

# Purchasing Cooperative GUIDELINES

FOR SCHOOL FOOD AUTHORITIES

The Texas Department of Agriculture (TDA) is committed to providing Contracting Entities (CEs) with the information needed to run an effective food service operation that is compliant with the United States Department of Agriculture's (USDA) rules and regulations. This brochure outlines regulatory provisions and principles applicable to CEs seeking the services of a purchasing cooperative.

## FREE AND OPEN COMPETITION IS KEY!

CEs must follow federal procurement regulations when entering into contractual agreements with entities for goods or services. All procurement transactions must be conducted in a manner that provides free and open competition consistent with federal, state and local procurement standards.

Those requirements also apply when a CE seeks the services of an entity such as a purchasing cooperative, a group purchasing organization, or a group buying organization, as well as an entity offering to facilitate access to those types of entities.



## PROCUREMENT DOCUMENTATION

Upon request, each CE must be able to supply copies of source documentation for all procurements made by the cooperative on its behalf. CEs should consult with their own attorney to verify that cooperative agreements ensure access to all records, reports and documentation related to procurement. Each CE must be able to supply copies of source documentation for all procurements made by the cooperative on its behalf.

## REBATES, DISCOUNTS & CREDITS

Contracts with all third-party entities must ensure the third party follows all procurement regulations and that all rebates, discounts, and other applicable credits accrue to the CE, not to the third-party entity. The contract must include language to ensure access to all records, reports, and documents that support the actual transfer of earned rebates, discounts, and all applicable credits. This includes rebates, discounts, and credits for USDA Foods values.



Food and Nutrition Division  
National School Lunch Program



TEXAS DEPARTMENT OF AGRICULTURE  
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# TYPES OF COOPERATIVES

Per federal regulations, cooperative members must have input regarding operational and procurement decisions regardless of the type of cooperative.



	EDUCATION SERVICE CENTER (ESC) COOPERATIVE	CE COOPERATIVE	OTHER COOPERATIVE
DESCRIPTION	Comprised of CEs to increase purchasing power as established by the Texas legislature. The ESC performs and manages procurement of goods and services on behalf of all members.	Comprised of and created solely by CEs that band together to increase purchasing power. Members of this type of cooperative must identify one or more CEs to serve as the lead member(s) who perform and manage the procurement of goods and services on behalf of all members.	Comprised of and created solely by CEs that band together to competitively procure a third-party entity to increase their purchasing power. The third-party entity performs and manages the procurement of goods and services on behalf of the cooperative members.
REQUIRES PROPER PROCUREMENT OF COOPERATIVE SERVICES	NO*	NO	YES
MUST PROPERLY PROCURE GOODS AND SERVICES	YES	YES	YES
MUST PROPERLY PROCURE GOODS AND SERVICES FOR MEMBERS	YES	YES	YES

\*Exempt as an intergovernmental purchasing cooperative



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