

# BUSINESS OF NUMBERS & NUTRITION

CHILD NUTRITION DIRECTORS  
AND BUSINESS OFFICIALS

## Inventory Management

Processing USDA Foods

**Glenda Wernli**

*USDA Foods Data  
Reporting Specialist*



01

# TDA Stakeholders

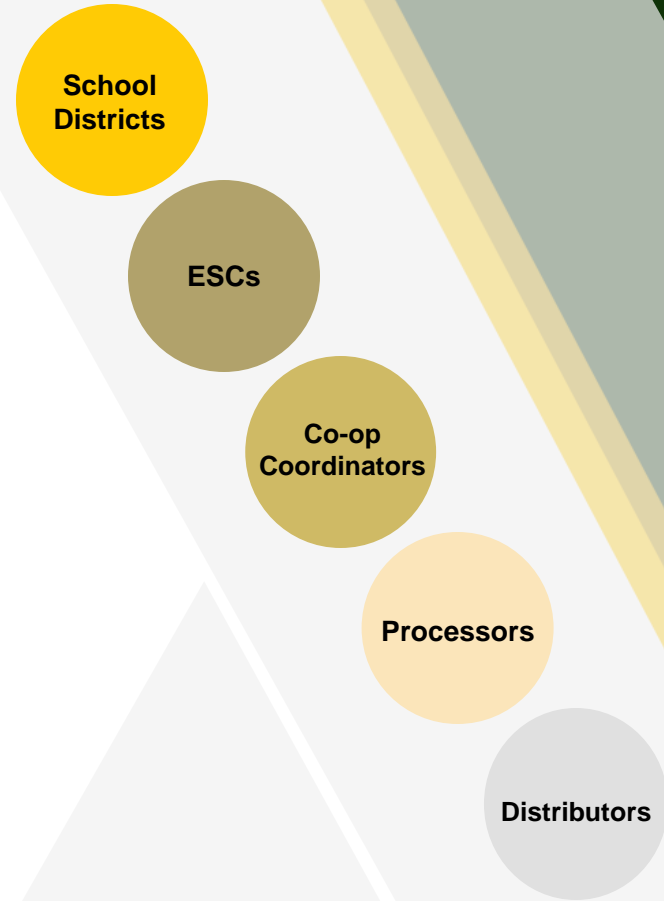
# TDA Stakeholders

- School Districts
- Education Service Centers
- Co-op Coordinators
- Processors
- Distributors

# TDA Stakeholders

## School Districts

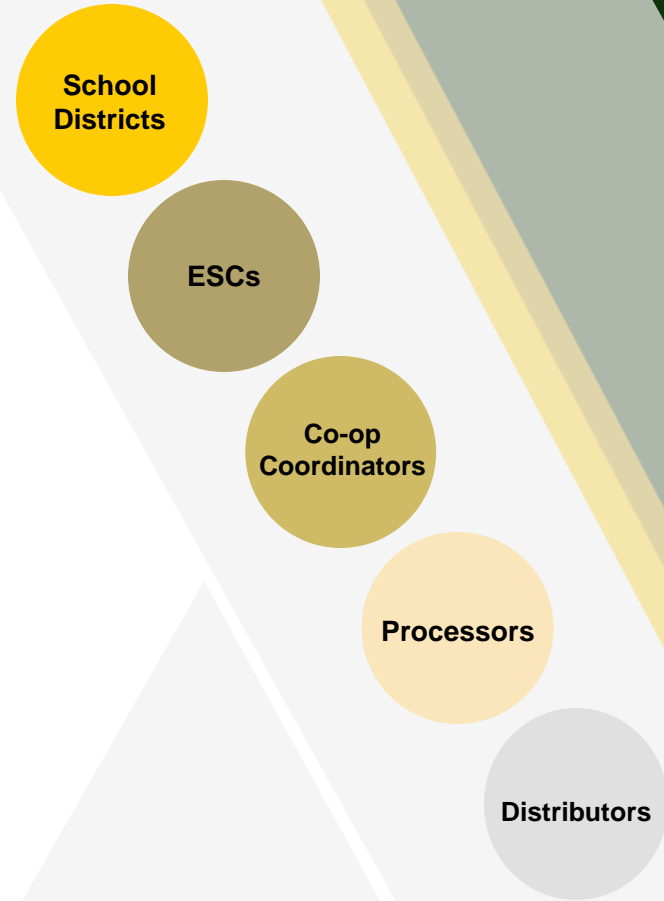
Responsible for the commitment of USDA Foods ordered and the usage of those foods within the Program Year.



# TDA Stakeholders

## Education Service Centers

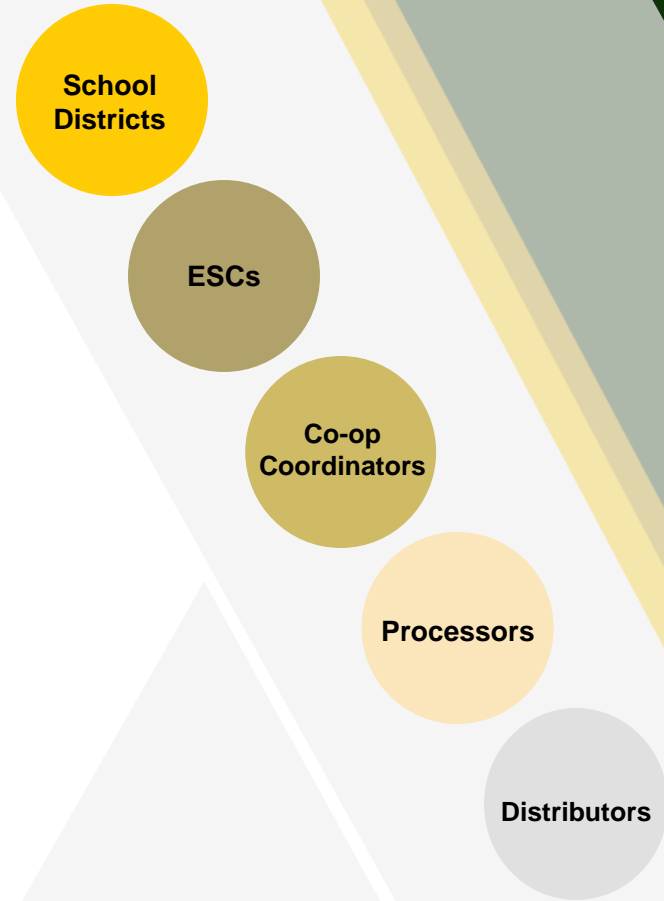
Responsible for Technical Assistance and offers Child Nutrition training. There are 20 ESC Regional offices.



# TDA Stakeholders

## Co-op Coordinators

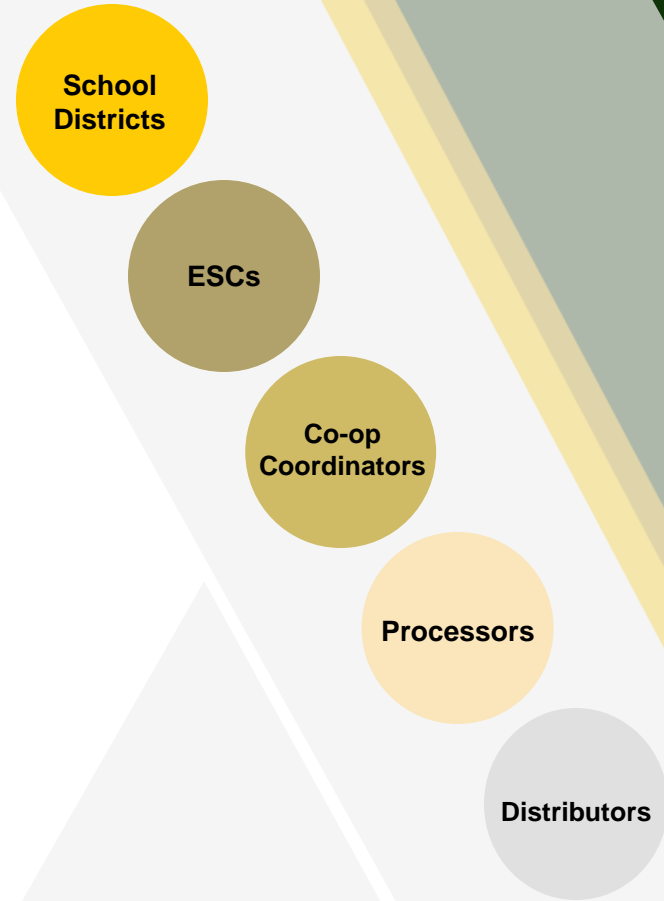
Responsible for developing proposals to award commodity bids to Processors and assist School Districts in committing pounds to TDA.



# TDA Stakeholders

## Processors

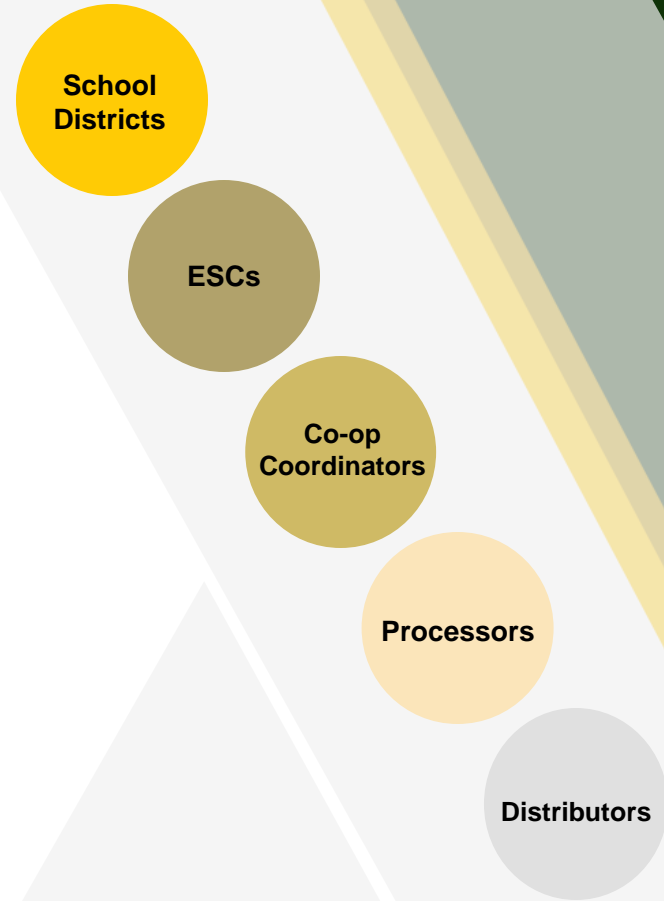
Responsible for ensuring the full value of USDA Foods contained in the finished product is returned to the School District.



# TDA Stakeholders

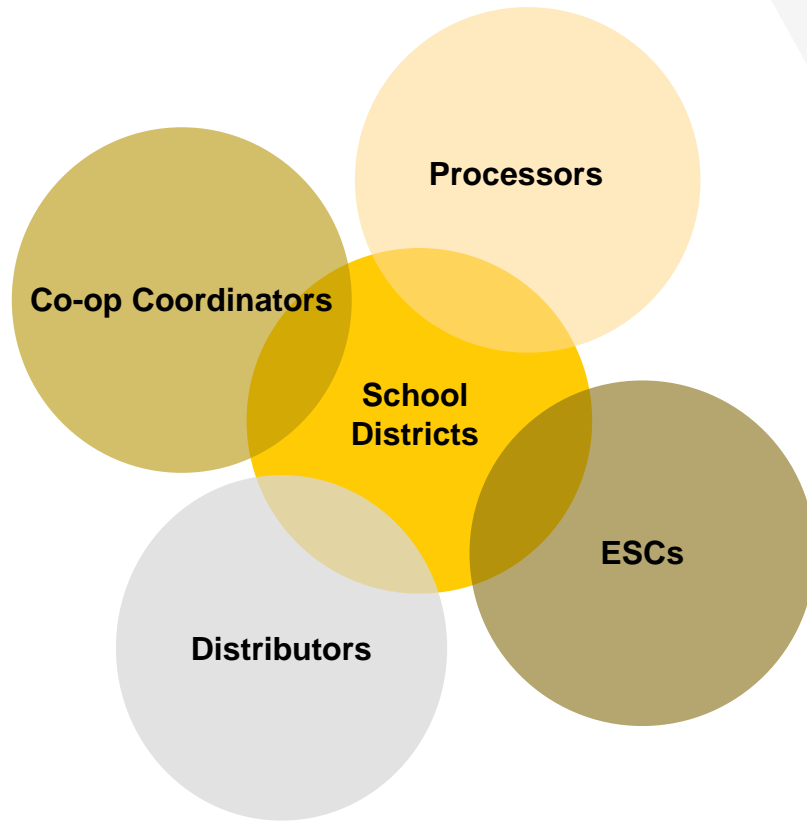
## Distributors


Responsible for delivering orders and invoicing the Processor or School District in a timely manner for accurate inventory balances.





# TDA Stakeholders





# **SUM of Inventory Management**

02

# SUM of Inventory Management

- Strategize
- Utilize
- Maximize



# SUM of Inventory Management

- **Menu Planning**
- Requests
- Commitment



**Strategize**



**S**

**U**

**M**

# SUM of Inventory Management

- Menu Planning
- **Requests**
- Commitment



**Strategize**



**S**

**U**

**M**

# SUM of Inventory Management

- Menu Planning
- Requests
- **Commitment**

**Strategize**

**S**

**U**

**M**

# SUM of Inventory Management

- **Resources**
- Training Opportunities
- Communication



**Utilize**



**S**  
**U**  
**M**

# SUM of Inventory Management

- Resources
- **Training Opportunities**
- Communication



Utilize



S  
U  
M



# SUM of Inventory Management

- Resources
- Training Opportunities
- **Communication**



Utilize



S  
U  
M

# SUM of Inventory Management

- **Inventory Usage**
- Opportunities



**Maximize**



**S**  
**U**  
**M**

# SUM of Inventory Management

- Inventory Usage
- **Opportunities**



**Maximize**



S  
U  
M

# POWER WORD

# MAXIMIZE



03

# Processing USDA Foods

# Steps of Processing Program

## USDA Ships to Processor



# Steps of Processing Program

## Processor Produces Product



# Steps of Processing Program

## Receive Product and Discount





# Steps of Processing Program

## Monitor Inventory



**The USDA Food value is determined from the ingredients used within a processed item.**

# Value Pass-Through

- Net Off Invoice
- Refund Option
- Direct Sale
- Fee-for-Service
- Modified Fee-for-Service



# Value Pass-Through

## Net Off Invoice

- ✓ Products purchased by Distributor
- ✓ CE orders from Distributor at invoice net price
- ✓ Distributor delivers to CE
- ✓ Distributor requests rebate from Processor



# Value Pass-Through

## Refund Option

- ✓ Products purchased by Distributor at commercial price
- ✓ CE orders from Distributor at commercial price
- ✓ Distributor delivers to CE
- ✓ CE requests refund from Processor





# Value Pass-Through

## Direct Sale

- ✓ Processor delivers to CE
- ✓ CE is invoiced net price

# Value Pass-Through

## Fee-for-Service

- ✓ By Processor
- ✓ State Warehouse delivers to CE
- ✓ CE is invoiced processing fees
- ✓ Warehouse delivery and storage fees

**7 CFR 250.35(c)**

**No commingling of USDA Foods and  
Commercial foods.**





# Value Pass-Through

## Modified Fee-for-Service

- ✓ By Distributor
- ✓ Distributor warehouse delivers to CE
- ✓ CE is invoiced processing fees
- ✓ Warehouse delivery and storage fees

# Monitor Inventory

- Tracking Systems
- Monthly Balance Review
- Identify Activity

# Monitor Inventory

## Tracking Systems

- ProcessorLink
- K12
- In-House

# Monitor Inventory

## Monthly Balance Review

- Review Monthly
- Monitor Activity

# Monitor Inventory

## Identify Account Activity

- Increase/Decrease
- Contact TDA



# Managing Inventory

04



# Managing Inventory

- Program Year Dates
- Average Monthly Usage
- Months on Hand



# Managing Inventory

## Program Year Dates

Each Program Year starts: July 1

Each Program Year ends: June 30

**Starts  
JULY 1**

**Ends  
JUNE 30**



# Managing Inventory

## Average Monthly Usage

- Current Usage
- Divide usage month

# Managing Inventory

## Average Monthly Usage

### Month Of January

Usage = 12,000 lbs

$12,000 / 6 = 2,000$  lbs

Usage Month	Month of Year
1	August
2	September
3	October
4	November
5	December
6	January
7	February
8	March
9	April
10	May

# Managing Inventory

## Average Monthly Usage

### Month Of March

Usage = 15,000 lbs

$15,000 / 8 = 1,875$  lbs

Usage Month	Month of Year
1	August
2	September
3	October
4	November
5	December
6	January
7	February
8	March
9	April
10	May

# Managing Inventory

## Months on Hand

- **Current Ending Balance**
- **Divide by Average Monthly Usage**

# Managing Inventory

## Months on Hand

### Month Of January

Balance = 10,000 lbs

$$10,000 / 2,000 = 5$$

### Month Of January

Usage = 12,000 lbs

$$12,000 / 6 = 2,000 \text{ lbs}$$

*Average Monthly Usage*

# Managing Inventory

## Months on Hand

### Month Of March

Balance = 30,000 lbs

$$30,000 / 1,875 = 16$$

### Month Of March

Usage = 15,000 lbs

$$15,000 / 8 = 1,875 \text{ lbs}$$

*Average Monthly Usage*

# POWER WORD

# MAXIMIZE

A group of people, including children and adults, are seated at a table eating a meal. The scene is overlaid with a semi-transparent green filter. On the right side, there is a large yellow graphic consisting of several overlapping triangles and a diagonal line. The number '05' is prominently displayed in a large, bold, yellow font within this graphic area.

05

# **Inventory Reallocations**



# Excessive Inventory

- Future Orders Unavailable
- High Processor Inventory
- High State-wide Inventory
- **Reallocations and Transfers**



# Reallocations and Transfers

- Transfers
- Carry Over Sweep

# School Transfers

- Releasing/Receiving School District Approval
- Approved by Processor
- No Entitlement Exchanged

# Processor Transfers

- State Account
- National Account
- Acceptable Usage





# Carry Over Sweep

- Drawdown orders before November 30
- Reports are generated December 1
- Sweep is completed by December 15

# Carry Over Sweep

## Calculations

- **Conducted by TDA**
- **Processor sweeps inventory**
- **15% is left for any deliveries in transition**

# Carry Over Sweep

## Request Pounds

- School Name & ID
- Processor(s)
- Material number
- Commodity calculator
- Pounds requested
- Validate awarded bid

# Carry Over Sweep

## Commodity Calculator

- Required for justification
- Assist Processor in order
- Verifies pounds request



# Carry Over Sweep

**Starts December 1<sup>st</sup> and  
Ends June 30<sup>th</sup>**

- Requested pounds to be used by end of the Program Year
- Remaining unused inventory transfer to State Account

# Carry Over Sweep

## Exceptions

- Act of Mother Nature
- Vendor production issues
- Declared disaster area
- Equipment malfunction

# POWER WORD

# MAXIMIZE



# Conclusion

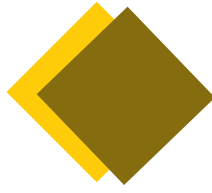
## **Conclusion**

# **Inventory Management Processing USDA Foods**

# Conclusion



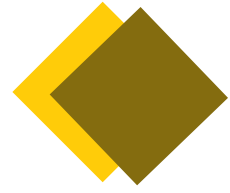
Knowledge of  
USDA Foods  
Discounts



Inventory  
Management



Identify  
Excess  
Inventory



Monitor  
Monthly  
Balances

**MAXIMIZE**

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