventories
- Processing Statistics
- Resources

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# Spending Options

## Three options

| USDA Foods | DOD Fresh | Processing |

# Spending Options

## Diversion to Processor

- Allocate a portion of PAL once per year

- Order from your contracted distributor

- Delivered based on distributor contract terms

- Delivery cost based on distributor contract terms

- Receive value of USDA Foods

# Forecasting

- Original plan

- Changes

- Communication is key
  - Processors
  - Brokers
  - Distributors
  - ISBE

# Forecasting

- Purchasing options
  - Distributor
  - Cooperative
  - Direct from manufacturer
  - USDA Foods diverted to processor
- Price comparisons
- District considerations

# Illinois Commodity System (ICS)
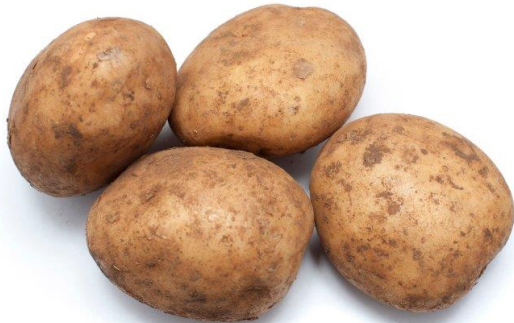
# ICS Annual Order Period

- Diversion to processor
  - Input diversions
  - Adjust diversions
  - No diversions after final deadline
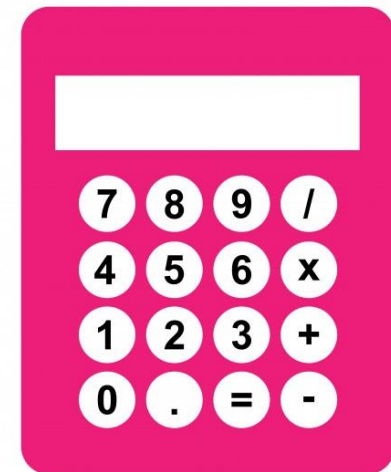
# Illinois Commodity System (ICS)

# Processing Calculators

1. ISBE Processing Calculator form

2. Processor commodity calculators

3. Distributor commodity calculators

GOAL:
Determine pounds needed for the year

# ISBE Processing Calculator

**Illinois State Board of Education**
**Nutrition Division**
**Food Distribution Program**

## Processing Calculator

**Step 1**     Generate and review the Approved End Products Report on ICS. Compare end products with your menu needs. Save the report to use in the steps below.

**Step 2**     Select the processors and end products that meet your specifications for quality and student acceptability.

**Step 3**     Decide if you wish to divert pounds for processing. Compare the total value per serving of processed end products to the commercially purchased equivalents. If the processed end product total cost per serving is less than the commercially purchased equivalent, processing may save you money. If the processed end products are more expensive than commercially purchased equivalents, diverting commodities to a processor is probably not the best use of your PAL dollars. If you cannot commercially purchase a like item, and the processed end product fits your overall food budget, processing could be beneficial.

# Summary End Product Data Schedule SEPDS

| School Year | Product Status A=Approved N=New R=Revised X=Expired | End Product Code | End Product Description | Net Weight Per Case | Servings Per Case | Net Weight per Serving | WBSCM USDA Foods Material Code | WBSCM USDA Foods Material Description | USDA Foods Inventory Drawdown per case | USDA Foods Value per pound | USDA Foods Value per case | USDA Approval Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | **Summary End Product Data Schedule** ... 0506-0063 | | | | |
| | | | | *Information Certified as Accurate by USDA* | | | | | | | | |
| SY20 | A | 14688 | Cheddar Cheese Omelet IW, CN | 21.88 | 175 | 2.00 | 100047 | EGGS WHOLE LIQ BULK -TANK | 15.30 | $0.7227 | $11.06 | 12/3/2018 |
| SY20 | A | 30020 | Round Egg Patty | 11.25 | 120 | 1.50 | 100047 | EGGS WHOLE LIQ BULK -TANK | 7.59 | $0.7227 | $5.49 | 12/3/2018 |
| SY20 | A | 30101 | Egg Patty | 9.00 | 144 | 1.00 | 100047 | EGGS WHOLE LIQ BULK -TANK | 6.06 | $0.7227 | $4.38 | 12/3/2018 |
| SY20 | A | 54211 | Scramble Mix, Traditional Cook/Bag, CN, 6/5 lb | 30.00 | 246 | 1.94 | 100047 | EGGS WHOLE LIQ BULK -TANK | 22.55 | $0.7227 | $16.30 | 12/3/2018 |
| SY20 | A | 61688 | Square Egg Patty, 2.5" Grilled, CN | 16.50 | 264 | 1.00 | 100047 | EGGS WHOLE LIQ BULK -TANK | 12.98 | $0.7227 | $9.38 | 12/3/2018 |

# Approved End Products Report

# Approved End Products Report

**Processor**
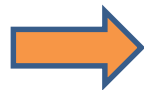
CHEDDAR CHEESE SAUCE (5705)

| | |
|---|---|
| Case Weight: | 30.00 |
| Servings/Case: | 263 |
| Pieces/Serving: | 1.82OZ |
| Serving Size (oz): | 1.82OZ |
| Fat/Serving (grams): | 9.00 |

**CN Contribution Quantity**

| | |
|---|---|
| Meat / Meat Alternate (oz): | 1.00 |

| USDA Foods | PAL/Bonus | Cost/lb | lbs/Case | Cost/Case | Cost/Serving |
|---|---|---|---|---|---|
| CHEESE, NATURAL AMERICAN | PAL | $1.6551 | 15.00 | $24.8265 | $0.0944 |

Offered As:   Net off invoice

# ISBE Processing Calculator

| | |
|---|---|
| **Step 4** | Calculate your menu needs for each processed end product. Keep in mind that you may not start receiving end products at the beginning of the school year.<br><br>How many servings do you need each time you serve?<br><br>a) _____ # of servings needed each time the processed end product is served<br><br>b) _____ # of times the processed end product appears on the menu for the year<br><br>c) Multiply (a) x (b) = _____ # of servings needed for the year |
| **Step 5** | Determine how many cases you will need. From the Approved End Products Report, identify how many servings are in a case of processed end product.<br><br>d) _____ servings per case<br><br>e) Divide (c) / (d) = _____ # of cases needed for the year |

# ISBE Processing Calculator

| | |
|---|---|
| **Step 8** | Consolidate the # of pounds needed for the year, for all processed end products using the same commodity and being diverted to the same processor. *The sum of all the pounds entered on line (g) of Step 6, for a single commodity and processor, equals the total # of pounds to divert to that processor.* Total pounds needed must be calculated separately for each processor. |

Processor name _____

Commodity name and number _____

h) Total # of pounds to divert _____

| | |
|---|---|
| **Step 9** | Determine the value of commodities to divert for processing, for each processor. From the Approved End Products Report, identify the cost per pound. |

i) $_____cost per pound

j) Multiply (h) x (i) = $_____total value of commodities for the processor

# Processor Commodity Calculator

## Example

| Item # | Description | USDA Foods material | Average Finished Case Weight | CN Serving Size (oz.) | M/MA per Serving | Eq. Grain | Estimated Number of Servings Desired | ÷ | Approx. FULL Servings Per Case | = | Number of Finished Cases | X | USDA Foods per Case | = | Pounds Needed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Processor** | | | | | | | | | | | | | | | |
| 5705 | **Cheddar Cheese Sauce** | 110242 | 30.00 | 1.82 | 1.00 | -- | **26,300** | ÷ | 263.0 | = | 100 | X | 15.00 | = | 1500.00 |
| 5708 | **Beef Patties** | 100154 | 30.00 | 1.82 | 2.00 | -- | **52,600** | ÷ | 263.0 | = | 200 | X | 15.00 | = | 3000.00 |
| 5715 | **Turkey Patties** | 100883 | 30.00 | 1.90 | 2.00 | -- | **75,600** | ÷ | 252.0 | = | 300 | X | 8.10 | = | 2430.00 |

# Value of USDA Foods

Value Pass Through Systems

- Direct discount
- Refund or rebate
- Indirect discount (net off invoice)
- Fee for service

# Value of USDA Foods

## 3 types of fee for service

1. Direct shipment and invoicing to the school

2. Shipment to a distributor with a breakout of which schools own what product

3. School has an authorized agent bill them for the total case price (modified fee for service)
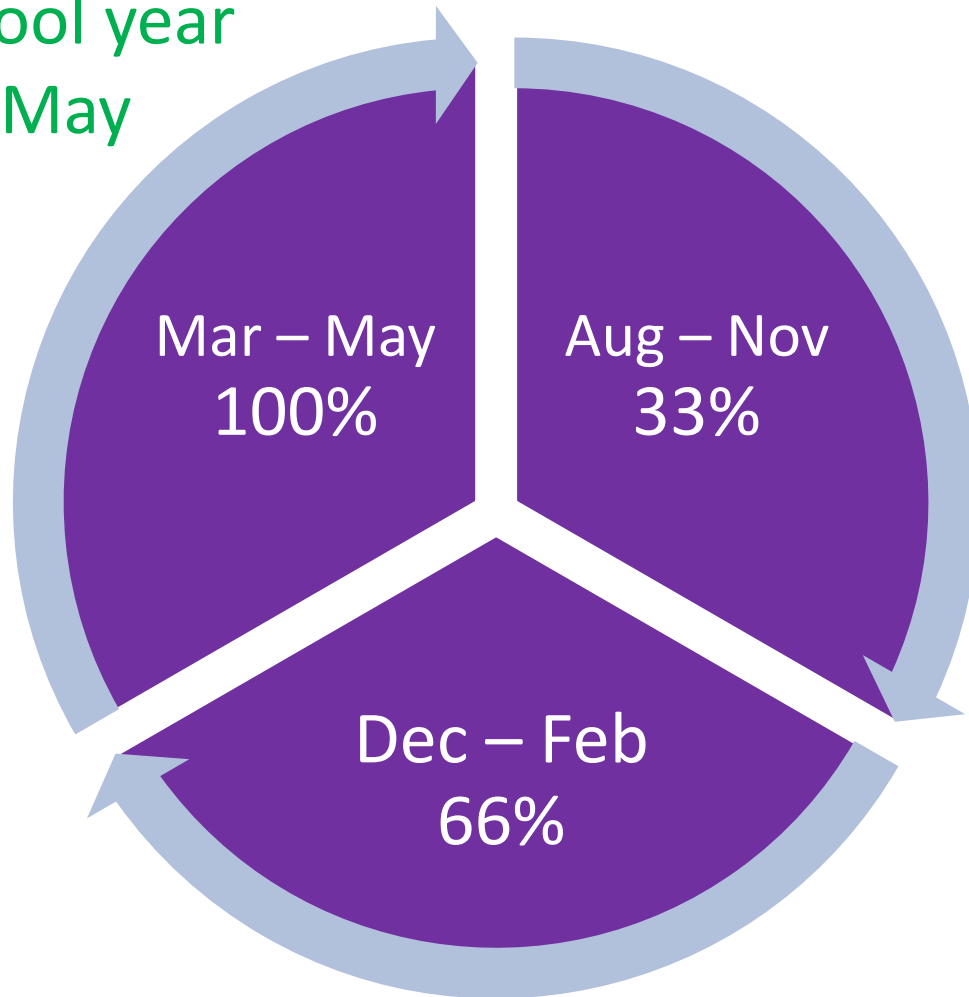
# **Tracking**

- Track your processor deliveries and balances year-round

  - K12

  - Processor Link

  - Distributor site

# Tracking

10 month school year
August - May



Mar – May
100%

Aug – Nov
33%

Dec – Feb
66%

# Processor Inventory

- Enforcing the sweep policy to reduce inventory at processors
  - Sweeping unused carryover pounds by October 31
  - Monitoring usage throughout the year and limiting new diversions
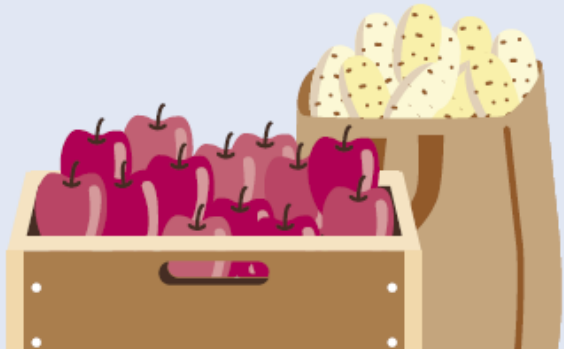
# Processing Statistics

| Spending Options | # of School Districts Utilizing the Option | % of School Districts Utilizing the Option |
|---|---|---|
| USDA Foods | 920 | 88% |
| Diversion to Processor | 521 | 50% |
| DOD Fresh | 688 | 66% |

# Processing Statistics

| USDA FOODS BULK FOR PROCESSING | USDA FOODS DIRECT DELIVERY | USDA DoD FRESH |
|---|---|---|
| $ $637 M | $ $728 M | $ $239M |

# Processing Statistics

| National % of $ Spent on Each Option | |
|---|---|
| USDA Foods | 45% |
| Diversion to Processing | 40% |
| DOD Fresh | 15% |

| Illinois % of $ Spent on Each Option | | Difference |
|---|---|---|
| USDA Foods | 40% | -5% |
| Diversion to Processing | 33% | -7% |
| DOD Fresh | 27% | +12% |

*Excludes Chicago Public Schools

# Processing Statistics

| % of Illinois Recipients Using Each Spending Option | | | |
|---|---|---|---|
| Annual PAL Amount | USDA Foods | Diversion to Processor | DOD Fresh |
| $100,000 or more | 85% | 97% | 86% |
| Less than $100,000 | 88% | 45% | 64% |
| | | | |

# USDA Foods Show

Wednesday

October 30, 2019

Jennifer's Garden Banquet and Convention Center

Morris, Illinois

# Resources

- School Nutrition Programs Handbook

- ICS Instructions

- Processing Calculator

- Processors

- Brokers

https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx

# **Contact Information**

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USDA Foods