

# Texas Department of Agriculture

## Food and Nutrition Industry Task Force Minutes December 2, 2020

1. CSFP Retroactive Distribution
  - a. TDA is applying for continued approval monthly. USDA has approved another month.
    - i. This allows seniors to access food that was unavailable the previous month due to site closure and/or transportation issues
2. Distributor Updates
  - a. Positive trends
    - i. Distributor 1 - depleted Spring break inventory (aside from ice cream)
    - ii. Distributor 2 - indicated 5% increase weekly in November
      1. Still approaching cautiously, heavy engagement with inventory control and purchasing
  - b. USDA Foods Utilization
    - i. Going well
      1. Distributor 2 - dedicated three additional resources to identify and deal with issues
      2. Schools are being flexible, willing to change menus and add/remove items when needed
3. Truck Cancellations
  - a. Many manufacturers have canceled trucks due to excess inventory.
    - i. TDA is considering USDA Food inventory at distributor level before canceling orders
      1. Concern brought up that cancellations occurring when product is already at distributor level means that fewer processors will frontload going forward
        - a. Do processors have much of a say with USDA-led cancellations?
          - i. USDA is managing inventory at the national and not the state level
      - ii. State to state transfers are less difficult than expected
        1. This is a good option for moving stagnant pounds, some manufactures have already utilized the option
      - iii. Schools seems to be concerned about inventory levels affecting discounts, but processors assure that pounds are available and that schools can get what they need (will take time for transfer)
    - b. Some smaller manufacturers have not canceled trucks
      - i. Commodity balances are higher than previous years
        1. Tasty Brands previously offered 90% bulk, 10% IW
          - a. Not good model for this school year, so they created IW items but are even experiencing high inventory with the new IW items.
            - i. Co-op Response: many schools still embracing bulk
  4. Additional Testing Required for New Items
    - a. Schools do not want new items before testing product with students
      - i. Not enough students to thoroughly test products in some districts

- ii. Districts are trying to use processing pounds and commodity brown box items
    - 1. Schools were under the impression that IW would not be widely available and got creative in self-packaging which saves money.
    - 2. Utilizing USDA Foods primarily, not purchasing much
  - iii. Do not want to introduce new items if unsure of availability
- 5. Inventory Levels of USDA Foods
  - a. TDA staff is analyzing inventory to determine if additional cancellations are required.
    - i. TDA reports higher stock in state contracted warehouses than previous years
    - ii. TDA is reaching out to see if food banks can use some of the excess inventory even with larger package sizes before expiration
  - b. Processors are approaching TDA about increased cancellations
  - c. TDA is moving away from the traditional fair share reduction in light of inconsistent product usage
    - i. TDA is evaluating individual schools' utilization and reducing based on performance
- 6. Other Topics
  - a. Bid requirements changing?
    - i. Schools increasingly unprofitable due lack of stability in pricing. There is concern that guaranteed pricing does not seem feasible.
    - ii. No historical data exists for COVID feeding.
      - 1. Forecasting
        - a. Some co-ops to require thorough forecasting for each item
        - b. Concern brought up that it will be hard to forecast for those enrolled in SFSP
          - i. Higher participation in school feeding with free summer meals, may decrease when NSLP returns.
    - iii. Trimming of SKUs - Coops see the value in limiting SKUs for like products.
    - iv. Procurement flexibility
    - v. Bid laws not changing but TDA will look at utilization holistically