

# USDA Commodities

To Process or Not to Process...  
That is the question!

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## Introduction

- In today's session, we will discuss USDA commodity offerings together with your options for utilizing them.
- USDA Commodities are a wonderful thing, use them wisely and we all win!

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## USDA Commodities are...

- More important than ever in helping your program remain in the black!
- More valuable than ever
- Always American grown
- Assure your program stays afloat in these turbulent times

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## Did You Know....

- Every school that participates in the National School Lunch Program is eligible for USDA commodities
- All USDA Commodities are American Grown
- Commodities account for 15-20% of school nutrition program food purchases.

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## Were you aware....

- Schools are NEVER required to accept any commodity item they cannot effectively use or do not want to use.
- USDA Commodities are healthy food choices since they contain less sodium, sugar and fat than the purchased equivalent making them "Healthy" under the FDA standard. They also offer more whole grain options as well as fresh fruits & vegetables.
- USDA's commodity improvements are keeping pace with current nutrition and health advancements.

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## Options for your Commodities

- There are several ways to utilize your commodities
- As they come "Brown Box"
- Ingredients in other recipes
- Have them "Processed" in to value added finished products that are the same as the products you currently purchase.

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## Brown Box Commodities

- You can use your entitlement dollars to purchase USDA Commodity products. These come straight from the packer without incurring any extra cost other than the delivery and storage fee from your state contracted commodity distributor.
- This option may be the best one for school systems that cook a lot from scratch or smaller systems that can't store a lot of product.

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## Processing your Commodities

- Processing can enable you to serve affordable "restaurant style" offerings while keeping the nutritional standards high as well as the cost low.
- For a small fee, commodities can be sent from USDA to processors. With the addition of materials from that processor, your commodity is made in to a value added item. Instead of receiving a 60# block of raw pork or chicken, you get back pizza, sausage, hamburgers and/or chicken nuggets.
- Product is usually the same product that you purchase but is made using commodities.
- Processing allows you to receive precooked items that taste exactly the same no matter what school you attend or which cook made it.
- Enables you to serve a product that was too expensive for you to purchase otherwise increasing your participation as well as your profit.

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## Methods Utilized in Ky for Processing Commodities

- Fee For Service
- Net Off Invoice or, N.O.I.

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## Fee For Service

- Director goes on ECOS and "requests" allocation poundage of a commodity offering to be sent to a specific Processor.
- KDA reviews the requests, builds the trucks and purchases the commodities to be sent to the processor of your choosing.
- Processor makes the end product, ships it to your chosen distributor then bills you directly. You do NOT have to use the state contracted commodity distributor.

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## Net Off Invoice / N.O.I.

- Director requests commodity allocation on ECOS.
- SDA reviews, combines & purchases trucks for selected processors.
- Director places items on bid and contracts with NOI /Bid winning Distributor
- Director purchases products for cost less value of commodity contained in product.
- Director tracks purchases verifying all commodity has been received and credit given.
- You do NOT have to use the state contracted commodity distributor for delivery of this method

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## Bonus Commodities

- These are purchased periodically by USDA in order to stabilize the agricultural market.
- They are offered to schools as an option without using any of their entitlement dollars.
- USDA plans for & purchases these with appropriated funding, well in advance of each school year. This is based on the States ordering history.

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