



United States Department of Agriculture

# Understanding the Best Practices for the Storage and Distribution of USDA Foods for Schools

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**USDA Foods  
in Schools**

**March 31, 2022**

# Topics

- USDA Foods Ordering
- Destination Changes
- Receiving and Receipt of USDA Foods - FNS Instruction 709-5
- Storage and Distribution of USDA Foods
- Inventory Management



# USDA Foods Ordering

## **Look at past orders and usage to help forecast USDA Foods for SY22-23**

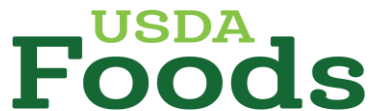
- Include direct delivered, processed end products, USDA DoD Fresh, and CCC orders

## **Review inventories – at least monthly to ensure timely utilization**

- State or contracted warehouses (inventory reports)
- Processors (monthly performance reports)

## **Transfer/Sweep** move products/pounds to where it can be used in SY received

- WBSCM Order Status report – orders not yet delivered or in transit
- Available storage for dry, refrigerated, frozen products



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# USDA Foods Ordering

- Consider offering one delivery period per month on least popular items
- Avoid offering delivery periods during major holidays, school closures, and warehouse contract renewal periods
- Warehouse contracts should be finalized before placing orders  
– **delay deliveries until warehouse contract is finalized**



# USDA Foods Ordering

- **Verify Delivery Locations in WBSCM are correct**
- Remind recipient agencies to review and update their direct ship warehouse/distributor's ship-to information
- Submit update on FNS-7 form to the Ship-To administrator:  
[SM.FN.WBSCM-Ship-to@usda.gov](mailto:SM.FN.WBSCM-Ship-to@usda.gov)
- Notify recipient agencies of any new Business Partner ID numbers and the USDA Foods materials associated with them
- Remove any locations no longer active from your state's profile



# Destination Changes

- Monitor Order Status reports
- **Submit Destination Changes 45 days in advance** using the SO\_SDA\_MODIFICATION\_REQUEST view

Reports > Order Processing > Order Status Report

Reports : Input Criteria

[Execute](#) | [Print PDF Output](#)

**Order Status Report**

[Reset Values](#)

[Show Variants](#)

Program:	<input type="text"/>		<input type="text"/>	
Req. Delivery Date:	<input type="text"/>	To	<input type="text"/>	
Material:	<input type="text"/>	To	<input type="text"/>	
Sold-To Party:	<input type="text"/>	To	<input type="text"/>	
Ship-To Party:	<input type="text"/>	To	<input type="text"/>	
Region Code:	<input type="text"/>	To	<input type="text"/>	
Purchasing Group:	<input type="text"/>			
Status:	<input type="text"/>			
Order Type:	<input type="text"/>			
Order Number:	<input type="text"/>	To	<input type="text"/>	
Incl. Re-Dist./Re-Don. Docs ?:	<input checked="" type="checkbox"/> YES			
Shipment Receipt Date:	<input type="text"/>	To	<input type="text"/>	



# Receiving and Receipt of USDA Foods



**FNS Instruction 709-5 Shipment and Receipt of USDA Foods**

# Vendor Schedules Delivery of USDA Foods



**Delivery appointment** as far in advance of the expected delivery as possible, but not less than **72 hours prior to delivery**

**Advance Shipping Notification (ASN)** in WBSCM in advance of delivery of the USDA Foods shipment to provide notice of the delivery



# Inspect USDA Foods at Time of Delivery

## Before unloading:

- ✓ Is the truck at the correct delivery location?
- ✓ Look for a seal, verify number on seal matches number recorded on bill of lading (BOL)
- ✓ Check temperature of refrigerated or frozen product
- ✓ Verify the quantity received matches quantity on bill of lading and quantity ordered
- ✓ Examine product, is product in good condition?



# USDA Foods Deliveries

- Ensure warehouse staff is familiar with FNS Instruction 709-5 Shipment and Receipt of USDA Foods
- **Contact CNOB** before refusing a USDA Foods delivery
- Document if product does not meet specification and take photos, include product label, lot number or product date
- Report issues, enter a complaint in WBSCM



# Receipt for Delivery

- Quantity on signed bill of lading must match the Goods Receipt quantity entered WBSCM
- Receipt in WBSCM within **2 calendar days** of receipt of USDA Foods



# USDA Foods



**7 CFR 250.11(e)**

# Transfer of Title

“In general, title to USDA Foods transfers to the distributing agency or recipient agency, as appropriate, upon acceptance of the USDA Foods at the time and place of delivery...”



# Transfer of Title

Once USDA Foods are delivered to a State warehouse, the title (responsibility, ownership and liability) for those USDA Foods transfers from USDA to SDA, ***even if those USDA Foods have been allocated to specific SFAs.***



# Contract Requirements



**7 CFR 250.12(f)**

# Requirements Distribution and Storage Contracts

State contracts with a facility for distribution and storage of USDA Foods:

- Contract may not exceed 5 years in duration, including extensions or renewals
- Must include applicable provisions in 2 CFR part 200 and 2 CFR parts 400 and 416





# Requirements Distribution and Storage Contracts

1. Assure storage, management and transportation of USDA Foods properly safeguards foods against theft, spoilage, damage, or other loss
2. Comply with all Federal, State, or local food safety and health, including required health inspections requirements and responding to a food recall
3. Store USDA Foods in a manner that distinguishes them from other foods, and assure separate inventory recordkeeping of USDA Foods
4. Timely distribution of USDA Foods in optimal condition to eligible RAs
5. Include the amount of insurance coverage obtained to protect the value of USDA Foods



# Requirements Distribution and Storage Contracts

6. Permit the performance of on-site reviews of storage facility by distributing agency, Comptroller General, USDA
7. Establish the duration of contract and provide for extension or renewal
8. Provide for expeditious termination of the contract by distributing agency for noncompliance with its provisions
9. Provide for termination of the contract by either party for other cause, after written notification of such intent at least 60 days prior to the effective date of such action



# Distribution and Storage of USDA Foods



# Type of Distribution Facilities

- State-owned warehouse
- State leased warehouse
- State-contract with distributor, warehouse, and food bank
- RA or Co-op contract with distributor, warehouse, food bank
- Direct ship to RA or RA-owned warehouse

Range 1-7 warehouses/distributors in each State



# Types of USDA Foods Distributed – State Warehouse

- Mostly, USDA Foods direct delivered products
- Some, processed end products
- Few, USDA DoD Fresh produce



# Distribution

- Order lead time 2 to 4 days
- Cancel delivery, school closure or holiday notify warehouse 72 hours before delivery
- Warehouse final authority on delivery schedule
- Set delivery period - 6:30 am - 2:30 pm
- Delivery frequency, weekly, biweekly, monthly, 5 times/year
- No deliveries in late December for mid-year count
- Set date for last deliveries for end of SY (late April, May, first week of June)



# Distribution

2 - 9 delivery/distribution zones or regions in a state – assigned by counties, geography (N, S, E, W), number of SFAs



# Distribution Charges

## Delivery Minimum

- No delivery minimum
- 10 - 25 case minimum
- No delivery minimum on 1<sup>st</sup> order, delivery minimum 2<sup>nd</sup> order
- Based on distance - 20 case minimum within 100 miles, 40 cases minimum more than 100 miles





# Distribution Charges

- Fee based on number of cases shipped, more cases = lower/case fee
- Free storage 1-60 days
- Different fee based on type of storage; dry, chilled, frozen
- Pick-up fee or will call fee
- Return and restocking fee



# Distribution Fee

Distribution fee based on quantity shipped

<b>Distribution Fee</b>	<b>10 cases</b> \$16.45/case	<b>20 cases</b> \$8.22/case	<b>50 cases</b> \$6.26/case	<b>100 cases</b> \$5.76/case
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# Storage Fee

Storage fee **after 61 days** and based on type of storage, dry, chilled, or frozen

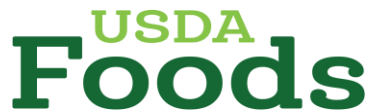
Storage Fee after 61 days after date of allocation	Dry \$1.75 case/month	Chilled \$1.85 case/month	Frozen \$2.50 case/month
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# Distribution and Storage Fees

An example of distribution and storage fees based on quantity ordered and the amount of time product was in storage

**January 3, 2022** - 912 cases of USDA Foods 100220 Peaches Diced Canned (\$33.49/case) delivered to warehouse, and allocated to RAs who ordered this product



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# Distribution and Storage Fees

Distribution Fee based on quantity	Order placed <b>February 1, 2022</b>  Product delivered to RA <b>30 days</b> after delivery <b>No storage fee</b>	Order placed <b>March 8, 2022</b>  Storage fee after 61 days Product delivered to RA <b>65 days</b> after delivery	Order placed <b>April 6, 2022</b>  Storage fee after 61 days Product delivered to RA <b>90 days</b> after delivery
20 cases ordered on	<b>\$164.40</b>	<b>\$234.40</b>	<b>\$269.40</b>
50 cases ordered	<b>\$313.00</b>	<b>\$488.00</b>	<b>\$575.50</b>



# Distribution Charges

Goal is to move USDA Foods in and out of warehouse in a short period of time to minimize costs

**More time in storage = higher storage costs**



# State Administrative Expense (SAE)

Allocation of the SAE money within the State and availability of funds to cover costs associated with USDA Foods administration, warehousing, distribution, and delivery varies widely

Some States charge administrative fees to SFAs



# Inventory Management



USDA Foods are a valuable \$ perishable asset

USDA  
Foods

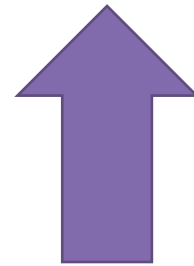


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# Inventory Report

USDA Foods Material Code	USDA Foods Description	USDA Foods Sales Order Number	Case Quantity Beginning Inventory	Total Case Quantity Received	Date Received by State from USDA Vendor	Total Case Quantity Received Year to Date	Total Case Quantity Shipped	Case Quantity Ending Inventory	Product Date <i>(identify date type, e.g. BIUB, manufacture date, etc.)</i>
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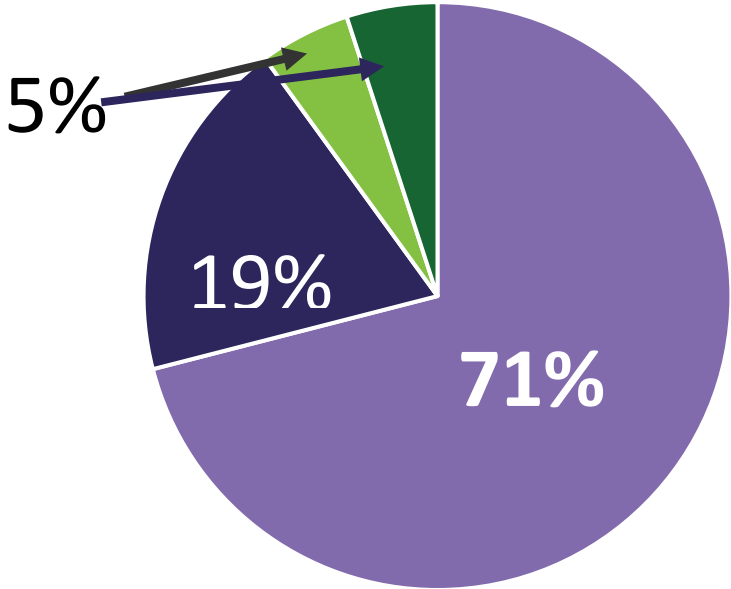
# Inventory Management

- Communicate with RAs what was ordered, quantity ordered, expected delivery date
- Spread out ordering and deliveries of USDA Foods throughout SY – provides flexibility to adjust orders due to cancellations, delays or higher prices
- Monitor inventories
- Check WBSCM reports – consider if need to cancel or delay orders
- Remind schools to take what they ordered
- Offer foods RAs can't use to others - first-come, first-served
- Use transfers and sweeps to ensure timely utilization of inventory
- Share recipe ideas for USDA Foods



# States with Sweeps Policy

## States' Sweep Policy



■ Annually   ■ Twice/Year   ■ More Four Times/Year   ■ 3-4 Times/Year



# Inventory Management

## USDA Foods Inventory for NSLP

6 months or less



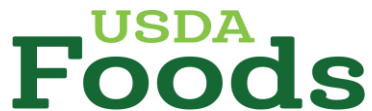
# Annual Inventory of USDA Foods



On an annual basis, the distributing agency must conduct a physical review of USDA Foods inventories at all storage facilities, and must reconcile physical and book inventories of USDA Foods

# Resources

- USDA Foods in Schools PartnerWeb  
[USDA Foods in Schools PartnerWeb](#)
- FNS Instruction 709-5 Shipment and Receipt of USDA Foods
  - <https://fns-prod.azureedge.us/sites/default/files/resource-files/fns-709-5-rev-3.pdf>
- Report issues with USDA Foods  
[USDAFoodsComplaint@usda.gov](mailto:USDAFoodsComplaint@usda.gov) or 800-446-6991



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Questions?



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