

JULY 2022

Staying Afloat in a **PERFECT STORM**



THE K-12 SCHOOL NUTRITION
SEGMENT CONTENDS WITH
HISTORIC SUPPLY CHALLENGES



A report by:



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Executive Summary

The ripple effects of the COVID-19 pandemic continue to disrupt operational processes in the K-12 school nutrition segment, exacerbating longstanding procurement problems and creating a cascade of new challenges for school nutrition program operators, administrators and vendor partners. While the chaos of extended school closures may be behind us, no one in the industry expects a return to smooth sailing in the foreseeable future. Ongoing disruptions throughout the supply chain coupled with the rising costs of record inflation, persistent labor shortages, insufficient regulatory relief, the war in Ukraine and the exhaustion of a protracted crisis management operational state have created epic challenges never faced in the 76-year history of the National School Lunch Program.

No single entity—not USDA or even Congress—can resolve these complex issues. And no single set of actions or strategies will be appropriate for all school districts or industry partners. Rather, a collaborative and committed approach to problem-solving can help to mitigate some of the pain points affecting all stakeholders in the school nutrition segment. In Spring 2022, the School Nutrition Association (SNA), the School Nutrition Foundation (SNF) and No Kid Hungry launched the Supply Chain Innovation project to collect information about the scope of the problems affecting K-12 school nutrition programs, share creative solutions being put into practice and identify requested areas of support and recommended actions for the coming school year.

The initial step in this project was a series of facilitated online Listening Sessions among different stakeholder groups. Seventeen sessions were held throughout May 2022 with directors of large, small, rural and urban school districts, as well as distributors, manufacturers and state agency staff (see *the box on page 5*).

The Listening Sessions affirmed and expanded on anecdotal accounts SNA, SNF and No Kid Hungry have been hearing in other forums over the past year, which are reflected in this report. Anonymity was provided to encourage frank and honest feedback.

“I never thought I’d cry over string cheese, but I am.”

Problems

School nutrition operators continue to struggle to get the products they need . . .

- in the changing formats they require
- that comply with regulations
- in sufficient quantities
- in a timely manner
- at a contracted and budgeted price

This includes food and beverages, as well as supplies, equipment and technology.

Industry, already constrained by the regulatory requirements and low profit margins of the K-12 school nutrition segment, faces additional pressures with:

- increases in costs across the board from raw materials and packaging to labor and equipment and fuel
- labor shortages across manufacturing, processing and transportation sectors
- supply chain disruptions and delays
- record-high fuel charges
- inaccurate orders/forecasts from operators
- changing product/format requests from operators, typically in response to late-breaking service changes in the wake of short-term school closures
- R&D requirements and costs for product reformulations to comply with changing nutrition standards for school meals
- impatience and resistance among some school procurement officials to recognize the challenges (and rising costs) faced by distributors and manufacturers

Exacerbating Factors

- Increased student participation when all meals were provided free of charge made it difficult to forecast and place accurate orders for the coming school year without that provision in place. Use of pre-COVID data is likely to be a “best-guess” estimate.
- School nutrition staff vacancies potentially restrict what menu items can be prepared and served.
 - In many communities, the higher labor demands associated with scratch prep are simply not feasible.
- Labor vacancies also plague the distribution sector, elevating a pre-COVID truck driver shortage into a profoundly concerning emergency.
- Insufficient storage, a longstanding problem in many school districts, has reached a crisis level, as distributors are compelled to limit the number and frequency of deliveries.
- Food costs are soaring—some in triple-digit percentages—thanks to the highest inflation seen in 40 years.
- Other foodservice segments, including commercial and retail, are facing similar supply chain issues, and they are also advocating for federal funding to help their own industry recover.
- Media (traditional and social) reports and updates about the status of regulatory flexibilities are often perplexing and contradictory, creating confusion among school nutrition operators, school administrators and parents alike—and eroding trust in the process.
- State-level legislative activity to provide universally free school meals, while much welcomed where enacted (California, Maine and Vermont), can contribute to misunderstandings about what flexibilities are available in other parts of the country.
- The war in Ukraine is expected to impact the food-service industry in multiple ways, even after the conflict has ended, including:
 - Skyrocketing market prices for wheat not only affects grain-based products but also animal feed.
 - The war also is having an impact on oil and gas markets around the globe.
 - U.S. financial support of Ukraine affects the willingness of Congress to increase spending on domestic issues.

“I’m really concerned about our kids with allergies when products are substituted.”

Projections for SY2022-23

Many individuals on both the operator and industry side of the K-12 school foodservice segment have grave concerns about the coming school year. Predictions include:

- Ongoing supply delays and product shortages
- Ongoing increases in food, supply and energy costs
- Distributors and suppliers declining to bid on school business
- Surcharges for delivery drops
- Extended delays in the delivery of new equipment, as well as replacement parts
- Non-compliance with meal patterns and nutrition standards
- Difficulties in obtaining completed family meal applications
- Lower student participation, especially among students who don’t qualify for free meals
- Increased customer impatience with last-minute menu changes and eroding trust in the school nutrition team by students, parents and administrators
- Increased unpaid school meal debt
- Decreased revenues due to participation losses and lowered reimbursements
- Higher wages and increased benefits costs to recruit and retain talent and continued labor shortages
- Positive fund balances being quickly wiped out by increased costs across the board and anticipated lower revenues

Still, among most operators, the prevailing attitude is one of determination and even a measure of optimism. While they fully expect to face another year of significant challenges,

“If you don’t have a distributor lined up by July 1, you probably won’t get one. It’s pretty dire.”

they are collectively committed to getting the job done, by doing whatever it takes to provide for students. Some look forward to reviving menu favorites like salad and food bars, scratch-cooked recipes and catering service. While the scope of today's challenges is undeniably historic, veteran school nutrition operators are well-familiar with managing school meal programs in the face of adverse conditions unique to this foodservice segment.

And they have already demonstrated an enviable capacity for innovation and out-of-the-box thinking to work through each new challenge. From cutting clamshell containers in half to serve as makeshift lunch trays to keeping a supply of shelf-stable milk on hand to seizing direct-ship opportunities from manufacturers, school nutrition operators are well-regarded for their solutions-oriented mindset. The examples highlighted in this report may prove helpful to other districts as they prepare for SY2022-23.

Requested Support & Recommendations

Listening Session participants were asked to identify resources, besides extension of federal waivers and increased funding, that would help them better manage current and emerging challenges. Their suggestions fell into two broad categories:

- Communications tools and templates, including a national media campaign spanning all forms of traditional and social media, in multiple languages
 - to help parents, school administrators and other community stakeholders understand why school meals are no longer free for all students in most communities
 - to encourage parents to complete meal applications
 - to help communicate new business realities to district administrators and boards of education
 - to remind communities of the ongoing heroic work of school nutrition employees
- Ongoing advocacy
 - Keep the heat on federal and state lawmakers
 - Continue to build coalitions with partners in the food, foodservice, hunger relief and education communities

“The K-12 supply chain was broken pre-pandemic—and then it blew up!”

The current supply chain crisis casts a harsh spotlight on a number of poor procurement practices on the part of school districts. Despite extensive training opportunities and resources provided by various organizations, including SNA, the Institute of Child Nutrition and state agencies, these issues are continuing to plague the K-12 nutrition segment. Plus, as manufacturers and distributors implement SKU rationalization measures to control costs, schools are likely to face vastly reduced choices in terms of specific branded products and formulations.

It is of utmost importance that school nutrition directors/supervisors and other school business officials charged with procurement responsibilities adopt a new frame of mind, demonstrate greater willingness to participate in procurement training, use better forecasting methods and, subsequently, review and change longstanding practices to better meet the challenges of today's realities.

Conclusion

It is essential that all stakeholders in the school nutrition segment—including school administrators, families, advocacy organizations and state and local legislators—work together to develop strategies that will sustain school meal programs through this extended period of crisis. Communities rely on these programs to deliver nutritious meals to all students, while providing a critical nutrition and hunger safety net for those children most in need.

“We’d have to increase our meal prices by 40% to break even, but our superintendent won’t let us. I may have a nice surplus now, but it’s going to go quick.”

Project Background

Taking Action: SNA, SNF and No Kid Hungry Join Forces

As the leading organization representing school nutrition professionals and advocating for the success of school meal programs, the School Nutrition Association (SNA) was quick to develop resources to help its members, and the profession at large, contend with emerging issues related to evolving supply chain disruptions (see *the box on page 6*). Similarly, No Kid Hungry, a national campaign run by Share Our Strength, an anti-hunger advocacy organization with a primary focus on children, was closely monitoring the worsening supply chain situation and its impact on school meal programs.

The two organizations, along with SNA's sister organization, the School Nutrition Foundation (SNF), have partnered together on initiatives over the years, including SNF's Help Feed School Kids Now fundraising campaign during the early years of the pandemic, which provided grant funding to school districts to purchase personal protection equipment, as well as equipment and supplies to support emergency curbside feeding service. In 2021, the organizations discussed support that SNA needed to enhance its efforts to help members navigate the supply
(continued on page 7)

“SNA and No Kid Hungry sharing resources with us is so helpful—even just to realize that we are not alone in this. It helps to boost morale. Please continue to take our voices forward.”

Supply Chain Innovation Project Listening Sessions

Participant Type	Number of Listening Sessions	Total Number of Participants
School Nutrition Directors with 1-9,999 total enrollment	3	51
School Nutrition Directors with 10,000-24,999 total enrollment	3	67
School Nutrition Directors with 25,000-49,999 total enrollment	3	28
School Nutrition Directors with 50,000+ total enrollment	2	38
Manufacturer/Broker Industry	2	55
Distributor/Broker Industry	2	10
State Agency Officials/Staff	2	25

SNA Takes Action

As supply-related challenges in Spring 2021 began to replace those associated with school closures, SNA took stock of the rapidly deteriorating situation and developed an action plan to address top concerns. This plan resulted in the following projects and initiatives. SNA:

- ✓ Increased communication with USDA and other stakeholders
- ✓ Hosted a Town Hall discussion at its 2021 virtual Annual National Conference (ANC)
- ✓ Published “Tsunami Warning” in *School Nutrition’s* August 2021 issue
- ✓ Created and promoted a Supply Chain Resource Center on *SchoolNutrition.org*
- ✓ Produced videos to inform and educate school nutrition staff, school staff and families about supply-related challenges
- ✓ Sent a letter to Agriculture Secretary Tom Vilsack in August 2021 sharing members’ concerns regarding supply chain disruptions at the start of SY2021-22 and seeking additional program flexibilities and more financial support as prices for food and supplies began to escalate
- ✓ Held a discussion at the annual SNA Patron Meeting in October 2021
- ✓ Surveyed members on supply chain issues and published findings in the *2021 Supply Chain Survey Report*
- ✓ Used SNA’s Action Network to collect feedback on supply chain issues and strategies from members to share with USDA and Congress in November 2021
- ✓ Hosted topical webinars in Fall 2021 and Winter 2022
- ✓ Briefed members of the Biden Administration’s Supply Chain Disruptions Task Force, White House Domestic Policy Council and USDA on the impact of supply chain issues on child nutrition programs
- ✓ Cohosted, with No Kid Hungry, a Virtual Roundtable on Supply Chain Disruptions in December 2021
- ✓ Advocated for greater financial support from USDA and Congress
- ✓ Created a Supply Chain Cohort composed of school nutrition operators, state agency directors and industry partners to identify solutions
- ✓ Hosted panel discussions at the 2022 School Nutrition Industry and Legislative Action Conferences (SNIC, LAC)
- ✓ Promoted the release of *USDA’s Supply Chain Disruptions Report*
- ✓ Hosted a USDA Listening Session with industry partners on the Transitional Standards for Milk, Whole Grains and Sodium and the impact of ongoing supply issues during SNA’s 2022 LAC
- ✓ Published articles related to the supply chain and ongoing challenges expected for school nutrition programs in SY2022-23 in the June/July 2022 issue of *School Nutrition* (“Ready for What’s Next,” “Riding Out the Storm” “You Are Not Alone”)
- ✓ Currently producing new supply chain videos and creating new resources to support SNA members in SY2022-23

**On the digital version of this report embedded links have been provided as available. Use your cursor to hover on items and access.*

chain nightmare. In response, No Kid Hungry provided SNF, a 501 (c) (3) foundation, with grant funding to support the Association's enhanced research, communications and professional development efforts for SNA members through June 2023.

The first project in this joint collaboration was a series of online Listening Sessions among stakeholder groups in K-12 school nutrition. The objectives of these Sessions were to:

- Learn more about school nutrition operators' supply chain challenges and successful solutions that are being implemented in different size school districts.
- Ascertain the biggest challenges facing school nutrition operators in planning for SY2022-23 without emergency waivers, solutions they are already implementing and what resources and support they will need.
- Discover successful practices that state agencies are implementing to support school nutrition programs.

- Explore with industry partners how their companies are managing the supply chain challenges and steps they are taking to support school nutrition programs through the crisis.
- Ascertain from distributors the challenges of working in the school nutrition industry and explore what changes would need to be made to make the market more attractive.

Seventeen Listening Sessions were held, via Zoom, throughout May 2022. An open invitation through SNA communications channels invited members from different stakeholder groups to sign up. Representatives from school districts of varying enrollment sizes, plus distributors, manufacturers and brokers, along with state agency representatives were encouraged to participate (see *the box on page 5*). Discussions were facilitated by current SNA leaders and consultants with experience in the profession.



Findings & Analysis

The School Nutrition Operator Perspective

School nutrition operators continue to struggle to get the products they need...

Since the beginning of the COVID-19 pandemic, school nutrition operations have faced unprecedented product shortages in numerous areas. Initially, many of these shortfalls were closely related to supply imbalances and changing demand in retail and to-go foodservice (with most foods being consumed at home during lockdowns), as well as to infection outbreaks that affected agricultural harvests, food processing, manufacturing line times and transportation.

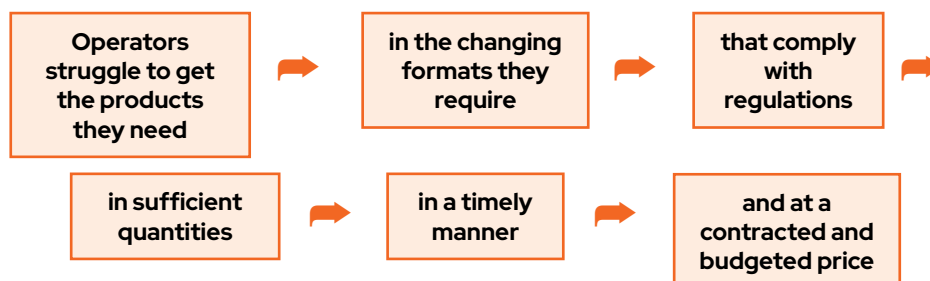
But even after the rollout of vaccines and the reopening of the economy, supply chain disruptions continued to evolve, rather than resolve. Many of the contributing factors have been detailed in the national news: images of a bay filled with container ships waiting to dock and unload, jobs reports revealing low unemployment coupled with high job vacancies and inflationary spikes in fuel and food costs. But others are more consequential of the unique aspects of school nutrition operations.

For example, at the start of SY2021-22, some school districts faced the abrupt cancellation of distributor contracts, signaling the rapid progression of industry exiting the school segment, a trend that was taking root in many parts of the country even before COVID. More specifics about the causes of supply disruptions can be found in the Foodservice Vendor Perspective section that begins on page 17.

The end result is that it has been enormously difficult to keep schools consistently supplied with a host of different products, ranging from staples (bread, milk, chicken) to popular branded processed products (such as PB&J sandwiches and French toast sticks). See the box on

page 9 for more examples cited in the Listening Sessions. Most directors report spending hours on the phone each week with manufacturers and distributors to determine product availability and alternatives, continually scrambling to change planned menus—and apologizing to students and parents. In addition, many are addressing last-minute delivery fails with purchases from local supermarkets and big-box retailers in order to serve meals that day or the next.

Additional impacts on school meal programs have varied, and it is difficult to discern any helpful geographic or demographic patterns. Small, rural districts are arguably hit particularly hard by distribution challenges and insufficient storage space. But a large suburban district is not helped much by its central warehouse if it cannot get products at the volumes needed to serve their high enrollment. Small districts have supplemented their pantries with trips to local retailers—an option not available to a bigger district (and, frankly, probably not appreciated at any level by community shoppers faced with under-stocked retail shelves). In short, all districts in all parts of the country have been profoundly affected by supply issues.



...in the changing formats they require...

In managing school closures in the first year of the pandemic, as well as changing meal service requirements (curbside meals, meal deliveries, meals served in the classroom and socially distanced dining areas), school nutrition operators have made multiple pivots in a short period of time to continuously provide meals to students and families. These pivots have required ongoing changes in the forms and formats of the menu items and ingredients they use.

One month, a district might have needed all prepackaged, individually wrapped meal components that were distributed as part of unitized menus on a daily basis. The next, they were seeking bulk foods—gallons of milk, loaves of bread, cartons of fruit—to better accommodate the needs of families with multiple school-aged children who would receive supplies for a week’s worth of meals at one pick-up. When access to district kitchens was restricted, scratch-made items were off the menu, and districts required further processing of previously ordered bulk items.

Perhaps the only constant since March 2020 has been an increased demand for disposable foodservice packaging

and serviceware—a demand that also increased in the restaurant sector, at a time when other factors were depressing the overall availability of these and related products.

Systemically less nimble than the times required, manufacturers, processors and distributors have struggled to keep up with the rapidly changing service and menu needs of K-12 customers. The increased demand for unitized menu items also collided with pandemic-prompted delays in getting materials for packaging, such as plastic film and inks, difficulties that have continued, and extended to paper and paperboard, for more than a year.

Common and Persistent Product Shortages in SY2021-22

In alphabetical order, as cited by school nutrition directors in districts of all sizes

Beef products	Chicken products	Pork products	Whole-grain items
Bread	Condiments	Produce	Yogurt
Breakfast items	Milk	String Cheese	
Canned fruit	Paper goods	Tomatoes	
Cereal	Pizza	USDA Foods	

“We’re creating a system where everyone is going to fail their state audits.”

...that comply with regulations...

Given that the entire world was caught off-guard by the COVID-19 pandemic, USDA reacted with relative swiftness in providing a wide array of child nutrition program regulatory flexibilities, many of which required approval by Congress, for the remainder of SY2019-20 and extending these in SY2020-21 and again in SY2021-22. More than 100 waivers and other guidance provided for:

- Non-congregate feeding
- Meals served free of charge to all students, regardless of income
- Meals served seven days a week
- Micro purchases from local retailers and other emergency procurement flexibilities
- Suspension of penalties for meals that did not comply with federally mandated school nutrition standards
- Meals served at the higher reimbursement rate of the Summer Food Service Program and Seamless Summer Option

(A complete list of the waivers can be found at: www.fns.usda.gov/fns-disaster-assistance/fns-responds-covid-19/child-nutrition-covid-19-waivers)

It was widely anticipated by USDA, SNA/SNF, No Kid Hungry and many other advocates of school meal programs that Congress would extend waiver options for SY2022-23 to allow operators the opportunity to move gradually back to the requirements of the National School Lunch and School Breakfast Programs (NSLP/SBP).

Manufacturers and distributors could begin to adjust their inventories and get updated bid and forecast information from districts. Unfortunately, however, Congress declined to give full support to waiver extensions for SY2022-23, although certain waivers were extended, with bipartisan support, in a late-June legislative action (see *the box on page 11*).

Another key regulatory crisis looms. Following April 2020 judicial rulings that struck down meal pattern flexibilities previously granted by USDA, agency staff worked to develop a transitional plan to meet its obligations under the law while addressing concerns by operators and industry regarding standards for whole grains, sodium and milk. The transitional standards have not been wholly embraced by

operators or industry to begin with, and supply chain issues are expected to remain acute—with the war in Ukraine predicted to have a profound impact on global wheat supplies. Many district directors have little or no confidence that they will be able to reliably serve meals that meet meal pattern requirements throughout SY2022-23.

Help Wanted!

At the height of pandemic closures and layoffs in the third-quarter of 2020, U.S. unemployment was 13%. By May 2022, it was 3.6%, with two available jobs for every unemployed person. The foodservice and retail sectors have been hit especially hard, with fierce competition throughout communities for cashiers, servers and kitchen staff. According to SNA's *2021 Supply Chain Survey Report*, which surveyed members in Fall 2021, 95% of respondents indicated staff shortages were a challenge for their program. The vast majority (88%) of larger districts (25,000+ enrollment) identified labor as a "significant" challenge.

The impact of labor shortages varies greatly from district to district. In some, the strain is primarily on kitchen staff, compelling operations to pull back on labor-intensive meals, such as scratch-prepped menu items. For others, the impact is felt on the service line, affecting menu choices (increased grab-n-go, decreased salad/food bar days) and points of sale (operators suspending alternative breakfast service in classrooms, hallways and kiosks). Across the board, the pressures of labor shortages, combined with supply issues, have depressed the level of engagement activities, nutrition education opportunities and overall innovation in many school districts.

State agency staff participating in the Listening Sessions indicated that with proper documentation about the inability to obtain products, most school food authorities would be given grace for meal pattern non-compliance during reviews. However, the Listening Sessions also

confirmed that there is a great deal of inconsistency from state to state in how federal rules, waivers and guidance are interpreted, and there is grave concern as to how this will play out at a district's next Administrative or Procurement Review.

At Press Time: Some Relief Is Granted

On June 24, Congress passed The Keep Kids Fed Act of 2022, a bipartisan compromise bill to support school meal programs after the expiration of federal pandemic waivers on June 30. The bill was signed by President Biden on June 25. However, before agreeing to the legislation, the Senate removed a key provision to provide free meals to students who were eligible for reduced-price meals. The package still provides three areas of assistance through SY2022-23:

- Increase federal reimbursements for every school lunch by 40 cents and every school breakfast by 15 cents above the annual inflationary adjustment scheduled for July 1.
- Extend no-cost waivers, including those for schools unable to meet nutrition standards due to supply chain disruptions and to reduce administrative and reporting burdens.
- Extend waivers for 2022 summer meal programs.

"We are extremely disappointed Senate leaders were forced to strike a key provision to eliminate the reduced-price meal co-pay for eligible families struggling with rising food and gas costs," said 2021-22 SNA President Beth Wallace, MBA, SNS. "The loss of free school meals puts too many students at risk of going

hungry." SNA and its members had advocated fiercely for waiver extensions and increased funding since the January publication of its 2022 *Position Paper*, and with the loss of waivers imminent, the Association urged swift passage of the compromise bill.

Then, on June 30, the Biden Administration announced that USDA will provide nearly \$1 billion in additional funding to schools to support the purchase of American-grown foods for meal programs. The \$943 million boost is provided through USDA's Commodity Credit Corporation and funds will be distributed by state agencies. This assistance builds on the \$1 billion in Supply Chain Assistance funds USDA previously allocated in December 2021. "This funding boost is yet another step the Administration is taking to ensure every child who needs a meal, gets

one. No matter the circumstances, USDA and all our partners must continue collaborating to provide our young ones with healthy meals they can count on," said Agriculture Secretary Tom Vilsack in a statement.

USDA notes that while the Keep Kids Fed Act does not allow all students to continue to eat school meals free of charge, the department will work to provide flexibility within its existing authority. This includes extending deadlines for districts to participate in the Community Eligibility Provision, as well as supporting the expansion of direct certification opportunities.

SNA, No Kid Hungry and other allies will continue to monitor challenges for school meal programs in SY2022-23 and advocate with Congress and USDA for necessary support.

"We can't afford to keep buying single-serve portions of fruit cups next year. But if we do buy #10 cans, we can't find anything to portion the fruit into. We might have cups, but we can't get lids. Or vice versa."

...in sufficient quantities and in a timely manner...

Directors have reported product shortages of as many as 150 to 200 items per order. In the Listening Sessions, one small, rural district director reported that 35 cases being delivered instead of the 50 that were ordered had become the norm. The SY2021-22 return to in-person learning models, with the extension of universally-free meals, meant increased student participation in many school cafeterias, making product shortfalls all the more difficult to manage.

Labor shortages at distributors, dairies and manufacturing/processing plants were blamed for mislabeled boxes, inaccurate counts and other devastating mistakes. A director from a large urban school district reported an incident when the milk truck that showed up on site was empty—the dairy had loaded the wrong truck.

While hoarding was publicly discouraged, distributors regularly advised directors to take as much of a product as they could whenever it became available, as there has been little reliability for a steady supply over time. Plus, pressed with their own labor and financial pressures, many distributors could no longer agree to the number and

SET ON SOLUTIONS: *Managing Menus*

Listening Sessions participants identified a wide array of strategies and approaches they put into place to manage supply chain challenges. These may prove helpful to other operators in SY2022-23.

- Emphasized product/ingredient versatility: “If we can’t get two uses out of it, then we don’t order it.”
- Changed from district-wide pizza days to scheduling them for different days of the week at various sites.
- Increased purchases from local producers for vegetables, fruit and even proteins (beef, chicken fish).
- Designated a “Manager’s Choice” one day every other week to allow site managers to clear out inventory.
- Collected creative new recipe ideas from vendors, follow directors and managers, social media and other resources. Many have proven wildly successful with students, including Mac and Cheese with Baked Cheetos and Hamburger with Funyuns.
- Streamlined menus, limiting choices, removing least-popular items and reducing the menu cycle; a two-week menu cycle is now being used by many school nutrition programs.
- Emphasized more grab-n-go items (wraps, sandwiches, prepacked salads), which expedites service.
- Provided more autonomy and authority to site managers to make changes on the fly rather than requiring approval. “It gives them more ownership and understanding of the menu.”
- Explored new combinations of items, marketed under different names, to use certain ingredients more often. For example, add different sauces or inclusions to create multiple versions of mac and cheese, pasta or meat dishes.
- Brought back more scratch cooking to be less reliant on hard-to-get processed items.
- Replaced unreliable fruit cups with fresh, whole fruit options.
- Kept a supply of shelf-stable milk on hand at all schools. Normally, it would only be used for emergencies, breaks and field trips.
- Planned to start the first weeks of SY2022-23 by using the same menu that ended SY2021-22 and not planning to bring in new products until six weeks or so into the new school year.
- Froze various menu items to extend availability for year-round use.

frequency of delivery drops required by most districts and have begun requiring case minimums. This double whammy exacerbated a longstanding problem endemic to most school districts: a profound lack of foodservice storage space at individual school sites.

Indeed, even when delivery delays were announced in advance, school nutrition directors have found themselves scrambling to purchase additional products to fill the

gap—adding expenses to the budget—and anxiously holding their breath that deliveries would not all show up at once and overwhelm limited storage capacity.

Food, beverages and supplies are not the only categories that are difficult to obtain in a timely manner. Equipment and technology vendors acknowledge extraordinarily long waits—six months or more—for new products and replacement parts.

“Curbside feeding helped us develop greater rapport with parents and the community. So, now I can tell them that I’m not happy with our menu this month, but that this is the best I can do.”

...and at a contracted and budgeted price.

According to the U.S. Bureau of Labor Statistics, the annual inflation rate in the United States unexpectedly accelerated to 8.6% in May 2022, the highest since December 1981. Energy prices rose 34.6%, with gasoline spiking 48.7%. Food costs surged an average of 10%, with higher increases in the price of meats, poultry, fish and eggs.

Under these circumstances—along with expected hikes in wages and benefits—many manufacturers and distributors have informed their K-12 clients that they cannot hold to prices that were contracted over a year ago. And in new bids, directors are getting very grim news. One director spoke of a 280% increase in the cost of gloves. One major

“Will Uncrustables be on allocation next year? And if so, do I need to start storing them in my home freezer?”

SET ON SOLUTIONS: *Managing Storage*

Listening Sessions participants identified a wide array of strategies and approaches they put into place to manage supply chain challenges. These may prove helpful to other operators in SY2022-23.

- Sought more shelf-stable alternatives to extend limited cooler/freezer space.
- Purchased a refrigerated trailer.
- Leased warehouse space in the community.
- Explored opportunities to partner with other smaller or mid-size area school districts to split the cost of a shared central warehouse.
- Made plans to build a central warehouse or kitchen (especially larger districts).
- Some large districts that had their own central warehouse offered to receive deliveries for smaller, neighboring districts that had the transportation means to pick up goods and bring them back to their own sites.
- Used all available space for dry goods and supplies, including office areas and the gymnasium.

city director in the Midwest recently revealed an 80% to 137% increase in bread prices for SY2022-23. Another director from a small district in the Northeast shared that his overall food bid increased 20% when an average annual increase is typically between 3% and 5%. Read more about this issue in the Foodservice Vendor Perspective section.

While many school nutrition directors have requested their district leadership approve a meal price increase, some have reported that superintendents and boards of education are resistant to pass along these increases to families in the community, as they, too, are negatively impacted by record-high inflation.

There is consensus among directors that positive program fund balances, which grew based on higher participation and higher reimbursements throughout SY2021-22, will no longer be able to be reinvested in their programs in the form of new equipment, technology upgrades and innovative programming. Instead, without the waivers for universally-free meals and higher reimbursements, fund balances are likely to be drawn down quickly in SY2022-23 to compensate for higher food and labor costs.

“We were one of only a few districts in the state that were in the black going into the pandemic. Next year, the reimbursement drop will put us way in the red.”

Consequences, Concerns & Creative Solutions

Be it food, supplies, technology or major kitchen equipment, there is simply no end in sight to the grueling work involved in trying to get needed items to manage school meal programs. School nutrition professionals at every level continue to tap into deep wells of creativity to identify innovative approaches to meet every new challenge, and many of these are highlighted in the “Set on Solutions” boxes throughout this section.

Product Substitutions Present Safety Risks

Different product formulations for similar items are a serious concern, as many school nutrition operations have an obligation to help parents in managing a child’s food allergies, carbohydrate counts and other medical conditions.

Consider the example of a school site that receives two different meatball products—one made with eggs and one without. An alert and well-trained kitchen team will compare and document ingredient label differences and cross-check any special diet needs of students. The product with the food allergen may need to be rejected or prepared separately and labeled accordingly on the service line.

But much depends on whether the manufacturer/distributor provided accurate documentation for both products with the delivery. Similarly, there is a great deal of responsibility for the school site team—which may be under-staffed and overwhelmed—to be aware of and responsive to the extra steps required to manage the complications of product substitutions.

“We’ve had no bids for our business. There are 20 districts in the north part of our state that have no idea what they are going to do to get food for next year.”

SET ON SOLUTIONS: *Supply Side*

Listening Sessions participants identified a wide array of strategies and approaches they put into place to manage supply chain challenges. These may prove helpful to other operators in SY2022-23.

- Cut pizza boxes and clamshell containers—those with and without compartments—in half to serve as trays.
- Emphasized finger foods and whole fruit to limit need for disposable utensils; marketed “Finger Food Day.” Parents really appreciated this as a “greener” solution.
- Purchased reusable bowls, trays and utensils, although this created more responsibilities for staff without dish machines at their sites.
- Used sheets of paper towels or foil wrap to serve as makeshift plates.

Despite such innovation, the overall situation is unsustainable, and prospects for the year ahead are grim.

- During the Listening Sessions, bidding season was well underway, but many directors reported they had had no responsive bidders and were also worried about finding processors for USDA Foods allotments.
 - One district sent Requests for Information to a whopping 15 dairies without any response.
 - Another large, urban district was compelled to extend bid deadlines four times—each time failing to receive bids. The director was eventually permitted to negotiate directly with vendors to resolve the problem.
 - A dairy that supplies an entire region covering two states is reported to be going out of business.
- Continual product substitutions pose a food safety risk for children with food allergies and certain medical conditions (*see the box on page 14*).
- Higher wages and benefits to attract and retain talent will be welcomed by staff, but, when coupled with rising costs and lower revenues, will decimate budgets.
- Without the incentive of free meals, student participation is expected to plummet, while unpaid meal debt, a serious problem pre-COVID, is predicted to skyrocket. At minimum, schools face a massive and time-consuming outreach campaign to encourage parents to complete household income applications for meal benefits and then to collect and process these applications. A longstanding labor-intensive administrative burden on school meal programs, the education process to explain the revival of this requirement will be a heavy lift.
- Operators and state agency staff both report an erosion in the trust of students, parents and other stakeholders in school meal programs, not only in regard to product substitutions and shortages, but in confusing reports about the continued availability of free school meals for all. School nutrition staff—after being hailed for their heroic efforts during pandemic lockdowns—are now being questioned for their competency by district administrators who see retail shelves well-supplied with popular items.

“When Congress failed to reauthorize all the waivers in March, it was a real slap in the face.”

“Our dish machine broke in September, and we couldn’t get a replacement part until December. And I see a dish machine as a morale booster for the staff.”

“I was advised to order my Thanksgiving turkeys now, in May, or I will not be able to get them for November.”

SET ON SOLUTIONS: *Staffing Shortages*

Listening Sessions participants identified a wide array of strategies and approaches they put into place to manage supply chain challenges. These may prove helpful to other operators in SY2022-23.

- Increased hourly wage rates.
- Implemented an incentive referral program.
- Used staffing agencies to recruit new staff.
- Added new positions in the department to focus on recruitment and training.
- Partnered with the career and technical education (CTE) department to allow students to help in kitchens. With variances from one district to another, the students might get paid, earn high school credits and learn skills to prepare them to work at restaurants in the community. One school nutrition program is collaborating on a brand-new work-based learning program to give participating students experience in budgeting, inventory, culinary and so on.
- Principals and other administrators became partners to help manage vacancies, especially for service.
- Partnered with transportation department to get help from bus drivers.
- Publicized labor issues in the media.
- Authorized students to work for 20 minutes but be paid for a full hour.
- Used volunteers from PTO/PTA to bundle prepackaged foods.
- Used high school student volunteers.
- Created a second shift for part-timers to prepare salads and sandwiches.
- Used staff at more than one location throughout the day.
- Promoted volunteer opportunities to parents and grandparents.
- Developed flexibility about work hours. Before, we'd only hire if the applicant was available to work all days/hours.
- Worked with local restaurants to prepare select menu items.
- Used high school students who are taking college courses on their days off to help serve.
- Provided summer work/hours to staff to retain them over the break.
- Turned certain positions from part-time to full-time to provide contracts/benefits.

School nutrition operators are, in the words of one Listening Sessions participant: “beat down and worn out.”

Listening Sessions participants were asked to identify resources, *besides* extension of federal waivers and increased funding, that would help them better manage current and emerging challenges. These are summarized in the Recommendations for Future Action section beginning on page 21.

“I forced my team outside of their comfort zones, so they could come up with solutions on their own—before they call me.”

The Foodservice Vendor Perspective

During the Listening Sessions, industry participants agreed that problems were rife through every link in the supply chain. They faced difficulties sourcing raw materials, price spikes on those materials, sky-high fuel costs, delays at ports, challenges in staffing production lines and a profound shortage of licensed commercial drivers. (Adding insult to injury, drivers aren't the only thing in scarce supply: There are long delays in getting new vehicles. One distributor shared that they need 400 new trucks—and may only get 10 by the end of 2022!) Even the increased price of lumber has an impact on the pallets needed to transport cases of product.

As a consequence, industry concedes that in the K-12 foodservice segment, fill rates have hovered around 78%, although that includes multiple substitutions and, sometimes, mixed orders with different products (and product formulations). There was acknowledgement that a district might order pizza and get three different brands.

While supply chain disruptions are having an impact on all foodservice segments, industry says they are exacerbated by some longstanding problems with K-12 procurement officers, especially those who seem to have blinders on when it comes to current supply struggles, despite extensive national and industry media coverage of the problems. Several specific examples were cited:

- Some districts keep the same language, same terms, conditions and forecasts in bids year after year, without regard to changing circumstances. One distributor noted that “the asking commitments from schools are almost impossible—the risk quotient keeps growing.”
- Most districts are (understandably) expecting fixed annual prices. But with costs continuing to hit the roof, manufacturers and distributors cannot afford to hold prices more than 30 to 90 days, and some have indicated that holds are a deal-breaker that will cause them to pass on school business. “We cannot afford to get upside down on a school bid if we're asked to hold the [price] for more than 30 days,” remarked one vendor in a Listening Session. Another distributor noted that “If we get four cents on every dollar we sell, that is considered a success. That's the kind of margin we're working with right now.”
- Forecasting is more challenging than ever, given the uncertainties about participation in SY2022-23. Analytics teams are continually crunching numbers. One industry leader estimated that forecasts in school bids are only 30% to 35% accurate.

- Many school clients fail to make critical procurement pivots, including adjusting for longer lead times. Manufacturers are facing extraordinary lead times on certain ingredients, as well as packaging components. Ovenable film, for example, has required as much as a 14-week lead time. In general, brokers estimate lead times ranging from 4 to 10 weeks—and some suggest adjusting expectations for even longer. “Assume 10-week leads times are 16-week lead times,” said one broker.

“I do not see things getting any better; I don't want to be the bearer of bad news, but these times are unprecedented. K-12 is pivoting from nice adaptability to a more-regimented program. Getting food to our K-12 customers is getting more and more challenging.”

The war in Ukraine is expected to have a far-reaching and long-term impact on the wheat market—long after hostilities cease. In addition to grains-based products, wheat is a “hidden” ingredient in numerous items and is also often used in feed for livestock. “The price has already doubled and will go much higher; it's causing a shock wave across the industry and is prompting manufacturers to look at their portfolios,” said one distributor. And with USDA planning to increase the whole-grain percentage requirements for school meal programs, vendors are gravely concerned. “I'm amazed that USDA staff don't seem to understand how it works; how a disruption in one part of the supply chain affects another,” says another distributor.

“Schools have to start acting like the rest of the foodservice industry.”

SET ON SOLUTIONS: *Procurement & Delivery*

Listening Sessions participants identified a wide array of strategies and approaches they put into place to manage supply chain challenges. These may prove helpful to other operators and vendor partners in SY2022-23.

- Stayed in regular communication with brokers about product availability and suggestions for alternatives. (District)
- Provided flexibility for delivery drops—especially of key items—at night, first thing in the morning or Saturdays. (Distributor and District)
- Added suppliers and divided orders to ensure they'd be filled. For example, multiple districts used two different manufacturers for each key menu item. (District)
- Shifted to more fresh produce, given uncertainties with canned and cupped fruit. (District)
- District picked up orders from the distributor's warehouse. (Distributor and District)
- Ordered certain items from retailers, including a pallet of trays from Home Depot. (District)
- Expanded direct ship with manufacturers, accepting full truckloads of product. (District)
- Purchased outside our buying group and away from a prime vendor to as many as 20 other sources. (District)
- Regularly reviewed distributors' in-stock list of commodity products and was willing to order different products/formulations. (District)
- Started making menus and placing orders far in advance. (District)
- Moved to 100% online ordering. (District)
- Used Google sheets with site managers to better track inventory and stay aware of alternatives. (District)
- Encouraged site managers to adjust from daily deliveries to twice a week, with an eye on reducing these to once a week (pending available storage space). (District)
- Worked hard to develop relationships with vendors; this may have meant being first in line for hard-to-get products at times. (District)
- Committed to “over-communicating.” Checked in daily or at least multiple times a week with distributors; distributors were also checking with manufacturers, especially commodity vendors, monthly to assess where they are in production. (All)
- Identified new supplier partners and recruited them to the school space. (Distributor)
- Used grant money to purchase a vehicle to move products around the district. (District)
- Started working with a farm-to-school broker. (District)
- Sought approval from the Board of Education to change procurement specifications to increase the number of approved vendors. (District)
- Bought one or two truckloads and shared product among neighboring districts. (“If 13 districts can approve the same tray, let's go in on it together and we can buy for the whole year and that's one less worry we'll have.”) (District)
- Developed agreements between districts to share warehouse space. (District)
- Brokers identified popular products with good fill rates and pushed those to customers through proactive outreach. (Brokers)
- Will be ordering and stocking up on disposables, paper goods and some shelf-stable items all summer. (District)

“The Need By/Install By dates for equipment? No one can meet these when they are specified in bids. Short turnarounds are just not feasible. Planning ahead is critical.”

“Do you think procurement officers at the district level really understand what’s going on in school nutrition? I’ve had to take three price increases, and when I try to pass them on, some customers have refused. Then I must decide, ‘Can I afford to eat the cost to keep the customer or lose the business?’”

Schools also need to brace themselves for fewer overall options. To manage costs, manufacturers are doing SKU rationalization. Instead of 15 different chicken nugget sizes and formulations, they may offer just three or four. This trend does not bode well for the future, as the federal child nutrition programs face the revival of prescriptive nutrition requirements. Vendors note that there are few, if any, commercial entities who will buy these items to justify the production line time and SKU space. “Schools need to change their expectations,” said one manufacturer. “They have always assumed that companies would have what they need, when they need it. But production on demand is no longer feasible in this environment. You’re going to have to do longer planning and provide for flexibility.”

Equipment manufacturers are also struggling with both labor and supply chain issues. The price of stainless steel increased 20% in April and was expected to rise even higher in May. One cooking equipment manufacturer noted that they were trying to increase production with 30% fewer employees. Leads times on most equipment are six months or more. This also makes it difficult to hold on a price, with some distributors establishing a “price when shipped” stipulation instead.

Distributors and brokers in the Listening Sessions indicated they *want* to continue to serve the K-12 market but need districts (and USDA) to be flexible and work collaboratively to establish terms that are reasonable. “There are some very large districts putting out solicitations and getting no bidders because they leave no room for discussion,” says one distributor.

On the other end of the spectrum are districts that “get it.” One broker cited a district director who reached out to distributors asking what she can do in her bid contracts to make them more appealing. “Relationships matter,” said one manufacturer. “I learned in the pandemic that relationships were the key to resiliency. Whenever possible, the school foodservice team should think about their relationships with vendors—and vendors with other stakeholders. We are all in this together. It’s not just transactional.”

“We want to be part of the solution, but everyone has to be patient and willing to work with each other to get through the next school year.”

State Agency Reflections

Representatives of state agencies who participated in one of two Listening Sessions largely echoed the comments and concerns expressed by school nutrition directors regarding product substitutions, non-response to bids, rising costs, delivery fees, labor vacancies, student/parent fatigue and an expected plummet in participation when families must apply for meal benefits.

They also cited concerns about USDA Foods brown box inventories being down, with early notification of some cancellations for SY2022-23. Even with their own recognition of product shortages, state agency participants noted that districts will need to provide documentation to prove attempted compliance with regulations. One state agency is asking school food authorities to name a third party within the district to document emergency procurements. Without extension of many of the waivers, there will be a new normal to navigate.

All state agency participants in the Listening Sessions agreed that positive fund balances will be drawn down due to lower reimbursements, higher wages and escalating food and supply costs. Understanding the need to retain excess balances against the likely deficits, some state agencies have required corrective action plans on how schools will draw down excess funds to ensure regulations are met, but a few have developed template forms to make this process easier on school nutrition directors.

State agency representatives also acknowledged the need for improved consistency across the country regarding interpretation of USDA directives. They look to USDA staff in Washington to be clear and unambiguous with future communications, eliminating any uncertainty as to whether states read between the lines or apply a literal reading. For example, Administrative and Procurement Reviews are expected to be thorough, but it's unclear what actions will be taken with regard to discrepancies. How will states define "a COVID-19 incident"?

"We're going into a whole new environment. We're not going back to 2019."

State agency Listening Sessions participants also reported other activities and plans, including:

- Outreach to state legislators, warning of "sky-high meal debt" expected for SY2022-23 and requesting their help in educating representatives in Congress
- Intensive training for new directors, especially those who have never been through the application process or a year of complying with all the NSLP and SBP regulations
- Ongoing monthly meetings with directors
- Culinary training for districts planning a transition to scratch-based or speed-scratch meals
- Assistance in using the Paid Lunch Equity (PLE) tool for setting prices (see *the Appendix on page 24*)
- Meeting with superintendents and other education groups to explain current challenges and voice support for school nutrition teams

"We're trying to offer as much grace as possible."

"If we have to deliver bad news, we always try to pair it with a suggestion on how to move forward or offer a contact person to help solve a problem or offer an idea."

Recommendations for Future Action

School nutrition is experiencing an evolution. All stakeholders are vested participants working to ensure our nation's children continue to receive high quality, nutritious meals at school and that students understand the connection between food and health.

Listening Sessions participants were asked to suggest useful resources, *besides* waivers and increased funding, that SNA/SNF and No Kid Hungry could develop to help mitigate the myriad challenges school nutrition professionals, state agency representatives and industry partners will face in SY2022-23. Two broad categories gained consensus.

Communications Tools and Templates

Most important are resources to help parents, school administrators and other community stakeholders understand why school meals are no longer free for all students in most communities. Materials should:

- Span all forms of traditional and social media
- Be available in multiple languages
- Emphasize that this is *not* a local decision
- Encourage parents to complete meal applications
- Communicate new business realities to district administrators and boards of education
- Remind communities of the ongoing heroic work of school nutrition employees

Several participants suggested that No Kid Hungry or USDA develop a national media campaign that supports school nutrition heroes, debunks common myths about the programs ("federally assisted" versus "federally funded") and acknowledges the complexities of this foodservice segment.

*"Stop calling them 'pandemic waivers.'
Think like a politician—they don't want
to hear any more about the pandemic.
Call them 'supply chain waivers.'"*

Ongoing Advocacy

SNA/SNF and No Kid Hungry were encouraged to "keep the heat on federal and state lawmakers" about the growing crisis for school meal programs.

- Continue to build coalitions with partners in the food, foodservice, hunger relief and education communities.
- Work together to educate both USDA and Congress that the combined pressures of supply chain disruptions and the complexities of program administration have created an unsustainable environment that will jeopardize the welfare of children.
- Be creative in outreach. One state has invested time in educating state lawmakers, asking for their help in gaining support from their colleagues at the national level.
- Advocate for consistent interpretations by state agencies regarding federal directives. Encourage USDA to provide more clarity to states.
- Help USDA understand the real risk of continuing to create regulatory disincentives for ongoing industry participation in school foodservice. "A 30-page memo on yogurt? Products have to be so narrowly tailored to schools that no other segment wants it," said an industry partner, acknowledging that, in this difficult business climate, vendors are making tough decisions about line times and SKU rationalization.

“My team has had more professional development than ever before! Keep it coming.”

Other

Other suggestions that earned multiple mentions included the following:

Grants: Unrestricted grants that reflected operational needs like labor and professional development were a top wish list item. In addition, grants to fund the development of staff recruitment and retention resources were identified.

Training: Several participants were especially appreciative of the virtual offerings available since the pandemic and encouraged development of more training, in both virtual and in-person formats. Among the most popular suggestions were meal pattern, offer-vs.-serve and other training that would help newer staff who are unfamiliar with NSLP/SBP requirements.

But a number of director participants indicated that more training was unnecessary and insufficient in addressing the most critical challenges.

Procurement and Business Training. Industry partners requested SNA/SNF/No Kid Hungry sponsor procurement training for school nutrition directors and school business officials charged with purchasing responsibilities. Training on the “real business” of school nutrition could help improve operator awareness of newer best practices in updating bid language and writing realistic documents that

- include price escalation clauses;
- set credible timelines for suppliers and distributors;
- demonstrate creative flexibility for delivery options;
- ensure that allergens, along with unwanted additives and food colors are specified; and
- reflect more accurate forecasts.

One director from a mid-size district acknowledged that they “ultimately had to change the way we were purchasing in order to stabilize the situation.” Best practices in easing procurement pains have included robust and frequent communications among manufacturers, distributors and districts—and the recognition that business cannot continue to be conducted as usual. See the box at right for steps directors can take immediately.

A Procurement Primer

Listening Sessions participants suggested some immediate steps school nutrition directors should take to improve their bid writing and the bid timeline.

- The timeline should begin with the day of first delivery, then work backwards.
 - Plan to give distributors 8 to 12 weeks to review documents and get manufacturer pricing.
 - Plan to complete the district review of submitted documents within 2 weeks.
 - Plan for school board approval to take 2-4 weeks.
 - Submit first orders for delivery prior to the start of the school year.
- Review current bids and update the terms and conditions language.
- Review usage reports from distributor, identify novel items and forecast carefully, planning for 2-3 months.
- Learn more about the GS-1 initiative to leverage the GDSN (Global Data Synchronization Network) for procurement and inventory.

Ongoing Sharing. Directors and industry alike are big fans of the increased opportunities to network in virtual formats. The wish list includes any facilitation that “will get people together to brainstorm solutions.”

Final Thoughts

It is essential that all stakeholders in the school nutrition segment—district directors and supervisors, industry partners, state agencies, allied organizations, school administrators, lawmakers and USDA—work together to develop strategies that will sustain school meal programs through this extended period of crisis. Communities rely on these programs to deliver nutritious meals to *all* students, while providing a critical nutrition and hunger safety net for those children most in need.

Appendix: Glossary of Terms

K-12 school nutrition organizations and programs, plus other key regulatory and procurement terms related to the current supply crisis

Organizations

School Nutrition Association (SNA): SNA is the national organization of school nutrition professionals committed to advancing the quality of school meal programs through education and advocacy.

School Nutrition Foundation (SNF): SNF, or “the Foundation,” is the charitable arm of the School Nutrition Association. It is a 501 (c) (3) foundation with an independent board of directors composed of school nutrition directors and industry partners. Its mission is to advance school meal programs by providing resources to school nutrition professionals.

No Kid Hungry: No child should go hungry in America. But 1 in 6 kids in the United States face hunger today. No Kid Hungry is working to end childhood hunger by helping launch and improve programs that give all kids the healthy food they need to thrive. This is a problem we know how to solve. No Kid Hungry is a campaign of Share Our Strength, an organization committed to ending hunger and poverty.

U.S. Department of Agriculture (USDA): USDA is the federal agency charged with the authority to administer the federal child nutrition programs through **state agencies (SAs)** that contract with individual **school food authorities (SFAs)**.

Federal Child Nutrition Programs

National School Lunch Program (NSLP): The NSLP is a federally assisted meal program operating in public and nonprofit private schools and residential childcare institutions. It provides nutritionally balanced, low-cost or free lunches to children each school day. The program was established under the National School Lunch Act, signed by President Harry Truman in 1946.

School Breakfast Program (SBP): The SBP is a federally assisted meal program that provides nutritious breakfasts to students in public and nonprofit private schools and residential childcare institutions. The SBP provides low-cost or free breakfasts on days when school is in session. It was first established as a pilot program in 1966.

Summer Food Service Program (SFSP): The SFSP is a federally funded program that reimburses program operators who serve free, healthy meals and snacks to children and teens in low-income areas when school is not in session. School food authorities (SFAs) were provided authority to operate school meal programs under the SFSP when schools were closed during the COVID-19 pandemic and then when waivers were extended through SY2021-22.

USDA Foods: Formerly known as the Commodity Foods Program, USDA Foods are purchased and provided to schools at minimal cost. USDA Foods are available as unprocessed bulk ingredients (“brown box”) or may be processed, either by USDA or state agencies through contracts or by individual SFAs, into various menu items. SFAs also may use USDA Foods entitlement dollars to procure produce from the **USDA DoD Fresh** program, a partnership between USDA and the Department of Defense Logistics Agency to increase access to fresh produce for school children.

Other Terms

Buy American: The Buy American provision mandates that SFAs purchase domestic foods and food products. There are two limited exceptions: when the product is not available in the U.S. in sufficient or reasonably available quantities of a satisfactory quality; and if competitive bids reveal the cost of a U.S. food is significantly higher than a non-domestic product.

Meal Eligibility Applications: Meals served in the federal child nutrition program are reimbursed at three levels (free, reduced-price and paid) based on a student's income eligibility. Families are asked to complete and submit applications to receive meal benefits, unless SFAs qualify to opt into administrative provisions such as the **Community Eligibility Provision (CEP)** that allow all meals served at sites in low-income areas to be served at the free rate. In addition, SFAs may be able to eliminate collection of household applications through **direct certification**, using data from the federal Supplemental Nutrition Assistance Program. Through much of the COVID-19 crisis, schools were given the authority to serve all meals free of charge, without requiring families to complete applications.

Meal Patterns: Meal Patterns are the reference of minimum amounts (across a week) of required food components for meals served in the NSLP and SBP. Amounts vary in different grade-level categories. The meal patterns also include standards for calories, saturated and trans fats and sodium.

Paid Lunch Equity (PLE): PLE is a requirement of the NSLP that directs SFAs with a negative fund balance to increase local meal prices in the paid meal category.

Request for Information (RFI): An RFI is a common business practice whose purpose is to collect written information about the capabilities of various suppliers. In K-12 school nutrition, it provides decision-makers with more details in determining next steps for a procurement.

Request for Proposal (RFP): An RFP is a document to solicit proposals, often through a bidding process. It is issued by a school district interested in procurement of food, supplies, equipment or other valuable assets. The document is sent to potential suppliers.

Seamless Summer Option (SSO): SSO is another administrative option for sponsors participating in summer meal programs, reducing paperwork by allowing sponsors to serve summer meals under the NSLP and SBP. During the COVID emergency, SSO was made an option for SFAs serving meals outside the cafeteria during the school year.

SKUs: SKUs (Stock Keeping Units) are numbers assigned to individual products to assist management of inventory from the manufacturer to the distributor to the retailer/foodservice operation. **SKU Rationalization** is a manufacturer's process of analyzing current products and eliminating SKUs, most often for low performance or product redundancy, for operational efficiencies.

School Nutrition Association | 2900 S. Quincy Street, Suite 700 | Arlington, VA 22206 | 800.877.8822

snf@schoolnutrition.org

www.schoolnutrition.org