USDA Foods Update

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July 14, 2019
USDA Foods Ordering Options

Direct Delivery

USDA DoD Fresh Fruit and Vegetable Program

Bulk for Processing
Spending Across USDA Foods Ordering Options

• National Averages
  • Direct Delivery: 43%
  • Bulk for Processing: 40%
  • USDA DoD Fresh: 17%

• State Ranges
  • Direct Delivery: 0-99%
  • Bulk for Processing: 0-100%
  • USDA DoD Fresh: 0-75%
100%

Working with you to order, spend your entitlement in the year that it is earned
USDA Foods FY18 NSLP Purchases

FY18- Total Dollars

- Fruits/Veg: 45%
- Dairy: 16%
- Poultry: 16%
- Beef/Pork: 19%
- Nuts/Seeds: 1%
- Grains: 1%
- Eggs: 1%

FY18- Total Pounds

- Fruits/Veg*: 63%
- Dairy: 9%
- Poultry: 14%
- Beef/Pork: 9%
- Fish: <1%
- Eggs: 1%
- Nuts/Seeds: 1%
- Grains: 3%

*Value estimated for USDA DoD Fresh
New USDA Foods for SY19-20

- Cherries, Sweet, Frozen (IQF), 12/2.5 lb bag
- Cheese, Cheddar, Yellow, Sliced, 12 lb case
- Cereal, Oat Circles, Bowls, 96/1 oz
- Cornmeal, Blue, 12/2 lb bag
Other Changes for SY20

Package Size Additions:
• Peaches, Sliced, Frozen, 12/2 lb bag
• Beans, Green, Frozen, 12/2 lb bag
• Corn, Frozen, 12/2.5 lb bag

Grains Re-Introduced:
• Flour, All Purpose, Enriched, 8/5 lb bag
• Pasta, Spaghetti, Enriched, 20 lb case
• Rice, Long Grain, Parboiled, 25 lb bag
USDA Foods in Breakfast

• Received $20 million in additional USDA Foods funding to encourage spending on breakfast foods

• Offer many breakfast foods!
  • Grab and go products
  • Heat and serve
  • Fruit, fresh and frozen
What is Trade Mitigation?

- USDA has been authorized up to $12 billion in FY19 to support farmers impacted by tariffs
- Food purchase and distribution is one of three strategies that USDA will be using
  - Up to $1.2 billion planned to be spent on USDA Foods; most will be directed to TEFAP
- Program expected to continue into FY20; offerings still to be determined
Trade Mitigation: Child Nutrition for SY19-20

• Offered 8 products to all CN programs for July-December 2019 delivery
• Bulk and direct delivery options
• Does not count towards 12% provision
• Orders totaled $27M
Monitoring USDA Foods Inventories at Processors

- Six-month or less
- Comparing orders to inventory on hand at processors before approving orders
- Working with processors to clean up small inventory balances
- Paying close attention to stagnant inventories
USDA DoD Fresh Continues to Increase

USDA DoD Fresh Fruit and Vegetable Program Spending in NSLP

USDA Foods in Schools
Produce Contracts for Schools

(#) The number of FFAVORS catalogs for each produce vendor

November 2018
Local Produce and State of Origin

• Vendors are *encouraged*, when seasonally available, to source local produce

• Vendors must report State of Origin in FFAVORS catalog starting July 2019
USDA DoD Fresh Complaints

- Refuse non-domestic produce
- If there are issues with produce quality, contact your State Distributing Agency (SDA) and provide:
  - Description of issue
  - Quantity of out-of-condition product
  - Photos of issue – include product label
Vendor Performance

Produce Quality Audits:
• Inspect produce quality and condition
• Availability
• U.S. Grown
• Verify vendor’s food safety practices
  • Good Agricultural Practices
  • Good Handling Practices
  • Food Defense
USDA DoD Fresh in SFSP Pilot

• Summer 2019 - 20 participating States:

• Recorded Webinar - Best Practices: Use of the USDA DoD Fresh Program in the Summer Food Service Program
Who Should Report Complaint

• Anyone receiving USDA Foods can report an issue

• If product does not meet expectations, Recipient Agency (RA) should document the necessary information, including photos

• RA sends the information to State Distributing Agency (SDA) who enters complaint into WBSCM
What Information is Needed

• Sales Order Number
• Vendor/Product (Lot number, BIUB date, pack date)
• Description of issue
• Quantity of out-of-condition product
• Injuries or illnesses occurred
• Digital photos of issue
Where to Report a Complaint

• Web-Based Supply Chain Management System (WBSCM) – Preferred Method

• State enters complaint
  • Person who enters complaint sent an assigned complaint number

• Complaint Hotline: 800-446-6991
  Monday – Friday 6am - 5pm Eastern

• Email: USDAFoodsComplaints@usda.gov
Why Report

- Reduce USDA Foods losses
- Data to identify trends and evaluate products and vendor performance
- Improve product specifications to ensure consistent, high quality USDA Foods that meet customer expectations
Stay in the Know with webinars and E-letters

• Click on this icon on our website to sign up for our E-letter
  • Featured foods, webinar updates, and more!

• Check out webinar archives with all of our recorded webinars: www.fns.usda.gov/fdd/webinars-and-training

• Upcoming Webinar: FNS Instruction 709-5
  • September 5, 2019
  • Look for more information in the August e-letter
Show Us Your Tray Photo Contest

• 2019 Show Us Your Tray Photo Contest
• Four submission categories to highlight food groups
  • USDA Foods Gold Tray Award
  • Great Grains Award
  • Protein Power Award
  • Say Cheese Award
Rialto Unified School District, CA

Teriyaki Chicken with Fried Rice

USDA Foods used: brown rice, mixed vegetables, peas and carrots
Protein Power Award

South Windsor Public Schools, CT
*Mediterranean Chickpea Salad*

USDA Foods used: chickpeas and mozzarella cheese
Say Cheese Award

Bakersfield City School District, CA
Caprese Salad with Heirloom Cherry Tomatoes
USDA Foods used: string cheese, broccoli, diced chicken, and strawberries
Honorable Mention

Three Village Central School District, NY

*Taco Salad, Mexicali Corn, and Broccoli Salad*

USDA Foods used: beef crumble, corn, broccoli, and a strawberry cup
Tuckahoe Common School District, NY

Teriyaki Chicken over Noodles

USDA Foods used: fajita chicken, spaghetti, broccoli, and oranges
Visit us at the booth!

- USDA Lane – USDA Foods Booth 2649
- Monday July 15, 2:00-3:00pm
  Become a Recall Rock Star
- Tuesday July 16, 2:30-3:30pm
  USDA Updates, CNP and USDA Foods
AMS Updates
AMS Highlights 2019

Small and Disadvantaged Businesses

• 2018 Calendar Year Report
  • 190 new vendors reached
    • 40 approved, including 25 small businesses
  • $134 million in contracts awarded to small businesses
    • Awards made in every product branch
Stringent Requirements

• Food Safety Verified through Annual Audits:
  • Good Manufacturing Practices (GMP) or Good Agricultural Practices (GAP) and Good Handling Practices (GHP)

• When online inspections for USDA foods are performed, daily sanitation inspections are completed to verify compliance with GMP’s.
AMS Food Safety Highlights 2019

• Stringent Requirements
  • Products must be 100% domestic
  • Domestic sourcing ensures:
    • FDA “Good Commercial Practice” and “Food Defense” requirements
    • All purchases comply with “Buy American Act”
    • Every purchase benefits the American Farmer
Business Management Improvement Initiatives

Background

• Project began October 2015

• Conducted interviews and stakeholder sessions through August 2016 – As-Is & To-Be

• Business Case completed March 2017

• Teams formed for pilot development October 2017
Business Management Improvement Initiatives

10 Improvement Opportunities

• Forecasting
• Align Supply and Demand
• Long Term Contracts
• Transportation Management
• Warehouse Management
• Supplier Management (Key Performance Indicators)
• Processing Program
• Checkloading
• Product Lifecycle Management
• Electronic Communication
Business Management Improvement Initiatives

Inventory Management Tools

• Proposed utilization of a distribution center (warehouse):
  • Would decrease order lead times and geographic delivery challenges

Improved Forecasting/Demand Planning

• Reduce the need for firm orders in advance:
  • Buying based on forecast from order history and market intelligence
Alignment of Supply to Demand

- Shift to Long Term Contracts (LTCs):
  - Allow CP to secure vendor capacity for future deliveries
  - Minimize commodity acquisition shortfall and supply disruption

Flexibility in our SAP system - Web-Based Supply Chain Management

- Increased automation through Evaluated Receipt Settlement (ERS) and Electronic Data Interchange (EDI):
  - Makes vendor participation in CP programs more attractive
  - Likely to increase vendor base
Questions?