

USDA/FNS/Food Distribution

Project No. 4 (Completed)

Project No. 4: Poultry Banking System
State Partners: Colorado and Texas
Industry Partner: Tyson Foods

Reference: To view and/or download an executive summary report on the Food Distribution 2000 poultry pilot projects for the State of Colorado, click on the following Food Distribution Web Site link:
(www.fns.usda.gov/fdd/fd2000/rpts/CO-ExecSum.pdf).

Scope: The concepts of the pilot may be implemented nationally in accordance with USDA procedures and regulations, and as agreed upon by USDA, processors and recipients.

Background:

Guaranteed minimum yield (GMY): Schools typically receive "extra" processed product due to the GMY requirement that processors must meet. If a processor produced less than the GMY they must reimburse the District for meat cost and if the processor yields higher, then the District must take "extra" finished goods. Neither District nor processors like the under yield and "extra" product creates problems for Districts.

Production and Distribution: When commodities are processed, the end products are segregated from regular commercial production and distributed either through the State commodity system or distributed directly to large school districts.

Product ordering, distribution and menuing: Districts receive their commercial chicken products through one-system and commodity products through another. Menu disruptions occur.

Variety: Outside the pilot, districts are limited to the end products produced at the plant receiving their bulk pack chicken order. This limits the varieties available order as commodity end products.

Concepts Tested:

- Standard yield - each truck of bulk chicken will be required to yield 63% boneless meat in natural proportions of white and dark meat. Also, the boneless meat blocks will yield a standard number of cases of end product. This allows for predictable production quantities.
- Seamless production, ordering, distribution and menuing - Districts will be able to order chicken products from their commercial distributor on a just in time, demand basis, throughout the year.
- Meat block bank account - Distributors will bill Districts either fee for service or commercial price depending on the districts' white and dark meat bank account balance.
- Internet based ordering - The processor will house all white and dark meat bank account balances, products, and schedules on an Internet system.

Process Description:

- State Distributing Agencies (SDAs) alert Districts and processor of their allocation of bulk chicken.
- The allocation is converted to pounds of dark and white meat by district (or co-op in NC).
- Throughout the school year Districts order commercial products, based on their menu needs, through their existing commercial product distributor or manufacturer direct.
- A separate balance of white and dark meat is maintained.
- As districts are shipped products, a draw down will occur in their account, based on the pounds of donated (white or dark) meat in the end product.
- Distributors will bill Districts based on their account balances. Schools will be billed the lower fee for service price as long as they have commodities left in their account balance. When they run out of commodities the distributor bills them at the commercial bid price.

Status/Next Step: The project has been completed that included both the Colorado and Texas special pilot features. The company has submitted a master agreement to USDA/AMS/FNS that incorporates all of the features that were covered during the demonstration period. All of the elements must be approved by USDA/FNS/AMS prior to implementation.

All school foodservice and state agencies will be offered an opportunity to implement the pilot features in SY 2002-2003.

Further information and assessment reports are available upon request from the following:

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