

# FOOD AND NUTRITION DIVISION

Food Distribution Program

# USDA FOODS MANUAL

Nevada Department of Agriculture | Division of Food & Nutrition | 775-353-3758 | agri.nv.gov

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# **USDA Foods**

The USDA Foods program is a federal program available to eligible sponsors that participate in the Child Nutrition Programs including the National School Lunch Program, School Breakfast Program, Summer Food Service Program and the Child and Adult Care Food Program. USDA Foods are available to sponsors that have been on one of these programs for at least one year.

The USDA Foods Program mission is to strengthen the Nation's nutrition safety net by providing food and nutrition assistance to school children and families; and support American agriculture by distributing high quality 100% American-grown USDA Foods. USDA purchases foods through direct appropriations from Congress, under the surplus removal program and price support activities.

USDA donates over \$1 billion worth of food each year to people in the United States. The federally funded program helps to improve the diets of the many people who benefit from the program, while also helping American farmers maintain and strengthen the agricultural market.

The Nevada Department of Agriculture (NDA) supports Child Nutrition Programs by providing USDA Foods to eligible sponsors. The USDA foods are distributed throughout the State of Nevada to help improve the nutritional status of children and adults.

The USDA Foods Program supplies approximately \$11 million in food assistance to Nevada schools each year.

### **USDA Foods in Nevada**

In Nevada, the USDA Foods Program is administered by the Nevada Department of Agriculture, Food and Nutrition Division (FND). FND provides administrative support, storage and transportation for the distribution of USDA Foods to help meet the needs of program sponsors. Before FND was housed under the Department of Agriculture, the USDA Food Programs had long resided under the Department of Administration's Purchasing Division. During the 2013 Legislative session, the food programs merged along with the Child Nutrition Programs, which resided in the Nevada Department of Education, and the State Dairy Commission, to form the Food and Nutrition Division within the Nevada Department of Agriculture. FND administers the commodity assistance programs according to federal and state regulations.

# • Child Nutrition Commodity Support (CNCS)

The program provides basic and processed USDA Foods for the following Child Nutrition Programs:

- National School Lunch Program (NSLP)
- School Breakfast Program (SBP)
- Summer Food Service Program (SFSP)
- Child and Adult Care Food Program (CACFP)

#### • State Processing Program (SPP)

The State Processing Program has the authority to convert raw bulk USDA foods into more convenient processed end products such as chicken nuggets by entering into agreements with commercial food processors. Contracts are typically in place for two years or more. Most of these products go to sponsors participating in the National School Lunch Program. Through the State Processing Program, sponsors can provide more varied and higher quality meals at a reduced cost.

To find a listing of approved processors, please view the link below on FND's resource page at <a href="http://commodityfoods.nv.gov/Resources/Food\_Processor\_Websites/">http://commodityfoods.nv.gov/Resources/Food\_Processor\_Websites/</a>

Each contracted processor is required to provide nutritional information for their products. Nutritional sheets can also be found on FND's resource page at:

http://commodityfoods.nv.gov/Resources/Processors/

# **Entitlement**

Each year the USDA purchases millions of dollars of surplus food from American farmers. According to Federal law the amount of USDA Foods allocated to each state depends on the actual number of reimbursable meals served the previous year. The USDA collects this data state by state and then assigns each state their fair share allocation or "entitlement". Entitlement is defined as the dollar value of the USDA Foods that the state receives each year to meet its planned assistance levels to its sponsors.

#### Federal Law

These programs operate under the federal regulations set forth in Title 7 CFR 250. The federal regulations dictate the means for calculating the amount of entitlement each state receives along with other program requirements.

- Richard B. Russell National School Lunch Act http://www.fns.usda.gov/sites/default/files/NSLA.pdf
- <a href="http://ecfr.gpoaccess.gov/">http://ecfr.gpoaccess.gov/</a> select Browse, then select Title 7 for Agriculture, then select section 210-299, then select 250.

# **USDA Entitlement Calculation for the State**

Below is the standard calculation USDA uses to establish the total amount of entitlement provided to the state.

- <u>Prior Year Lunches</u>: This represents sponsor meals (lunch only for NSLP and SFSP and lunches plus suppers for CACFP) reported to the Nevada Department of Agriculture.
- <u>The July Rate</u>: Each year USDA publishes the annual meal rate notice, titled "Food Distribution Program: Value of Donated Foods".
- <u>12% Funding</u>: By law, the overall USDA Foods entitlement amount each school receives must not be less than 12% of the total value of expenditures supporting the National School Lunch Program. The donated foods entitlement amount is monitored through the school year and adjusted, if necessary, to meet the 12% requirement.
- **Prior Year Balance**: The balance, whether there was a remaining or negative balance at the state level from the previous year, gets added to the calculation.

PRIOR YEAR LUNCHES x JULY RATE + 12% FUNDING +/- PRIOR YEAR BALANCE = TOTAL ENTITLEMENT \$

#### **Annual Reconciliation**

At the beginning of each school year, USDA enters a preliminary entitlement for each state. This initial entitlement is based on the current meal rate, previous years' meal counts and projected entitlement carryover. About mid-school year, around December, FND receives notification from USDA that federal entitlement has been reconciled for the current program year. Two main factors are calculated when the reconciliation is finalized: 1) prior year's *final* meal counts reported and 2)

final state entitlement carryover from the prior year. FND completes a pre-formulated spreadsheet and updates each district's meal counts and their fair share percentage of additional entitlement. Sponsors are given a copy of FND's reconciliation spreadsheet annually, typically in the spring. Additional entitlement dollars will be allotted towards the next school year's entitlement. FND will apply additional entitlement amounts in CNP2000 by July 1st.

Note: Meal rate and/or provision adjustments will be updated when FND receives notification from USDA.

#### **USDA Foods Ordering and Entitlement Reconciliation Timeline**

Below is an example of the standard timeline USDA uses each year. For reference, the term "meals" below refers to free, reduced and paid lunches for the NSLP. For CACFP, "meals" include lunch and suppers.

January

USDA issues a preliminary SY16 entitlement amount based on SY 15 actual rate, actual meals reported, carryover from previous year, DOD Fresh requests and 12% provision.

USDA Opens the Catalogue of USDA Foods for FND to review.

**February** 

FND provides a survey to sponsors to determine which USDA Foods are desired based on the items included in the USDA Foods Catalogue. This survey is for foods that will be delivered July thru December of that calendar year.

**April** 

USDA Food orders are due for July-September delivery periods.

FND provides program sponsors with each sponsors entitlement amount for the coming School Year.

July

FND Receives the "Published" rate in Federal Register from USDA

**September** USDA updates Nevada's final meal counts from the previous year. FND uses this information for the annual entitlement reconciliation.

October

FND provides a survey to sponsors to determine which USDA Foods are desired based on the items included in the USDA Foods Catalogue. The time period for this survey will be January thru June.

November

Final SY15 meals and reconciliation provided by USDA.

FND updates current SY 16 entitlement with final meals from prior year by USDA. This information is used for the annual reconciliation process by FND. Sponsors will be provided an updated entitlement amount that will be applied towards the next school year.

#### **How is Entitlement Allocated to a Sponsor**

Entitlement resides at the state level. However, in Nevada each sponsor is allocated entitlement based on the number of meals served in their district the prior school year. NDA allocates entitlement to each approved sponsor based on prior year meal counts and current Federal meal rate. See example below.

Sponsor Name	Meal Counts	Meal Count x SY 14/15 Rate (0.3044) Final Entitlement Allocation for SY 15
Nevada School District	68,127	\$ 20,737.86

#### **Monitoring Entitlement**

FND uses reports, provided by USDA and the CNP2000 system to track entitlement balances, orders pending & received and inventory balances at each processor. Each sponsor can track their own entitlement by accessing CNP2000 and reviewing their entitlement used and remaining balance. Sponsors may also retrieve the Value of USDA Foods Received Report which details the federal value of USDA Foods for a specific time period. To track entitlement, go to: <a href="http://cnp2000.state.nv.us/">http://cnp2000.state.nv.us/</a> under the Contract—Contract Entitlement option. For additional guidance, you may also find the CNP2000 manual at <a href="http://commodityfoods.nv.gov/Resources/Resources/">http://commodityfoods.nv.gov/Resources/Resources/</a>.

#### **How Can Districts Use Entitlement**

Several options are available for how sponsors can use entitlement funds as outlined below.

- **USDA Direct Delivery Foods** (Formerly known as Brown Box)
  - These products are basic fruits, vegetables, meat/poultry, cheese and grain products that typically are canned or frozen. Entitlement is drawn down by the federal value per case per product. FND charges a standard shipping and handling fee per case.

#### DOD Fresh

- The Department of Defense (DOD) Fresh Fruit and Vegetable Program allows area eligible sponsors to use USDA Foods entitlement dollars to buy fresh produce. DOD Fresh program includes greater buying power, consistent deliveries, an emphasis on high quality and large variety of produce items; with an easy to use ordering website. FND oversees the program, but it is the sponsors that place orders directly with DOD's contracted vendors.
- Sponsors requesting to participate in DOD Fresh Produce, must:
  - Have DOD Fresh available in their designated area,
  - Submit a request to FND to transfer a portion of their entitlement towards DOD Fresh.
  - FND will approve or deny the request based on available entitlement and area eligibility.

#### • State Processing Program

 Processing of donated foods allows the state to contract with commercial food processors to convert raw bulk USDA foods into more convenient, ready-to-use end products. The federal value per case is what is drawn down from districts entitlement.
 FND charges a standard shipping and handling fee per case, along with processing fee agreed upon as outlined in the contract between FND and the processor.

Below is a sample of an invoice that sponsors will receive for each delivery. This shows how fees are applied for USDA Foods or Processed Foods depending on what was ordered.

ltem Number	Commodity	Cases	Total Weight	Federal Value	Case Processing Fee	Case S & H Fees	Total Fees	
Order # 962	Order # 9628 Received Date 08/10/2015							
2099	TURKEY BREAST SLICED 12/1#	20	280	\$250.80	\$21.0000	\$2.0000	\$460.00	
2154	W. Grain Brd Chicken Pattie Fritter	20	656	\$277.20	\$38.8100	\$2.5000	\$826.20	
2565	TURKEY HAM SLICED 12/1#	5	70	\$77.65	\$21.3600	\$2.0000	\$116.80	
3760	BEEF PATTY FLAME BROILED	25	553	\$1,872.00	\$9.0400	\$2.5000	\$288.50	
6409	TURKEY HAM DICED COOKED	6	72	\$77.64	\$17.8000	\$2.0000	\$118.80	
6423	TURKEY BREAST OVEN ROASTED DICED	11	132	\$107.03	\$17.5000	\$2.0000	\$214.50	
100307	BEANS, GREEN R/S CANNED 6/10	56	2,576	\$851.20	\$0.0000	\$2.5000	\$140.00	
100336	SPAGHETTI SAUCE, MEATLESS, CANNED	56	2,576	\$757.12	\$0.0000	\$2.5000	\$140.00	
100212	MIXED FRUIT, EX LT CAN 6/10	50	2,300	\$1,687.00	\$0.0000	\$2.5000	\$125.00	
100158	BEEF, FINE GRD RAW FRZ 4/10#	10	430	\$1,220.00	\$0.0000	\$2.5000	\$25.00	

#### Definitions of Invoice Terms

- Federal Value: This represents the USDA food value, which also represents the entitlement value per case.
- Case Processing Fee: Each processed food item has a processing fee that the processor and FND have agreed upon.
- S & H Fee: FND charges a shipping and handling fee per case. This cost ranges from \$1.50 - \$2.50 based on direct or warehouse deliveries.

#### Request to Surrender/Increase Entitlement

Sponsors may request additional entitlement during the current school year if, they have used their starting balance of entitlement and would like to obtain more products available in surplus or order additional processed foods. If sponsors are unable to use their entitlement, they may opt to surrender any remaining entitlement they do not plan to use. Surrendering entitlement can assist other districts who are in need of more USDA Foods. The form can be found at:

http://commodityfoods.nv.gov/uploadedFiles/commodityfoodsnvgov/content/Resources/Entitlement% 20Transfer%20Request%20Form(1).pdf

# **USDA Foods—Direct Delivery**

USDA Foods Direct Delivery food types include: fruit, vegetables, poultry, eggs, meat, grains, cheeses, oil, dry milk and peanut butter. Each type of food draws down entitlement per case based on the value of the product.

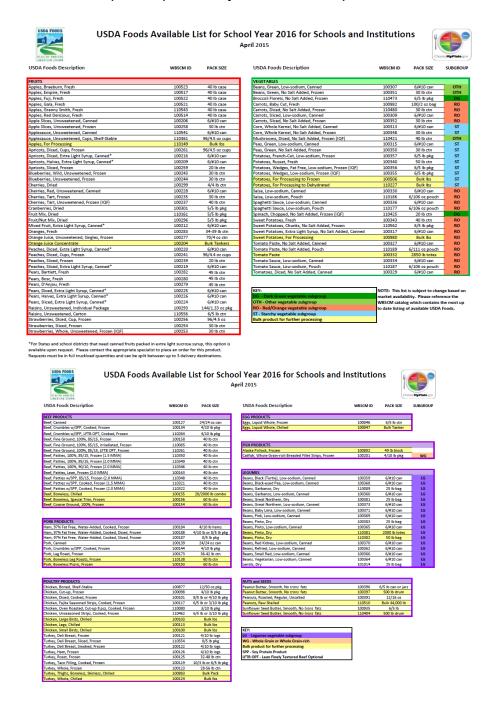
Expected Foods Available List: Each year USDA provides a list of foods expected to be available for the upcoming school year. NDA provides this list to all sponsors. These foods are expected to be available for NSLP schools and other Child Nutrition Programs during a given school or fiscal year but may change later in the year depending on market conditions.

NDA is required by USDA to order in full truck quantities. It is important that sponsors communicate with NDA about their yearly usage in regards to USDA Foods. The bi-annual sponsor surveys will be

used by NDA to determine which USDA Foods to order from USDA and is the means by which sponsors communicate what foods and in what quantity those foods are desired for specific delivery period. There are main windows of opportunity for sponsors to enter this information, once during late winter for July through December deliveries and again in early fall for January through June deliveries.

The USDA Foods Expected to be Available List can be found here: http://www.fns.usda.gov/fdd/foods-expected-be-available

Below are samples of previous years' Foods Expected to be Available list.



# **Nutritional Fact Sheets provided by USDA**

USDA provides Nutritional Fact Sheets for all USDA Foods. These Nutritional Fact Sheets can be found here: <a href="http://www.fns.usda.gov/fdd/nslp-usda-foods-fact-sheets">http://www.fns.usda.gov/fdd/nslp-usda-foods-fact-sheets</a>

Please note that all of the newly updated fact sheets will now include the 6-digit USDA Foods Material Code. In addition, USDA added food safety guidance and expanded the nutrient data that are key to planning healthy school meals that support the Dietary Guidelines and <a href="MyPlate">MyPlate</a> recommendations. Allergen information is also being added when it is available.

FND provides the food crediting spreadsheet tool sponsors use, which provides information on the processed end products available through the FND State Processing Program. Product information included in the spreadsheet lists calories, sodium, saturated fat, carbs and meal pattern requirement information such as meat/meat alternate and grain crediting, whole grain rich criteria, vegetable, vegetable sub group or fruit.

You can access this spreadsheet at the link below.

http://commodityfoods.nv.gov/uploadedFiles/commodityfoodsnvgov/content/Resources/Processed%20Foods%20Crediting%20Spreadsheet%20SY%2015-16.xls

FND screens all processed food products listed on the surveys to ensure that all products have a CN label or a product specification sheet that meets federal guidelines.

# Food Surveys in CNP2000

FND utilizes two types of surveys to collect information from sponsors on desired products and quantity of desired products.

#### 1. Processed-End Products

Each year, FND provides sponsors with surveys of processed end products. These processing companies and products offered have been approved by FND. FND asks each sponsor to complete the surveys to the best of their knowledge for the entire year. Completed surveys help FNA determine how much USDA food (raw product) needs to be diverted to each processor to complete the orders requests. Nutritional information for each processed end product is available on FND's resource page at: <a href="http://commodityfoods.nv.gov/Resources/Processors/">http://commodityfoods.nv.gov/Resources/Processors/</a>

Sponsors interested in new products from an approved processor, must complete the New Product Request Form, found here:

 $\frac{http://commodityfoods.nv.gov/uploadedFiles/commodityfoodsnvgov/content/Resources/New\%20Product\%20Request\%20Form\%20092314.pdf}{}$ 

#### 2. USDA Foods Annual Survey

Bi-annually, FND will provide surveys for the USDA foods that ship direct to the state warehouse. These surveys will include items such as fruit, vegetables, meat, poultry and grains. Sponsors will be notified when surveys will be open, closed and when a USDA food survey is posted in CNP2000. The process of obtaining USDA Foods can take six months or more therefore advanced planning is essential, it is very important that sponsors plan their usage of USDA foods in advance. NDA reviews sponsors requests and then orders truck loads quantities from USDA.

#### Lifecycle of USDA Foods Order

Survey opened in CNP2000 for	State submits food ordered	USDA bids to purchase	State receives foods ordered	USDA Foods delivered to
sponsors to complete	requested to USDA	foods requested	that USDA was successful in purchasing	Sponsors

# **CNP2000**

This web portal is used to submit and track your orders for USDA Foods. CNP2000 is also used to submit survey requests for processed end products and Direct Delivery foods, provide information on entitlement, and review the value of USDA Foods Received Report.

#### All Sponsors must have a login in order to:

- Complete Surveys
- Create Orders for Deliveries
- Review & Manage Entitlement
- Value of Commodities Received Reporting

#### Training for CNP2000

- A Step by Step manual is available on-line at http://commodityfoods.nv.gov/Resources/Resources/
- Technical Assistance via phone to NDA. Staff at NDA can assist sponsors needing further guidance using CNP2000.

#### • <u>Delivery Schedule</u>

 Each sponsor will have an assigned monthly delivery date. Sponsors may review the schedule provided in the link below and plan accordingly around the designated delivery date. For questions or concerns about delivery dates please contact FND, at 775-353-3758.

You can access the delivery schedule online at the link below:

http://commodityfoods.nv.gov/uploadedFiles/commodityfoodsnvgov/content/Resources/2015\_COMM\_ \_DELIVERY\_SCHEDULE%20pdf.pdf

# Filing a Complaint

All complaints must go through the Food and Nutrition Division.

USDA Foods and processed end products complaints must be reported on the FND Complaint Form. Sponsors will find the form on FND's website noted below. To assist FND in processing your complaint quickly, please complete the form as thoroughly as possible.

FND will also file the complaint on USDA's on-line system, the Web-Based Supply Chain Management (WBSCM) System.

Click on the link below to access the complaint form:

http://commodityfoods.nv.gov/uploadedFiles/commodityfoodsnvgov/content/Resources/USDA%20 Foods%20Complaint%20Form.pdf