



# VALUE PASS THROUGH METHODS

# REBATE

- A system whereby a recipient agency purchases a processor's end product at the commercial price and receives a payment from the processor based on the value of donated food contained in that product.

# Rebates

- Recipients shall submit rebate applications within 30 days of the close of the month in which the sale was made.
- Processor should pay the rebate within 30 days of receiving the rebate application.
- If the rebate is <\$25, the recipient can accumulate them and submit them quarterly.

# DIRECT DISCOUNT

- The processor sells the end product to the recipient at an established price, minus the value of the donated food contained in the case. (A net price)

# FEE FOR SERVICE

- This is the price per case a processor charges to convert raw commodities into a finished product.
- The fee could be:
  - FOB Plant
  - FOB Destination
  - Delivered

# INDIRECT SALES/HYBRID

- This Value Pass Through System allows the processor to utilize a distributor who discounts the commercial case price of the product to the recipient agency by the value of the donated food contained in the case. The distributor then applies for a rebate from the processor.

# Alternate Value Pass Throughs

- Any alternate system approved by FNS

# Net Off Invoice

Variation on the hybrid system found

At 250.30 (e)(ii)

# Net off Invoice

The distributor sells to the recipient at the net price and then uses his velocity report as a rebate application to the processor

# Net Off Invoice

## What to consider

Is the processor operating under Standard Yield? (Poultry or tomatoes/potatoes)

Will the State delegate sales verification to the processor as allowed by 250.19(b)(2)(vi)?

How will the State do the 10% reverification of reported sales?

How is raw inventory drawdown at the processor?

# Net off Invoice

## What to consider

Has the Standard Yield EPDS been signed by AMS Grading for poultry products?

Has the Standard Yield EPDS been signed by FNS for tomatoes/potatoes?

# Net off Invoice

What impact does NOI have on State warehousing?

Will delivery costs for non-processed commodities rise?

Should this be the only VPT system allowed for the processor?

How do you compare NOI with other VPT systems in procurement?

## Net off Invoice

What training and guidance does the State need to make available to recipient agencies?

What amendments need to be made to the processing contract?

# Net OFF Invoice

Net off invoice is a nationally approved Value Pass Through system.

THE STATE DETERMINES WHAT METHODS OF VALUE PASS THROUGH WILL BE USED IN THE STATE

Is NOI good for the State? Is NOI good for recipients? Only the State can decide.