

In Good Taste



UPDATE FROM NCDA&CS FOOD DISTRIBUTION DIVISION

Summer 2007

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Director's Message...

Wow! I cannot believe how quick this year has gone by. You could say this year has been a "fruitless" year by USDA standards. I do not have to tell you how disappointing this year has been concerning commodity fruits. Looking ahead to next year does not look much better. We have already seen the cancellation of all the canned pineapple for next year. Market conditions are tight which means many fruits and vegetables are in demand. This makes it very hard for USDA to purchase product when there is such a high demand. USDA does not want to make consumer prices higher by making a purchase.

A bit of good news, there seems to be a lot of support for the commodity program in the 2007 Farm Bill, which could relate to increased funding for fruits and vegetables for our program.

Our plans for the 2007 Annual Conference are coming along nicely. I am looking forward to seeing you there.

DOD has selected Foster Caviness as the prime vendor for North Carolina. We look forward to working with them and continuing our NC Farm to School Program.

I hope you have a great summer!

Gary W. Gay



USDA Commodity Update for SY 2007-2008



Canned Pineapple

Several weeks ago FNS/USDA became uncertain of the pineapple industry as rumors spread of new business focuses in the cannery in Hawaii. We now know there will be no canned pineapple products available for any of our programs. All new pineapple orders for SY 2007-2008 have been cancelled as follows:

A443 Pineapple Tidbits	(22) trucks	@ \$ 528,462
A444 Pineapple Crushed	(1) truck	@ \$ 24,497
A448 Pineapple Chunks	(11) trucks	@ \$266,200



We hope you will consider other available fruits and vegetables to make up for the cancelled pineapple. There is a good supply of Apricots on hand. FNS/USDA also plans to make available Fruit Mix and Canned Pears.

Shortening Shortened

In keeping with their goal to bring all USDA commodities in line with the (DGA) Dietary Guidelines for Americans, FNS/USDA has decided to remove all forms of shortening (both hard and liquid) from all commodity food programs. Shortening's nutritional value offers only calories, saturated fat, and trans fat, and the 2005 DGA encourages consuming fats coming from sources of polyunsaturated and monounsaturated fatty acids such as fish, nuts and vegetable oils. Vegetable oil will continue to be available for use in cooking and food preparation. This change will be effective beginning January 2008 for schools.

High-Flying Commodity Prices Crimp Food Purchases

Now with the farm economy booming across the nation, prices for all sorts of commodities are soaring because of a variety of factors, including bad weather that dampened fruit and vegetable production and the biofuels boom that has boosted livestock prices. That's good for the farmers, but it means USDA has sharply curtailed its purchasing of surplus commodities.



In North Carolina, initial assessments of the Easter weekend freezing temperatures, extend beyond \$111 million dollars. The freeze destroyed much of this year's fruit and vegetable crops, including apples, peaches, and strawberries. This prompted Governor Easley to request federal assistance for 47 counties across North Carolina from the U.S. Department of Agriculture.

USDA Reveals Plans to Increase Fruits and Vegetables

USDA proposal for the 2007 Farm Bill looks very good for the commodity program. The recommendation that stands in the proposed Farm Bill is to provide \$2.75 billion dollars in additional fruit and vegetable purchases for food assistance programs and increase funding by \$500 million dollars to purchase fruits and vegetables for school meals. This provision must go through DOD. This will increase the DOD dollars that some schools are using instead of having to use entitlement dollars to purchase fruits and vegetables. A lot must happen before this is passed but we will keep you posted.

Push for Breakfast Commodities

There is a push through Congress to find funding for Breakfast Commodities. Currently there are nine million children who participate in the breakfast program. Funding to provide commodities for breakfast would be a great asset for the breakfast program



Statewide Processing Bid

By Lonnie McMillan

Since NCDA&CS Food Distribution Division implemented a statewide bid, further processing of USDA commodities has begun to increase and so have questions concerning commodity bidding such as, “Must I prepare a bid?”, “How do I process commodities?”, “When do I process?”, and “What are the different rebate systems used by processors?”. For more information on commodity processing contact Tysha Sherard, @ (919) 575-4490 ext. (211). To participate in the statewide bid, contact her no later than January of the upcoming school year, which would allow you adequate time to participate in the statewide bid, or get assistance with your agency commodity bids.

Commodity Inventory Reduction at Further Processors

There are four main value pass through systems currently in use nationwide. Each system has unique timing for the processor to reduce book inventory for commodities provided by the Department for use in making finished end products to provide to eligible recipient agencies.



1. Rebate System:

If a processor is using the rebate system, inventory should be drawn down when the processor issues the rebate to the recipient agency. The rebate should be paid under the EPDS (End Product Data Schedule) price that is in effect at the time of payment. The processor should not reduce inventory at the time of delivery to a commercial distributor.

2. Direct Discount:

The processor is selling directly to the recipient agency at a discount from the commercial price based on the commodity value of the donated food contained in the end product. The processor may reduce book inventory when the recipient is billed for the finished end product.

3. Indirect Discount through a Distributor (Net off Invoice)

The processor delivers finished end products to a commercial distributor who then sells the product to an eligible recipient agency at a discounted price based on commodity value of donated food that is contained in the end product. FNS has implemented a program to ensure that the finished end product will be sold to an eligible recipient agency by the commercial distributor. Therefore, the processor may not reduce book

inventory until documentation is provided by the distributor that shows a sale to an eligible recipient agency has occurred. This documentation may either be a rebate application from the distributor or a “sales velocity report” that identifies the finished product that was sold and the eligible recipient that brought the end product.

4. Fee for Service:

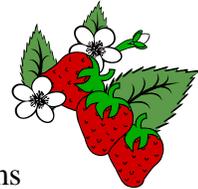
Under a fee for service system, a processor delivers finished product to a location chosen by the recipient agency. The processor bills the recipient agency directly. The processor may reduce book inventory when the recipient agency is billed. By billing the recipient agency, the processor asserts that the agreement has been fulfilled by delivery of the finished product to the location designated by the recipient agency. Even if the location is a commercial distributor, the processor has fulfilled the obligation and should be compensated at that time.

Fee for Service billing through a Distributor:

A recipient agency is invoiced by the processor for the (FFS) fee for service and separately by the distributor for delivery and storage. The processor arranges for delivery through a distributor on behalf of a recipient. The processor’s invoice includes separate, identifiable charges for both the (FFS) and the distributor’s charges.

“Got to be NC” Strawberries

By Ted Fogleman



For the fourth consecutive year, NC Farm-to-School Strawberries increased their sales to schools. Sixty-nine North Carolina school systems purchased 13,123 flats of NC Strawberries at more than \$168,000.

NCDA&CS Food Distribution distributed strawberries for 3 weeks in May. The quality of berries this year was truly an accomplishment by our North Carolina growers considering the freezing temperatures we had in April. This year also brought an earlier season to North Carolina because the weather got so warm after the freeze. Again, thank you for making NC Farm-to-School program a success and a role model for other states.



New Assistant Director for Food Distribution

By Gary Gay

It is my pleasure to announce that Ted Fogleman has been named Assistant Director for Food Distribution. Ted has thirteen years in Food Distribution. Ted started out as a Field Representative and then moved into the Warehouse Administrator position. We wish Ted well in his new job.

Department of Defense Prime Produce Vendor for NC

The Department of Defense has officially awarded its produce contract for North Carolina. Effective July 1st, Foster Caviness will be the prime vendor for our state. Foster Caviness has two locations, one in Greensboro and the other in Charlotte. They will be responsible for weekly deliveries to schools and military commissaries throughout the state. NCDA&CS Food Distribution Division will still play a part in school deliveries with the Farm to School Program and the Fresh Fruit and Vegetable Cooperative Program, and also possibly military deliveries. Food Distribution is scheduled to meet with Ken Wilmoth, Department of Defense, and representatives from Foster Caviness the first week in June. More information will be provided at the Summer Conference in Greensboro.

2007 USDA Commodity Academy

On April 25-26, 2007, Food Distribution held its second annual USDA Commodity Academy for Child Nutrition Directors and Supervisors. We were honored to have forty six wonderful CN staffers in attendance, which we thought was great.



Our training began with a history of the program and how far we have come since the days of rail car delivery to where we are today. After a break, SNA-NC President Elect Kathy Buelin presented an association update. The afternoon session began with Lonnie McMillan covering ECOS. At the end of the day's activities, attendees rotated through three stations which included: a tour of the warehouse, hands on training in ECOS, and a fifteen-minute ride down the interstate in one of our trucks. We finished up with a traditional North Carolina pig picking, which was enjoyed by all.

April 26 started off with Field Services Staff, Judi Hoggard, Amie Shinn, and Bob Sitton presenting an overview of the Field Services Section, Civil Rights and Disaster Preparedness. We closed out the training with a review of commodity processing, state bidding, farm-to-school, and the fruit and vegetable co-op. In between some of the training the Food Distribution cast performed several skits relating to commodities. We were pleased that all attendees graduated, and set the bar for future Academy classes. According to the evaluations and feedback from the attendees, the academy was a great success. If you didn't make it this year, we hope you can make it next year.

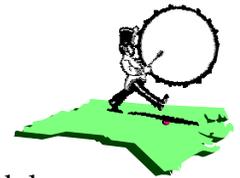


Brenda Walters
Ashe County Schools



Imer Smith
New Hanover County Schools

2007 March Across Carolina



It is not too early to mark your calendars for the upcoming March Across Carolina. This year we are marching from the coast to the mountains. See schedule below:

- Tuesday, November 6, 2007 - Riverfront Convention Center, New Bern, NC
- Wednesday, November 7, 2007 - Dorton Arena, NC State Fairgrounds, Raleigh, NC
- Thursday, November 8, 2007 - Hickory Metro Convention Center, Hickory, NC

2007 SNA of NC Summer Conference



“Building Student Achievement through Good Nutrition”

June is just around the corner! Hopefully you and your staff have your calendars marked for the School Nutrition Association of NC Annual Conference June 20-22, in Greensboro.

The conference planning committee has been very busy, dotting the “I’s” and crossing the “T’s” for this conference. I can tell you, it promises to be a good one, so make sure your staff is in attendance with plans on networking, meeting, and conversing with some of the very best Child Nutrition staff in the State. For the speakers, you will need pen and pencil for taking notes, a tissue to wipe away the tears from laughter. Hopefully you will take from the educational sessions and depart the conference with much more insight and some new ideas for next school year.

Food Distribution Division is looking forward to seeing you there. Be sure to stop by our booth and register for the North Carolina Gift Basket. Once again, DOD is participating in our theme booth and can answer questions you may have about the new produce Prime Vendor for NC, Foster Caviness. It is rumored that during the DOD Educational Session on Thursday, a few of the Food Distribution staff may be assisting Ken Wilmoth with his presentation. This promises to be entertaining, and you may learn a tidbit or two on proper storage practices of fresh fruits and vegetables.

Year End Accountability

As the School Year winds to a close, let me share an important reminder. For reporting purposes, your total commodity value received is found on the June 209 Report. Your invoice totals should match the 209 totals.

Steve Troxler Commissioner of Agriculture
Gary W. Gay Director of Food Distribution
Bob Sitton.....Editor / Administrator for Field Services
Allison MedlinPublisher
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