

ACDA ANNUAL CONFERENCE

Coming Together to Nourish the Nation



April 21 - 24, 2024
Marriott St. Louis Grand
St. Louis, Missouri

Processing Balances – Inventory Sweeps 10 years Later



Today's Speakers



Carrie Robinson
California Department of
Education
Nothing to Disclose



Jaclyn Cantu
Texas Department of
Agriculture
Nothing to Disclose

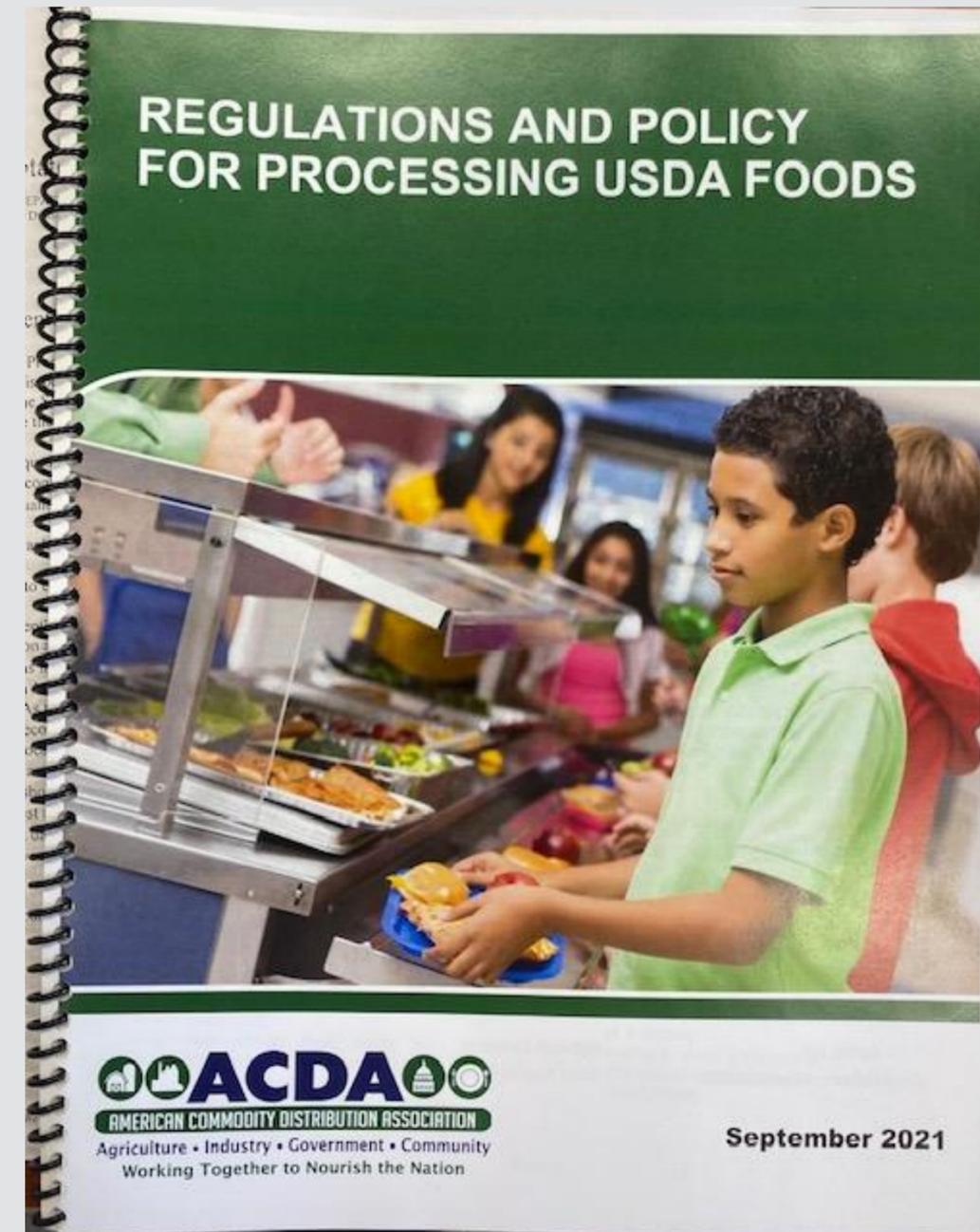


Carole Erb
J.T.M Food Group
Nothing to Disclose

Processor Inventory – What Happened 10 Years Ago?

Included in this resource:

- Final Rule for Processing
May 1, 2018
- Policy memo FD-064 (revised)
April 2, 2019
- Policy memo FD-40 (revised)
July 16, 2021



Annual Inventory Reconciliation Process - California

California's Sweep Policy – Effective July 1, 2012

–**October 31** is the deadline for SFAs to use their carryover inventory from the prior year's diversions

$$\text{June 30 balance} - \text{July through October usage} = \text{Unused Carryover Balance to be swept}$$



- Considerations are made for issues outside of the SFA's control
- Swept pounds are available to all Recipient Agencies (RAs) on a first come, first served basis in a California Excess Account.

Temporary Sweeps Process Modifications

- In response to RA feedback, the sweeps calculation was modified:

June 30 balance	-	July to October usage	=	Unused Carryover	-	Retain lbs equal to July to October usage	=	Pounds to Sweep
10,000 lbs		2,500 lbs		7,500 lbs		2,500 lbs		5,000 lbs

- This sweeps calculation modification persisted through SY 2021-22

Sweeps Communications

- Communications start in Spring
 - Monitor balances and place orders
- Notification via multiple methods
 - Monthly Nutrition Services Townhall
 - Broad e-mail / Listserv
 - Direct e-mail from FDP Order Coordinators
 - Annual Food Service Director training
 - State Updates at meetings and conferences

Benefits of a Sweep Policy

- Causes ordering party to consider true needs before placing orders for bulk USDA Foods
- Helps to move and reduce stagnate inventory at the processor
- Helps with six month on hand compliance
- Excess pounds available for all SFAs
 - Justifications define actual needs

Challenges and Changes

- Challenges
 - Timeliness of reporting by the processor
 - Inaccurate figures and calculations
 - Calculation adjustments for case-by-case circumstances
- Changes
 - No changes planned at this time
- Focus is on education for better forecasting, planning and ordering

Annual Inventory Sweep Process - Texas

Sweeps Policy

- 10 years ago Texas swept 85% of excess pounds in November of the subsequent school year.
- Current policy sweeps 100% of excess pounds on July 1st to offset subsequent school year requests.
 - Mid-year usage analysis

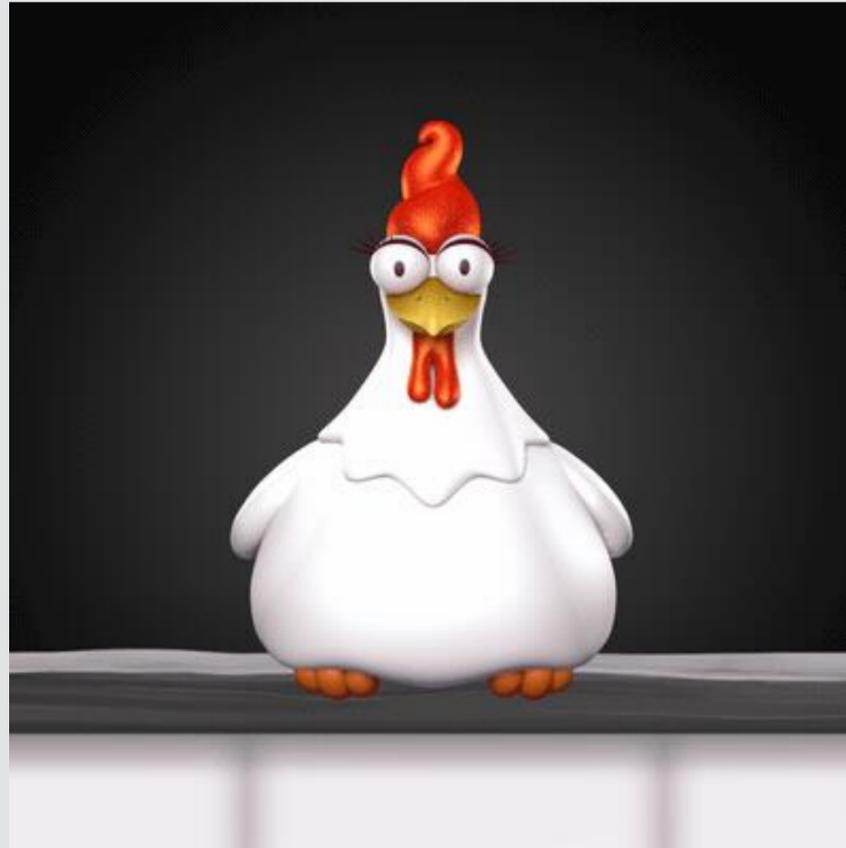
What's been resolved?

- Improved oversight and management of processing with all stakeholders.
- Better forecasting at the state level.
- Increased accountability for RAs.

What problems still exist, if any?

- We are still having to implement this process every year.

Processor Inventory – It's all about the LIABILITY



100103: 36,000#

100103:
41,125#



100154: 42,000#

Processor Inventory – It's all about being respectful of the King.

Policy Memo FD-064 (revised)

“The SDA may also reallocate the SFA’s current USDA Food inventory at a processor to another SFA that may utilize the USDA Foods more efficiently.”



Panel Discussion – Question #1

1. How have you/your customers (States, Processors, Schools, Co-ops, etc.) modified their practices to reduce excess inventory?

Panel Discussion – Question #2

2. What are your thoughts on managing processor balances nationally vs. State by State?

Panel Discussion – Question #3

3. How have you leveraged other States, schools, etc. to reduce excess inventory?

Panel Discussion – Question #4

4. What best practices would you recommend for managing excess inventory?

QUESTIONS?

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