



Food Distribution National Policy Memorandum

United States
Department of
Agriculture

DATE: October 15, 2004

Food and
Nutrition
Service

POLICY NO.: FD-030: State Processing (reissued)

3101 Park
Center Drive

SUBJECT: National Approval of End Product Data Schedules

Alexandria, VA
22302-1500

Based on the positive feedback received from approval of nonfat dry milk end product data schedules, the School Food Industry Roundtable and the American Commodity Distribution Association (ACDA) have requested that the Food Distribution Division (FDD) headquarters office assume responsibility for approving all commodity processing end product data schedules (EPDS).

We intend to phase in EPDS approval for **Multi-State Food Processors** over the next two years. A multi-state food processor is a processor who has entered into a processing agreement with agencies in more than one State, or a processor who has entered into a processing agreement with an agency that is in a State other than where the processor's plant or business office is located.

School Year 2005-2006: FDD approval of all EPDS utilizing fruit, vegetable, cheese, non-fat dry milk, and eggs. AMS Poultry will approve all poultry products.

School Year 2006-2007: FDD approval of all other EPDS utilizing other "Group B" commodities (i.e. grain, peanut and oil). AMS Livestock will approve all red meat EPDS.

After reviewing the impending workload, we see many advantages to national approval of EPDS.

- Time savings and paperwork reduction for State agencies

(Note: Based on ACDA's processing survey for school year 2001, the average State agency has 29 processing agreements with 391 EPDS. Review and approval of these EPDS by each State agency results in a largely redundant duplication of paperwork since a significant number of these EPDS are offered to every State. We estimate national approval of EPDS will save the average State 40 to 90 personnel hours, and that is only the first step!)

- Increased technical support and improved communication with commodity processors

(Note: National approval of EPDS will create a single point of contact for processors to receive information concerning correct completion of EPDS. This

direct communication will facilitate resolution of issues that transcend State lines (such as meat and poultry grading or food safety recalls) and often involve communication with Agricultural Marketing Service (AMS) or Farm Service Agency.)

- Supports ACDA recommendation and FDD initiative to move to National Processing Agreements

(Note: There are numerous advantages to National Processing Agreements among which are significant time and paperwork savings for State agencies, streamlining the processing program, and removing non-value added costs associated with doing business. National approval of EPDS is the first step moving toward National Processing Agreements. We recently charged State and Industry task forces with identifying barriers to National Processing and maximizing the use of technology to facilitate further processing. The input and feedback we are receiving from our State and industry partners is helping us set the stage for significant improvements, and we very much appreciate the spirit of cooperation.)

Over the next few months, we will be working closely with ACDA's Processing Committee to revise EPDS to remove pricing, leading toward permanent approval of the EPDS until the formulation changes. Eventually, States will no longer receive EPDS from processors, but instead will receive Summary End Product Data Schedules (SEPDS). The SEPDS will contain all necessary information for recipients to effectively order commodities for processing and State agencies to monitor and oversee the program.

An example of this new format can be seen in Schwan's Foods Service EPDS and SEPDS for school year 2004-2005 processing agreement. A separate memorandum will be issued describing the changes in more detail.

Over the next few weeks we will develop EPDS approval procedures and a system for communicating nationally approved EPDS to State agencies. We appreciate your patience as we work to streamline the processing program. Questions or comments should be directed to David Brothers at (703) 305 – 2668, David.Brothers@fns.usda.gov, or Sherry Thackeray (703) 305 – 2652, Sherry.Thackeray@fns.usda.gov.


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