

PROCESSING FOR BEGINNERS

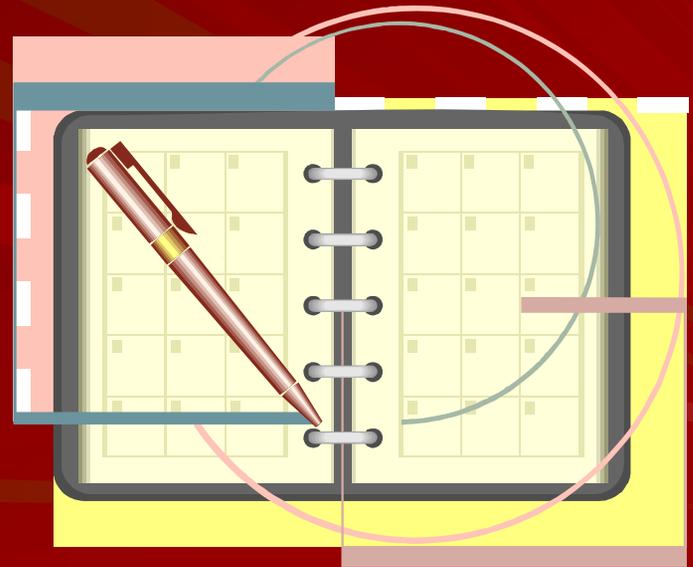


Basic Terms

- 'A' Commodities ~ Fruits, Vegetables, & Meats
- 'B' Commodities ~ Rice, Pasta, Flour, Oil, Peanut Butter, & Cheese
- Donated Food ~ The above listed commodity items available to each school based on ADP and purchased with Entitlement dollars.
- End Product ~ The A and/or B commodity converted into a more convenient, less labor intensive menu item.

Today's Schedule

- Overview (Power Point Presentation)
- Break
- Hands on Learning Session
- Break
- Panel Discussion





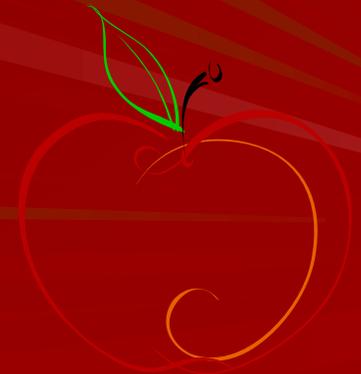
What is Processing?



Converting the USDA donated foods (DF)
into more convenient and usable forms

For Example:

- Raw chilled chicken into chicken nuggets
- Raw coarse ground beef into cooked patties
- Cheese into pizza
- Potatoes into ovenable fries
- Frozen fruit into fruit pies





Why Process?

The Benefits

- Increase Participation
 - More Variety
 - Higher Quality
- Can Save You Money
 - Easy/Fast Preparation



Peanut Butter (DF) & Jelly Sandwich

DF Inventory Draw Down per Case	Value per lb of DF	Value of DF per Case Entitlement Used	Case Price	Undiscounted Case Price
5.0lbs	x \$0.5873	= \$2.94	+ \$23.04	= \$25.98
YOUR SAVINGS!!				

Fully Cooked Beef (DF) Patty

DF Inventory Draw Down per Case	Value per lb of DF	Value of DF per Case Entitlement Used	Case Price	Undiscounted Case Price
40.57lbs	x \$1.4087	= \$57.15	+ \$41.75	= \$98.90
YOUR SAVINGS!!				

Pricing Methods



- FEE FOR SERVICE (FFS): A Processor's cost of ingredients (other than DF), labor, packaging, overhead, and other costs from the actual conversion of the DF into the desired end product. It primarily applies to meat & poultry, or other non-substitutable donated foods.

other ingredients + labor + packaging + overhead + other costs = YOUR PRICE

- DIRECT DISCOUNT SALE: A discount received for the full value of DF contained in the end product, delivered and invoiced directly to your school location by the processor

commercial price - discount = YOUR PRICE
(minimum case requirement)

- INDIRECT DISCOUNT SYSTEM (Net Off Invoice - NOI): End products sold to a distributor at a commercial price. The product becomes a commodity case when an eligible participant buys the commercial product reduced by the donated food (net price)

- REFUND SYSTEM: A refund equal to the value of DF contained in the end product after buying the end product at the commercial price

YOUR PRICE = commercial price
(apply for refund monthly)



How Do I Process?

Processing Timeline

- Food Show
- Menu Items
- Processing Catalog
- Need Calculation
- Surveys
- Procurement
- Contact Broker
- Track Orders

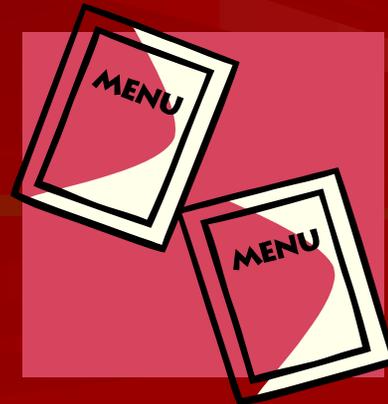
Food Show ~ Fall

- Annual SNAAZ Conference
- Network w/Schools Who Process
- Meet Processor Company Representatives
- Product Testing



Menu Items ~ December

- Tentative Menu Plan for the Following School Year
- Determine Approximate Usage
 - Servings per Day × Number of Days on Menu
100 students × 45 days = 4,500 total servings



Processing Catalog ~ January

- Processing Contact Information
- Products Available
- Quantity of DF Needed for Product
- Pricing Information



Need Calculation ~ January

■ How much Donated Food Needed

- Approximate Usage ÷ Servings per Case = # of Cases Needed

4,500 total servings ÷ 72 servings per case = 62.5 or 63 total cases

■ How Many Pounds Needed for Processing

- Quantity of DF Needed per Case × the # of Cases Needed

5 pounds × 63 cases = 315 total pounds

Surveys ~ January-March

- Cheese Survey - Due Early February
- Remaining Commodity Survey - Due Early March
- ADE Compiles Survey Information
- ADE Orders Trucks



Procurement ~ May

- Confirmed Processors - ADE Sends out Confirmations to Sponsors, Brokers, & Processors
- Procurement procedures vary by district (contact your procurement department)
- Contract Numbers from ADE
- Request for Proposal (RFP)
- Bids
- Possible Board Approval

Contact Broker ~ May-July

- After Receiving Confirmation Letter
 - Identify What Product(s) & How Many Cases of Each Product
 - Identify Delivery Schedule & Locations
 - Place Orders



Track Orders ~ August-April

- Receiving Allocations
- CNP2000 Website Weekly
- Monitor Balances with Processor(s) Monthly



Questions?

