

An introduction to the commodity component
of Rhode Island school menus

USDA Commodities

- Entitlement money represents between 10 and 20% of a district's food budget.
- A district's allocation is based upon the prior year's total reimbursable lunches served multiplied by \$0.195 (Federal assistance rate)
- Not using all of the entitlement money has the same impact as giving back reimbursement money
- Commodity items include: fruits, vegetables, meats and cheeses.

How can a district spend

- Accept USDA direct allocations (brown box commodities)
- Divert a portion of the allocation to the Department of Defense (DoD) fresh fruit and vegetable program
- Divert a portion of the allocation to USDA approved vendors for processing into familiar entree items.

Brown Box Commodities

- In December of the preceding year, the USDA provides a list of commodity product available for ordering.
- Products that require no further processing are referred to as “Brown Box”
- These items include kitchen staples such as: pasta sauce, canned/frozen fruits and vegetables, shredded cheese, beef and chicken.

DoD Fresh Fruit & Vegetable

- In December of the preceding year, each district decides what percentage of their total allocation dollars will be diverted to the DoD program.
- The DoD program, utilizing a local vendor, provides each district with access to fresh fruits and vegetables that are increasingly locally grown.
- Only 10% of the state's total commodity allocation can be diverted to the DoD program.

• Example :

Total Commodity Allocation = \$3,000,000

Total DoD Allocation Allowable = \$300,000.

If a district get 2% of total allocation the maximum allowable diversion to the DoD program is \$6,000

Commodity Processing

- Districts can divert either a percentage of the allocated product or dollars to USDA approved vendors for processing (Net Off Invoice).
- Commodity processing adds cost, but offers various benefits to a district including:
 - Lower food & labor costs
 - Increased variety of products and menu choices which in turn increases meal participation
 - Reduced storage and shipping costs
 - Improved Food Safety
 - Solves issues of limited facilities that many

What is Commodity

- The conversion of commodities into familiar, finished menu items by food manufacturers
- Examples can include:
 - Tomatoes into salsa
 - Low-fat cheese & whole grain flour into pizza
 - Poultry into fajita meat, roasts, nuggets and other items
- Historically, RI districts have chosen to process chicken, beef and eggs through USDA approved manufactures, delivered by the RI Central Distribution Center. An alternative to this practice is

What is Net Off Invoice (NOI)?

- NOI allows districts to divert a percentage of allocation dollars directly to USDA approved manufacturers which effectively reduces the prices of key menu items that are already being purchased by school districts through their distributors.
- Benefits of NOI include:
 - More product choices and flexibility
 - Increased product consistency throughout the school year
 - Improved inventory control by allowing “just in time” delivery
 - Elimination of storage and delivery fees
 - Enhanced food safety through instant recall tracking

Net Off Invoice Discount:



Districts will reduce their food cost by leveraging their commodity entitlement dollars through the NOI process

Districts will reduce their labor, storage, and delivery costs by participating in the NOI process.

RI Commodity Timeline

- December

- Districts decide what percentage of entitlement dollars to allocate to the DoD fresh fruit & vegetable program
- The available commodity list for the next school year is released by the USDA and reviewed by a sub-committee of representatives from each management company and self operators to prioritize purchasing decisions
- A list of suggested commodity items for purchase is distributed to all foodservice directors throughout the state.

- January

- Annual food show to preview products available from commodity processors
- Annual all-district meeting to vote on commodity purchases for the following school year:
 - What commodities to purchase
 - How much to allocate to bulk processing for processed products

What is a commodity food

- The commodity food show is a chance for foodservice directors to preview some of the products that are available through USDA approved commodity processors.
- Directors taste products, review nutritional information, discuss pricing, and decide whether products are acceptable for menuing.
- Foodservice directors then use this information at the annual meeting to assist in final commodity processing decisions.

Thank You for Your Time

- Questions?