

USDA/FNS/Food Distribution

Project No. 3 (Completed)

Project No. 3: Poultry Substitution
State Partners: All states processing with poultry processors authorized to substitute
Industry Partners: See Approved List at: www.fns.usda.gov/fdd/fd2000/updates/state_pypilotlist.pdf

The poultry substitution regulations are posted on the Food Distribution Web site at:
http://www.fns.usda.gov/fdd/regs/final/7cfr250_02-poultsubrule.pdf. Click on link to access.

Scope: All poultry products processed by poultry processors authorized to substitute.

Background: Processing regulations did not permit the substitution of poultry products. Non-substitution, non-division means processors are required to process specific truckload orders purchased for a specific state into end products that could only be delivered to the intended state. In 1996, USDA issued a federal register notice waiving this regulation to test the substitution of poultry products on a pre-approved basis

Concept Tested: The substitution of truckload orders of commodity for other truckload orders of commodities and the substitution of certified commercial poultry for commodity poultry.

Process Description: Substitution may occur when an order is purchased and produced and delivered to a processor for a State. Depending on the processor's substitution authority the commodity may be processed into end products for other states or commercial products. The original delivery order then becomes book inventory at the processor. At a later, agreed upon date, end products are then processed under grading and delivered to States or school districts.

Substitution has alleviated some production, delivery and inventory problems. A standard yield system ensures that stakeholders receive the full benefit of the substitution process. Substitution absent a standardized yield system creates reporting and tracking challenges. It becomes difficult to determine the quantity of end products due. Guidance has been issued to facilitate the tracking. USDA is working with the ACDA processing committee to improve the monthly performance report.

Status: Regulations were issued in October 2002 permanently permitting the substitution of poultry products.

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