

Texas Department of Agriculture

Food and Nutrition Distributor Task Force Minutes September 9, 2020

1. Update on Texas Implementation of USDA Expanded Flexibilities
 - a. New FAQ update will be posted in an hour with additional clarification.
 - b. Flexibilities allow for program decisions to be made on the school level.
 - i. Program selection will drive remaining options (at-risk feeding, etc.)
 1. Informal poll taken last week shows:
 - a. 55% districts to operate NSLP
 - b. 45% districts to operate SSO or SFSP
 - i. Will TDA allow a la carte feeding if an ISD operates a summer program?
 1. Yes, TDA has modified original response. TDA will update ISDs during the school call as to how this will be handled.
 2. Affects purchasing, inventory, etc.
 3. TDA will remind ISDs of the volume of USDA Foods currently available.
2. Distributor Impacts of New Flexibilities
 - a. What will happen to inventory designed for NSLP if schools continue to utilize summer feeding?
 - i. TDA hopes that schools will utilize and repurpose existing products.
 1. Participation rates are uncertain.
 - b. Distributors report inventory risk is incredibly high. Distributors are feeling pressure.
 - i. Experiencing difficulty with product timing and expiration.
 - ii. Bulk items have been inaccessible to repurpose until very recently.
 1. TDA reminds that waivers do not determine what products to serve. TDA hopes that a return normal staffing patterns at ISDs will encourage use of bulk items.
 - c. Some distributors report that it is hard to make concrete comments as schools have only recently returned and usage is very low (approximately 10%).
 - d. Distributors are Addressing Impacts By:
 - i. Requiring firmer commitments for purchasing
 - ii. Listing overstock
 - iii. Shelf-life extensions
 - iv. Donating expired product to food banks
 - e. Is TDA concerned about a potential sweep and deficit entitlement projections?
 - i. TDA is not having any conversations about sweeps and is unconcerned about deficit projections. *See line item 3 for more information.*
3. Manufacturer Inventory ~ Process to Request Cancellations
 - a. Sweeps
 - i. TDA reports that there is not enough trend analysis data to determine effective sweeps.
 - b. Negative Entitlement Balance
 - i. Evermoving

1. -\$18 million to -\$8 million in a matter of weeks
 - a. Manufacturers cancelling orders will aid in reducing negative balance.
 - b. USDA purchasing at less expensive price points than originally projected will aid in reducing negative balance.
 - c. Canceling trucks
 - i. TDA will try to make sure both manufacturers and co-op coordinators have analyzed needs before moving ahead with proposals for cancellations.
 - ii. Delays (instead of cancellations) are available.
 - iii. Fair sure reductions will be utilized.
 - iv. School to school transfers are available.
 - v. Some processors are concerned about the quick turn-around needed for cancellation decisions. *See line item 4 for more information.*
 4. Processor Front-Loading
 - a. TDA has posted which processors are front-loading and which are not.
 - b. It is imperative that co-ops are brought into cancellation discussions, especially when processors do not front-load. It is a balancing act to meet processors' best interests and make sure that we are not negatively impacting CEs.
 - c. Processors that front-load are concerned about how much in advance they will be made aware of cancellations prompted by USDA.
 - i. Cancellations will happen on rolling, ongoing basis.
 - ii. TDA will ask processors which trucks to cancel as to not impede manufacturers' delivery schedule.
 - iii. There is a lack of trend data currently, so monthly/quarterly inventory checks in tandem with previous year trend analysis will be important in cancellation decisions.
 5. Q&A
 - a. Q: Is there a second food show?
 - i. A: Texas SNA joining California SNA for food show.
 1. Geared toward continuing education of food service workers.
 2. Costs \$
 - ii. Differs from Keri's Virtual Food Show
 1. Geared toward product expo.
 2. Does not cost \$
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