



State of Arizona  
Department of Education

**Tom Horne**  
Superintendent of  
Public Instruction

FD # 07-09

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**MEMORANDUM**

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**TO:** Food Distribution Participants

**FROM:** Tina Herzog, Program Director  
Food Distribution Program

**DATE:** October 23, 2008

**SUBJECT:** Truck Cancellations

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*Original Signed*

The recent start of this school year has been a rough one. Many of you may have noticed the changes in the commodity program this year, from decreased entitlement to decreased commodities. Many of you are probably feeling the economic crunch all over, especially the rise in food costs. Well, here are the factors contributing to the decrease in commodities for you this year:

- **Decreased entitlement from last year** - Last year we had the highest entitlement value our state has ever had. This was not only due to increased meals and the increase meal rate, but also due to a significant amount of carry-over from previous years. That being said, this year is quite a bit different. While we did see an increase in the meal rate for commodity entitlement, we have not seen as large of an increase in the number of meals served and we did not have additional carry-over entitlement.
- **Increased Food Prices** –The price in CNP2000 is based on the estimated cost of the commodity, which was published by USDA in November 2007. When USDA goes out to bid for commodity purchases, they do not always match (or come close) to the estimate. This year most commodities are being purchased at a higher price.

So, what does this mean for schools...less commodities. Currently ADE has to reduce the amount of trucks coming into the state in order to remain within our budgeted amount of entitlement for the state as a whole. We already cut a significant amount of basic commodities that were planned to be shipped to U.S. Foodservice but we need to cut more in order to remain within our entitlement. Below is a list of the trucks that have or will be cancelled due to price increases:

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Beef – reduction of 40% of trucks sent to processors (due to a 40% + increase in prices) – a memo was published by USDA to State Agencies regarding the purchasing shortages and issues with purchases beef for this year, click [here](#) to read the memo.

Chicken – reduction of 12% of trucks sent to processors (due to a 12% + increase in prices)

You may notice adjustments to your entitlement, surveys and allocations over the next couple of months, the end result being a reduction in commodities, including a reduction in commodities diverted to processors. We do not have the details of all the reductions at this time, but we ask that you be patient during the process and know that you will be notified when we are done.

The good news is that, in an effort to counterbalance this reduction in entitlement, we are also trying to bring in as many Bonus items as possible because they do not draw down entitlement. Actually, we will receive the most Bonus items we have seen in Arizona in a long time. So remember, if you are out of entitlement, you will still be getting allocations of Bonus items. Make sure you are checking your allocations and ordering or refusing as desired. As always, thank you for your continued support and please let us know if you have any questions.

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