

Food Distribution Program

Foundations: USDA Entitlement

*Texas Department of
Agriculture*

USDA Division



TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

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www.SquareMeals.org



Food and Nutrition Division
Food Distribution Program

Acknowledgement Statement

You understand and acknowledge that:

- The training you are about to take does not cover the entire scope of the program; and that
- You are responsible for knowing and understanding all handbooks, manuals, alerts, notices, and guidance, as well as any other forms of communication that provide further guidance, clarification, or instruction on operating the program.

**What is the percentage
USDA Entitlement
contributes towards your
average daily menu?**

USDA Foods In Daily Menu



- Texas School Year 22-23: over \$256M
- Avg daily menu = **~15-20% USDA Foods**
- Spending Entitlement Value frees up \$ for commercial purchases

A piece of pie is a piece of pie!

Course Introduction

Course Outline
and Objectives



Foundations: USDA Entitlement Course Outline

01

Introduction

Course Objectives, terms and definitions

02

USDA Entitlement Foods

Availability and benefits

03

Entitlement Calculations

Allocation, lunches served, Rate of Assistance, other costs

04

Tracking and Monitoring

Tracking FDP Entitlement and inventory for optimal use

05

Maximizing Entitlement

Cost Analysis, Discounts, and Bonus

Course Objectives and Outcomes

By the end of this course, participants will be able to:

- Identify variety of entitlement foods available, including each category's purpose and benefits
- Understand entitlement eligibility, calculation methods, and USDA Entitlement Foods out-of-pocket associated costs
- Understand RA Entitlement-related responsibilities including tracking entitlement and inventory of USDA Foods.
- Understand and use strategies that maximize entitlement dollars

Entitlement Terms and Definitions



Term	Definition
Entitlement	Amount of funds available to Recipient Agencies (RA) for requesting USDA Foods. Also known as Entitlement Dollars, Planned Assistance Level (PAL) dollars or commodity dollars.
Commodity Rate of Assistance	Value of donated food assistance given to states for each lunch served in the NSLP. Entitlement is calculated using the Commodity Rate of Assistance multiplied by the number of lunches served in the previous school year for NSLP.
Allocation	USDA Entitlement Foods requested by RA and <i>assigned</i> to the RA for delivery by the contracted warehouse. Amount is based on total reimbursable lunches served from the previous year.

High Level Fulfillment Process



Four Essential Things To Know About USDA Entitlement

1

Available USDA Entitlement Foods

2

Distribution, Calculations and Other Costs

3

Entitlement Tracking

4

Five Ways to Maximize Entitlement

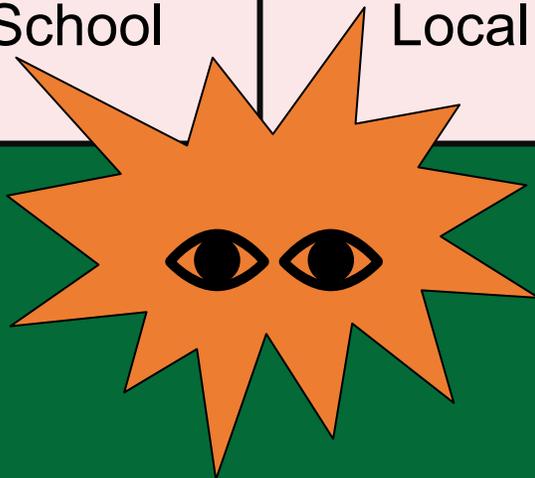
USDA Entitlement Foods

*Will be referred to as USDA Foods for short



Terminology Changes

Prior to 2023	2023
Regular/"Brown Box"	Direct Delivery
Farm to School	Local Grown



USDA FOODS



Direct
Delivery
(Brown Box)

Processing
Diversion

DoD
Fresh

Local
Grown
(Farm to
School)

1

Available USDA
Entitlement
Foods

Direct Delivery (Brown Box)

About

Variety of fresh, frozen, canned and dried fruits and vegetables, meats, cheese and whole grain products.

Many products purchased from Texas Companies

Benefits

Many products delivered in finished, ready to serve form

Reduces preparation time and labor

Requests

Requests for Direct Delivery submitted in WBSCM

(USDA's Web-Based Supply Chain Management)

1

Available USDA
Entitlement
Foods

Processing Diversion USDA Foods

About

Raw materials sent to processing facility to turn into an end product

Example:
Apples → Applesauce

Must use TDA approved Processors

Benefits

Can be more cost effective than procuring commercially

Processor discounts cost of end product by subtracting value of USDA Foods.

Reduces preparation time and labor

Requests

Processing requests submitted in WBSCM

(USDA's Web-Based Supply Chain Management)

1

Available USDA Entitlement Foods

DoD Fresh

About

Includes a variety of fresh fruits and vegetables

Must "opt-in" to participate

Benefits

Maintains high quality standards

Products offered in variety of forms — whole or precut — and in a variety of pack sizes.

Requests

Requests for DoD Fresh submitted in USDA's FFAVORS system

(Fresh Fruit and Vegetables Order Receipts System)

1 Available USDA Entitlement Foods

Local Grown

(formerly Farm to School)

About

Products procured 100% from Texas Farmers.

Benefits

Reduces warehouse, storage, and delivery fees.

Product is 100% free to schools.

Less stops to final location provides fresher product.

Requests

Requests for Farm to School submitted within DoD Fresh in FFAVORS

(Fresh Fruit and Vegetables Order Receipts System)

Products will be marked with ***Local Grown*** next to material name.

1

Available USDA Entitlement Foods

Selecting Local Grown Products in FFAVORS Under DoD Fresh

Local Grown
(Farm to School)

<input type="checkbox"/>	14M10	APPLES FR R/D 125-138 CT 40 LB CS	40 LB
<input type="checkbox"/>	14J93	APPLES FR ROYAL GALA 125-150 CT 40 LB CS *** LOCAL GROWN ***	40 LB
<input type="checkbox"/>	15R69	BLUEBERRIES 12/4.4 OZ CO	4 LB
<input type="checkbox"/>	16W88	BROCCOLI CROWN CHL 20 LB CS	20 LB
<input type="checkbox"/>	15N01	BROCCOLI FR 14 CT 26 LB CS	26 LB
<input type="checkbox"/>	16A33	CABBAGE CHL RED SHRD 1/5 LB BG	1 CO
<input type="checkbox"/>	16P72	CABBAGE CHL RED SHRD 4/5 LB CO	4 BG
<input type="checkbox"/>	15N56	CABBAGE FR GRN US#1, 3 CT 5 LB CS *** LOCAL GROWN ***	5 LB
<input type="checkbox"/>	15N56	CABBAGE FR GRN US#1, 50 LB CS *** LOCAL GROWN ***	50 LB
<input type="checkbox"/>	15N33	CABBAGE FR RED 2-3 CT 5 LB BG *** LOCAL GROWN ***	5 LB

Products labeled as Local Grown.

1

Available USDA Entitlement Foods

03

Distribution, Calculations and Other Costs

Allocation

USDA Entitlement Allocations are:

- USDA Entitlement Foods requested by Recipient Agencies (RA) and designated to the RA for delivery by the contracted warehouse.
- Amount is based on total reimbursable lunches served from the previous year.

Entitlement Estimates

Entitlement issued by USDA in January to states

- Will be adjusted in the fall based on updates on number of lunches served

TDA uses the following formula to distribute USDA Entitlement to all participating RAs:

$$\begin{array}{c} \text{Commodity Rate of Assistance} \\ \text{(Published Rate of Assistance posted on SquareMeals)} \\ \times \\ \text{Total Lunches Served} \end{array}$$

*Lunches served under SFSP are not included when calculating subsequent year's entitlement

2

Distribution,
Calculations,
Other Costs

Entitlement Distribution

Entitlement \$

=

Total Lunches Served
(previous school year for NSLP)

x

Commodity Rate of Assistance (.3650)
(For SY 23-24; Updates Posted on SquareMeals)

Example: 250,601 TLS x .3650 = \$91,469.37
Entitlement

2

Distribution,
Calculations,
Other Costs

Calculating Entitlement Example

RAs are responsible for:

- Tracking warehouse storage and delivery charges to make the most of entitlement dollars.
- Using warehouse per case rate to schedule most cost-effective deliveries.
- Monitoring, tracking, and paying invoices provided by warehouse *on time*.

2

Distribution,
Calculations,
Other Costs

**Associated
Costs:
Warehouse
Fees**

Warehouse Storage Charges

Warehouse storage fees and dwell time periods vary based on contracted warehouse.

- Free Storage
- Short Term Storage Cost
- Long-Term Storage Cost

***More time in storage = more \$\$\$**

2

Distribution,
Calculations,
Other Costs

**Associated
Costs:
Storage**

Associated Costs: Warehouse Fees

Check FDP Region for warehouse resources including:

- Webinars
- Slides with detailed warehouse information
- One-Pager snapshot of warehouse rates

3E'S OF HEALTHY LIVING Program
EDUCATION, EXERCISE AND EATING RIGHT

Programs > Food Distribution Program for NSLP > Contracted Warehouses

Contracted Warehouses

- Get Started
- Administration/Forms
- Contracted Warehouses
- Latest News

CE Warehouse Inventory Management Tool
Designed to assist in monitoring and tracking Allocations and Shipments. Provides tables to represent monthly and cumulative balances. Trends and storage type are illustrated by graphs to better utilize commodities. [Click here to view tool.](#)

SY20-21 NSLP USDA Foods Private Storage Delivery & Storage Fees Report
Please click on your assigned FDP Region link below to access the report: Reports last updated 7/1/2021
schedules, executed contracts, and contact information.
Use the + button to expand each section.

Region 1 & 2 +

Region 3 -

SY 2023 NSLP RESOURCES

Webinar	Slides	One-Pager
Contact Information: Gold Star Foods Houston		
Region 3 Attachment A Rate Schedule SY 2022 Region 3 Attachment A Rate Schedule SY 2023 Region 3 Contract Renewal SY 2023		
Region 3 - Houston		

Region 4 -

SY 2023 NSLP RESOURCES

Webinar	Slides	One-Pager
Contact Information: Region 4 Attachment A Rate Sched		

2

Distribution,
Calculations,
Other Costs

One-Pager Example with Warehouse Fee Information

Delivery Charges Vary by Warehouse
Check rates by FDP Region on SquareMeals

NSLP Warehousing What is new for Region 3

Gold Star Foods was awarded the contract to service Food Distribution Program (FDP) region 3. The map and list of counties serviced by the warehouse is located on SquareMeals.org: [Food Distribution Program for NSLP](#)

Delivery Rates
Private Storage
Invoices

Rates will vary depending
on contracted warehouse in
each FDP Region

2

Distribution,
Calculations,
Other Costs

Associated
Costs:
Warehouse
Fees

Associated Costs of Processing in Addition to USDA Foods:

- Packaging
- Labor
- Storage
- Delivery
- Associated costs must be covered with cash coming out of account.

**Associated
Costs:
Processing
Fees**

2

Distribution,
Calculations,
Other Costs

Associated Costs: Processing Procurement Fees

Procurement Fees:

- Processing USDA Foods must go through procurement process.
- If vendors procure processed materials for (Recipient Agencies) RAs, vendors fees will have to be paid for staff time used to handle procurement
- For all other USDA foods, USDA handles procurement on behalf of RAs without fees.

Determining Cost Effectiveness

Associated Costs: Processing Fees

Chicken Fajitas via Direct Delivery

Entitlement covers 100%
of product

Storage and delivery
only related costs

Chicken Fajitas via Processing

Entitlement covers USDA
unfinished raw product

Processing fees must be
paid

Vendor fees if using
vendor for procurement

Storage and Delivery

2

Distribution,
Calculations,
Other Costs

Knowledge Check



Knowledge Check:

Scan QR Code to visit the
Link below to access
the Knowledge Check



<https://bit.ly/3JT5xW6>



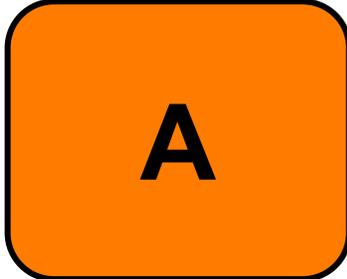
Entitlement Calculations and Other Costs Knowledge Check

Question: What USDA Foods related costs do Recipient Agencies need to account for?

- A. Processing Fees
- B. Storage Fees. Fees vary based on contracted warehouse dwell times.
- C. Delivery Fees
- D. All of the above

A**B****C****D**

Knowledge Check



A

A. Processing Fees

While Recipient Agencies are responsible for fees associated with processing USDA Foods (labor, etc.), there are other fees that Recipient Agencies must account for when calculating the out-of-pocket costs connected to receipt of USDA Foods.

Knowledge Check

A

A. Processing Fees

While Recipient Agencies are responsible for fees associated with processing USDA Foods (labor, etc.), there are other fees that Recipient Agencies must account for when calculating the out-of-pocket costs connected to receipt of USDA Foods.

Knowledge Check

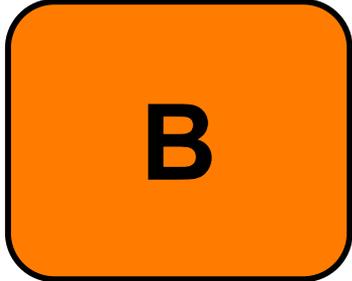


B

B. Storage Fees. Fees vary based on contracted warehouse dwell times.

While Recipient Agencies are responsible for warehouse storage fees after the designated free storage dwell period, there are additional fees that a Recipient Agency must account for.

Knowledge Check



B. Storage Fees. Fees vary based on contracted warehouse dwell times. While Recipient Agencies are responsible for warehouse storage fees after the designated free storage dwell time, there are additional fees that a Recipient Agency must account for.



Knowledge Check

C

C. Delivery Fees.

Recipient Agencies are responsible for tracking delivery fees based on product amounts to be delivered, however, there are additional fees that a Recipient Agency must account for.

Knowledge Check

C

C. Delivery Fees.

Recipient Agencies are responsible for tracking delivery fees based on product amounts to be delivered. However, there are additional fees that a Recipient Agency must account for.



Knowledge Check

D

D. All of the above.

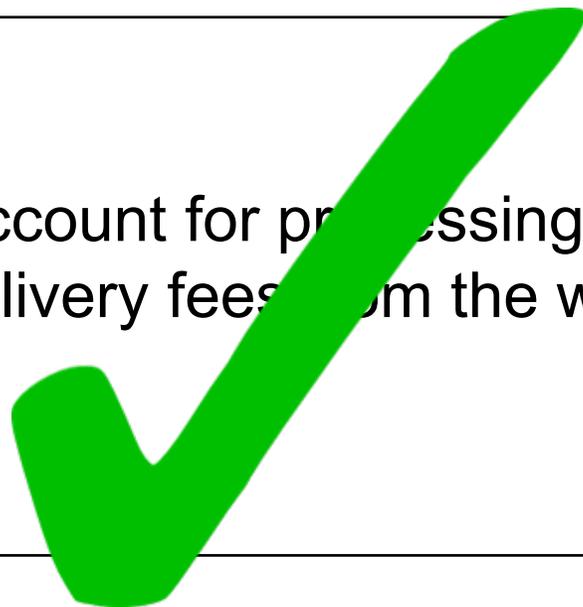
Recipient Agencies must account for processing fees, storage fees after the free storage period AND delivery fees from the warehouse to the final destination.

Knowledge Check

D

D. All of the above.

Recipient Agencies must account for processing fees, storage fees after the free storage period AND delivery fees from the warehouse to the final destination.



04

Entitlement Tracking

Tracking Processing Entitlement Foods

Manage inventory and banked pounds in K12 Food Service and ProcessorLink tracking systems. Includes, but not limited to:

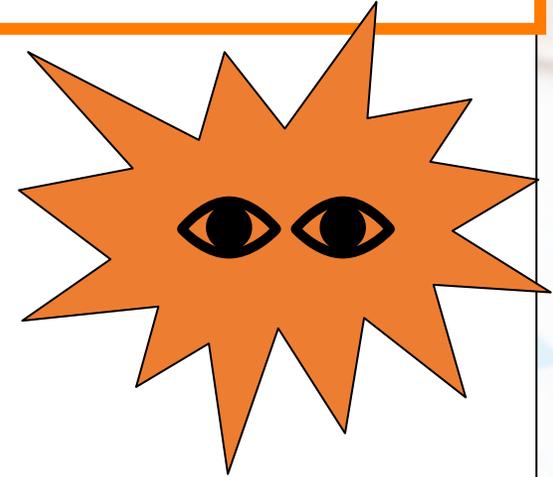
- List of all processors and products purchased with that processor
- Donated food value with USDA material number banked with processor
- Usage by Month

Reviewing Warehouse Invoices and Inventory

CHANGE

Transition to WBSCM includes managing inventory in ***warehouse tracking systems***. Tracking systems include, but not limited to:

- Ability to review allocations
- Review inventory available to order for delivery to the RA
- View open delivery orders
- Includes BOL (Bill of Lading) and USDA Sales Order numbers



RA's are responsible for:

- ❑ Monitoring allocation of USDA Foods products and entitlement in WBSCM.
- ❑ Monitoring contracts to ensure full credit for all USDA Food values are received.
- ❑ Monitoring inventory and usage at the processor through processor tracking systems.

Track via WBSCM: Entitlement Summary Reports

- ❑ Review real-time balances and totals for current year.

Home Operations Admin **Reports** Help

Order Processing

Reports > Order Processing > Entitlement Management > Entitlement/Bonus Summary Report

Entitlement Management

- Entitlement/Bonus Summary Report
- RA Entitlement/Bonus Detail Report
- Domestic Ship-To Contacts Report
- Multi-Food Received Shipment Report
- Multi-Food Requisition Report
- Redistribution/Redonation Detail Report
- Requisition Status Report
- Value of Commodities Received - RA
- Value of Materials Received - Multi-Food

Welcome to Entitlement/Bonus Summary Report

All required fields are marked with a red asterisk (*). Dates are formatted as: MM/DD/YYYY.

Search Criteria

Execute Reset Print to PDF

Show Variants

* Program:

* Program Year: To

SDA Region Code:

RA / SDA Number:

Sold-To State:

NOTE:
For disaster funding that spans multiple program years, the values are r

3

Entitlement
Tracking

Real Time
Entitlement
Balance in
WBSCM

Track via WBSCM: Entitlement Detailed Reports

- Net Value:** real-time requisition totals.
- Ent. Amount Available:** view entitlement balance.
- Ent. Amount Pending:** view impact of individual requisitions on entitlement balance.

	Requisition Number	Material	Material Descr.	Net Value	Ent. Amount Availabl	Ent. Amount Pending
1						
2	1000144228	100429	PASTA MACARONI PLAIN ELBOW CTN-20 LB	837.80	11,814,099.74	11,813,261.94
3	1000144229	110270	BEEF LEAN PATTY LFT OPT FRZ CTN-40 LB	9,827.18	11,813,261.94	11,803,434.76
4	1000144227	100154	BEEF COARSE GROUND FRZ CTN-60 LB	101,740.80	11,803,434.76	11,701,693.96
5	1000144227	100154	BEEF COARSE GROUND FRZ CTN-60 LB	101,740.80	11,701,693.96	11,599,953.16
6	1000144228	100154	BEEF COARSE GROUND FRZ CTN-60 LB	5,087.04	11,599,953.16	11,594,866.12
7	1000144228	100352	CARROTS FRZ CTN-30 LB	1,928.92	11,594,866.12	11,592,937.20

Real Time Entitlement Balance in WBSCM

05

Five Ways to Maximize Entitlement

Maximize Entitlement #1: Forecasting



Creating cycle menus



Conduct needs analysis



Analyze Food Production Records



Analyze Inventory Reports

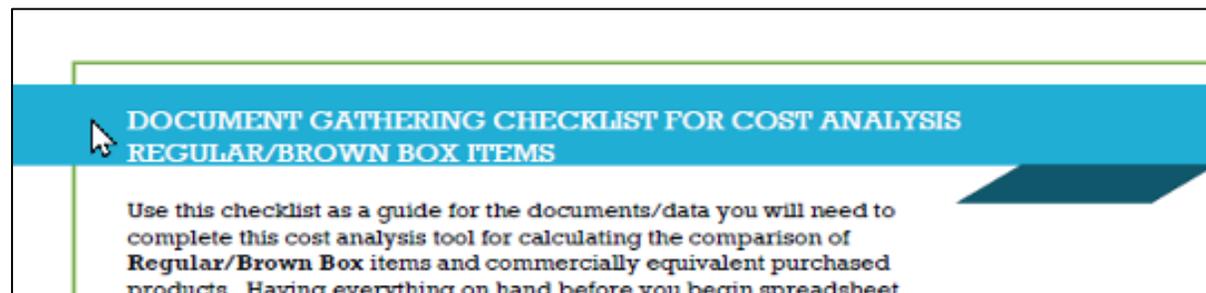
4

Ways to Maximize Entitlement

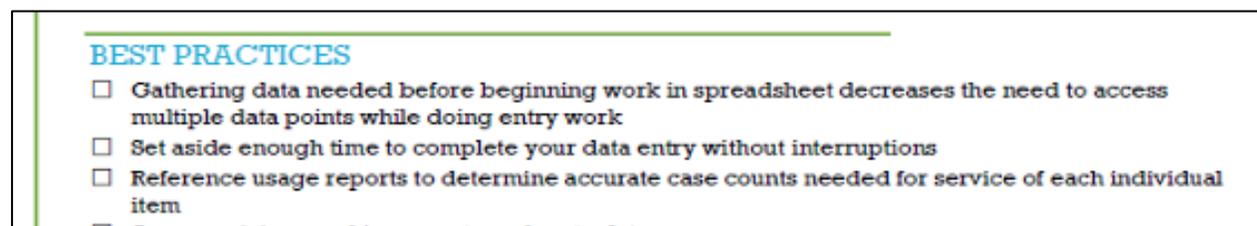
Maximize Entitlement #2:

Determining Cost Effectiveness

- Follow *Document Gathering Checklist For Cost Analysis* found on SquareMeals USDA Training



- Consider following Best Practice Guidance on Document Gathering Checklist



- Complete the Cost Analysis Worksheet

4

Ways to
Maximize
Entitlement

Maximize Entitlement #2: USDA Cost Analysis Worksheet

Regular/Brown Box				Commercial Equivalent					Savings					
WBSCM #	Regular/Brown Box Product Description	Out-of-Pocket Cost / Serving	Out-of-Pocket Cost / Case	Product Code	Company Name	Commercial Equivalent Product Description	Commercial Equivalent Servings / Case	Commercial Cost	Commercial Cost / Serving	Out-of-Pocket Savings / Serving	Out-of-Pocket Savings / Case	Needed Servings	Needed Cases	Out-of-Pocket Savings / Needed Servings
110349	*Example* - BEEF 100% PTY 85/15 FRZ 2.0MMA CTN-40 LB	\$0.02	\$4.50	X555012	Sysco	Patty Beef Charbroiled	180	\$42.00	\$0.23	\$0.21	\$37.50	25,000	125.00	\$ 5,270.83
100117	*Example* - CHICKEN FAJITA STRIPS CTN-30 LB	\$0.03	\$4.00	8869441	Labatt	Chicken Fajita FC Dark Strip	150	\$102.08	\$0.68	\$0.65	\$98.08	15,000	100.00	\$ 9,808.00
100206	APPLE SLICES CAN-6/10													
110470	APPLE SLICES FRZ CTN-12/2.5 LB													
100258	APPLE SLICES FRZ CTN-30 LB													
100523	APPLES BRAEBURNN FRESH B CARTON-40 LB													
100517	APPLES EMPIRE FRESH CTN-40 LB													
100360	BEANS GARBANZO CAN-6/10													
100373	BEANS GREAT NORTHERN CAN-6/10													
100307	BEANS GREEN CAN-6/10													
111054	BEANS GREEN FRZ CTN-12/2 LB													
100351	BEANS GREEN FRZ CTN-30 LB													
100369	BEANS PINK CAN-6/10													
100365	BEANS PINTO CAN-6/10													
100382	BEANS PINTO DRY PKG-12/2 LB													
100370	BEANS RED KIDNEY CAN-6/10													
100362	BEANS REFRIED CAN-6/10													
100366	BEANS SMALL RED CAN-6/10													
100364	BEANS VEGETARIAN CAN-6/10													
110349	BEEF 100% PTY 85/15 FRZ 2.0MMA CTN-40 LB													
110346	BEEF 100% PTY 90/10 FRZ 2.0MMA CTN-40 LB													
100134	BEEF CRUMBLES W/SPP PKG-4/10 LB													
100158	BEEF FINE GROUND FRZ CTN-40 LB													
110261	BEEF FINE GROUND LFT OPT FRZ CTN-40 LB													
110085	BEEF IRRADIATED FINE GRND FRZ CTN-40 LB													
110711	BEEF PATTY CKD FRZ 2.0MMA CTN-40 LB													

Enter USDA Foods Out of Pocket Costs

***Note: WBSCM refers to this as Direct Delivery**

4 Ways to Maximize Entitlement

*From Saving Dollars With Your USDA Foods

Maximize Entitlement #2: USDA Cost Analysis Worksheet

Regular/Brown Box				Commercial Equivalent					Savings					
WBCSM #	Regular/Brown Box Product Description	Out-of-Pocket Cost / Serving	Out-of-Pocket Cost / Case	Product Code	Company Name	Commercial Equivalent Product Description	Commercial Equivalent Servings / Case	Commercial Cost	Commercial Cost / Serving	Out-of-Pocket Savings / Serving	Out-of-Pocket Savings / Case	Needed Servings	Needed Cases	Out-of-Pocket Savings / Needed Servings
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USDA Foods Out of Pocket Costs

Enter Commercial Costs for Equivalent Commercial Products

4
Ways to Maximize Entitlement

*From Saving Dollars With Your USDA Foods

Maximize Entitlement #2: USDA Cost Analysis Worksheet

Regular/Brown Box				Commercial Equivalent						Savings				
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**USDA Foods
Out of Pocket
Costs**

**Commercial
Equivalent
Costs**

**Out of
Pocket
Savings**

**Which is
cheaper?**

4

Ways to Maximize Entitlement

*From Saving Dollars With Your USDA Foods

Maximize Entitlement #3: Problem Solving

- Have back-up plans ready
 - Account for having to procure commercially
 - Request foods with multiple uses
 - Keep Lead Time in Mind
 - What are the manufacturer lead times
 - How much notice do warehouses require?
 - What par levels* do distributors set?
- * Par levels are expected minimum inventory quantities required to ensure supply needs are met

4

Ways to
Maximize
Entitlement

Maximize Entitlement #4: Processing Discounts

Passing On Savings

Processors are required to return full value of USDA Food contained in finished end-products.

- ❑ TDA allows one of the following value pass-through options:
 - ❑ Net off Invoice - discounting the normal commercial price of a product;
 - ❑ Refund - paying a refund to the school
 - ❑ Fee for Service - charging a fee for service for converting the USDA Foods.

Maximize Entitlement #5: Bonus

- RAs may request as many bonus foods as it can use without waste
- TDA notifies eligible RAs when bonus foods become available
- Not charged against a RAs food entitlement amount

4

Ways to
Maximize
Entitlement

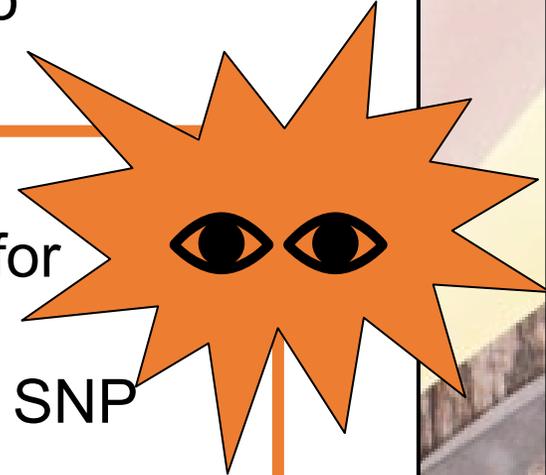
Year At A Glance

☐ January:

- Preparations for a new program year begin.
- Catalogs open in USDA's WBSCM system (Web-based Supply Chain Management) to place requests for foods.

CHANGE

- Contract Packets no longer required for RAs using WBSCM.
- Mark Yes to USDA Foods question in SNP Application to opt-in.



☐ February:

- DoD Fresh entitlement allocations distributed.

☐ March:

- Annual and processing catalogs close in WBSCM.

Year At A Glance

- ❑ **June:**
 - ❑ Warehouse delivery and storage costs are updated on SquareMeals Contracted Warehouse Page under NSLP.

- ❑ **July:**
 - ❑ USDA announces official or published commodity rate of assistance for next school year.

 - ❑ RAs may lose or gain entitlement

Recap:

Four Essential Things To Know About USDA Entitlement

1

Available USDA Entitlement Foods

2

Distribution, Calculations and Other Costs

3

Entitlement Tracking

4

Five Ways to Maximize Entitlement

Questions?

WBSCM Transition Page QR Code:

Scan QR Code to visit the
Food Distribution Program
WBSCM Transition website



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1. **mail:**
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or
2. **fax:**
(833) 256-1665 or (202) 690-7442; or
3. **email:**
program.intake@usda.gov

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Food and Nutrition Division
Food Distribution Program

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