



In Good Taste

**UPDATE FROM NCDA&CS FOOD DISTRIBUTION DIVISION
FALL 2009**

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DIRECTORS MESSAGE

This newsletter is coming to you a little late. There is a lot happening now with USDA and the commodity program. We purposely delayed this edition in order to bring you the most up to date information; however, as things are currently unfolding daily, we decided to give you what we know at this time.



The new computer software WBSCM that is supposed to take the place of ECOS was scheduled to be operational December 31, 2009. USDA has run into some problems with the software and the release has been delayed until February 28, 2010 and may well be moved further back.

USDA has now asked all states to place their commodity orders for School Year 2010-11 in ECOS by January 29, 2010. So what does that mean for you? It means that you will soon be notified by this office to go into ECOS and began placing your orders for all commodity categories. This plan could still change but we will keep you updated as things evolve.

I will be presenting a mini session at the DPI Fall Conference called “Do You Know Where Your Commodities Are?” Hopefully you take the opportunity and plan to attend and participate in this session. I am going to be taking a look at some of the issues schools are having with their commodities. This promises to be a very interesting session.

FARM TO SCHOOL PROGRAM

The NC Farm-to-School Program is back again to provide North Carolina’s best fresh fruits and vegetables for school meals. We are happy to introduce new items on the menu this year: pickled cucumbers, Kennebec potatoes, and Fuji apples. The cucumbers were harvested from Nash Produce in Nashville, North Carolina and the potatoes were harvested from Madison Farms in Marshall, North Carolina. Fuji apples will, of course, come from western North Carolina.

In addition to new items, we will increase the number of deliveries on apple slices, sweet potatoes, and strawberries. A special thanks our Farm-to-School Advisory Committee for their time, ideas, and commitment to the program: Jama Gilliam (Franklin County), Jan Holt (Camp Lejeune), Marilyn Moody (Wake County), Cynthia Sevier (Guilford County), and Cindy Marion (Stokes County).

If you have any questions call Ted Fogleman at 919-575-4490 or email ted.fogleman@ncagr.gov



FARM – TO – SCHOOL PRODUCE LETTER

We would like to thank Marilyn B. Moody, Senior Director Child Nutrition Services, Wake County Public School System, for sharing this message she emailed to several directors on September 14, 2009.

Subject: Farm to school produce

Director Friends,

I am sending you a personal email to encourage you to order NC apples and NC potatoes through NCDA Farm-to-school program. Recently Ted Fogleman sent an order form to each LEA for fall apples and potatoes. There are a few reasons why I support this program and hope they will encourage you to do the same.

- 1) NCDA has met all of the legal procurement procedures for bidding and awarding produce bids from NC growers - there is no worry about the right paperwork and the prices are competitive.
- 2) The produce is picked at the peak of ripeness and transported to us ASAP. The freshness adds to the quality of the produce.
- 3) We prepare most produce in the simplest preparation technique possible.
- 4) The farmers must be GAP certified for safe farming practices and they must have liability insurance coverage - assurance that the foods you serve are scrutinized for safety
- 5) 50 cents of each case will be used for nutrition education materials - an extra bonus for us
- 6) The PR from this initiative has no monetary value but boosts your program immensely. I have done TV spots on WRAL, WTVD, News14, and NBC17 touting this program and have spoken at area wellness committee meetings - the public loves the idea that we provide locally grown produce in season. It supports our local economy!

Some of you are buying locally on your own and my concerns are:

- 1) That the farms are GAP certified and have insurance (food safety)
 - 2) That you can purchase under the LEA's limit (mine is \$2500)
 - 3) That you offer all farms the same opportunities and not omit (inadvertently) interested farmers
- In other words, this program has been good for Wake County and I know you will benefit from it, too.

We will have breakout sessions at the DPI Fall conference, and I look forward to seeing you then. Take care and have a great school year!!

M

Marilyn B. Moody, Senior Director
Child Nutrition Services
Wake County Public School System
phone 919 856-2914
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Building student achievement through good nutrition . . .

USDA COMMODITY ACADEMY

Mark your calendar for **February 10-11, 2010** for the **USDA Commodity Academy**. The Commodity Academy is geared toward training new Child Nutrition Directors and Supervisors, but we welcome anyone who would like to attend. The training is focused on all aspects of the commodity program such as:

*Something old--***ECOS** *Something new—***NCECOS**

Warehousing
Commodity Processing
Farm-To-School Program
Disaster Preparedness
Field Services
...and much much more.

Watch for further announcements, invitations and details coming in November.
We hope to see you there!

WBSCM- WHAT DOES THAT MEAN ??

The Web Based Supply Chain Management (WBSCM) is the new software USDA is developing to replace ECOS. Initial plans to train state agency staff this fall have been delayed until January and February 2010. USDA announced on September 21 the rescheduled go live date is set for February 28, 2010. We expect more information during the first weeks of October, and will keep you informed. It appears for now; you will be entering your commodity orders for 2010-2011 in the same ECOS system you are currently using.



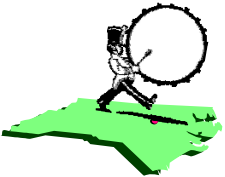
2009 NCDPI FALL CONFERENCE

NCDA&CS Food Distribution Division will be participating in the 2009 Fall Conference for Child Nutrition Programs for directors and supervisors. The conference, sponsored by the North Carolina Department of Public Instruction Child Nutrition Services Section, is scheduled for October 21-23 at the Sheraton Imperial Hotel and Convention Center in Research Triangle Park, N. C. It begins with a General Session luncheon on Wednesday and end by 11:45 on Friday. The theme is “Surviving the Perfect Storm in the Child Nutrition Program.”

Gary Gay will be holding an Advisory Council Meeting for council members on Tuesday October 20, 2009 at 3:00 p.m. in the Sandhills Room.

On Thursday October 22, Gary and staff will host two Breakout Sessions on the Farm – to - School Program, and two sessions titled “Do you Know Where Your Commodities Are?” During the General Session Wednesday, Gary will present a Commodity Update to provide information on the latest USDA news.

We look forward to seeing you there.



2009 MARCH ACROSS CAROLINA

Note location change for Raleigh

It is time to mark your calendars for the upcoming March Across Carolina. We will be marching from the coast to the mountains. Come hungry!
See schedule below:

- Tuesday, November 3, 2009 - Riverfront Convention Center, New Bern, NC
- Wednesday, November 4, 2009 – Hilton North Raleigh, Raleigh, NC
- Thursday, November 5, 2009 - Hickory Metro Convention Center, Hickory, NC

- Sign in at each location will be 8:30 – 9:00
- Training 9:00 – 10:00 (Knowing Where Your Commodities Are)
- Processing food show 10:00-2:00

Registrations are flowing into our office now. Forms were sent out September 4 to all Child Nutrition Administrators. We hope to see you there!

Call Bob Sitton or Allison Medlin with questions.

TIDBITS

USDA Commodities Hit Record Level in North Carolina

North Carolina received USDA commodities in 2008-2009 valued at \$52 million dollars for all eight commodity programs. This is an increase of \$10 million dollars from 2007-2008. The increase is due to the 2008 Farm Bill and ARRA. The National School Lunch Program received \$32 million dollars in entitlement commodities and \$5 million dollars in bonus commodities for the 2009 year in North Carolina.

The American Commodity Distribution Association Annual Conference

Want to know more about USDA Commodities? If so, you should consider attending the ACDA Conference April 17-21, 2010 in Orlando, Florida. The conference theme is "Teamwork in Action." All partners involved in the USDA Commodity Program will be gathering in Orlando for this conference. Stay tuned for more information.

October 12-16, 2009
National School Lunch Week

"All-Star School Lunch" is a slam-dunk to help students learn about the importance of eating healthy and being active.



CHILD NUTRITION RETIREES



From all of us at NCDA&CS Food Distribution Division, congratulations and know that we wish each of you the very best in your retirement. We thank them for their contributions and leadership in serving meals to the children from their respective counties.

- Sandra Guinn, Avery County Schools
- Cathy Forbes, Currituck County Schools
- Elizabeth Wills, Halifax County Schools
- Kathy Buelin, Lincoln County Schools

NEW CHILD NUTRITION ADMINISTRATORS

Join us in welcoming these new CN Administrators to their new positions. We extend a warm welcome and look forward to working with them.

- Nicole Mayernick, Watauga County Schools
- Sharon Kinion, Martin County Schools
- Tammy Woodie, Avery County Schools
- Debbie McKenzie, Chatham County Schools
- Ron Alexander, Interim, Halifax County Schools
- Lorie Reece, Interim, Lincoln County Schools

If we have overlooked anyone in this edition, please contact us to ensure we have been notified of the change. We will see that it makes the next edition of the newsletter.

ALLOWABLE USES OF DONATED FOODS

Food Distribution National Policy Memorandum

This memorandum addresses the allowable uses of donated foods received in the National School Lunch Program (NSLP) and the Summer Food Service Program (SFSP). In accordance with Section (6) of the Richard B. Russell National School Lunch Act and 7 CFR 250.48 (b), each year school food authorities receive donated foods in the NSLP based on the number of lunches they serve in their school lunch programs in the previous school year, and the established per-meal value. Hence, school food authorities should use donated foods, as far as practical, in the lunches served to schoolchildren as part of the school foodservice activities. Revenues received from such activities must accrue to the school food authority's nonprofit school food service account. Some examples of such activities include:

- 1) School breakfasts or other meals served in child nutrition programs;
- 2) A la carte foods sold to children;
- 3) Meals served to adults directly involved in the operation and administration of the nonprofit school food service, and other school staff;
- 4) Training in nutrition, health, food service, or general home economics instruction for students.



School food authorities should not use donated foods in food service activities that do not benefit primarily schoolchildren, such as banquets or catered events. In some cases, though, this may not be avoided—for example, if a school food authority commingles donated foods and commercially purchased foods in a single inventory management system. However, in all such cases the school food authority must ensure reimbursement to the nonprofit school food service account for the value of the donated foods used in such activities, just as it must ensure reimbursement for other resources used from that account. Since, under single inventory management, such reimbursement cannot be made on actual usage of the donated foods, the school food authority must establish an alternate method to ensure that donated foods do not subsidize food service activities that do not primarily benefit schoolchildren. This may be achieved, for example, by including the current established per-meal value of donated food assistance in the price charged for the food service activities. A school food authority must ensure that its contract with a food service management company to conduct the food service also provides for such reimbursement to the nonprofit school food service account.

KEEPING TRACK OF DIVERTED COMMODITY INVENTORY

If you make the decision to have commodity foods diverted for processing, it is your responsibility to utilize your commodities in a timely and responsible manner. Not planning for use of processed commodities or letting them sit at a processor is a poor use of your commodities and a financial drain on a child nutrition budget... Keep in mind that

irresponsibility in use of commodities can result in the SDA transferring them to another RA. Many processors mail remaining inventory reports to RA's. If you are not receiving a report, you can request one. Before you divert your commodities to a processor, ask if they have a delivery schedule (for non hybrid VPT systems) and schedule your commodity usage to move the product on a scheduled basis. Be a good steward of your commodities and a good customer by moving your commodities responsibly from the processor and planning for their use in meals.

To calculate the number of raw pounds of commodities foods needed for diversion, first determine the number of servings needed to fulfill the menu requirements for the year. Next, simply multiply the number of cases needed by the pounds of commodity food needed to produce one case. The result will dictate the number of pounds of commodity food to request for diversion to your awarded processor(s). The Summary End Product Data Schedule (SEPDS) provides the correct draw down for each product. It shows the pounds of commodity food per case.

Maintaining Menu Consistency in Processing -

Insure the bid document requires an equivalent commercial product in the event that the raw commodity is not purchased or is delayed to maintain menu consistency. The commercial equivalent product should be the same in nutritional analysis, pack, portion size, cube size etc., to maintain seamless transparency between commodity and commercial products.

Management of Commodity Balances -

Use the beginning commodity balance (allocation at the beginning of each school year plus roll over balance, if any, from previous year) to monitor commodity balances as the year progresses and deliveries are received.

Always plan menu and delivery cycles before you place commodity diversion orders to insure minimizing unnecessary carry over inventories.

Net Off Invoice and Value Pass Through

The Net Off Invoice system allows distributors to sell end products to eligible recipients at a discount and submit a refund application for the contract value of the donated food contained in each case to the processor. Under the approved Net Off Invoice system, the distributor does not submit a physical refund application, but rather deducts any eligible discount from the invoice received from the processor.

Under the Net Off Invoice system a processor sells identical commodity and commercial product to its distributors at a gross commercial price of \$30 per case. The value of



donated food contained in one case of finished end product in this example is \$10. The distributor can then sell that product to any of its customers. However, if the distributor sells the product to an eligible recipient agency that has raw commodity book inventory with the processor, then the distributor would sell the product at a discounted price based on the value of the donated food contained in the finished case, or in this instance \$20, plus the distributor's delivery fee.

The distributor then deducts the value of the donated food (\$10) from the gross commercial price (\$30) shown on the processor's invoice to the distributor and remits the balance due to the processor.

Processed end products can only be sold at a discount if the processor has an approved end product data schedule on file with the State agency (NCDA). Before a processor is allowed to draw down inventory, the processor must verify that the customer is an eligible recipient agency, of NCDA/FDD school lunch program.

Tracking Commodity Value of Donated Foods Diverted To a Processor

Example: You divert 10,000 pounds of **A522 Chicken Large** for further processing to Tyson Foods, it takes 10 pounds of raw chicken per each finished 30 pound case, therefore you should receive net of invoice (NOI) for \$ 7.00, a \$ 7.00 refund, or some type value pass through (VPT), although you were charged \$ 2.00 per pound against your entitlement dollars, on your 209 report, you only get credit for \$.70 per pound, because this is the November 15th price of the prior school year set by USDA and this price is locked in for the entire school year or until all product has been consumed.

Rebates

Using Rebates as value pass through method can make your procurement method simpler, but you must do the capital layout for the commodity value up front and wait to get your refund from each processor after the fact.

Fee For Service (FFS) Distributor- Distributor acts as Processor's billing agent and invoices RA a per pound/case price excluding the value of the commodity + distribution fees. (Also known as Modified Fee for Service)

Record Keeping

RA and distributor are required to retain proof of delivery.

The proof of receipt of commodity value lies with the RA. Invoices should be kept as proof of receipt and payment following applicable federal, state, or local regulation for record retention.

RA is responsible for verifying the accuracy of fee for service and delivery/handling charges.



THINGS TO CONSIDER:

Do you know how to account for and track your USDA Commodity Foods in:

- a) A commingle environment?
- b) From time of receipt from the NCDA/ FDD to the kitchen, whether it be a commercial distributor or school district warehouse?

Is there a section in your contract with your commercial distributor which lays out a plan for accountability of your products?

If you are unsure of the answers to the above considerations, please contact your field representative for assistance.

North Carolina

Child Nutrition Weekly Update

Responding to School Closings for H1N1 Outbreaks



Are you prepared to respond to school closings should an outbreak of the H1N1 virus occur in your LEA? Since the H1N1 virus has been shown to affect school-aged children disproportionately, and children are known to be highly likely to transmit flu viruses, especially in school and other group settings, **it is imperative that Child Nutrition Administrators across the state begin to develop plans for meal preparation (meal availability) should an outbreak cause school closings.** Public health experts are concerned that the novel H1N1 virus may persist into the fall, potentially as a more severe strain, causing more

widespread serious and life-threatening illness which may prompt decision-makers to close school(s).

The time to begin planning for a possible outbreak is NOW. If you have not already been informed of or involved in your LEA's H1N1 Influenza Response Plan, please inquire with your Leadership to obtain a copy of the plan. It is important for you to know what your LEA expects of the Child Nutrition Program before a possible outbreak. Over half of all students enrolled in NC's public schools qualify for free or reduced-price meals. Should an outbreak cause school closings, many of these low-income students may not have access to other sources of food when school is closed.

The US Department of Agriculture has recently provided guidance concerning the role of local Child Nutrition Programs in providing meals to low-income students during school closures related to H1N1 Influenza outbreaks; the USDA Policy Memo is attached. LEA Child Nutrition Programs may continue to prepare meals at school for distribution to low-income students through the Summer Seamless Option (SSO) or the Summer Food Service Program (SFSP). The requirement to serve meals in a congregate setting will be waived, however, since congregate feeding is contraindicated during a H1N1 outbreak. Otherwise, the SSO will generally operate as it does during the summer months in that all meals provided to children 18 years and under will be reimbursed at the free School Meal Program rates (breakfast, lunch and/or snack) (For information about preparing meals under the SFSP, please contact Cynthia Ervin, SFSP Coordinator, at cynthia.ervin@ncmail.net for assistance.)

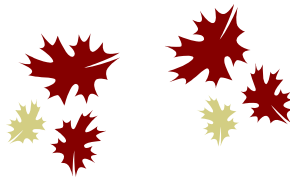
In order to prepare meals during an H1N1 under the SSO, schools must be enrolled, in advance, in the SSO. All SSO-approved sites will be considered "Closed-Enrolled" sites. The Child Nutrition Services section is in the process of preparing a "SSO Waiver Template" that contains specific information that will be required to issue a waiver to operate in a non-congregate meal setting. The waiver will require information, for each school, including the following:

- Meal service(s) provided (breakfast, lunch and/or snack);
- Method of meal distribution (this is the responsibility of the LEA, **not** the Child Nutrition Program unless "meal delivery" allows the "pick up" of meals from the school);
- Meal counting/claiming procedure; and
- Other information pertinent to the waiver request.

The decision to prepare meals during a school closure is ultimately a local decision. We encourage you to begin discussions with your LEA leadership as quickly as possible in order to be prepared should an outbreak, resulting in school closure(s) occur in your LEA.

Source: NC Department of Public Instruction Web Page

www.ncpublicschools.org/childnutrition



ACRONYM LIST

- ACDA - American Commodity Distribution Association
- ARRA - American Recovery and Reinvestment Act
- ECOS - The Electronic Commodity Ordering System
- FDD - Food Distribution Division
- FNS - Food and Nutrition Service
- FY - Fiscal Year
- NCDPI - North Carolina Department of Public Instruction
- NCECOS - North Carolina Electronic Commodity Ordering System
- SFA - School Food Authority
- SNA - School Nutrition Association
- SY - School Year
- USDA - United States Department of Agriculture
- WBSCM - Web Based Supply Chain Management
- WNC - Western North Carolina

For more information go to: <http://www.commodityfoods.usda.gov>

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