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DEPARTMENT OF EDUCATION
LANSING



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SUPERINTENDENT OF
PUBLIC INSTRUCTION

January 13, 2011

MEMORANDUM

TO: Local and Intermediate School District Superintendents, Public School Academy Directors, and Nonpublic School Administrators

FROM: Carol Wolenberg, Deputy Superintendent *Carol*

SUBJECT: Don't Lose Valuable Commodity Food Dollars: Responsibilities for Schools Using USDA Foods

Michigan schools continue to face financially challenging times and purchasing food for various child nutrition programs is no exception. Despite the challenges, not all schools are fully utilizing their United States Department of Agriculture (USDA) Foods (commodities). In fact, some districts are leaving inventories of items such as beef, chicken, and cheese at manufacturers or distributors and are not arranging for the processing or timely usage of their USDA Foods. The purpose of this memorandum is to alert you to not only the consequences for underutilization of these products, but also to inform you of some strategies that can assist your school district in taking full advantage of these USDA Foods.

According to federal regulation 7 CFR part 250.30, the Michigan Department of Education (MDE) has the responsibility for monitoring commodity inventories. No more than a six-month inventory level, based on the state's average monthly usage, is recommended to be on hand. Currently, millions of pounds of commodity inventory belonging to schools in Michigan remain at manufacturers and distributors.

Since schools in Michigan will be preordering their commodities through the consortia for school year 2011-2012, it will be necessary for each school to order commodities according to its usage level and to incorporate a variety of finished commodity products from the selected manufacturers into its preplanned monthly menu cycle. It is the responsibility of the school food service program to use commodities effectively to reduce its meal costs throughout the school year.

The USDA has charged state agencies with tracking excess balances with manufacturers to identify the recipients who are not utilizing their commodity inventory or who have more inventory than they can realistically utilize in a

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reasonable period of time. This means that your consortium will work with your school to ensure usage or transfer of excess balances of USDA Foods. **If no attempts have been made by your school to use or transfer the excess food items, your consortia and/or MDE will transfer any underutilized inventory to another recipient that can use it in a timely manner. The agency losing the inventory should not expect compensation for the value of the commodity that was transferred.**

The following are recommendations that can be used by schools to effectively utilize commodities:

- Work with the distributor's representatives regarding commodity products, processing options, procurement plans, storage solutions, delivery options as well as bonus offerings to help you make good choices in managing your USDA Foods. The distributor utilized by each consortium is identified below:
 - Great Lakes Consortium (GLC) - Gordon Food Service
 - School Purchasing and Resource Consortium (SPARC) - SYSCO Food Service
 - Macomb, Oakland, and Wayne RESA Consortium (MOR) - Van Eerden Food Service

- Know your Planned Assistance Level (PAL) and order commodities to use all of the entitlement dollars assigned to your school.
- Know how many cases of each commodity are needed for the school year based on your usage and planned menu cycle.
- Make the most of your entitlement dollars by ordering by bulk for processing. This enables you to stretch your commodity dollars.
- Apply for rebates in a timely manner for commodities that are not discounted on the invoices (NOI - Net Off Invoice) from the designated commodity distributor.
- Be aware of the value of commodities and compare them with your commercial prices.
- Know your school's commodity balances at each manufacturer to avoid having an inventory on hand of raw commodities exceeding six months. Basically, the policy is "use them or lose them."

To track school balances of commodities at each manufacturer, please review your school's Commodity Usage Reports at the following websites:

- www.k12foodservice.com for K-12 Foodservice
- <https://processorlink.com> for ProcessorLink

School food service staff should request a login and password to access the commodity balance information for their school at the home page for each of these

websites. Schools can also access the menu planning and nutrition information that is available from the manufacturers that participate in commodity processing. Technical assistance is available from administrators at each of these websites. Attached to this memorandum is a list of processors that utilize these websites to manage school commodity balances.

In addition, there is a USDA website that contains resources such as commodity fact sheets, recipes, and policies for school food service professionals. This website can be accessed at: www.commodityfoods.usda.gov. Upon entering the website, choose the link entitled, "FNS Schools/Child Nutrition Commodity Programs" to access accurate and timely information about USDA commodity programs and commodity foods.

MDE has posted commodity usage reports to the Food Distribution website for some of the top processors for Michigan's schools. This information is intended to show the excessive USDA Food balances individual schools are not utilizing to assist their food service programs in lowering food costs within their school districts. Below are some examples of actual excessive commodity balances that currently exist at Michigan school districts.

Processor Name	Current Balance	Current Value	Number of servings these pounds equate to
JTM Beef/Cheese	24,593.76 lbs	\$85,280.78	290,842 servings
Bosco's Pizza	42,510.13 lbs	\$68,292.52	382,591 servings
Tyson Chicken	113,131.45 lbs	\$64,439.67	617,081 servings
Lamb Weston Potatoes	638,558.12 lbs	\$64,047.38	1,857,624 servings
Tyson Beef	29,639.51 lbs	\$42,918.01	131,731 servings
Red Gold Tomato Products	8,675.006 lbs	\$7,146.28	311,838 servings
Basic American Potatoes	38,007.89 lbs	\$2,485.72	173,750 servings
Barrel O' Fun Snacks	15,504.04 lbs	\$1,698	206,721 servings

If your school has not attained at least a **45%-50%** usage by January 30, 2011, your school could lose its USDA Foods and may not be compensated the entitlement dollars spent on these foods. Please refer to the commodity usage reports at the following link to find out if your school has balances similar to those listed above:

http://www.michigan.gov/documents/mde/Processor_Usage_Reports_School_Year_2010_340297_7.doc

If your school district's food service staff require additional information regarding the school commodity program, please contact Jaime Malnar in the Food Distribution Unit at (517)335-3792 or by e-mail at malnarj1@michigan.gov.

Attachment

cc: Michigan Education Alliance

**Michigan Department of Education
Grants Coordination and School Support
Processors Utilizing K12 or ProcessorLink**

K-12 Services: www.k12foodservice.com

- Barrel O' Fun
- Basic American Food
- Bosco
- Café Favorites
- Cavendish
- Conagra / Gilardi
- Eastside / E.S. Foods
- J&J Snack Foods
- JSB / Muffintown
- Jennie-O
- JTM
- Litehouse
- MCI Foods
- McCain
- Michael
- Red Gold
- Smuckers
- Tyson-Chicken or Beef

ProcessorLink: <https://processorlink.com>

- Advance
- Best Express
- Cargill / Sunnyfresh
- Conagra / Lamb Weston
- Integrated
- King's Delight
- Land O' Lakes
- Pierre/Cloverdale
- Pilgrims Pride
- Rich's
- Schwans
- Simplot
- Tasty Brands
- Trident