

What is your N.O.I. I.Q.?

**By
Ann Smith**

- 1) What methods of processing are utilized in the State of Ky?**
 - a) Fee for Service: FSD allocates product to a specific processor who then produces said product and delivers it to the chosen distributor in a pre-arranged delivery schedule. The distributor will then deliver the product to the individual schools in a district on a pre-determined number of cases per school that the FSD has ordered from the distributor. Under this processing method the processor bills the school a “Fee for processing the commodity in to a specified product”. This bill goes directly from the processor to the director and has only billed for the ingredients added, making the product and delivery to the distributor.
The distributor will ALSO bill the director for their storage and delivery of the processed product. This is a cost per case that has been bid and awarded to a specific distributor per region, by KDA**
 - b) Net Off Invoice: FSD allocates commodity product to a specific processor who has approved products for purchase using substitutable commodity offerings. Any distributor that has an active food bid with your school can deliver these products. The distributor bills the director your awarded bid price less the commodity value per case. This will continue until all of your allocated poundage has been utilized with this processor. The processor then credits the distributor the commodity value from your commodity \$**
 - c) Please note that it is not a requirement of KDA for you to use your regional commodity distributor to deliver your NOI products.**
 - d) NOI is ONLY available on substitutable commodities at this time. Meaning that Beef & Pork items can Not be**

- e) purchased under NOI just Fee for Service ...HOWEVER... any commodity offering can be obtained under Fee for Service.

- 2) How are commodity orders placed?
 - a) In ECOS starting this year, just like your brown box orders.
 - b) We will go in to this topic in depth at our conference in Bowling Green Nov 26-28 so be sure to be there.

- 3) Where do I find out if my product has been allocated and sent to the processor and then by the distributor?
 - a) All of this can be found in ECOS.

 - b) If you see in ECOS that the distributor has received your product but it is not showing in their system, call your distributor and ask why .

 - c) Always check ECOS 1st before looking at any of the reporting systems available like K-12 & If you see your allocations in ECOS but it is not showing in your reporting system then call the processor & ask why.

 - d) If you are participating in NOI & have problems with processors or distributors you must go to them 1st. We at KDA are pretty much out of the loop. If your problems can not be solved this way then we can try to help.

- 4) Who decides the price that the processor must pay me for damaged or undelivered product?
 - a) The price is always based on the November 15 USDA pricing published. Sometimes this price is higher than what you were charged and sometimes it is lower but it usually evens out in the long run. It would be impossible to try to figure out which truck the missing product was made from and the price per pound paid for that truck. Each time the USDA goes out for bid to purchase commodity product, different pricing comes back just as your grocery store

changes pricing dependent on market conditions. If they guaranteed your pricing for the whole year, you would lose the advantage of the lower pricing sometimes available on purchases.

5) Current issues with Processing:

- a) A521 small birds are used for 8 piece cooked chicken
- b) A522 big birds are used for everything else without a bone
- c) It is very important that you figure out the proper commodity as well as how many pounds you need to divert PRIOR to placing your orders on ECOS.

BECAUSE.....

- d) Changing of allocations from one processor to another or one product to another can not always be done. If the product has already been purchased by USDA, chances are very small that this will be done because there may be insufficient poundage at the requested processor as well as leaving the poundage you requested at the 1st processor without a home.
- e) Cancellation of products requested happens because:
 - 1) Insufficient poundage requested
 - 2) Insufficient funding left at the school level
 - 3) Product not offered at that time by the USDA
 - 4) If a truck is purchased too much poundage will be left over with no one to purchase it
- f) Systems like K-12 & _____ are strictly reporting systems and as such can only report to you what has been loaded in to them by information given by your processors. They also must use the Nov 15 USDA cost so the \$ they show as cost is figured using this.

The only item that should match your calculations is the poundage not the cost per pound or per case.

- g) Any requests you have for additional product or switching processors have to be sent to our office in e-mail format. You can not just phone in the changes. These things take time to accomplish and once they are complete you will get an e-mail letting you know if it was possible and completed.