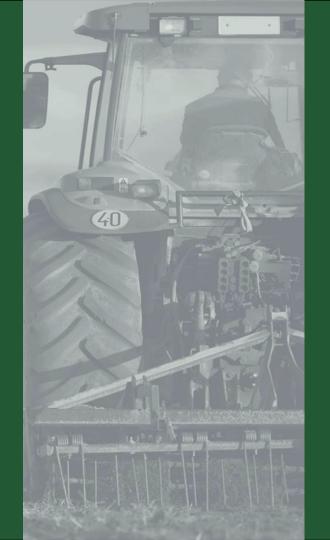


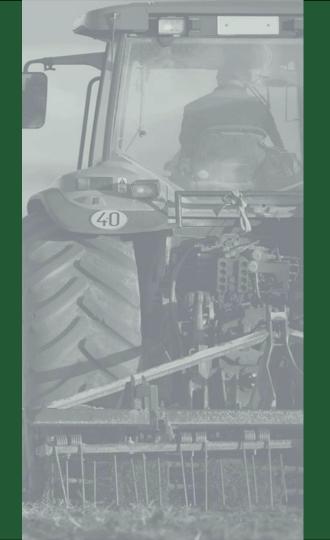
KENTUCKY DEPARTMENT OF AGRICULTURE

Further Processing

USDA Foods in Schools



USDA Foods Further Processing allows State Distributing Agencies (SDA) and Recipient Agencies (RA) to contract with commercial food processors to convert raw and/or bulk USDA Foods into a variety of convenient, ready-to-use end products.



Regardless of the type of agreement that is used, processing services must be procured as stipulated in 2 CFR 200. A competitively procured contract must be in place in addition to an appropriate processing agreement.

*KDE has an online Procurement and Child Nutrition Program training that is specific to your program on SharePoint. Administrative Review does go through your procurement of your processed foods.

By participating in further processing, SDAs and most RAs find that they can:

- Stretch their USDA Food dollars by ordering bulk products at lowercost;
- Help ensure food safety by limiting handling of raw product in school foodservice operations;
- Reduce labor costs and cash outlays for food preparation;
- Reduce storage and delivery costs; and
- Have their bulk USDA Foods delivered directly from USDA vendors to their contracted processor(s).



Dairy, Beef, Fruit/Vegetable/Juice, Fish, Flour/Grain, Peanut/Oil/Sunflower, and Poultry are available for further processing.

42 Processors have an agreement with Kentucky for the 2026 School Year!

Please understand to process with a processors we must have enough requests to build a truck or split a truck with another state.

*I won't know if I have enough until the deadline.

Goals for Further Processing in Kentucky

- 1. Utilize the pounds in the year they were purchased.
- 2. Only order what is requested by Districts.
 - a. Train FSDs who under/over order to better utilize their entitlement.
 - b. State will only order up to half a truck extra to meet FTL.
- 3. Train & Develop FSDs to use Commodity Calculators & third-party tracking websites to Forecast usage.
 - a. Use tools to communicate what products they plan on using in their program with Manufacturers, Brokers & Warehouse.

First! Identify your menu needs.

Center of the plate is the biggest bang for your buck! Protein products using beef, pork, and poultry can really help save you money. Pass Through Values range between \$28 to \$128 per case for beef, \$15 to \$45 per case for pork, and \$4 to \$64 per case for poultry products.

Contact Brokers & Manufacturers to test products before you divert pounds. They can either do a 'Taste Testing' at your school site or send you a few cases to test products yourself. If you know of a product that is available at your prime vendor, you can even contact me, and I will divert enough pounds for you to order some cases to test out.

Look at your lunch menu first but I would strongly suggest that you also look at your breakfast menus to see if there are products available to assist in saving you some money. Examples I would suggest could be a chicken & biscuit, bacon, sausage gravy, breakfast pizzas... there are so many options available!

How does the value get passed on to the RA?

Processors entering into these types of agreements must ensure that the full value of the USDA Foods contained in the finished products is returned to the recipient agency.

This value can be returned to the recipient agency by:

NOI, Net Off Invoice, Discounting the normal commercial price of a product.

FFS, Fee for Service, Manufacturer charges a fee for converting the USDA Foods into an end product. *CNOI, Closed Net Off Invoice, is the same thing that some warehouses choose to note on their invoices.

Rebate, Paying a refund to the school.

(NOI) Items are Poultry, Fruit, Vegetable, & Dairy.

These items can be easily substituted when pounds run out with like items.

(FFS) Items are Beef & Pork.

These items can't be substituted with like item when pounds run out. You will have to find a commercial equivalent item without the pass thru value you get from commodities.

FORECASTING! It is more important than you realize.

Not only does forecasting help you plan how many pounds you need to divert to get the number of servings you need of a specific item, but it also more importantly tells...

- -Manufacturers what to anticipate making to meet your needs
- **-Warehouse** how much they should be buying to meet your needs
- **-Broker** what should be moving every month from K12 Foodservice & Processor Link

Commodity Calculator/Worksheet Planner

number of servings you plan to offer as well as the number of times you plan on having it on your cycle menu to complete their calculators.

Brokers & Manufacturers will share their calculators with you directly or at coop meetings. If you have never used a specific Processor, reach out to them to obtain a copy. In your folder you have a contact list of every Broker &

Commodity Calculators/Worksheet Planners are tools that help with diverting

the correct number of pounds to meet your needs! You will need to know the

Manufacturer that Kentucky has an agreement with for 2026Sy.

Share your completed Commodity Calculators/Worksheet Planners with the Manufacturer, Broker & Warehouse you plan to buy from. When you don't share this information, you are taking a chance on your products being late or not getting them.

Forecast Practice

Let's forecast pizza for an elementary school that has 575 students.

Example:

Cheese Pizza / Once on a 4-week cycle menu (9 times for year) / 500 servings = 4500 SY servings *the other 75 kids bring their lunch on cheese pizza days.

Different Processors process "similar items" differently. Some only accept the cheese for the pizza. Others accept cheese, tomato paste, and flour which will make the price per case cheaper.



Example 1 Whole Grain Cheese Pizza 72ct serving per case. 20z meat/meat alternative, 20z grain, 1/8cup of red/orange veg

Processor only processes mozzarella cheese (110244) for their cheese pizza.

Cost per case \$81.13

Pass Thru Value from Commodity \$18.36.

Cost per case after diverting becomes \$62.77.

Price per slice \$0.88

Processing cheese took the price per slice of pizza from \$1.13 down to \$0.88 per slice.

That's a \$0.25 per slice savings!

Example 2 Whole Grain Cheese Pizza 72ct serving per case. 20z meat/meat alternative, 20z grain, 1/8cup of red/orange veg

Processor allows you to process just cheese mozzarella cheese (110244) or you can process cheese, flour (100418), and tomato paste (110244).

Cost per case \$72.76

Pass Thru Value from Commodity \$18.06 *Cheese.

Cost per case after diverting becomes \$54.70.

Price per slice \$0.76

Cost per case \$72.76

Pass Thru Value from Commodity \$21.20 *Cheese, Flour, and Tomato Paste.

Cost per case after diverting becomes \$51.56.

Price per slice \$0.72

Example 3 Whole Grain Cheese Pizza 90ct serving per case. 20z meat/meat alternative, 20z grain, 1/8cup of red/orange veg

This Processor allows you to process just cheese mozzarella cheese (110244) or you can process cheese, flour (100418), and tomato paste (110244).

Cost per case \$65.23

Pass Thru Value from Commodity \$27.14.

Cost per case after diverting becomes \$38.09.

Price per slice \$0.40

Let's forecast hamburgers for my elementary school that has 575 students.

Example:

Hamburgers/ Once on a 4-week cycle menu (9 times for year) / 500 servings = 4500 SY servings *the other 75 kids bring their lunch.

Different Processors process "similar items" differently. Do a little homework before buying a new item. Request a sample or ask for a taste test demonstration of items.



Example 1 Hamburger Patty meeting a 2.25M/MA, fully cooked, and using commodity Beef 100154.

Cost per case \$145.95

Pass Thru Value from Commodity \$96.84.

Cost per case after diverting becomes \$49.11.

Price per burger \$0.23

Example 2 Hamburger Patty meeting a 2.25M/MA, fully cooked, and using commodity Beef 100154.

Cost per case \$138.83.

Pass Thru Value from Commodity \$81.32.

Cost per case after diverting becomes \$57.51.

Price per burger \$0.27

Processed vs Direct Delivery Burger 110349 Beef, Patties, 85/15, Raw, Frozen 2M/MA

Price per case for July 2024 \$162.31/\$0.73 per patty.

Price per case for November 2024 \$180.54/\$0.81 per patty.

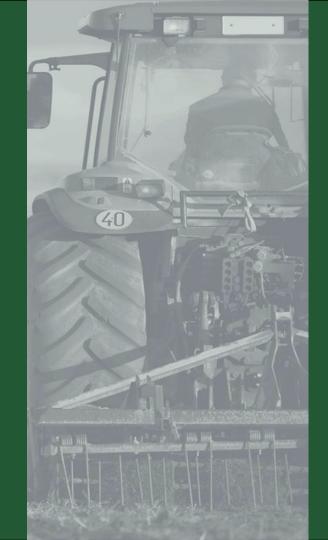
*\$5.98 per case delivery from GFS

Pro of using the Direct Delivery Burger Patty... You use your entitlement ©

Negatives for buying Direct Delivery Burger Patty...

- 1. Raw Product. Need to make sure that your staff is cooking them appropriately and seasoning them.
- 2. Entitlement used for ONE CASE of Direct Delivery Burger Patties you could have diverted 158# of
- beef 100154 and purchased 6 cases of a processed fully cooked & seasoned burger patty and fed 1278 burgers rather than 229 burgers! ©

**Some warehouses give discounts when bills are paid before the due date. That can be an additional discount per case for a processed item. Manufacturers give additional discounts based on purchasing amounts or specific items. Make sure you know what is available and what you ARE taking advantages of!



Beef & Pork items are considered Non-Substitutable Commodities. Their Value Pass Thru Method is Closed SKU NOI (CNOI).

RAs must have the pounds with the Processor to purchase products containing USDA Foods.

Once you run out of pounds with the Processor, you can't purchase those items anymore because they only use *USDA Foods* Beef & Pork.



Processed vs Direct Delivery

String, Sliced, and Shredded Cheese

*Entitlement can be utilized anyway you feel is the best for your district. My goal is to show you that using Further Processing on items that are similar to what you can order from Direct Delivery, doesn't restrict you the way Direct Delivery does.

- 1. Get the product when you want it without waiting on it to ship to the warehouse.
- 2. Products aren't being pushed out or taken away if you don't order them within a certain timeframe like Direct Delivery items are.

String Mozzarella Part Skim Cheese 110396 Vs Processed String Mozz Part Skim Cheese

1string 1 oz = 1M/MA credit

Direct Delivery 110396 String Cheese 360/10z

July \$64.36 per case & December \$72.69 per case. *Add delivery fee \$5.98 per case.

\$0.20 per string cheese

Example 1. Processor 168/10z

\$36.91 case / \$22.09 PTV / \$14.82 case Commodity

\$0.09 per string cheese

Example 2. Processor 168/10z

\$39.83 case / \$22.09 PTV / \$17.74 case Commodity

\$0.11 per string cheese

Sliced American Yellow Cheese 100018 Vs Processed Sliced Cheese

1oz / 2slices & 1M/MA Credit

Direct Delivery 100018 Sliced Cheese 480/10z

July \$71.16 & November \$74.29 per case *Add delivery fee \$5.98 per case.

\$0.17 per oz

Example 1. Processor 480/10z

\$80.91 case / \$32.84 PTV / \$48.07 case Commodity

\$0.10 per oz

Example 2. Processor 480/10z

\$88.07 case / \$32.42 PTV / \$55.65 case Commodity

\$0.12 per oz

Shredded Yellow Cheddar Cheese 100003 Vs Processed Shredded Yellow Cheddar Cheese

1oz = 1M/MA Credit

Direct Delivery 100003 Shredded Cheese 480/10z

August \$70.15, October \$69.98 & December \$69.50 per case. *Add delivery fee \$5.98 per case.

\$0.16 per oz

Example 1. Processor 324/10z

\$65.58case / \$42.07 PTV / \$23.51 case Commodity

\$0.07 per oz

Example 2. Processor 320/10z

\$62.25case / \$42.07 PTV / \$20.18 case Commodity

\$0.06 per oz



Processed vs Direct Delivery

Fruit Cups verses Fruit Cups & #10 Cans



Applesauce Cups 110361 Vs Processed Applesauce Cups 4_{0z}

Direct Delivery Applesauce Cups 96/4oz

July \$19.11 & October \$18.93 per case. *Add delivery fee \$5.98 per case.

\$0.26 per cup

Processor 96/4oz

\$17.29 case / \$4.98 PTV / \$12.30 case Commodity

\$0.13 per cup

*Processors have flavored applesauce, and Direct Delivery only offers plain.

#10 Case of Peaches Diced 100220 Vs Processed Peach Cups 40z

Direct Delivery #10 Case of Peaches Diced 106/40z

\$46.12 per case. *Add delivery fee \$5.98 per case.

*You will need to add labor cost to cup this up.

\$0.49 per cup

Processor 72/4oz

\$31.75 case / \$19.27 PTV / \$12.48 case Commodity

\$0.17 per cup

#10 cans of Pears Diced 100225 Vs Processed Pear Cups 40z

Direct Delivery #10 Pears Diced 114/40z

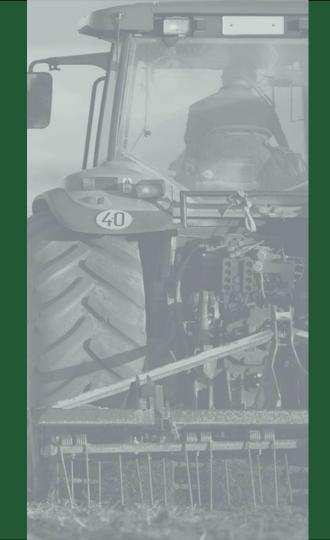
\$43.23 per case. *Add delivery fee \$5.98 per case.

\$0.43 per cup

Processor 72/4oz

\$31.75 case / \$19.79 PTV / \$11.96 case Commodity

\$0.17 per oz



Poultry Processing

Poultry Processors all have their signature crediting ratio for the chicken they process

It is your responsibility to utilize all the poultry pounds you divert to a Processor.

To do this, you need to utilize their Commodity Calculator to know the exact number of White & Dark pounds you have being diverted to the Manufacturer.

Compliment your menus with a variety of options to use every pound you have available to you!



Utilizing the Processors Commodity Calculator on Poultry can help you with every pound you divert.

When Poultry Processors used to do standard yield; they processed using the "natural fall" of the bird which is 60% white, 40% dark.

When Processors moved into "fully substitutable" and Guaranteed Minimum Return; that opened the door for companies being able to add meat and design their own ratios.

Forecasting Poultry to get the products you want on your menu and locating items that can be an addition to utilize your pounds is the key to using ALL your poultry pounds when it comes to diverting 100103 Chicken & 100124 Turkey's White & Dark Meat.

Poultry Commodity Calculators

Know your Poultry Processing company's ratio. The manufacturer's White/Dark ratio is located on several of the shared calculators and shows you how your menus are using the pounds you are diverting.

When forecasting keep up with the number of excess pounds you have and find items to supplement your menus to utilize all that you have available with the specific Processor.

Poultry Commodity Calculators

Let's look at the Poultry Processor's Calculators that all have agreements with Kentucky for the 2026 School Year who utilize 100103 Chicken Bulk White/Dark

Pro View 70W/30D, Parsley Marketing Tyson 60W/40D, Tyson Sales

Gold Creek 70W/30D, MPK Pilgrim's Pride 60W/40D, Acxion

Foster Farms 65W/35D, Rizwitsch Rich Chicks 69W/31D, Kenat & Associates

International Food Solution 50W/50D, Core Foodservice

Poultry Commodity Calculators

Let's look at the Poultry Processor's Calculators that all have agreements with Kentucky for the 2026 School Year who utilize 100124 Turkey Bulk White/Dark

Hormel/Jennie-O 46W/54D, Rizwitsch
Hormel bought Jennie-O

Butterball 50W/50D, Acxion

Let's now take a look at some Poultry Commodity Calculators!

Third Party Tracking Tools

<u>K12 Foodservice</u> & <u>Processor Link</u> are the two main websites we use to communicate with Processors. It is vital for you as a RA to have an account with these if you are processing.

Manufacturers select which program they use; I suggest that you have an account with both.

There are two Processors who have Agreements with Kentucky that have their own tracker, Don Lee Farms & Nardone Bros. You will need to reach out to these Manufacturers to request access.



Login

Username	
Password	
Forgot username or password?	
Login	

571-409-6560 info@k12servicesinc.com

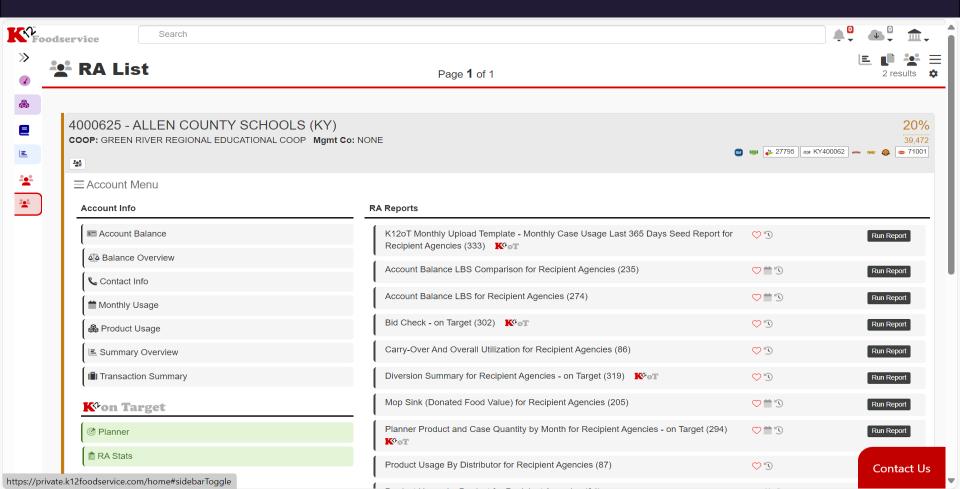
If you need an account have your WBSCM RA number and go to, http://next.k12foodservice.com/

K12 Foodservice Manufacturers

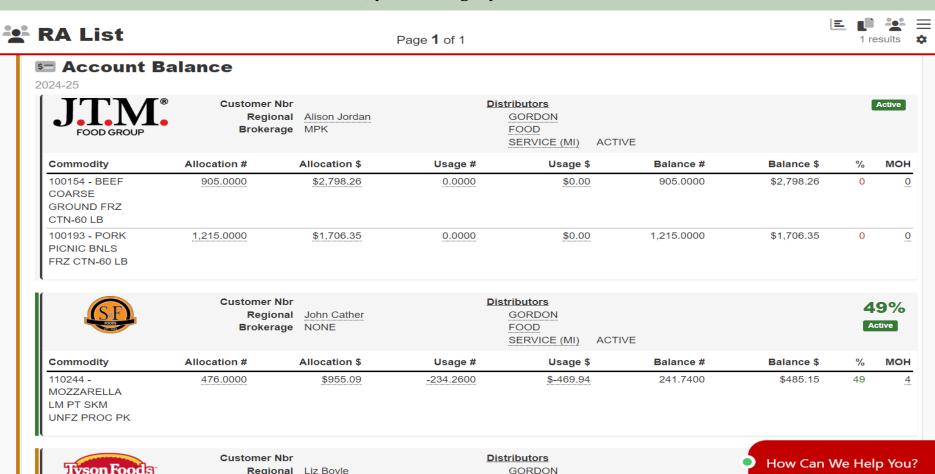
- Basic American
- Cavendish Farms
- ConAgra Foodservice
- ES Foods
- Hormel Food Sales, LLC
- International Food Solutions
- J&J Snack Food
- J.M. Smucker Company
- JTM Provisions Co Inc.
- Maid-Rite Specialty Food
- MCI Foods, Inc.
- Michaels Foods Inc.
- Peterson Farms
- Red Gold, LLC
- S&F Foods

Tyson Foods, Inc.

K12 Foodservice



Account Balance lists your Processors, Allocation #, Usage #, Balance #, and Distributor. It's important to check that the Distributor is correct. If not, you won't get your discount. % of Allocation used.



GORDON

FOOD

Regional Liz Boyle

Brokerage NONE

K12 Foodservice shows the % used for each line item as well as your overall % for each Processor.

- 1. If you don't see a monthly decrease, then you need to make sure your Staff is ordering the correct product.
- 2. If you see more than 10% usage a month, keep an eye out because you may use more than your have diverted.



Poultry Processors use a W/D Ratio so one pound of chicken is made up of both white and dark meat. This ratio is different for every Processor based on the proportion they use for their products.

99% of white meat has been used. RA will start to notice that they aren't receiving the discounted price for the cases they are purchasing.

2% of dark meat has been used. RA needs to look and see if there are items available they can purchase to utilize their discounted pricing from diverting chicken to Tyson.

Direct Delivery Chicken Strips are required to have no less than 70W/30D or 100W ratio. Beef, Pork, Fruit & Vegetables are a 1:1 ratio

CTN-60 LB

Tyson Foods	Customer Regio Broker	onal Liz Boyle		tributors GORDON FOOD SERVICE (MI) ACT	IVE			6% ctive
Commodity	Allocation #	Allocation \$	Usage #	Usage \$	Balance #	Balance \$	%	МОН
100103D - CHICKEN LARGE CHILLED -BULK	1,040.0000	\$1,466.30	-16.4400	\$-23.18	1,023.5600	\$1,443.12	2	249
100103W - CHICKEN LARGE CHILLED -BULK	1,560.0000	\$2,199.45	-1,550.7200	\$-2,186.52	9.2800	\$12.93	99	0
100154 - BEEF COARSE GROUND FRZ	10,007.0000	\$30,941.64	-423.3600	\$-1,309.00	9,583.6400	\$29,632.64	4	91

	We proudly support	Login			
		Password			
	revolution foods.				
	feeding good.	Log in Forgot your password?			
		Need an account? Sign up now			
		Need an account? Sign up now			
	\$4,562,014,882 saved through Processor <mark>Link</mark> ™				
Powered by FIDELIS					
	©2004-2024 Fidelis Information Systems Corp ProcessorLink 10.131.1				
ProcessorLink 10.151.1					

If you need an account have your WBSCM RA number and go to, https://www.processorlink.com/LoginForm.aspx?ReturnUrl=%2f

Processor Link Manufacturers

- Alpha Foods Co
- Ardellas
- Bake Crafters Food Co
- Bongards
- Brookwood Farms
- Buena Vista Food Products
- Butterball, LLC
- Cargill Kitchen Solutions
- Channel Fish Processing
- Chef's Corner Foods
- Del Monte Foodservice
- Del Real Foods
- Foster Poultry Farms
- Global Food Solutions
- Gold Creek Foods, LLC
- High Liner Foods (USA) Inc
- House of Raeford Farms, Inc
- Idahoan Foods, LLC
- Integrated Food Service
- K.B. Pizza, Inc.
- Kraft Heinz Foods Co
- Land O'Lakes
- Lux Bakery, Inc
- McCain Foods USA, Inc
- Michael B's Food Products
- Mickey's Wholesale Pizza
- National Food Group

- Pilgrim's Pride
- Revolution Foods
- Rich Chicks, LLC
- Rich Products Co
- Rodriguez Foods, LTD
- Rose & Shore, Inc
- S.A. Piazza & Associates
- Schwan's Food Service, Inc
- Sunset Orchard/Richland Hills Farms
- Tabatchnick Fine Foods
- Tasty Brands
- The Healthy Lunch Box, Inc
- Trident Seafoods Corporation
- Twelve Oaks Catering
- Velmar Foods
- Wawona Frozen Foods
- Yang's 5th Taste

Processor Link - % of allocation remaining



Not Applicable, Kentucky, SY 2024-2025 Donated Food Bank Summary

Manufacturer	Commodity	Material Nbr	Balance (%)	Balance (lbs)
Brookwood Farms	Pork Boneless Picnic	100193	41%	1,582.69
Cargill Kitchen Solutions	Whole Eggs Bulk	100047	87%	1,743.14
Gold Creek Foods, LLC	Chix Chill LG	100103 W & D	48%	6,897.40
High Liner Foods (USA), Inc.	Fish AK Plck Frz	110601	100%	975.37
Land O'Lakes	Cheese Barrel 500	110242	48%	965.42
McCain Foods USA, Inc.	Potatoes, Bulk	100506	66%	26,548.13
Schwan's Food Service, Inc.	Mozzarella Unfrz	110244	63%	2,021.76
Tasty Brands	Cheese Barrel 500	110242	100%	400.00
Yangs 5th Taste	Chicken Legs Chill	100113 D	75%	3,744.35

Any balance surplus not meeting par is shown a **blue** portion in the Balance (%) column. Par is the target percentage balance that each donated food account should equal today based on a school year beginning August 1st and ending May 31st.

Current par: 72% Verify Transactions

Click on a row below to verify

Month	Correct	Incorrect	Not Verified
July	0	0	39
August	0	0	28
September	0	0	81
October	0	0	50

Total Entitlement Utilized \$21,392.53

through **ProcessorLink™** manufacturers

Become a better ProcessorLink user.

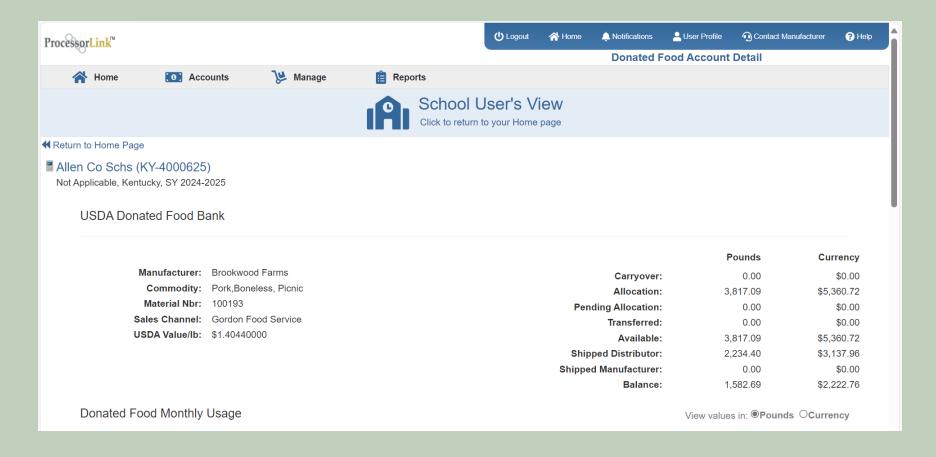
Take the Tour ightarrow

W=White Meat. D=Dark Meat. GMR=Guaranteed Minimum Return.

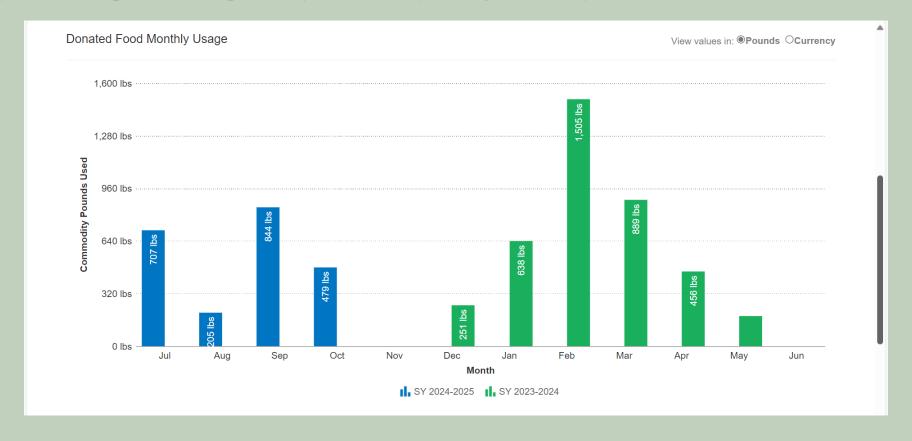
Clicking on **Accounts** brings up a quick glance of the Districts active Processors and all commodities you have with that Processor. You can also double check the distributor and make updates.

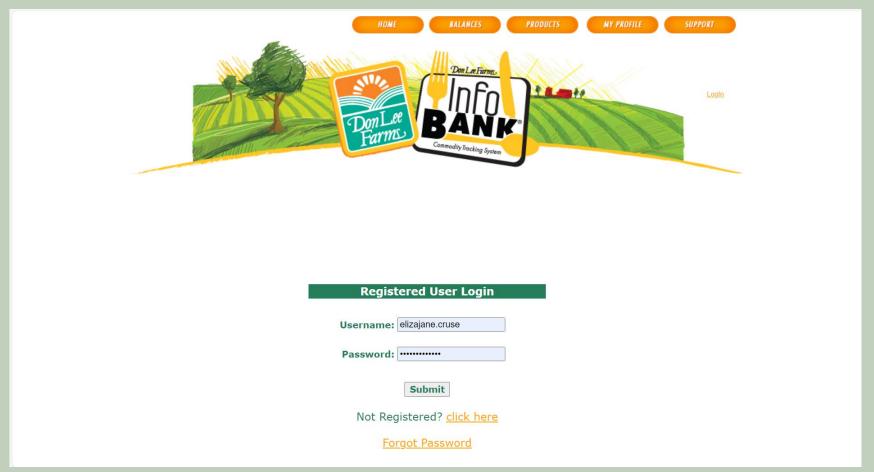
				Show Detail		Show Metrics
Processor	Sales Channel	Material Nbr	Name	Available ¹	Shipped	Balance ²
Brookwood Farms	GFS	100193	Pork Boneless Picnic	3,817.09	2,234.40	1,582.69
Cargill Kitchen Solutions	♦ GFS	100047	Whole Eggs Bulk	2,000.00	256.86	1,743.14
Gold Creek Foods, LLC	♦ GFS	100103D	Chix Chill LG	4,200.00	277.81	3,922.19
	♦ GFS	100103W	Chix Chill LG	10,300.00	7,324.79	2,975.21
High Liner Foods (USA), Inc.	♦ GFS	110601	Fish AK Plck Frz	975.37	0.00	975.37
Land O'Lakes	♦ GFS	110242	Cheese Barrel 500	2,000.00	1,034.58	965.42
McCain Foods USA, Inc.	♦ GFS	100506	Potatoes, Bulk	40,000.00	13,451.87	26,548.13
Pilgrim's Pride	♦ GFS	100103D	Chix Chill LG	0.00	0.00	0.00
	♦ GFS	100103W	Chix Chill LG	0.00	0.00	0.00
Rich Products Corporation	♦ GFS	100912	Flour Bread Bulk	0.00	0.00	0.00
S.A. Piazza & Associates	♦ GFS	110244	Mozzarella Unfrz	0.00	0.00	0.00
Schwan's Food Service, Inc.	♦ GFS	100332	Tomato Paste Bulk 2	0.00	0.00	0.00
	♦ GFS	110244	Mozzarella Unfrz	3,198.00	1,176.24	2,021.76
	♦ GFS	100418	Bhw Bulk Unbl	0.00	0.00	0.00
Tasty Brands	♦ GFS	110242	Cheese Barrel 500	400.00	0.00	400.00
Yangs 5th Taste	Q GFS	100113D	Chicken Legs Chill	5,000.00	1,255.65	3,744.35

Clicking on a Manufacturer brings up a closer look.

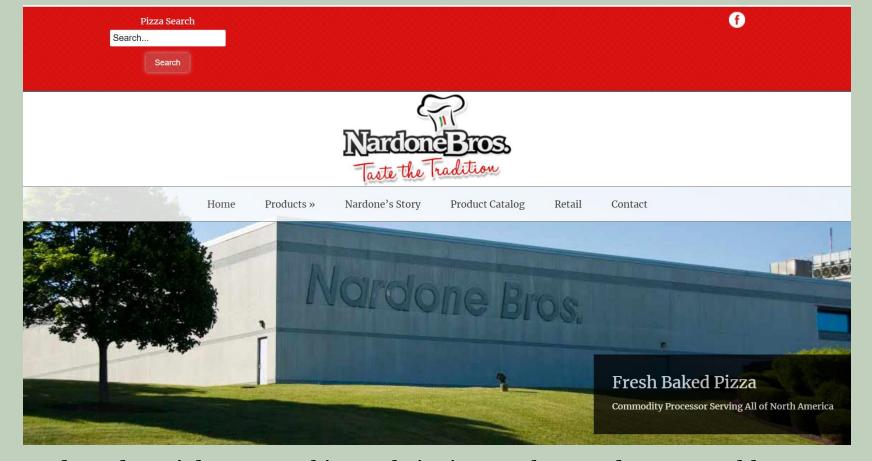


Scrolling down you see a comparison chart that helps you see the number of pounds you are using monthly. If you used this processor the previous year, it shows you usage from one year to the next.





Don Lee Farms has their own tracking tool. https://infobank.donleefarms.com/



Nardone doesn't have a tracking website just yet but sends out monthly reports. Contact DD Reckner for questions.

Questions?

Please don't hesitate to contact me if you have questions but ask early!

Poor planning doesn't constitute an emergency when orders are due in WBSCM.

*Bell County November 26th Workshop!