

School Nutrition Programs & Commodity Foods

School Districts receive Federal cash & food donations to operate a non-profit foodservice program. This includes; the School Breakfast, National School Lunch, and After School Programs.

USDA administers the program & makes 150+ food specifications available for donation to 14,000+ districts nationwide for total support that exceeds \$8B. Many specifications are not in ready to eat form.

Districts request many donations to be sent to food manufacturers to be further processed into branded finished goods.

These value added products qualify for a discount for those schools that have provided donated ingredients to participating manufacturers.

Districts work with manufacturers through approved procedures to receive back the value of the USDA donation.

Many districts now receive that USDA value in the form of a discount-off invoice from their preferred commercial distributor at the time of purchase instead of using a State warehouse and distribution system. This process has become known as "Net Off Invoice". In reality this is simply a deviation funded by USDA with bill backs processed by the manufacturer.

Net-Off Invoice

Districts send USDA donated commodity foods to approved processors following State guidelines.

Manufacturers produce value-added products containing USDA purchased commodities. Each case then carries a discount that is fixed for the school year.

Districts inform manufacturers of their chosen k12foodservice.com "Certified" distributor that they would like to receive commodity discounted products from.

Distributor supplies manufacturers participating product to eligible districts using agreed upon price.



k12foodservice.com provides:

- eligible districts
- balances
- products
- sales reports
- automatic data updates

Distributor applies the correct USDA discount on invoice for the eligible product(s).

Distributor supplies velocity data electronically to k12foodservice.com. After strenuous validation, the customer balances are adjusted and reports are generated.

K12 also provides support to distributor's staff at no cost; this includes initial program development. K12 also provides continued support once the program is up and running.

Why Would a Distributor Offer NOI?

Distributors offer Net-Off Invoice to lower overall customer cost without decreasing gross profit. More districts using market basket approach to bidding.

Distributors also build volume and sell commercial items to schools who might otherwise purchase elsewhere.

Districts are looking for value beyond product when selecting distributors. NOI allows distributors to facilitate federally funded discounts to districts which often average 20% of a districts' food spend!

Builds volume, less invoices to process.

For more information:

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