

Texas Department of Agriculture

Food and Nutrition Industry Task Force Minutes January 27, 2021

1. Commodity Food Products Price Increases
 - a. TDA showed task force a spreadsheet of products seeing significant price increases; up to \$20 per case increase from PY 20-21 to 21-22
 - i. Increases seem to be across different product types
 - ii. Is this manufacturer driven or is it necessary to cover overhead of distributor losses?
 1. Distributors report that they've absorbed price increases except for PPE
 2. Distributors also report seeing significant price increases from processors (poultry and beef)
 - iii. TDA worries that schools will not be able to absorb price increases and will order less of these products
 1. ISDs report panic regarding bid season and an inability to forecast
 2. ISDs having conversations about how to handle price increases, particularly about paper goods
 3. Because ISDs are utilizing less of a certain product (e.g. fresh bread), some vendors are starting to charge delivery fees
 - a. Some ISDs are concerned that they may not have volume to bid; they are rethinking what they are ordering and where they are ordering from
 - b. ISDs reporting different percentage of in-person enrollment in different regions so not all regions concerned about truckload issues
 - b. TDA will send a letter to USDA voicing concerns about current practices, inventory levels, and transition year; TDA will request flexibilities (meal pattern waivers, distributions, etc.) to remain in place
2. Ordering/Inventory Update
 - a. Household Programs
 - i. New Coronavirus relief stimulus bill
 1. \$34 million allocated to Texas; approximately \$27 million to food funding and approximately \$7 million converted to administrative funding
 - ii. CFSP
 1. The national office is still determining what the base caseload amount will be
 - a. TDA typically hears in late January to early February
 2. Inventory
 - a. TDA is still experiencing cancellations; slightly declining rate
 - b. USDA experiencing national shortage with canning, affecting access to vegetables
 - i. Can distribute boxes without these items
 - ii. TDA is looking at TEFAP inventory to see if there is a possible conversion

3. TDA submitted a request for extension of the retroactive distribution waiver
 - b. NSLP
 - i. USDA gave guidance allowing TDA to use PY 18-19 total lunches served to calculate state entitlement
 1. USDA has loaded entitlement in WBSDM, including carryover
 - a. TDA has distributed \$250 million to schools in Texas
 - ii. Truckload Cancellations
 1. TDA working with processors to reconcile any inconsistencies after mass USDA truckload cancellations
 - a. TDA is hoping to complete process by end of this week
 - c. In-State Transfers
 - i. Transfers will resume after reconciliation is done and K12/Processor Link updated
 - ii. If TDA get requests for state pounds that Texas cannot fulfill, TDA will gather requests and present to USDA monthly to see if the volume warrants a state to state transfer
 3. Distributor Trends
 - a. Distributors are reporting that the trickle down of aluminum can shortage is affecting them
 4. Round 5-CFAP New Vendor
 - a. Three truckloads are headed to Texas this week
 5. Other Topics
 - a. Biweekly or Monthly Task Force Meetings?
 - i. Monthly
 - b. Some ISDs were pleasantly surprised at the amount of entitlement they received as they assumed that those enrolled in SFSP would be receiving less
 - c. Some ISDs are questioning TDA's sweep
 - i. USDA is doing sweeps nationally
 - ii. TDA is redistributing state inventory to increase utilization and prevent further cancellation of trucks
 - iii. ISDs should order based on perceived need and realistic utilization
 1. TDA suggests ordering starting from zero, carrying over nothing from the previous year
 - d. Is there a possibility for an increase in DOD allocations?
 - i. Yes, TDA has opportunities twice a year to increase DOD allocation.
 1. 65% utilization
 - a. If utilization rate increases, TDA may put more money into DOD
 - e. Single Bank Model Update
 - i. TDA is trying to identify a smaller co-op to pilot this model
 - f. Bid Rollover
 - i. Are unavailable items being taken out of bid?
 1. Co-op coordinators are reporting that ISDs are trimming their bids
 - g. Where will children be eating (home, classroom, cafeteria)?
 - i. This will impact how many trays and hinged lid containers Texas will need