

PINCO

Internal Commodity Management Bulletin

A Commodity Committee was created to assist the PINCO Lead District in overseeing the management of both USDA commodities sent to processors and USDA commodities received into the PINCO Service Center Warehouse.

1. Process Preventing Commodity Sweeps by the USDA

In order to prevent commodity sweeps by the USDA, individual Districts must be held accountable for their individual use of the commodities allocated into their accounts. The tangible consequence of not utilizing commodities will be having product “swept” by the co-op and redistributed to Districts in need of the commodity(ies).

PINCO Internal Commodity Sweep:

- Twice a year, on January 31st and May 30th, there will be an internal sweep of commodities not utilized by each district. On January 31st, districts that have not used 25% of their allocated commodities per vendor/commodity type will have 50% of their balance removed from their account and re-allocated to districts requesting the product. On May 30th, districts that have not used **60%** of their allocated commodities per vendor/commodity type will have 50% of their balance removed from their account and re-allocated to districts requesting the product. Notifications will be e-mailed monthly, two months prior to each sweep, informing Districts that may be subject to pounds being swept at processor. The notification will include the Fair Market Value (FMV) of the product in danger of being swept. Two months prior to internal sweep, notice will be included in the weekly newsletter identifying commodities at processor that may be “at-risk” along with Member District information to encourage internal transfer.
- Purchase Orders and trades utilizing the commodity at-risk must be received one month prior to the sweep date.
- All USDA Foods involved in transfer between Member Districts is subject to receipt, storage and usage timelines pursuant to PINCO and USDA Policies (Member Districts need to be aware of usage timelines before accepting foods from Member Districts).
- Transfers are considered usage by the selling District and as an additional receipt by the receiving District (impacting overall usage percentage by receiving District).
- E-mail reminder(s) will be sent out before the Pre-Food Show December trade session, providing Districts opportunity to trade commodities they will not use for the remainder of the school year.
- A report/spreadsheet reflecting the percentage of the commodity usage per district/per vendor will be utilized to calculate the amount of commodities used and swept.
- A Co-op specific spreadsheet will be utilized every September to forecast a potential sweeps for the year.

2. Process Regarding Additional Commodity Requests from the USDA Swept Account.

- Requests for additional product from the USDA Swept Account will only be handled once a school year per vendor/commodity.
- Requests require approval by the Advisory Committee.
- There will be no individual agreements between one district and the USDA.

- Product requested from the USDA Swept Account will be allocated to districts requesting the product only, not to the entire co-op, since swept commodities are not part of the Co-Op's Entitlement Fund and do not get billed from the State.

The division of the commodities requested will be as close as possible to the requested amount from the districts, but may still require a "fair-share" formula within the Districts requesting the product if more or less product is available by the USDA. This exemption from a co-op wide fair-share allocation is only for product received from a swept account. Fair-share allocations will still be required on all entitlement loads or bonus loads that are billed per case from the State.

- Districts shall only request enough additional commodities to get them through the current school year. Only Districts demonstrating an ability to properly utilize product received from previous sweeps will be given preference on future sweeps.
- Two emails will go out the Co-Op Members regarding the request of additional commodities with a specific deadline date listed. Request(s) for product by a Member District after the deadline date has passed will not be honored.
- A forecast report per commodity, based on the first three months of usage, will be used in determining the co-op's need for additional product requests. If the "estimated year-end balance" on the forecast report is less than the first three month's usage for the year, a motion by the Commodity Sub-committee may be submitted to the Advisory Committee to vote on requesting additional product from the USDA Sweep.

3. Process on Removing Swept Commodities from Individual Accounts after a USDA Sweep of the Co-Op

If a USDA sweep occurs, the following process will take place:

- The remaining balance of the specific swept commodity for the entire co-op will be re-allocated to Districts using our fair-share formula, but excluding Districts not utilize(ing) at least 25% of the commodities for the year. Districts can also request to be excluded from the re-allocation of the commodity balance. Two electronic communications will go out within ten business days notifying Districts of the deadline to request exclusion from the re-allocation. The deadline date will be enforced.

4. Steps Analyzing Pre-Planner and Impact of Additional Commodity on the PINCO Service Center Warehouse

- The Commodity Sub-committee will review items added to our pre-planner during the course of the year from the USDA/State, and determine a need within the cooperative by requesting e-mail surveys.
- The Commodity Sub-committee will analyze the quantity of items brought into the Service Center and make suggestions for adding/removing loads for the next school year. One analysis will be tracking how quickly the product is pulled from the warehouse inventory.
- If additional commodities are transferred to the PINCO account, this could put strain on the PINCO Service Center's freezer space as more processed items are brought into the warehouse. The end impact, free commodities or not, can greatly affect the true savings in storage issues. This issue will need to be examined on-going by the Facilities and Commodity Sub-committees in making recommendations to PINCO Advisory Committee.

- The Commodity Sub-committee will be added as part of the Advisory Committee Meeting Agenda. This will give an opportunity for the Sub-committee to share information gathered on sweeps, products available, pre-planner and impact on the warehouse and Districts.

- Revised by PINCO Advisory Committee January 28, 2016