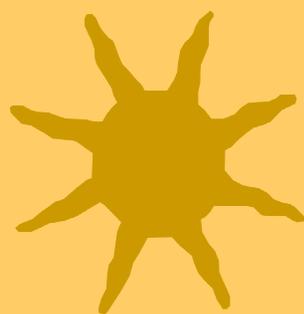




# **Food and Nutrition Service Food Distribution**

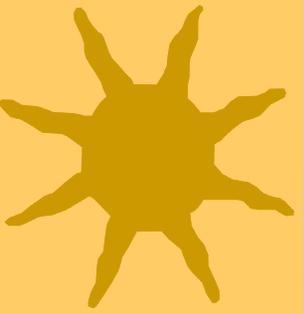
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***Cathie McCullough, Director  
Food Distribution Division***



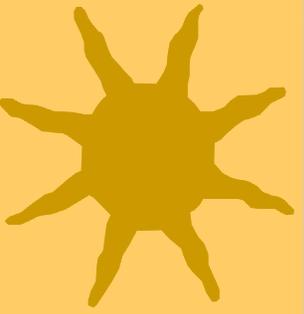
# **THE COMMODITY CONNECTION**

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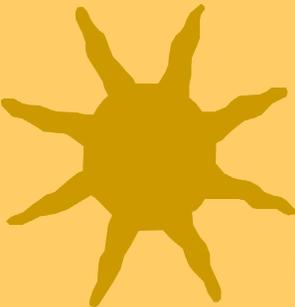
**Food And Nutrition Service (FNS)**

**Agricultural Marketing Service (AMS)**



**Farm Service Agency (FSA)**

**Food Safety Inspection Service (FSIS)**



# OVERVIEW

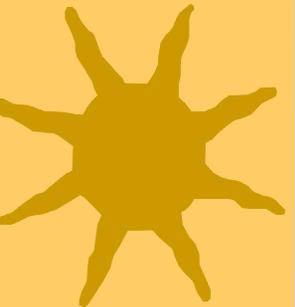
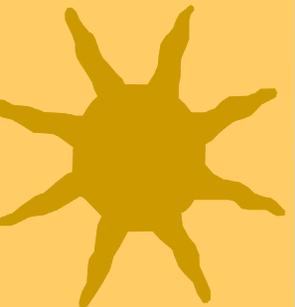
## FNS, AMS, FSA, FSIS

☯ FNS/FDD administers USDA's commodity programs.

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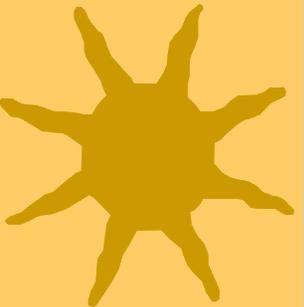
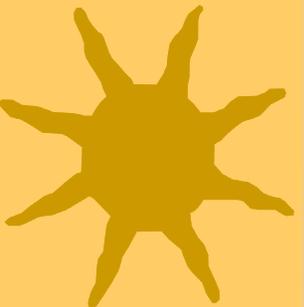
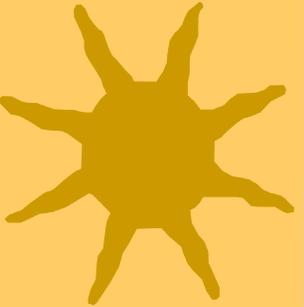
☯ FDD works with AMS/FSA to plan annual commodity purchases, based on the amount of money available in each program and on market conditions.

☯ FSIS protects consumers by ensuring that meat, poultry, and egg products are safe, wholesome, and accurately labeled.

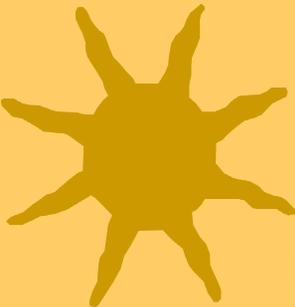




# USDA PARTNER PROJECTS

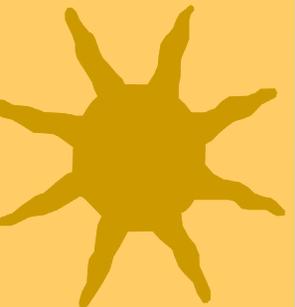


<b>QUESO BLANCO CHEESE</b>	<b>TOMATO/POTATO DEMO</b>	<b>BONELESS COMBOS/GROUND BEEF</b>
<b>AMS EARLIER INVITATIONS</b>	<b>TIMING OF PURCHASES</b>	<b>AMS VENDOR PRE-APPROVAL</b>
<b>ONE PUBLIC FACE</b>	<b>NFDM</b>	<b>SOC DECISION MINNESOTA PILOT</b>

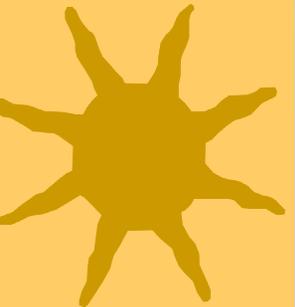


# **THE LAST ACTIVE FD 2000 PILOTS**

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**MINNESOTA PILOT  
(Group B and Poultry)**



**GUARANTEED RETURN PILOT**

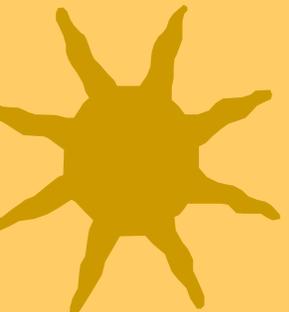
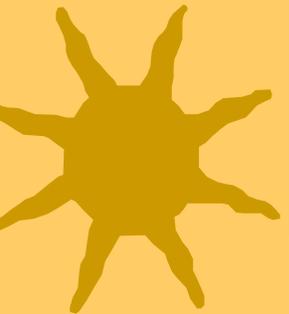
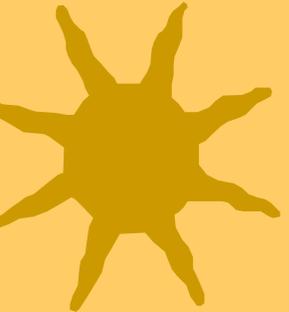


## *Minnesota Pilot tested...*

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Several FD 2000 concepts, including:

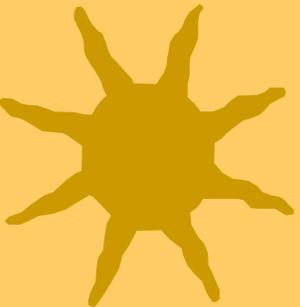
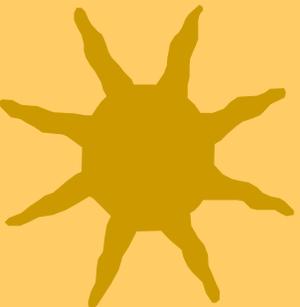
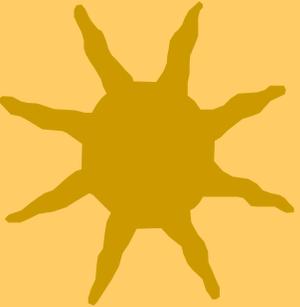
- ★ Demand Driven Ordering – CLics
- ★ Commercial Seamless Distribution
- ★ Processor specific procurement specs
  - For Flour
- ★ Alternative VPT system – State Rebate





# *Minnesota Pilot in brief...*

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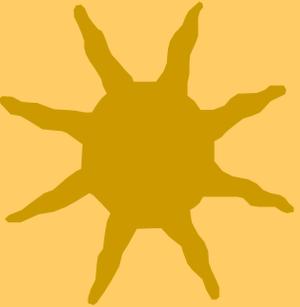


- **Schools forecast need; order desired commodities and direct bulk commodities to participating processors**
- **Processors receive commodities -pay MN cash**
- **Brown box commodities to central commercial whse.  
– Distributor pick up and delivery – 60 day dwell**
- **Schools order end products thru distributor**
- **Distributor submits sales report to MN**
- **MN issues rebate check to schools**



# *Issues and concerns...*

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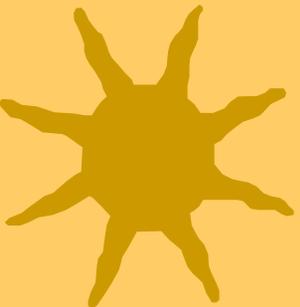
After reviewing the evaluation, feedback from the State, and interviews with stakeholders...

- Concluded this alternative VPT:

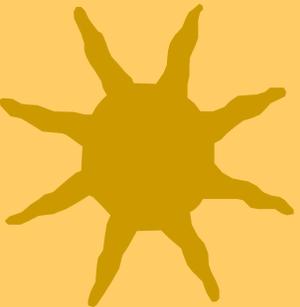
Not applicable nationally – other options

Less cost effective – gross vs. net

Restricts competition and trade (cashflow)



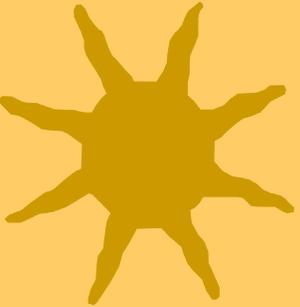
- **Other options exist and many benefits remain from the major overhaul of the State system.**



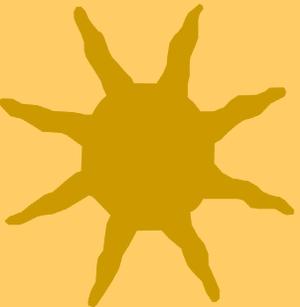


## *SOC Decision...*

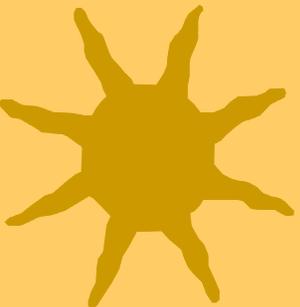
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★ **Approved extension thru SY 2005**



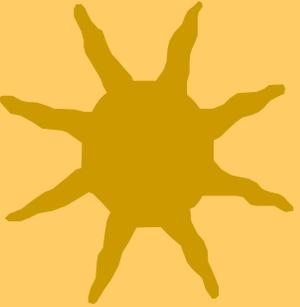
★ **State Rebate will terminate June 30, 2005**



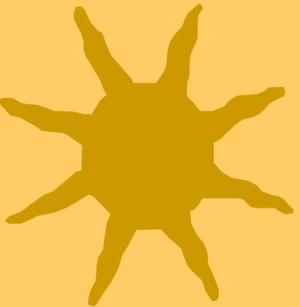


# *Guaranteed Return*

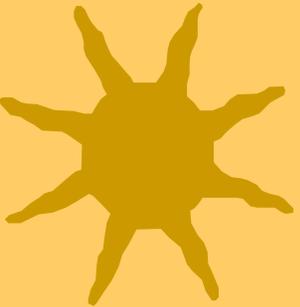
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Several FD 2000 concepts including:



- ★ EPDS Guaranteed (average) Return
- ★ Process Certification Control Procedure
- ★ Seamless Production and Shipping





# *GR Benefits*

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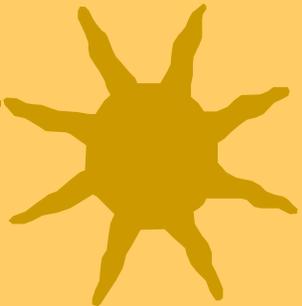
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- Quantities are constant

- Schools receive exact amounts

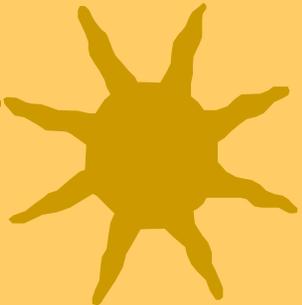
- Purchase orders and allocations remain constant



- Record keeping simpler and more accountable

- No State reconciliation of grading certificates - No MGC 44's

- AMS Grader Monitoring and Monthly CPA Audit



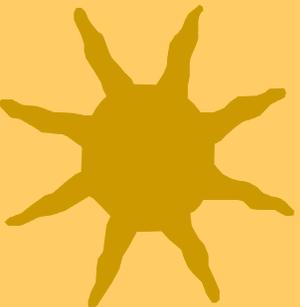
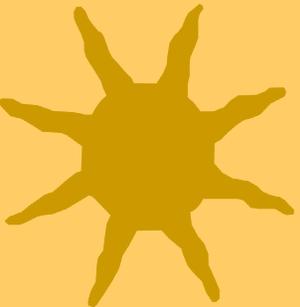
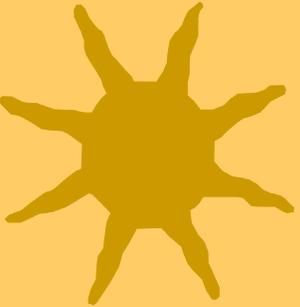
- Substituting commodity for commodity more effective with GR- FIFO & streamlined production and shipping

- Value Added Process Control Certification



## *SOC Decision...*

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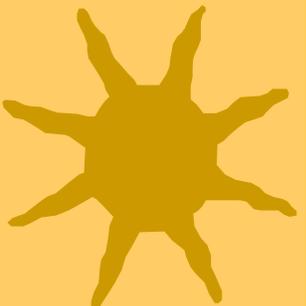
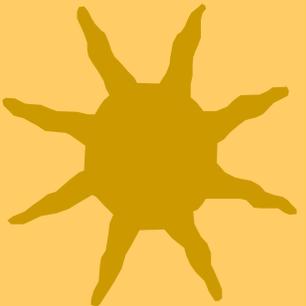
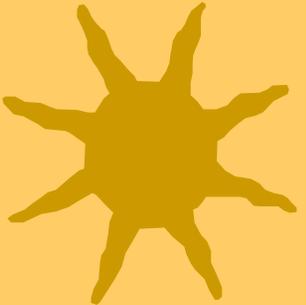


- ★ **Approval by SOC last year contingent upon FNS and AMS instituting procedures to ensure accountability and integrity**

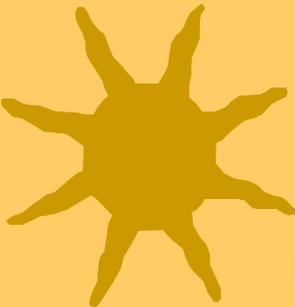


# *Guaranteed Return Procedures*

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- ★ **State MPR draws down based on the GR**
- ★ **AMS monitors Monthly Performance Report with actual yields**
- ★ **CPA Monthly Audit ...reconciliation of State reports to the national report**

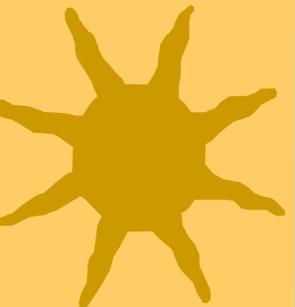
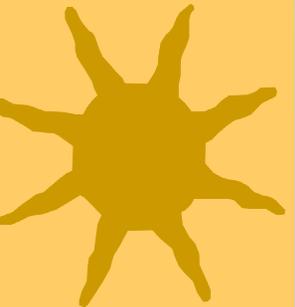


# **Food Service Management commodity value**



## **Your Thoughts...?**

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- 
- 1. The USDA purchase price, or other value designated by the DA in crediting the SFA's entitlement (or Planned Assistance Level).**
  - 2. A value negotiated by the SFA and FSMC to reflect prices for the same or similar commercial or to incorporate storage and delivery costs associated with commodities.**