


Nuts and Bolts Training

USDA Foods

November 15, 2017

Processing



MASSACHUSETTS DEPARTMENT OF
ELEMENTARY AND SECONDARY
EDUCATION



Fully Cooked

66560

Hot & Spicy Breaded Chicken Patty

Made with Serrano Smoke Chilies

INGREDIENTS: Chicken, Water, Vegetable Protein Product (Isolated Soy Protein, Magnesium Oxide, Zinc Oxide, Niacinamide, Ferrous Sulfate, Vitamin B-12, Copper Gluconate, Vitamin A Palmitate, Calcium Pantothenate, Pyridoxine Hydrochloride, Thiamine Mononitrate and Riboflavin), Dried Whole Egg Solids, Salt, Sugar, Sodium Phosphates, White Pepper, Onion Powder and Garlic Powder. **BREADED WITH:** Enriched Wheat Flour and Enriched Bleached Wheat Flour (Wheat Flour, Niacin, Reduced Iron, Thiamine Mononitrate, Riboflavin, Folic Acid), Spices, Salt, Garlic Powder, Flavor (Gum Arabic, Spice Extractive), Leavening (Sodium Bicarbonate, Sodium Acid Pyrophosphate, Sodium Aluminum Phosphate), Extractives of Paprika, Fumaric Acid. **BATTERED WITH:** Water, Enriched Wheat Flour (Wheat Flour, Niacin, Reduced Iron, Thiamine Mononitrate, Riboflavin, Folic Acid), Modified Corn Starch, Spices, Yellow Corn Flour, Garlic Powder, Leavening (Monocalcium Phosphate, Sodium Bicarbonate), Onion Powder, Flavor (Gum Arabic, Spice Extractive), FD&C Yellow #6. **PREDUSTED WITH:** Bleached Enriched Wheat Flour (Enriched with Niacin, Reduced Iron, Thiamine Mononitrate, Riboflavin, Folic Acid), Breading oil in Vegetable Oil.

CONTAINS: EGG, SOY AND WHEAT

Product of USA
Distributed By: Pilgrim's Pride
P.O. Box 93, Pittsburg, TX 75670
Gold Kist Farms is a registered trademark of Pilgrim's
FOODSERVICE

One 3.00 oz. Fully Cooked Hot & Spicy Breaded Chicken Patty with Serrano
Smoke Chilies provides 2.00 oz. equivalent meat/meat alternate and 1.00 serving
bread alternate for Child Nutrition Meal Pattern Requirements. Use of this logo
and statement authorized by the Food and Nutrition Service, USDA (03/09).



(01) 1 00 41723 66560 9

HEATING INSTRUCTIONS FROM FRIGID TO ROOM TEMPERATURE: Heat for 10-20 minutes at 350°F.
Convection Oven for 8-10 minutes at 350°F. Appliances for specific heat times accordingly.



Processing- Product only thru Distributors

- No processed product shipping in to state warehouses effective July 1, 2017.
- District bids and receives products through Commercial Distributor.

Processing - Procurement

- **USDA** procures (buys) raw bulk product & sends to your chosen processor.
 - (Diversion Survey)
- **District** procures (buys) end product
 - Bid with Commercial Distributor(s)
- **State** approves Processors & Products selling in MA (Processor Packets)
- **State does not procure nor bid any end products.**
 - Processor packets are an indication of highest pricing, not a bid.

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Processing - Security Portal

- Diversion Survey
- Document & Reference Library
 - ACDA Recipient Agency Handbook
 - Distributor Agreements
 - Processor Packets

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Processing - District Responsibilities

- Bid and award end products
 - Part of commercial bid
- Order raw bulk USDA Foods Product via Diversion Survey
 - Commodity calculator
- Notify distributor of bid award
 - Obtain signed contract with distributor
- Determine monthly needs for end products
 - Bid is annual needs, Industry needs monthly needs

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Processing - District Responsibilities

- Communicate monthly needs to:
 - Distributor
 - Processor
 - Broker
 - Email all three at same time!
 - Include Menu
 - Allow 4-6 weeks lead time for product changes
 - Work with distributor about changes!
- Buy from bid and awarded vendor
- Monitor contract, invoices and usage of pounds

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Manufacturer Schwan's Food Service, Inc. Raw USDA Foods Product Name _____
 Name of person submitting this form Jesse Podratz Donated Food Code _____
 Contact information for person submitting this form Jesse.Podratz@schwans.com Price per pound of USDA Food _____
 Form Submission Date: 12/29/2016 Updated on: _____ Updated on: _____ **Form Due Date: Jan**

Case No.	Finished Product Name (To match product fact sheet)	Description of Product (Tender, Nugget, Patty, etc.)	Commercial MFG Code	Case Wt In Lbs	Servings Per Cs. (Must be based on CN Label if Applicable)	Serving Weight (Must be based on CN Label if Applicable)	Svgs Piece Count	Lbs of USDA Donated Foods per Case	USDA Food Value per Cs. = NOI or FFS through distributor Discount	USDA Food Value per Svgs = NOI or FFS through distributor Discount	Manufacturer School List Price To Distributor* Does NOT include distributor mark up	ATTN Directors: Insert commercial case price below to see true case/serving price.		
												Insert Commercial Case Price HERE	Delivered/ Discounted Case Price	Delivered/ Discounted Serving Price
1	BIG DADDY'S® Harvest 16" 51% WG Rolled Edge Cheese Pizza	Pizza	68543.00	22.23	72	5	1	7	\$11.09	\$0.15	\$60.84		-\$11.09	-\$0.15
2	BIG DADDY'S® Primo 16" Par-baked Cheese Pizza	Pizza	68591.00	22.68	72	5	1	9	\$14.55	\$0.20	\$60.84		-\$14.55	-\$0.20
3	BIG DADDY'S® Hand Tossed Style 16" 51% WG Cheese Pizza	Pizza	78398.00	22.37	72	5	1	9	\$14.55	\$0.20	\$60.84		-\$14.55	-\$0.20
4	BIG DADDY'S® Primo 16" 51% WG Four Cheese Rising Dough Pizza	Pizza	78637.00	23.34	72	5	1	9	\$14.55	\$0.20	\$63.45		-\$14.55	-\$0.20
5	BIG DADDY'S® PRIMO BUFFALO CHICKEN	Pizza	78639.00	24.46	72	5	1	8	\$12.27	\$0.17	\$63.45		-\$12.27	-\$0.17
6	BIG DADDY'S® Primo 16" WG Four Meat Combo	Pizza	78640.00	23.85	72	5	1	6	\$10.44	\$0.15	\$63.45		-\$10.44	-\$0.15
7	BIG DADDY'S® Bold 16" 51% WG Rolled Edge Cheese Pizza	Pizza	78985.00	25.04	72	6	1	9	\$14.55	\$0.20	\$60.84		-\$14.55	-\$0.20
8	TONY'S® Thick Crust 4x6 51% WG Cheese Pizza	Pizza	68521.00	30.60	96	5	1	12	\$19.39	\$0.20	\$59.10		-\$19.39	-\$0.20

Reading the SEPDS



School must have minimum diversion balance

Discount Available Each case

NPA SEPDS A

Summary End Product Data Schedule

Information Certified as Accurate by USDA

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
SY18	A	1	Cheese Product				110242	CHEESE NAT AMER FBD BARREL-500 LB(40800)	20.00	\$1.9862	\$39.72	
SY18	N	2	Cheese Product				110242	CHEESE NAT AMER FBD BARREL-500 LB(40800)	10.00	\$1.9862	\$19.86	
SY18	X	3	Cheese Product				110242	CHEESE NAT AMER FBD BARREL-500 LB(40800)	10.00	\$1.9862	\$19.86	
SY18	N	4	Cheese Product				110242	CHEESE NAT AMER FBD BARREL-500 LB(40800)	13.00	\$1.9862	\$25.82	
SY18	A	5	Cheese Product				110242	CHEESE NAT AMER FBD BARREL-500 LB(40800)	13.00	\$1.9862	\$25.82	
SY18	A	6	Cheese Product				110242	CHEESE NAT AMER FBD BARREL-500 LB(40800)	14.00	\$1.9862	\$27.81	
SY18	A	7	Cheese Product				110242	CHEESE NAT AMER FBD BARREL-500 LB(40800)	20.00	\$1.9862	\$39.72	
SY18	A	8	Cheese Product				110242	CHEESE NAT AMER FBD BARREL-500 LB(40800)	20.00	\$1.9862	\$39.72	
SY18	R	9	Cheese Product				110242	CHEESE NAT AMER FBD BARREL-500 LB(40800)	16.00	\$1.9862	\$31.78	
SY18	A	10	Cheese Product				110242	CHEESE NAT AMER FBD BARREL-500 LB(40800)	10.00	\$1.9862	\$19.86	

Pass Thru Values (PTV)...

...or how do you ***not*** get charged for the raw bulk product
USDA already paid for??? (receive Donated Food Value)

- Net Off Invoice
 - Fee for Service through Distributor
- Note: Diversion Survey includes who does which PTV



Net Off Invoice (NOI)



- Concept: Distributor sells to the district at the net price and then uses a velocity report as a rebate application to the processor for the distributor.
- Inventory reduced when processor receives velocity report
- Distributor invoices district commercial bid price less USDA Foods values in end product.



Sample Invoice - NOI

INVOICE												
Page 3 of 6												
ACCOUNT NUMBER	INVOICE NUMBER	INVOICE DATE	CUSTOMER NUMBER	PURCHASE ORDER #	SALES LOCATION	SALES REP	DATE ORDERED					
	4076267	11/27/2012			3170	401						
FREIGHT TERMS	ORDER NUMBER	PAYMENT TERMS	ROUTE NUMBER	SPECIAL INSTRUCTIONS								
	62987	NET 10 EOM	2133									
INVOICE LINE DETAILS												
ORD	SHIP	ADJ	SALES UNIT	PRODUCT NUMBER	DESCRIPTION	LABEL	PACK SIZE	CODE	WEIGHT	PRICING UNIT	UNIT PRICE	EXTENDED PRICE
7	7	0	CS	9528567	CEREAL, COCOA PUF RS	GENL MILLS	96/88 OZ			CS	\$17.2700	\$120.89
2	2	0	CS	3649316	CEREAL, KIX BRRY SS BWM	GENL MILLS	96/69 OZ			CS	\$17.2700	\$34.54
1	1	0	CS	4494555	CHEESE, CHEDR MILD SHRD V/PK <i>READY TO EAT - Please refer to return policy</i> FIDELIS ALLOWANCE - LOL	LAND O'LKS	4/5 LB			CS	\$51.4400	\$51.44
6	6	0	CS	3461449	CHIP, TORTLA YLW NACHO RND	RUDY'S	3/2 LB			CS	\$7.9500	\$47.70
3	0	0	CS	8267484	CHIP, TORTLA YLW RND TSTAD	BARELO/FUN	12/16 OZ				\$0.0000	\$0.00
1	1	0	CS	6150528	COVER, RACK BUN PAN PLS52X80CL	HANDGARDS	50 EA			CS	\$28.6900	\$28.69
4	4	0	CS	7003999	CRACKER, SALTINE ZESTA SS	KEEBLER	500/2 EA			CS	\$11.5200	\$46.08
12	12	0	CS	4301834	DRESSING, RANCH BTRMLK SS	AMERICANA	200/12 GR			CS	\$7.0500	\$84.60
1	1	0	CS	1375773	EGG, PTY SQ FZN CKD K12 ALLOWANCE-MICHAEL FD SALES	PAPETT'S	264/1 OZ			CS	\$25.8600	\$25.86
2	2	0	CS	4826560	FRENCH TOAST, WHL GRAIN STICK K12 ALLOWANCE-MICHAEL FD SALES	PAPETT'S	100/2.6 OZ			CS	\$30.4200	\$60.84
												(\$7.02)

Processing- Fee-for-Service (FFS)

- Traditionally Beef and Pork...

...but also applies to :

Goldkist Small Bird

Cheese Companies

2 companies distribute own product

Others are processor/distributor business decisions

- Represents processor's cost of ingredients and other costs incurred in the conversion of the donated food into the end product
- Inventory reduction occurs upon billing District



Processing - Fee for Service (FFS)

- Not Substitutable Beef & Pork
 - Microbiological testing
 - Distributor carries 2 SKUs
 - Commercial
 - Commodity – Can't sell to other markets!
- Monthly Shipments to Distributor and District
 - Company bills Processing Fee, Distributor bills delivery
 - Distributor brings in specifically for you – so take it!!
 - Distributor concerns: stuck with product
 - if stuck, you pay higher price next year!

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Processing-Fee for Service (FFS)

- Processor bills you the processing fee
 - (cost to make and ship product to distributor)
- Distributor bills you for storage and delivery
 - (distributor mark up)
- Applies to:
 - Beef
 - Pork
 - Small Bird Chicken with Goldkist
 - Cheese companies:
 - 2 distribute/deliver product directly to you
 - Others are processor/distributor business decisions

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Processing-Monitoring invoices



- Who in district monitors invoices?
- NOI vs. FFS invoices
 - Distributor invoices vs Processor invoices
 - What products are which?
 - How much credit?
 - When does commercial billing apply?

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Processing – Tracking and Using Your Pounds... AKA...Managing your Inventory at Processors

- K-12 Services
 - <http://www.k12foodservice.com/>
 - Linda, 301-251-5515
 - Asian Solutions, Cains, ConAgra, ES Foods, Giorgio, Highliner, Jennie-O, JTM, JM Smucker, Maid-Rite, Michael Foods, Tyson, UNO
 - **There is no charge for District to have an account**
- Processor Link
 - <https://www.processorlink.com/Default.aspx>
 - Support@ProcessorLink.com
 - 512-343-0400
 - Advance Pierre, Bongards, Cargill, Channel Fish, Giorgio, Goldkist/Pilgrims Pride, Integrated Food, Land O'Lakes, Rich Products, S. A. Piazza, Schwan's, Tasty Brands, Trident Seafoods Corp.
 - **There is no charge for District to have an account**
- Broker/Company
 - Nardone Bros, Original Pizza, Sal's

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Processing -Tracking and Using Your Pounds...

Tracking Pounds

- No matter the Pass thru Value...
 - When you buy, distributor reports sale to company.
 - Company reports monthly to state.
 - District needs to verify invoices:
 - You buy 10 cases, distributor reports sale of 5 cases – your pounds are not drawn down.
 - You buy 10 cases, distributor reports sale of 15 cases – pounds are overdrawn! Distributor gets Donated Food Value for 15 cases.
 - District A buys 10 cases, distributor reports as sale to District B.
 - District buys product with 5 pounds of donated food, distributor reports sale of different product with 10 pounds of donated food.
 - K-12 Services & Processor Link include Sales Verification
 - State will also ask periodically for verification



Processing -Tracking and Using Your Pounds...

Tracking Pounds

- K-12 Services & Processor Link include Sales Verification
- State will also ask periodically for verification
- Who in your District ...
 - Monitors and tracks pounds?
 - Verifies reporting to K-12 or Processor Link?
 - Same person as invoices?
 - If not, need to connect the people!



Processing – Tracking and Using Your Pounds

- Find out about your pounds before placing a commercial order!
- Use your pounds before buying commercially.
- Check on your Diverted pounds usage before diverting again!
- Supply problems during year:
 - Distributor not providing
 - Processor not supplying
 - Transfer of pounds to another Processor???



Processing - Tracking and Using Your Pounds

Transfers

- State must approve all transfers.
- District can only transfer pounds to another company in year first bought.
- State Account – into & out of

Carry Over Policy

- Use by 12/31 of next school year.
- “You send it , now spend it!”
- “Use it or Lose it!”



Processing-To Process or Not?

- Commercial vs. USDA Foods or To Process or not!?!?!?
 - Chicken Patty comparison
 - USDA Foods Cost Analysis Tool
 - <https://www.fns.usda.gov/usda-foods/usda-foods-toolkit-child-nutrition-programs>



Questions ?

