



Department of Administrative Services Connecticut Food Distribution Program

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Section One

Introduction

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The Food Distribution Program

The State of Connecticut receives surplus food from American farmers through the Federal Foods Distribution Program, administered by the United States Department of Agriculture (USDA). This food is used to help meet the nutritional needs of school children, the elderly and people in need. The Department of Administrative Services (DAS) distributes the USDA Foods (also referred to as commodities) through the Connecticut Food Distribution Program (FDP).

USDA donates over \$1 billion worth of food each year to people in the United States. The federally funded program helps to improve the nutritional diets of the many people who benefit from the program, while also helping American farmers maintain and strengthen the agricultural market. The USDA commodity food program supplies approximately \$8 million in food assistance to Connecticut schools each year.

Federal Laws

The following laws help to govern the operational procedures and functions of the Connecticut Food Distribution Program. In addition, these laws are the basis by which the USDA authorizes and regulates the distribution of surplus commodities.

Section 32 of the Agricultural Act of 1935 authorizes the government to remove surpluses of perishable commodities in order to stabilize farm prices. USDA Foods usually purchased under Section 32 are fruits, vegetables, meats, and poultry products.

Section 6 of the National School Lunch Act of 1946 authorizes the purchase of commodities for distribution to schools and institutions participating in the National School Lunch Act; requires the USDA to provide states with a minimum level of commodity assistance based upon entitlements to schools; and authorizes the USDA to purchase a variety of "desired" items that are not necessarily in surplus.

Section 416 of the Agricultural Act of 1949 authorizes the USDA to purchase and donate commodities in order to support farm prices.



Transferring USDA Commodities

Needy persons, school lunch programs, and non-profit summer camps for children, and charitable institutions that serve needy people can use commodities.

Important Terms

Recipient Agency (RA): The schools, government agencies, charitable institutions, disaster-relief organizations, summer camps or other child care facilities that receive USDA Foods.

USDA: United States Department of Agriculture

Food Distribution Program (FDP): The division of the Connecticut Department of Administrative Services, which is responsible for managing the USDA's Food Distribution Program. USDA handouts frequently use the term State Distributing Agency (SDA) or Distributing Agency (DA).

Department of Defense (DOD) Fresh Fruit and Vegetable Project -
A program which provides agencies the opportunity to use a portion of the entitlement for receiving fresh fruits and vegetables from the DOD.

Federal Fiscal Year - The period of 12 months beginning October 1 of any calendar year and ending September 30 of the following year.



Transferring USDA Commodities

The School Lunch Advisory Council

The School Lunch Advisory Council (SLAC) is made up of one or two representatives from each congressional district within Connecticut. The Food Distribution Program director is a member of the committee. It is important for school food service directors to maintain a close working relationship with the council in order to transfer information and suggestions. Because the CT USDA Foods Program is demand driven, the SLAC hasn't met since 2006.



Section Two

Eligibility

Eligibility

USDA donated food is available to various organizations. Each organization is given a unique RA (Recipient Agency) number. Some of the programs are administered through the Department of Administrative Services, some through the Department of Social Services, and some through the State Department of Education. The following programs benefit from Connecticut's share of USDA Foods:

National School Lunch Program (NSLP) - for children attending public and private schools, as well as residential childcare institutions (RCCI). Certain administrative procedures and regulations will apply.

Child and Adult Care Food Program (CACF) - for children and adults in day care centers, head start programs, family day care homes, and outside school hour programs.

Summer Food Service Program (SFSP) – for school children that do not receive NSLP meals during the summer months. Operated by local, municipal or county governments.

Summer Camps (SC) - non-profit facilities operating for the benefit of children during the summer. Camps must meet certain criteria related to the ratio of children to adults, camp location, and age of children (18 or under). Camps must also comply with all civil rights requirements and provide verification of tax-exempt status under the Internal Revenue Code, Section 501 c (3).

Nutrition Services Incentive Program (NSIP) - formerly the Nutrition Program for the Elderly (NPE), is administered by the U.S. Department of Health and Human Service's (DHHS) [Administration on Aging](#), but receives USDA foods from the [Food and Nutrition Service](#).



Transferring USDA Commodities

Charitable Institution Program (CI) – for needy people of any age who are served by non-profit homes for the aged, private rehabilitation centers, hospitals, correctional facilities, meals on wheels programs, soup kitchens, and residential group homes that are not participating in any other USDA child nutrition program. Organizations must be non-profit, non-educational, tax-exempt, and organized for charitable purposes to qualify for donated food.

The Emergency Food Assistance Program (TEFAP) - USDA runs the Title H Needy Family Program for mass distribution of food to people classified as needy. The program is locally administered by community action agencies.

Disaster Feeding Program - Disasters are defined as natural events (hurricanes, tornadoes, storms, floods, high water, wind driven water, tidal waves, earthquakes, drought, and fires) or man-made events (explosions, fires, riots, nuclear and chemical contamination). USDA makes donated foods available to disaster victims, usually through relief organizations such as the American Red Cross or the Salvation Army. These relief organizations usually prepare and serve meals from central locations. In some instances, food is given to households directly.



Section Three

Allocation and Ordering

Entitlements

Each year the USDA purchases millions of dollars of surplus food from American farmers. That food is allocated to states and used to prepare meals in schools and charitable institutions. According to Federal law the amount of commodities allocated to each state depends on the actual number of reimbursable meals served the previous year. The USDA collects this data state by state and then assigns each state their share of the commodity pie. That portion is called the entitlement. Entitlement is defined as the dollar value of the commodities that the state receives each year to meet its planned assistance level to its customers.

Planned Assistance Level (PAL)

Connecticut's entitlement is then further allocated among the hundreds of Recipient Agencies (RA) eligible to receive USDA Foods. A Planned Assistance Level (PAL), or dollar value, is established for each RA based on the data supplied from the previous year. The PAL is a variation of a charge account against which USDA Foods are offered. The Food Distribution Program is required to make Connecticut's total entitlement available to the recipient agencies in an equitable fashion. Present food inventories, the usage rates of various commodities, storage capabilities, shipping regulations, and the ethnic and local preferences of each recipient agency must also be considered.

The difference between Connecticut's entitlement and a recipient agency's Planned Assistance Level is an important one. The USDA makes a dollar value of USDA Foods (entitlement) available to Connecticut based on reimbursable meals. To calculate that dollar value, the USDA Foods Assistance Rate that Congress has set for that particular year multiplies the annual number of school lunches actually served in Connecticut. Each of these factors can affect a recipient agency's PAL.

The type of program determines the actual way that each RA's fair share is calculated. The broad categories of PAL's and a description of their fair share are listed here:



Transferring USDA Commodities

National School Lunch Program (NSLP) PAL is calculated by prorating the number of reimbursable lunches each school serves in relation to the total number of reimbursable lunches served by all schools in the state. School Food Authorities supply Connecticut's Department of Education with monthly lunch figures.

Charitable Institutions (CI) are required to provide the Food Distribution Program with annual figures on the number of needy meals served the previous year. Needy meals are those served to people who are eligible under federal law to receive USDA donated food. These figures are used to calculate the current year's fair share.

Summer Programs (SP) include summer camps and summer feeding programs. Each recipient agency must estimate the number of meals it expects to serve the following summer. The Food Distribution Program calculates their fair share based on this number of projected meals.

How USDA Foods are purchased

The US Department of Agriculture (USDA) purchases commodity foods through direct appropriations from Congress, and under surplus-removal and price support activities for the Food Distribution Program. The USDA Food Distribution Program provides two vital national services. The program provides nutritious foods to our nation's children and helps American farmers by supporting domestic agriculture and removing surpluses from the market. USDA provides these services through the cooperative efforts of three of its agencies. The Food and Nutrition Service (FNS) distributes USDA Foods to designated outlets. The Agricultural Marketing Service (AMS) buys fruits, vegetables, meat, fish and poultry items when supply exceeds demand, removing them from the regular channels of trade. The Farm Service Agency (FSA) obtains other foods such as grain, dairy, vegetable oil and peanut products. It is the ever-changing marketplace that determines how much of each commodity USDA can purchase and when the USDA Foods can be purchased.



Transferring USDA Commodities

USDA Foods are divided into two main groups:

Food Types

Group A commodities – Group A commodities are purchased by the Agricultural Marketing Service (AMS) and include fruits, vegetables, poultry, eggs and meat

Group B commodities – Group B commodities are purchased by the Farm Service Agency (FSA) and include grains, cheeses, oil, dry milk and peanut butter.

Bonus foods are commodities that are not charged to an entitlement. In other words, offerings of Bonus food do not reduce a recipient agency's Planned Assistance Level. Bonus foods can be either Group A or Group B foods.

Web Supply Chain Management (WBSCM)

The USDA's Web Supply Chain Management system (WBSCM) is a Web-based, encrypted program that allows school districts to enter food requests directly into a centralized USDA computer system. WBSCM also provides information to help the schools track their commodity funding levels, commodity recalls, and the delivery status of their orders.

WBSCM Catalog

The WBSCM Catalog is open to school districts at least annually. The USDA Foods and delivery periods are offered in the catalog based on prior years orders and the ability to meet the USDA full truckload requirements.



Transferring USDA Commodities

Ordering USDA Foods – Step By Step

- The USDA informs Connecticut's Food Distribution Program of the foods that will be available and when
- The FDP filters the delivery periods and USDA Foods in WBSCM and notifies the school districts via email that the WBSCM catalog is open
- The Recipient Agency then logs into WBSCM and checks the product catalog to see what's available and when
- Requests cases/pounds of commodities for specific delivery period(s)
- The FDP rolls trucks up in WBSCM and makes modifications as necessary
- USDA takes the requests from all the states and goes out to bid. If responses are too high, USDA may choose not to award the bid. If there is no award, USDA re-bids the Foods every 2 weeks until a favorable response is received
- Recipient Agencies must utilize their WBSCM reports to view their planned USDA purchases and tentative delivery periods.
- The RA receives monthly allocation reports from the state contracted distributor
- The RA logs into the state contracted distributor to place orders
- The RA receives delivery



Section Four

*Commercial Labeling,
Food Accountability and
Delivery*

**Commercial
Labeling**

USDA Foods, at the discretion of the vendor, may have a commercial label which means USDA Foods are no longer distinguishable and easily recognizable from purchased product.

**Food
Accountability**

- It is no longer a requirement to record USDA Foods on a daily production record or to maintain a perpetual inventory.
 - USDA Foods may be co-mingled with purchased foods. It is no longer a requirement to store USDA Foods separately.
 - A June 30th year-end inventory is no longer required.
 - A school system may choose to continue to store USDA Foods separately and record them on a daily production record.
 - Agencies that use a commercial warehouse can co-mingle USDA Foods with purchased foods.
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Transferring USDA Commodities

Food Loss

- A commodity loss should be treated as a purchased food loss. It is no longer a requirement to report USDA commodity food losses to FDP.

Delivery

The FDP has a contract with a commercial distribution company for the handling, storage, and delivery of USDA Foods. The contractor establishes a delivery schedule and notifies the RA's annually with their scheduled delivery day. The hours of delivery are part of the contract. Each RA must be available during these established hours of delivery. The RA is responsible for payment to the contractor for the storage (if applicable), handling, and delivery fees established in the contract. If an RA wishes to pick up their own commodities at the contractor, they must arrange for an agreed upon time for pick-up. In this case, they will only be responsible for payment of the pick-up and storage fees.

Each RA is responsible for signing a copy of the invoice (receipt) at the time of delivery or pick-up. Verify all items before signing. Check:

- The delivery invoice against the conformation email to verify that the foods and quantities are the same as requested.
- That the food is in good condition.
- The delivery invoice (receipt) against the actual delivery to verify there are no shortages. If shortages are found, note it on the invoice (receipt). Any shortages noted on the receiver should be delivered at a later date (see the Business Rules section of the appendix for specifics)



Transferring USDA Commodities

Food Complaint

- All complaints must go through the State of Connecticut Food Distribution Program (FDP) unit
- A Commodity Complaint Form must be completed by the Recipient Agency

Recipient agencies should save the Commodity Complaint Form to a word document, fill it in, and transmit it as an e-mail attachment to food.communication@CT.GOV



Transferring USDA Commodities

Transfer of USDA Foods

- **Complete a *Request for Transfer Form* and fax it to FDP at (860) 713-7438 or scanned and emailed to food.communication@CT.GOV.**

The form is online and can be downloaded from the Swap Post section on the Marketplace.

- Your commodity information will be displayed on the Swap Post once FDP has received and approved your form.

Schools interested in your commodities will contact you directly. Together, you will work out the details for the transfer.

- **Complete a *Transfer Accepted Form* and fax it to FDP at (860) 713-7438.**

The form is online and can be downloaded from the Swap Post section on the Marketplace. FDP will remove your information from the Swap Post once your transfer is complete.



Transferring USDA Commodities

USDA Foods NOT yet shipped to the warehouse

- **USDA Foods that have not yet arrived in the warehouse can be transferred in WBSCM, up to 15 days prior to the delivery period, and will appear on the receiving school's allocation report, e.g. a receiving school must agree to accept a commodity with a 4/15/20XX delivery period by 3/31/20XX.**
- Entitlement dollars will be charged against the receiving school and credited to the transferring school. A transfer can occur even if the receiving school has met or exceeded their entitlement dollars.
- If a deal cannot be met before the 15 day cutoff, the transferring agency must accept the commodity and follow the rules for **USDA Foods already IN the warehouse.**



Transferring USDA Commodities

USDA Foods already IN the warehouse

USDA Foods already shipped to the warehouse, *in your name*, must be shipped to your site. The state contracted warehouse cannot transfer USDA Foods once they have been allocated to you in their system.

- The transferring school will be billed for shipment, administration fees, and storage fees (if applicable). The transferring school must make arrangements with the receiving school for pick-up/shipment and payment.
- Entitlement dollars will be charged against the transferring school.

Reporting Requirements

RA's are required to prepare a number of forms, reports, and inventories to comply with the requirements listed in the federal regulations. All requests for these reports will be sent to each RA with specific instructions submittal dates.



Section Six

Food Processing

Fee For Service Through Distributor

Title of Product:

1. DA always holds title to the donated food.
2. The Distributor never takes title to the commodity product.
3. It is recommended that the RA request that the Distributor have an endorsement on the Distributor's property insurance to cover product in their care and control.

Invoicing Methods:

1. RA is invoiced the fee for service directly by the Processor with handling and delivery billed by the Distributor.
2. RA is invoiced the fee for service and delivery charges by the Processor with each item listed individually.
3. Distributor bills RA at total case cost under provision of FD-025-March 29, 2004 (included).

Invoicing Payments:

1. Invoices for non-substitutable commodities are to be paid by the RA when the product is received at their designated delivery location (warehouse, commodity distribution warehouse or commercial Distributor
2. Invoices for substitutable commodities are to be paid by the RA upon receipt of product.
3. If the Distributor is charging the RA a total case price rather than detailing the charges on two lines, fee for service and handling/delivery charge, per USDA FD-025 (March 29, 2004), the RA needs to insure that the Processor is providing additional information to the DA
4. Show written assignment of billing responsibility to the Distributor-breaking out fee for service plus delivery/handling charge to equal the total case price.
5. Inform the RA in writing the fee for service and delivery/handling



Food Processing

fee

Recordkeeping:

1. RA is required to retain proof of delivery.
2. 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 regulations for record retention.
3. RA is responsible for verifying the accuracy of fee for service and delivery/handling charges.

The Summary End Product Data Schedule (SEPDS) provides the correct draw down for each product. It shows the pounds of donated food per case, which is multiplied, by the quantity of cases purchased to determine the draw down the processor intends to file.

Indirect Sales or Net Off Invoice

Title of Product:

1. Recipient Agency takes title of product once Distributor delivers product.

Invoice Payment:

1. Distributor invoices the RA for the net price. The invoice must identify the gross case price and the value of the donated food(s) per case.
2. The RA is charged the net case price.

Recordkeeping:

1. RA must have a tracking system in place to compare and validate Distributor and Processor sales verification and anticipate requests to verify sales via NOI-It is recommended that an internal system be set up to enable timely responses



Food Processing

Recipient Agency can expect the State Agency to:

1. Notify RA of all Processors eligible to process in their state
2. Notify RA and Processor of pounds of Donated Food Allocated by the RA to the Processor on their behalf
3. Upon request, provide the SEPDS showing all products available, the commodities that can be processed, the commodity value per pound; the pounds of commodity (draw down) per case and the value of USDA Foods per case.

Recipient Agency can expect the Processor to:

1. Upon request, provide the SEPDS (see above for description)
2. Pass Through Value for commodity(s) contained in the product
3. Provide commercial price for each product
4. Bid pricing (if applicable) for RA
5. Specify to the Distributor the number of pounds/cases that will be put into the distribution system

Recipient Agency can expect the Distributor to:

1. Prepare invoices with the bid price for the food product located on the first line and the commodity value of the product, provided by the manufacturer, is deducted on the second line thus giving the net case price
2. Clarify how Distributor will communicate sales verification/velocity reports
3. Maintain a program that meets the reporting requirements of the DA and any audit requirements, tracks and deducts the commodity value of the product delivered to the RA and tracks remaining entitlement.
4. Agree that **no brand or item code substitution of product is allowed**
5. Agree that the Distributor will slot all items the RA has requested for processing



Food Processing

**Recipient
Agency
Responsibilities
– Net Off Invoice**

Participation-

1. RA will need to learn from its approved Processor participating in NOI those Distributors authorized to conduct NOI on their behalf.
2. RA should confirm with DA that Processor is approved for NOI
3. RA should verify with DA and the Processor which end items are included in the Processor's NOI program with a specific Distributor.
4. RA should consider the need for CN labeled products, product variety and distributor ability to carry requested items

NOTE: A list of approved processors and end products is available on the MarketPlace website. This list is updated as required throughout the year.

State of Connecticut
Department of Administrative Services

Food Distribution Program
Business Rules

Revised April 2012

CONNECTICUT FOOD DISTRIBUTION PROGRAM BUSINESS RULES

DAS Responsibilities

1. The Department of Administrative Services (DAS) Food Distribution Program (FDP) will update meal counts for each Recipient Agency (RA) annually on the USDA Web Supply Chain Management (WBSCM)
2. FDP will email RA's when Annual/Bonus catalogs are open on WBSCM.
3. FDP will roll up all requests in WBSCM, and submit requests to USDA.
4. FDP will monitor USDA purchases of USDA Foods.
5. FDP will email state contracted distributor the number of trucks, the material codes and delivery periods.
6. FDP will post truck arrivals on the MarketPlace website.
7. FDP will perform annual Physical Inventory at the warehouse.
8. FDP will monitor raw commodities at Processors and monitor Monthly Performance Reports.
9. FDP in conjunction with DAS/Procurement will monitor and maintain a vendor performance file.
10. FDP, in conjunction with USDA, will determine the method of vendor restitution for any shortages or damages. This will involve either processing a claim for the value of the commodities or full replacement of commodities "in-kind".
11. FDP in partnership with the State Department of Education (CSDE), will deduct the FDP administrative fee from the RAs National School Lunch Claim Reimbursement. Semi-annually, SDE will deduct the total charges owed to the FDP against the November and May Child Nutrition Program claim months. The following are the billing periods for each claim month:
 - The May Claim will include the FDP billing invoices from January to June
 - The November Claim will include the FDP billing invoices from July to December

NOTE: Deductions will be made against the NSLP reimbursements.

RAs Responsibilities

2. The RA is responsible for entering orders in WBSCM by required deadlines.
3. The RA is responsible for monitoring orders in WBSCM.
4. The RA is responsible for entering monthly delivery orders in the state contracted distributor's on-line ordering system (eSysco) five (5) business days prior to delivery date. Failure to do so will cause all USDA Foods in RA's name to be placed in storage.
5. RAs will be allowed to place USDA Foods in storage. RA's must have all USDA Foods out of the state contracted distributor by the end of each school year. Failure to do so will mean the RA forfeits the USDA Foods.
6. RAs must adhere to the contractual delivery time. Arrival hours are between 6:00 a.m. and 2:00 p.m. Scheduled deliveries must be accepted at the time of arrival provided the state contracted warehouse arrives by 2:00 p.m. If a customer refuses delivery, the state contracted distributor will process a claim for delivery and restocking costs. The restocking cost will be 10% of the market value of the commodities scheduled for delivery.
7. Special delivery instructions, like security issues that require a 7:00am or later delivery must be submitted in writing to the warehouse at the beginning of the school year and an agreement must be mutually agreed upon between the customer and the state contracted distributor.
8. If the RA cannot accept a delivery from the state contracted distributor on the scheduled delivery date they must notify FDP and the state contracted warehouse 72 hours in advance unless a critical, unforeseen event occurs. The state contracted distributor will only reschedule the delivery for emergency situations (ex. freezer breakdown, school closing, etc.).
9. RAs must notify DAS within 24 hours of a missed state contracted distributor delivery. The RA is responsible for notifying FDP of any rescheduled state contracted distributor deliveries not received within one week of the original scheduled delivery date. The state contracted distributor will

make every effort to complete these deliveries. FDP will take the appropriate action with the state contracted warehouse to expedite the missed delivery.

10. The RA is responsible for inspecting load/delivery for condition on arrival and immediately notifying FDP by telephone at (860) 713-5147 of any problems with condition, quality, or quantity. The RA is responsible for verifying the accuracy of the count. The RA must notify the state contracted warehouse of any overages, shortages, or damages before releasing the delivery vehicle.
11. If an RA accepts a product that is not on the Delivery Form, they will be billed for the commodity value of the product unless they return the commodity within 5 days. **Customers cannot accept USDA Foods not entitled to them.**
12. Back-hauling in not permitted.
13. The RA will pay invoices to the state contracted distributor on a net 45 days basis after receipt of invoice, per the state contract.
14. The RA is responsible for raw USDA Foods sent to the processor in RA's name. Further processed Foods may be delivered to the RA's loading dock, the state contracted distributor, or the RA's distributor.
15. RA's must monitor raw inventory to insure pounds of USDA Foods are being drawn down accordingly to produce further processed Foods.

**State
Contracted
Distributor
Responsibilities**

1. The state contracted distributor will be responsible for the receipt, storage, and handling of all USDA commodities per USDA rules and regulations (i.e.: FSN Instruction 709-5).
2. The state contracted warehouse will make all deliveries between the hours of 6:00 a.m. and 2:00 p.m., unless the customer and the state contracted warehouse agree to an alternative arrangement.
3. The state contracted warehouse will be responsible for delivery conformation of either AM or PM via email and by phone. Voice mail or answering machine messages will be accepted as notification. Conformations must be made 48 hours prior to delivery
4. Short-shipped USDA Foods must be delivered within **5 business days or sooner, if a customer has a critical need for the product** and is agreed upon by the customer and the state contracted warehouse.
5. If the state contracted distributor over ships USDA Foods, it is the distributor's responsibility to pick-up the USDA Foods within 5 business days or the state contracted distributor will be subject to a claim for the total commodity value.
6. The state contracted distributor is responsible for completing any missed deliveries within 1 week of the customer's original scheduled delivery date. Deliveries missed due to inclement weather, breakdowns or other unforeseen conditions shall be rescheduled within five (5) working days, unless the RA and FDP agree to a later delivery date.
7. The state contracted distributor will be responsible for transmitting daily electronic files to DAS/FDP containing shipment records.
8. The state contracted distributor must retain copies of signed receipts for 3 years.

9. All hard copy reports and signed receipts from the state contracted warehouse must include the following information:
 - DAS/FDP agency code (i.e.: 4002222).
 - Delivery site/customer name (i.e.: 385476)
 - USDA Material Code and description
 - Vendor Invoice Number
 - Actual ship date
 - Quantity shipped
 - Sales Order Number.

10. The state contracted distributor will be responsible for invoicing RAs for delivery fees on a 30-day billing cycle.