



Arizona Department of Education

HNS# 37-2020

MEMORANDUM

TO: Recipient Agencies Participating in USDA Foods

FROM: Melissa Conner, Associate Superintendent
Health and Nutrition Services Division

DATE: August 19, 2020

SUBJECT: USDA Foods Welcome Back School Year 2020-2021

Original Signed

At the start of School Year 2020-2021, Health and Nutrition Services (HNS) would like to take an opportunity to highlight USDA Foods Program guidance to ensure successful operation of the program and provide an update on HNS's administration/organizational shifts related to the USDA Foods Program and the former School Food Programs unit.

The administration of the USDA Foods Program, the Department of Defense Fresh Produce Program, and USDA's Farm to Child Nutrition initiatives, along with the HNS staffs working in these areas, have been incorporated into the School Nutrition Programs unit, which remains under the leadership of Program Directors, Mark Frantz and Emily Thege. Specifically, the myFOODS ordering and inventory system, ADE's contracts with food processors/manufacturers, and the US Foods warehouse contract will be managed by Mark. These changes provide an opportunity for greater consistency within the National School Lunch Program and across other child nutrition programs in the areas of administration, growth, compliance monitoring, training, and communications.

Contact information specific to the USDA Foods Program, and US Foods, the warehouse for USDA Foods in Arizona, is provided at the end of this memo.

USDA Foods Opportunities

The USDA Foods Program offers several options to utilize entitlement dollars to support nutritious school meals in Arizona and uphold the nutrition integrity of Child Nutrition Programs. These options include the Direct Delivery option (previously referred to as Brown Box commodities) which offers approved USDA dry, refrigerated, and frozen materials; the Department of Defense Fresh Fruit and Vegetable Program (DoD Fresh) which offers local and American grown produce; and processed foods including nutritious end products from raw, bulk material that is diverted to manufacturers.

These options may be used across Child Nutrition Programs including the National School Lunch Program, School Breakfast Program, Afterschool Snack Program, At-Risk Supper Program, and the Summer Food Service Program if all income accrues to the nonprofit school food service account.

Recipient Agencies (RAs) are responsible for assuring that all food resources are used properly. Misuse of USDA Foods is subject to criminal prosecution under Section 12(g) of the National School Lunch Act.

RAs receive foods based on the submission of the catalog requisitions in Arizona's online ordering system, myFOODS. If your school did not submit a requisition during the catalog requisition process, you may utilize the Surplus Catalog in the myFOODS ordering system. In efforts to reach the ADE Health and Nutrition Service's goal of administering exceptional USDA Child Nutrition Programs, the USDA Foods Program has developed policy and expectations for entitlement usage during the school year. Please see our website for the new policy memorandums and the most recent updates to our program: <http://www.azed.gov/hns/sfp/>.

USDA Foods Ordering and Access

The USDA Foods Program operates completely online. For RAs to schedule shipments of USDA Foods, the RA must have at least one designated user in myFOODS for all direct delivery materials and processed end products. RAs planning to utilize the Surplus Catalog must also obtain access to the myFOODS system. New users can obtain access to this system after completing a mandatory training. The training is provided at no cost, and participants can register here: <https://ems.azed.gov/Home/Calendar>. Previous users of the myFOODS system must update contacts, delivery site information, and the "My Agency" tab prior to receiving deliveries. The DoD program is accessed by the Fresh Fruit and Vegetable Order Receipt System (FFAVORS), and access can be obtained by contacting the DoD Specialist listed at the end of this memo, or through the USDA Foods Program inbox at USDAFoods@azed.gov. Resources related to myFOODS can be found on the USDA Foods Program website (<https://www.azed.gov/hns/usda-foods/>), or by using the following links:

- [USDA Foods Program Training Webinars](#)
- [myFOODS User Manual](#)

Administrative Fees for SY 2020-2021

As referred to in [HNS 16-2019](#), ADE assesses various fees associated with USDA Foods including Direct Delivery fees, Diverted Pound fees, and Excess Storage fees. Please note the delivery fees for Direct Delivery (previously referred to as Brown Box) materials which will be effective July 1, 2020 – June 30, 2021:

*Prep Site \$3.09 per case
Warehouse \$2.45 per case
Pick Up \$1.95 per case*

The above delivery fees include a decrease in delivery charges negotiated between ADE and US Foods based on normal inflationary adjustments. As always, we continually evaluate fees to ensure operation costs are covered while keeping costs to schools to a minimum. If you have any questions, please contact the USDA Foods Program at (602) 542-8729 or USDAFoods@azed.gov.

Diverted Pounds Fees

ADE will maintain the “fair share” model for USDA Foods administrative fees by applying a \$0.02 administrative fee to diverted processed pounds. ADE will be sending these invoices to RAs beginning in October 2020, and payments will be due in net 30 days.

Excess Storage Notifications

To support effective and efficient operations and administer exceptional Child Nutrition Programs, RAs will be notified of any outstanding excess storage every week they have materials in the warehouse approaching their “Must Ship by Date.” Each notification of excess storage will come with an attached How-To Guide to help RAs avoid future excess storage fees.

- An RA will receive this email notification three times.
- On the third attempt, the RA will be required to take a quiz for comprehension that must be submitted to the USDA Foods Program team.

NOTE: An RA will receive this email notification three times. After the third attempt, any items that pass the Must Ship By date, will be charged excess storage fees.

Excess Storage Fees

ADE will invoice any RA with materials in the warehouse past their “Must Ship by Date” with a charge of \$1.10 per outstanding case. This fee will be applied to all materials past the “Must Ship by Date” including processed end products which will be invoiced through US Foods directly. Once materials are past their “Must Ship by Date,” they will be removed from your available materials. Invoice payments are due 30 days from the invoice date. Should payment not be received after 60 days, ADE reserves the right to place the account on a hold status until payment has been received. More information can be found on the USDA Foods Program website at: <http://www.azed.gov/hns/sfp/usda-foods/>.

Inventory Management

Per CFR 250.14, RAs are not required to report lost, damaged, or out of condition USDA Foods to ADE unless there is evidence that indicates such losses have occurred due to fraud or theft. RAs will treat the loss in the same manner as purchased food losses. If you have a loss as result of theft or fraud, please contact the USDA Foods Program at USDAFoods@azed.gov. ADE permits a single inventory record keeping system for RAs with USDA Foods and commercially purchased materials; good practices for inventory management must be maintained where commercially purchased and USDA Foods are stored together.

Shipping Information

As ADE’s contracted USDA Foods Warehouse, US Foods requires all RAs to submit a purchase order (PO) for delivery. RAs must submit this to US Foods to receive USDA Foods shipments. The RA’s myFOODS account will not be approved until a PO is submitted. If your organization does not require submission of a PO, ADE requires the RA to submit a Letter of Responsibility to US Foods on the school letterhead stating so.

The shipment window for all USDA Foods deliveries is between 6:00am and 2:30pm (Arizona time). If a delivery is refused or no one is at the site to verify and accept delivery during these hours, a \$1.25 per case restocking fee will be incurred. It is not possible to accommodate specific delivery time requests.

Should you have any questions or concerns with a specific shipment, please first contact US Foods. If you continue to experience shipment problems, please contact the USDA Foods Program staff so the issue can be addressed.

Thank you for participating in the USDA Foods Program. Your participation helps us reach the goal of decreasing childhood hunger with healthy, nutritious foods. If at any time you require assistance, please contact the USDA Foods Program staff.

USDA Foods Program Contact Information

Mailing Address: **Arizona Department of Education, School Food Programs**
1535 W. Jefferson St. Bin #7
Phoenix, AZ 85007

Physical Address: **Arizona Department of Education**
3300 N Central Ave. 19th Floor
Phoenix, AZ 85012
Phone: 602-542-8700, Option 3
Fax: 602-542-3818
Email: USDAFoods@azed.gov

Mark Frantz

Director of School Nutrition Programs
602-542-8740
Mark.Frantz@azed.gov

Bill Hall

USDA Foods Processing Specialist USDA Foods in Schools Program
602-364-0714
Bill.Hall@azed.gov

Regan Garner

USDA Foods/DoD Fresh Program Specialist USDA Foods in Schools Program
602-364-1973
Regan.Garner@azed.gov

Nannette Flores

Program Project Specialist USDA Foods in Schools Program
602-542-8729
Nannette.Flores@azed.gov

Linda Souza-Thompson

Program Project Specialist II USDA Foods in Schools Program
602-542-8721
USDAFoods@azed.gov

USDA Foods Warehouse for Arizona Department of Education Contact Information

Billing Address: **US Foods, Inc.**
P.O. Box 52531
Phoenix, AZ 85072
Email: 4I-DL-USDA@USFoods.com

Pamela Bowers
Bid Coordinator – Int
602-352-3439
Pamela.Bowers@USFoods.com

This institution is an equal opportunity provider.