

# Inventory Management Processing USDA Foods

Presented by Glenda Wernli, USDA Foods Data Reporting Specialist

## TOPICS

- 1 **TDA Stakeholders**
- 2 **SUM of Inventory Management**
- 3 **Processing USDA Foods**
- 4 **Value Pass-Through**
- 5 **Monitor Inventory**
- 6 **Managing Inventory**
- 7 **Conclusion**

## OBJECTIVES

Knowledge of USDA Foods discounts  
Inventory Management  
Identify Excess Inventory  
Calculate Monthly Balances

## SUMMARY

In this session, participants will define their responsibilities to participate in the further processing of USDA Foods with an overall view of understanding the relevance of managing inventory and how it pertains to their School District, Processors and the State of Texas.

Participants will review helpful calculations, tools to monitor inventory throughout the year and significant timelines.

The transferring of commodities to other School Districts will be discussed along with Carry Over procedures and opportunities.

Participants will be briefed about direct contacts for different scenarios concerning ordering, transferring inventory, vendor issues and stagnant inventory.

Emphasis on excessive inventory and justifications for requesting extra pounds throughout the year will be thoroughly explained.



## TOPIC 2: SUM of Inventory Management

The goal of USDA Foods processing program is to utilize pounds the year they are allocated.

Three key words to manage inventory:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**Strategize**

*Menu planning*

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**Requests**

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*Commitment*

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**Utilize**

*Resources*

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

*Training Opportunities*

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*Communication*

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USDA Foods Monitored Email – [commodityoperations@texasagriculture.gov](mailto:commodityoperations@texasagriculture.gov)

**Maximize**  
*Inventory Usage*

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*Opportunities*

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## TOPIC 3: Processing USDA Foods

### Steps of Processing Program

You’ve planned your menus and ordered your USDA Foods.

#### *How does further processing operate?*

##### Step 1 – USDA Ships to Processor

TDA receives School Districts requests from Co-op Coordinators TX-UNPS entries and converts the collective processor requested pounds into truck load quantities.

##### Step 2 – Processor Produces Product

The Processor receipts for the truck which has your raw/bulk material that is in the finished product, produces product and ships.

##### Step 3 – Receive Product and Discount

Federal law requires School Districts receive the full value of USDA Foods to which they are entitled. When processing, this value must be passed through to the School District by the Processor.

##### Step 4 – Monitor Inventory

Responsibility of School Districts.

### Value Pass-Through Methods

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

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**Net Off Invoice**

- Product is purchased by the \_\_\_\_\_ at the commercial price
- School District orders from Distributor at \_\_\_\_\_ Price
- Distributor delivers to School District
- \_\_\_\_\_ requests rebate from Processor

**Refund Option**

- Products purchased by Distributor at \_\_\_\_\_ prices
- School District orders from \_\_\_\_\_ at the commercial price
- \_\_\_\_\_ delivers to School District
- School District requests refund from \_\_\_\_\_

**Direct Sale**

- \_\_\_\_\_ delivers to School District
- School District invoiced \_\_\_\_\_ fee
- The net price reflects the USDA Foods value and the invoice is for fees incurred to process.

**Fee-for-Service by Processor**

- Processor ships to \_\_\_\_\_
- State Contracted Warehouse delivers to \_\_\_\_\_
- School District is invoiced \_\_\_\_\_ fees by Processor
- Warehouse delivery and storage fees will apply

**7 CFR 250.35(c)**

Commingling of USDA Foods and Commercial foods in a commercial warehouse are prohibited.

**Modified Fee-for-Service by Distributor**

- Processor ships to \_\_\_\_\_
- \_\_\_\_\_ Warehouse delivers to School District
- School District is invoiced \_\_\_\_\_ fees
- Warehouse delivery and storage fees will apply

Value Pass-Through Method	Definition
<b>Net Off Invoice</b>	The product is purchased by the School District at invoice net price from the Distributor. Distributor submits rebate from Processor.
<b>Refund Option</b>	Processor sells product to a Distributor for commercial price. The Distributor invoices the School District the commercial price. The School District submits a refund to the Processor.
<b>Direct Sale</b>	The School District receives a direct delivery of processed products from a Processor and is invoiced a discounted net price.
<b>Fee-for-Service</b>	The product is delivered to the School District or to the State Contracted Warehouse. The School District is invoiced processing fees and warehouse delivery/storage fees.
<b>Modified Fee-for-Service</b>	The product is delivered to the Distributor Warehouse. The School District is invoiced processing fees and warehouse delivery/storage fees.

***Circle the Value Pass-Through Method your School District uses:***

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



### Monitor Inventory

#### Tracking Systems

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

#### *How often do you monitor your USDA Food Inventory Levels?*

Once a month  
 Twice a year

Every Quarter  
 Once a year

#### Monthly Balance Review

It is recommended each School District review their activity once a month. Compare your delivery orders with your current balance and validate any expected discounts in your ledger.

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#### *Who is responsible for School Districts' USDA Food Inventory Levels?*

✓ **School Districts**   ✗ Co-op Coordinators   ✗ TDA   ✗ Processors

#### Identify Account Activity

##### *Unexpected Activity*

When reviewing your monthly balance and identify more or less inventory in your account unexpectedly, please contact \_\_\_\_\_ immediately.



## TOPIC 4: Managing Inventory

### Program Year Dates

- Program Year starts \_\_\_\_\_
- Program Year ends \_\_\_\_\_

**What date is inventory considered Carry Over?** \_\_\_\_\_

### Average Monthly Usage

#### *Why do I need to calculate my current Average Monthly Usage?*

In order to determine your current Months on Hand, the Average Monthly Usage must be calculated.

#### Example 1:

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

#### Month: January

Usage: 12,000 pounds

Usage divided by Usage Month = Current Average Monthly Usage

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

**Example 2:**

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

**Month: March**

Usage: 15,000 pounds

Usage divided by Usage Month = Current Average Monthly Usage

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

**Months on Hand**

These calculations will assist you in evaluating your current Inventory Levels. This should be calculated once a month.

**Example 1:**

Month: January	
Months on Hand	Average Monthly Usage (Recap)
End Balance: 10,000 pounds	Usage: 12,000 pounds
End Balance divided by Average Monthly Usage = Current Months on Hand	Usage divided by Usage Month = Current Average Monthly Usage
$10,000 \text{ lbs} / 2,000 = 5 \text{ Months on Hand}$	$12,000 \text{ lbs} / 6 = 2,000 \text{ lbs}$

**Example 2:**

Month: March	
Months on Hand	Average Monthly Usage (Recap)
End Balance: 30,000 pounds	Usage: 15,000 pounds
End Balance divided by Average Monthly Usage = Current Months on Hand	Usage divided by Usage Month = Current Average Monthly Usage
30,000 lbs / 1,875 = 16 Months on Hand	15,000 lbs / 8 = 1,875 lbs

In Example 2, the School District exceeds the six-month Inventory Level.

***What needs to be done?***

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## TOPIC 5: Inventory Reallocations

### Excessive Inventory

*What ripple effect does excessive inventory cause?*

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

*Who is responsible for excess inventory?* \_\_\_\_\_

*Can excess inventory be alleviated and how?*

- \_\_\_\_\_
- \_\_\_\_\_

### School-to-School Transfers

Both School Districts involved in releasing and receiving Inventory, should acknowledge and approve in email threads to the Processor.

With School Districts’ approval, the Co-op Coordinator can request Inventory transfers to the Processor.

*Who approves School-to-School Transfers?*

- TDA
- Processors

- School Districts
- Co-op Coordinators

*What is required when requesting a School-to-School transfer?*

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**Processor Transfers**

*Who approves Processor Transfers?*

TDA  
 Processors

School Districts  
 USDA

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**Carry Over Sweep**

Carry Over Inventory is a factor contributing to excess inventory at processors.

*What is Carry Over?*

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*What date is the Carry Over sweep?* \_\_\_\_\_

**What type of data is considered for the Carry Over Sweep calculations?**

- Average Monthly Usage
- Months on Hand
- Carry Over Balance Used
- Forecast for 6 months (December through May)
- Excess Inventory

**Who conducts the calculations?** \_\_\_\_\_

**What is required to request “free” Carry Over pounds?**

- |   |  |
|---|--|
| <input type="checkbox"/> Commodity Calculator | <input type="checkbox"/> School District ID# |
| <input type="checkbox"/> School District Name | <input type="checkbox"/> Awarded Bid         |
| <input type="checkbox"/> Acceptable Usage     | <input type="checkbox"/> No Carry Over Sweep |

**What is a commodity calculator?**

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**When are unused Carry Over pounds transferred back to the State Account?**

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**Where can I find information and what Inventory is available to request from the Carry Over Sweep?**

- |  |   |
|--|---|
| <input type="checkbox"/> Squaremeals.org | <input type="checkbox"/> TX-UNPS Bulletin         |
| <input type="checkbox"/> TDA             | <input type="checkbox"/> Education Service Center |



***What kind of exceptions are there for Inventory not to be swept and transferred to the State Account at this time?***

- Will use before end of year
- Freezer malfunction
- Changed Menu
- New Staff

- Vendor production issues
- No knowledge of inventory
- Declared disaster area
- Order not posted

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## Conclusion

### Knowledge of USDA Foods discounts

This workbook was provided to you to be able to distinguish what types of USDA Food value discounts are available to you. If you have decided to use the Fee-for-Service Value Pass-Through method for the first time, please contact TDA at our monitored email so we may accommodate your needs.

### Inventory Management

Remember to strategize menu planning and order accordingly. TDA Stakeholders are depending on your commitments. Utilize your resources for calculating your ordering needs, training and communication avenues. Maximize your inventory usage to receive the full value of USDA Foods and not lose entitlement and incur costly storage fees.

### Identify Excess Inventory

By reviewing your USDA Foods Inventory balances monthly and identifying excess inventory early can reduce high inventories and assist others that can use the inventory; enable you to order for the future Program Year and compliance.

### Calculate Monthly Balances

Regularly monitoring activity in your USDA Foods Inventory Accounts will benefit your Child Nutrition Office as well as the Districts financials. Keep track of all monies expected from rebates and follow through.

**Power Word: MAXIMIZE**



Food and  
Nutrition  
Service

**DATE:** April 2, 2019

Park Office  
Center

**POLICY NO.:** FD-064: Processing (Revised)

3101 Park  
Center Drive  
Alexandria  
VA 22302

**SUBJECT:** Management of USDA Food Inventories at Processors

Further processing of United States Department of Agriculture (USDA) donated foods (also known as USDA Foods) into end products can provide many program benefits. However, USDA Food inventories must be maintained at acceptable levels in order to ensure their efficient distribution and use. In accordance with 7 CFR 250.10(a), USDA Foods must be requested and distributed only in quantities that can be consumed without waste. Additionally, per 7 CFR 250.35(d), USDA Food inventories at processors cannot be in excess of a six-month supply, based on the processor's average monthly usage, unless a higher level has been approved by the State Distributing Agency (SDA) on the basis of a written justification.

The purpose of this policy memorandum is to clarify the responsibilities of SDAs, School Food Authorities (SFAs) and other recipient agencies, and processors relating to maintaining and managing USDA Food inventories at processors. This memorandum also provides guidance on reducing such inventories when necessary. This policy memorandum revises the previous FD-064 (Revised), dated March 20, 2012. Although this memorandum focuses on National School Lunch Program (NSLP) USDA Foods diverted to processors by SFAs, it should be noted that school co-ops or consortia, or other SFAs acting as a collective unit, are subject to the same requirements as a single SFA, in accordance with Policy Memorandum FD-067.

### **Monitoring USDA Food Inventories at Processors**

The SDA must monitor a processor's USDA Food inventories, including both unprocessed USDA Foods and USDA Foods that have been processed into finished end products. As part of its monitoring process, the SDA must review the processor's monthly performance reports in order to ensure compliance with the six-month inventory limit. The SDA must also work with SFAs and processors to ensure the efficient ordering and processing of USDA Foods and the timely sale of end products.

USDA Foods should only be diverted to processors in amounts needed to produce the quantity of end products that SFAs can efficiently utilize during the school year. If the SDA finds that processors are not selling end products to SFAs and drawing down USDA Food inventories, it must determine the cause and work with processors and SFAs, as appropriate, to resolve the situation. The SDA should ensure that SFAs do not use processors for long term storage of USDA Foods, as this would increase storage costs for processors and may ultimately result in higher prices charged for end products.

### **Application of the Six-Month Inventory Limit**

The six-month inventory limit established at 7 CFR 250.35(d) is applicable to the State-wide inventory of USDA Foods at processors and also to individual SFA USDA Food inventories at processors. For the purpose of calculating inventory levels, SDAs and processors must use the school year, which begins on July 1 and ends on June 30 of the following calendar year. The average monthly usage is determined by taking the year-to-date usage reported on the processor's June monthly performance report (for the period ending the previous June 30), and dividing by ten months, which is the length of most school years. Multiplying the resulting number by six will produce the allowable six-month inventory level for the school year beginning on July 1.

Per 7 CFR 250.35(d), SDAs are permitted to approve inventory levels at processors that are higher than six months. FNS recommends that SDAs require processors to submit requests for higher inventories as part of the processor's December monthly performance report so that the SDA can take action, when needed, to manage or reduce inventories at processors. In addition, processors should submit a written request to the SDA prior to and in anticipation of surpassing the six-month inventory limit. The request must include a detailed justification for the need for higher inventories. This justification may include, for example, a higher anticipated average monthly usage, as compared to the previous year, based on executed contracts and orders on hand for the upcoming year. The justification must include specific plans for USDA Food drawdown, product promotion, or sales expansion and must demonstrate the processor's ability to efficiently store and process such quantity of USDA Foods.

### **Taking Action on Excessive Inventories at the End of a School Year or End of a Processor's Contract**

If, at the end of the school year, a processor has USDA Food inventories in excess of a six-month supply, or that is in excess of a higher inventory level approved by the SDA, the SDA has three options. Per 7 CFR 250.35(e), the SDA may permit the processor to carry over such excess inventory into the next year of its agreement, if it determines that the processor may efficiently store and process such quantity of USDA Foods and that the excess inventory is not due to systemic mismanagement of processor inventory. The SDA may also direct the processor to transfer excess inventory to other SFAs, or to transfer it to other SDAs, in accordance with §250.12(e) (transfers can occur at other points in the school year, as discussed below). However, if these actions are not practical, the SDA must require the processor to pay for the USDA Foods held in excess of allowed levels at the replacement value of the USDA Foods. Prior to payment in these cases, SDAs must justify to FNS the determination that the other options are not practical.

If payment is approved at the termination of a processor's contract then the higher of the replacement value or contract value must be used. Payment by the processor for the value of excess USDA Food inventories should be used only if the other options are not feasible and SDAs must justify this determination to FNS.

### **Rejection of SFA USDA Food Orders and Reallocation of SFA Inventories**

The SDA should work with processors to identify SFAs that do not efficiently utilize their USDA Food inventories. Although the SDA must offer, at a minimum, the “commodity offer value” of USDA Foods to each SFA in a school year, in accordance with 7 CFR 250.58(b), the SFA may receive less than the commodity offer value if the SDA determines, in consultation with the SFA, that the SFA cannot efficiently utilize such value, as indicated in 7 CFR 250.58(c). The SDA should contact the SFA to determine if its excessive USDA Food inventories at a processor are an indication that the SFA cannot efficiently utilize the USDA Foods. If the SDA determines that this is the case, it may reject any of the SFA’s further orders of such USDA Foods for delivery to processors. The SDA may also reallocate the SFA’s current USDA Food inventory at a processor to another SFA that may utilize the USDA Foods more efficiently.

### **Transfers of USDA Food Inventories Between Processors**

The SDA may also reduce excessive USDA Food inventories at a processor by transferring USDA Foods to another processor with which the SDA has a processing agreement. However, before such a transfer is made, the SDA must ensure that the processor receiving the transfer will be able to efficiently process the USDA Foods into end products and sell them to SFAs in a timely manner. Once such a transfer is made, the SDA may not approve a second transfer of the USDA Foods. A transfer of USDA Foods, as described above, may be a “paper transfer,” rather than an actual physical transfer, if it is acceptable to all parties. If the processors cannot come to agreement regarding the use of a paper versus physical transfer, the original processor may deny the transfer. The SDA may then re-allocate the excess food to other SFAs doing business with the processor. If no SFAs are doing business with the processor, the SDA may consider transferring the pounds to another state.

In a paper transfer, the “original” processor writes the “receiving” processor a check for the value of the USDA Foods. Once the check is sent, the original processor may then use the USDA Foods in its commercial activities. The receiving processor must use the funds to purchase replacement food of the same generic identity, of U.S. origin, and of equal or better quality in all USDA purchase specifications than the USDA Food for processing into end products. The value of USDA Food used in paper transfers must be the replacement value (as defined in 7 CFR 250.2) of the USDA Food at the time of the transfer (as dictated by the SDA), multiplied by the number of pounds of USDA Food transferred.

Paper transfers of bulk poultry must be proportional white and dark pounds based on each processors percent allocation for the whole bird. For example, if the original processor allocates 50% white pounds and 50% dark pounds they will reduce the book inventory by equal amounts and multiply the pounds by the assigned USDA cost per pound. The receiving processor will bank the pounds based on their approved percent allocation for white and dark meat pounds. Paper transfers of excessive only white or only dark meat should not occur. The whole bird dark chicken pounds cannot be transferred to another processor that only processes the USDA bulk leg.

In a physical transfer, the actual USDA Food, or commercially purchased food of the same

generic identity, of U.S. origin, and of equal or better quality in all USDA purchase specifications for that USDA Food, is transferred to another processor. The processor receiving the USDA Food is responsible for transportation expenses.

Since USDA donated bulk beef and pork generally have unique purchase specifications, physical transfers of such foods must either be the USDA beef and pork, as purchased by USDA, or for physical transfers that include substituted bulk beef and/or pork, must be between two processors that are both permitted to substitute beef and pork in accordance with 7 CFR 250.34 and their respective processing agreements. Paper transfers of donated beef and pork products may only occur if the receiving processor ensures that commercial replacement of beef or pork is acquired in accordance with 7 CFR 250.34 and is certified to be of the same generic identity, of U.S. origin, and of equal or better quality in all USDA purchase specifications for that USDA Food. Since boneless beef combo is a fresh product that must be processed within five days of initial production, physical transfers of boneless beef combo are prohibited.

### **Transfers of USDA Food Inventories Between SDAs**

The SDA may also transfer USDA Foods to another SDA doing business with the same processor, if the receiving SDA can ensure that end products processed from such USDA Foods will be purchased in a timely manner. However, the SDA must request FNS approval. If such a transfer occurs in the same school year that the USDA Foods were delivered to the processor, entitlement credit may also be transferred from the receiving SDA to the donating SDA. However, such entitlement credit must be acceptable to both SDAs and must be approved and implemented by FNS.

### **FNS' Role in Controlling Inventories**

In accordance with 7 CFR 250.12(e) and 7 CFR 250.35(d), FNS may also require an SDA to transfer entitlement and/or USDA Foods at a processor's facility, if inventories of USDA Foods are excessive or may not be efficiently utilized. This action is sometimes referred to as "sweeping" inventories. The SDA must maintain a record of all transfers from its inventories and of any inspections related to such transfers.

FNS monitors USDA Food inventories at multi-State processors through its review of national monthly performance reports and processor audit reports. If excess inventories are noted, FNS will contact the SDA to ensure that the problem is resolved, in accordance with the options presented in this memorandum. Should the SDA fail to correct inventory problems, FNS may cancel SDA orders of USDA Foods to the processor or transfer inventory to another SDA or processor.

### **Conclusion**

Reallocations of USDA Foods to other SFAs, or a transfer of USDA Foods to another SDA that does business with the same processor, are preferable to transfers to another processor, since they do not involve an actual physical transfer of USDA Foods, or a payment from one processor to another. In all cases, processors may not report USDA Food transfers on monthly performance reports until the transfers (physical or paper) are completed. Payment by the processor to the

SDA for excess USDA Food inventories should only be used if other options for reducing inventories are not feasible. FNS monitors USDA Food inventories at multi-State processors and has authority to cancel SDA orders of USDA Foods to the processor or transfer inventory to another SDA or processor.

/s/ Original Signature on File  
Laura Castro  
Director  
Food Distribution Division



## USDA Foods further Processing

### 1. What is USDA Foods further processing?

USDA Foods further processing allows State distributing agencies (SDA) and recipient agencies (RA) such as school districts to contract with commercial food processors to convert raw and/or bulk USDA Foods into a variety of convenient, ready-to-use end products.

USDA began further processing in 1958 to provide ordering options that maximize the use of USDA Foods. Most of the USDA Foods processed through the program go to schools participating in the National School Lunch and other Child Nutrition Programs.

SDAs, RAs, and food processing companies collaborate to ensure that processed products complement commercial purchases. The processing of USDA Foods provides industry the opportunity to market its finished products while recipient agencies have the opportunity to receive a wider variety of end products that meet individual district needs and local flavor preferences.

### 2. Who is eligible to participate in further processing?

State distributing and recipient agencies are eligible.

### 3. What benefits do further processing participants receive?

By participating in further processing, SDAs and most RAs find that they can:

- Stretch their USDA Food dollars by ordering bulk products at lower-cost;
- Help ensure food safety by limiting handling of raw product in school foodservice operations;
- Reduce labor costs and cash outlays for food preparation;

- Reduce storage and delivery costs; and
- Have their bulk USDA Foods delivered directly from USDA vendors to their contracted processor(s).

### 4. How does further processing currently operate?

For raw, bulk USDA Foods to be further processed into selected end products, the SDA or RA competitively procures the services of commercial food processors to have the USDA Foods converted to more ready-to-use products.

In addition to the contract between the processor and the SDA or RA, a legally binding agreement (i.e., processing agreement) with FNS or the SDA, as appropriate, allows the processor to receive USDA Foods like bulk chicken as an ingredient in the production of a finished end product like grilled chicken breast and fajita strips. In turn, the value of the USDA Foods is passed through to the recipient agency in the form of a lower cost for the finished product. USDA purchases and delivers bulk USDA Foods to the designated processing location as ordered by the State. Some State agencies delegate certain processing functions, such as ordering, bidding, and monitoring, to school districts. Others manage these functions themselves.

### 5. How does the USDA Foods value get passed on to the recipient agency?

Processors entering into these types of agreements must ensure that the full value of the USDA Foods contained in the finished products is returned to the recipient agency. This value can be returned to the recipient agency by:

- (a) discounting the normal commercial price of a product;
- (b) paying a refund to the school, or
- (c) charging a fee for service for converting the USDA Foods.



**Food Distribution Fact Sheet**  
**USDA Foods Processing**

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End products made from meat or poultry are usually produced under fee-for-service contracts. Under this arrangement the end products are sold at a processing fee, which represents the processor's costs for labor, packaging, other ingredients, and administrative overhead. With a fee for service, the value of the USDA Foods in the end products is not included in the price of the product.

Regardless of the type of agreement that is used, processing services must be procured as stipulated in 2 CFR 200. A competitively procured contract must be in place in addition to an appropriate processing agreement.

All procurements are subject to the most stringent procurement thresholds whether that is Federal, State, or local thresholds.

**6. What should be included in the Processor Agreement?**

It is essential that the processing agreement be accurately completed, and must contain:

- SDA information--State, agency name, agency representative or contact person, address, and telephone number;
- Processor information--company name, company representative, address, and telephone number;
- Formulation of all end products to be produced under the agreement including the yield of the USDA Foods utilized--the processor must be very specific about what USDA Foods will be used;
- Specific information regarding the processor's plant location(s);
- Effective dates of the agreement--both beginning and ending dates must be specified;
- Information regarding the value pass-through system(s) the processor must use—e.g., discount system vs. refund system;
- Debarment certification which states that the processor has not been debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from certain transactions with the Federal or State government;
- Specific information that may be required

in a "Special Provisions" article of the agreement, such as subcontracting information, delivery requirements, information regarding by-product credits (particularly for meat and poultry processing); and

- Names, addresses, titles, and signatures of the authorizing persons who represent the distributing agency and the processor.

**7. How many processors participate in USDA Foods Processing?**

Participation varies from year to year with an average of 100 processors participating in more than one State.

**8. What is the value of the foods processed under USDA Foods Processing Agreements?**

In SY 2017, approximately \$1.4 billion worth of USDA Foods were made available to schools. Of that total, school districts diverted over half for further processing.

**9. What foods are available for reprocessing?**

There are 38 items that are available for further processing. USDA Foods that are most often further processed and examples of end products are shown below.

Basic USDA Foods	Processed End Products
<b>Pork</b>	Cooked crumbles, shredded pork
<b>Beef</b>	Charbroiled patties, crumbles, meat balls
<b>Eggs</b>	Egg patties, breakfast burritos
<b>Chicken</b>	Fajita strips, breast strips, nuggets, patties
<b>Turkey</b>	Breast deli slices, turkey crumbles, turkey ham
<b>Flour, Cheese, Tomato paste</b>	Pizza
<b>Tomatoes</b>	Salsa, marinara sauce, meat sauce, ketchup
<b>Potatoes</b>	Oven roasted, dehydrated products
<b>Apples</b>	Fresh slices, applesauce

## **Food Distribution Fact Sheet**

### **USDA Foods Processing**

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#### **10. What regulations govern USDA Foods Processing?**

USDA Foods Processing is governed by regulations contained in the Code of Federal Regulations at [7 CFR Part 250.30](#).

#### **11. Who should I contact for more information about USDA Foods Processing?**

For more information about USDA Foods Processing, we suggest that you contact your SDA. A list of these State Contacts may be found on the Food Distribution web site at:

<https://www.fns.usda.gov/fdd/food-distribution-contacts>

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Persons with disabilities who require alternative means of communication for program information (e.g. Braille, large print, audiotape, American Sign Language, etc.), should contact the Agency

(State or local) where they applied for benefits. Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program complaint of discrimination, complete the [USDA Program Discrimination Complaint Form](#), (AD-3027) found online at: [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

(1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW  
Washington, D.C. 20250-9410;  
(2) fax: (202) 690-7442; or  
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