



# Nuts and Bolts Training USDA Foods November 15, 2017 Entitlement & Forecasting



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## Learning Objectives for today

- Maximize utilization of USDA Foods in school lunch menus.
- Understand ordering processes for USDA Foods.
- Apply sound Inventory Management processes for receiving and storing USDA Foods.
- Identify resources on the Security Portal.

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## Topic Areas

- Background Information
- Entitlement
- Forecasting

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## Background...

### ...USDA Foods

- Change from Push Down to Push Up!
  - Surplus Removal (Push Down)...
  - ...Here is what you will get!
  - Request Driven (Push Up)...
  - ...What do you need for a successful operation?
- USDA Foods Video
  - How is your district represented in this video?
    - <https://www.youtube.com/watch?v=CTe1TGD8II&feature=sharetp://www.youtube.com/CTe1TGD8II>

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# USDA Foods Toolkit

<http://www.fns.usda.gov/usda-foods/usda-foods-toolkit-child-nutrition-programs>

## USDA Foods

Print

### USDA Foods Toolkit for Child Nutrition Programs

The USDA Foods Toolkit is a collection of valuable resources to assist Child Nutrition Professionals in effectively using their USDA Food entitlement and to help them educate students, staff, and the community about the healthy contributions that USDA Foods provide to their meal programs.



#### Resources

- USDA Foods Available List
- USDA Foods Distribution State Lists
- **USDA Foods Cost Analysis Tool**
- USDA Foods Processing Fact Sheet
- USDA Foods Cookbook Resources
- Recipes for Schools and Child Care
- A Chef's Recipe for Success: Using USDA Foods
- Food Buying Guide Calculator for Child Nutrition Programs
- School Breakfast Resources
- Links to Other Resources

#### Fact Sheets

- USDA Foods: Changing School Lunch and Supporting American Agriculture Nationwide
- USDA Foods Product Information Sheets for Child Nutrition Programs
- USDA Foods Whole Grain Fact Sheet
- USDA Foods Processing Fact Sheet
- USDA Foods: How to Get Your Product Considered

#### Training

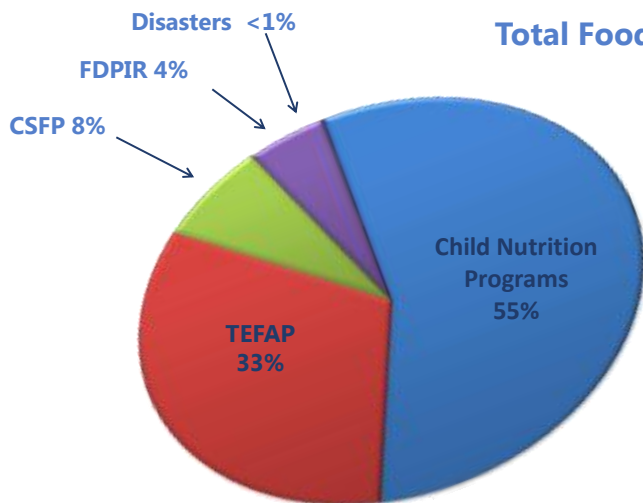
- Food Distribution Webinars and Training
- Communicating with School Administrators about USDA Foods: Presentation and Talking Points
- USDA Foods Online Training at the Institute of Child Nutrition
  - Recommended USDA Foods Online Courses
    - USDA Foods Primer 1
    - USDA Foods Primer 2
    - Life Cycle of USDA Foods
    - USDA Foods Processing 101
    - USDA Foods Disaster Preparedness
    - DoD Fresh Fruit and Vegetable Program: The Basics

#### Marketing Tools

- USDA Foods E-Letters
- USDA Foods Video
- USDA Foods Infographic
- USDA Foods Banner Kit
- USDA Foods Program Identifier Style Guide
- Supplemental Nutrition Assistance Program (SNAP) Toolkits-The SNAP Toolkit includes some generic templates that can be adapted to meet the marketing and outreach needs of school meal programs.

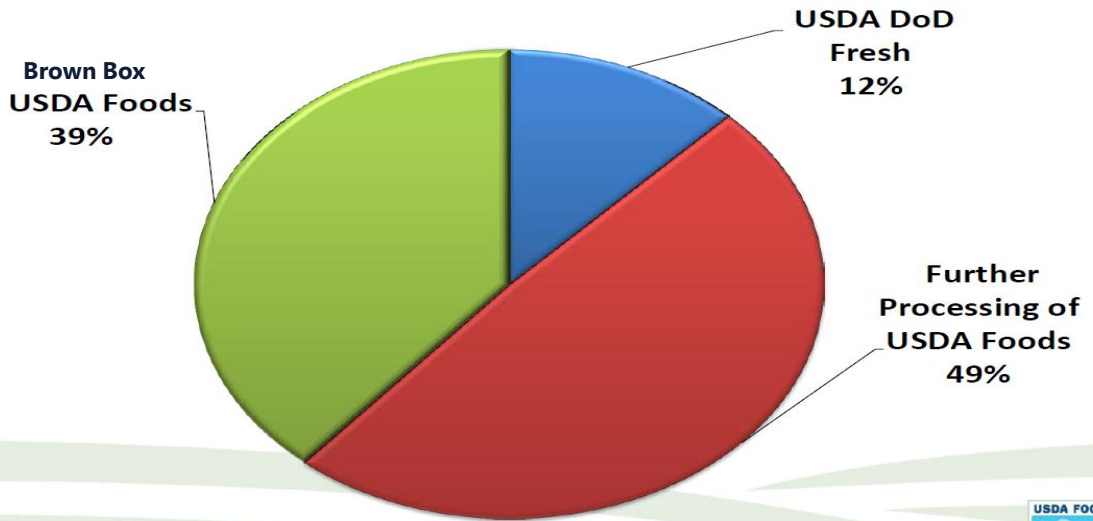
## USDA Foods Program Funding

Total Food & Admin Funding = \$2.27 Billion

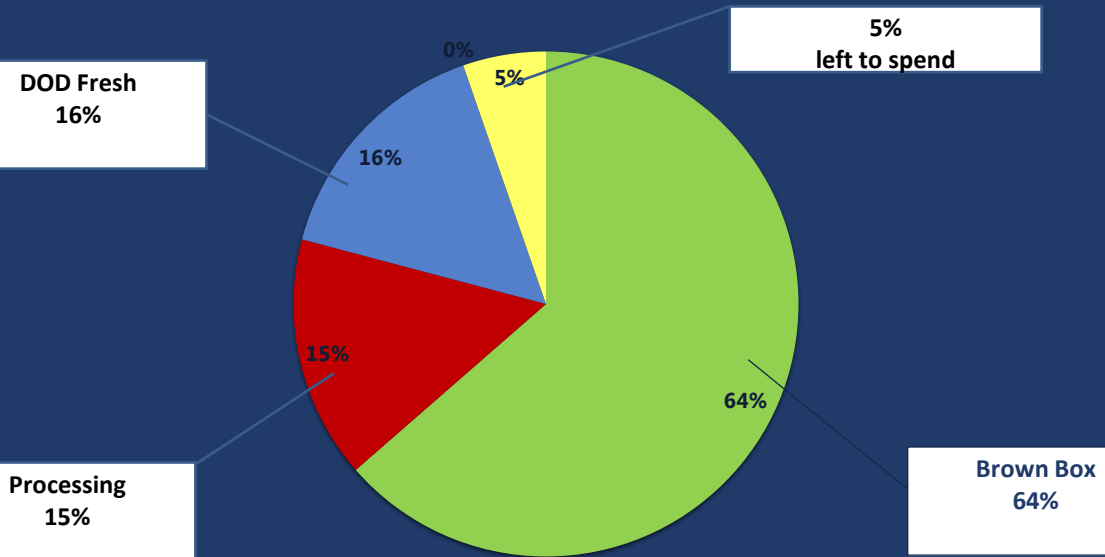


- Child Nutrition Programs
- The Emergency Food Assistance Program
- Commodity Supplemental Food Program
- Food Distribution Programs on Indian Reservations
- Disaster Feeding

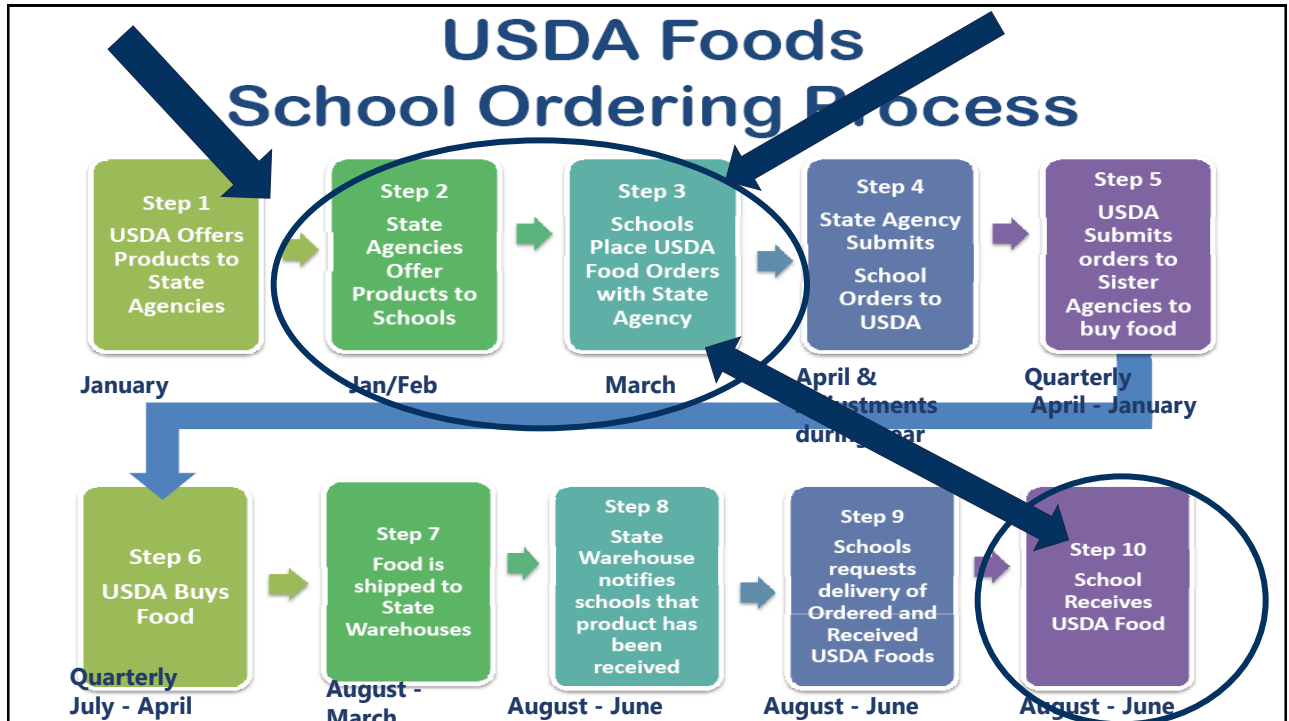
# National Breakdown of Purchases SY 16



# Massachusetts Breakdown of Purchases SY 2017-2018



Total Estimated Entitlement: \$28,910,870



## Entitlement – What is it ?

- A financial asset from USDA to supplement a School District's Food Costs.
  - **Only a true asset to district if utilized by district!!!!**
- A "bank account" or "gift card" that a District draws upon.
- Does not cover 100% of a District's Total Food Costs.
  - **What are your total food costs?**



## Entitlement - Formula

$$\begin{aligned}
 &\text{All Reimbursable lunches served} \\
 &\quad \times \\
 &\text{USDA Foods Assistance Rate} \\
 &\quad = \\
 &\text{Entitlement Value of Foods}
 \end{aligned}$$

- Free, Reduced, and Paid reimbursable lunches
- No ala carte, breakfast, snacks, at risk dinners, etc.
  - Can use food but not part of entitlement formula
- **USDA Food Assistance Rate SY 17-18 is .2325**

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## Entitlement - Meal Counts Stay Same

School Year	Number of Reimbursable Lunches	Varying USDA Foods Assistance Rate	Entitlement Value
2014-2015	50,000	.2475	50,000 x .2475= \$12,375
2015-2016	50,000	.2375	50,000 x .2375= \$11,875
2016-2017	50,000	.23	50,000 x .23 = \$11,500

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## Entitlement - Meal Counts Increase

School Year	Number of Reimbursable Lunches	USDA Foods Assistance Rate	Entitlement Value
2014-2015	45,000	.2475	$45,000 \times .2475 = \$11,137.50$
2015-2016	50,000	.2375	$50,000 \times .2375 = \$11,875$
2016-2017	55,000	.23	$55,000 \times .23 = \$12,560$

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## Entitlement – Spend Options

- Brown Box aka “Monthly Offer”
- Department of Defense (DoD) Fresh Program
- Processing or Diversion

*Bottom line: spread on what increase participation and Smiles*

- **4<sup>th</sup> Choice: Do nothing, give entitlement to someone else!**

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## Associated Costs with USDA Foods

### Entitlement Food Dollars:

#### Formula for Entitlement:

*Reimbursable lunches* served  
 $\times$  *USDA Food Assistance Rate*  
 = Entitlement Value of Foods

- USDA Food Assistance Rate SY 2017-18 is .2325
- As you "shop", there is a drawdown of your entitlement dollars.

#### Three Program Areas for Entitlement Spending:

(Refer to ESE's Security Portal for further information)

- 1) **"Brown Box" or "Monthly Offer"** on the Security Portal – posted on the 4<sup>th</sup> Friday of the preceding month with orders due by the 3<sup>rd</sup> Friday of the month. *September 2017 Monthly offer will be posted Friday, August 25, 2017 with order due by Friday, September 22, 2017.*
  - Be sure to check your Entitlement Plan under USDA Food Orders - "Brown Box Survey" that was completed and submitted by your District. If "None" was checked for any product or no case count was entered, it will not be on your Offer Sheet.
- 2) **Diversion** – raw product sent to a processor to be made into alternative products. *e.g., Chicken into chicken stirfry.*
  - Be sure to check your Entitlement Plan under USDA Food Orders – Diversion Survey - 2016-2017 Survey 1 (Closed) for

### Storage and Administrative Costs:

Department of Elementary and Secondary Education (ESE) has a **per case shipped from the state contracted warehouse**. Assessment Fee that is charged and deducted from the next claim reimbursement payment.

#### Current fees are:

- Dry: \$2.41
- Frozen/Refrigerated: \$2.90
- Processed Products: \$2.50

• **Note:** effective 7/1/2017 all Processed Products will be shipped to and from Commercial Distributors, not state contracted warehouses.

• **DOD Fresh** is shipped from the DOD Vendor, not state contracted warehouses.

## USDA Foods in Massachusetts School Year 2017-2018



### Delivery Costs:

Districts are responsible for arranging the delivery from the state contracted warehouse to the school. The district is billed by the transportation carrier.

## Entitlement - Security Portal

- Entitlement Plan
  - Estimated
  - Actual
  - Access Surveys
- Entitlement Summary
  - Refused Value
  - Entitlement Detail
- Monthly Offer Sheet Entitlement Summary

## Forecasting = Planning!

### Integrate and Plan All Sources

- Commercial food purchases
- USDA Foods
  - Processors – Which manufacturer wins products on your commercial bid with distributors?
  - Brown Box
  - DoD Fresh
- Other –Farm to School
- Local grants

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## Forecast - Why?

- Standard Commercial Practice
  - Everyone is doing it! Distributors, Manufacturers, schools, USDA
- Part of the Procurement & Ordering process
- Requires projections of bulk and regular shipments of USDA Foods
- Notifies Industry of expected volume from schools
- Helps prevent shortages
- May help pricing
- Ensures inventory utilization...
  - At district
  - At processors
  - In warehouses

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## Forecasting - Role of Menu

- Always begin with your menu!
  - It is Your Plan!
  - How else do suppliers know what you need?
    - Forecasting starting point
  - Cycle menu or other?
  - Standardized recipes
  - Role of USDA Foods in your menu
  - Evaluate past menu offering
    - Production records
    - Velocity Reports from suppliers
      - USDA Foods Entitlement Usage – Security Portal Tool(s)
  - Staff input
  - Student feedback – What increases participation????



## Forecasting – Role of Menu

- Which Products are best for students?
- Which Products are most versatile?
  - Commercial vs. USDA Foods
  - Brown Box vs. Processing End Products
    - Duplication??
      - Chicken products:
        - Chicken Fajitas: Brown Box vs. Processed
        - Unseasoned Chicken Strips
      - 110711-BEEF PATTY Cooked FRZ 2.0 MMA
        - Vendor may change during school year
        - Do you need consistent taste?
        - Do you need consistent quantity?



## Forecasting - Stakeholders

- Manufacturers need adequate time to make product
- Distributors need adequate time to receive product
- Good practice-minimum of six weeks in advance



# Questions ?

