

November 3, 2016

DHHS Food Distribution Policy

State processing of donated foods, permissible contractual arrangements

Until now, DHHS Food Distribution has allowed the contractual arrangement set forth at 7CFR§250.30(b)(1) whereby DHHS pays the processing fee and delivers end products to eligible recipient agencies through the DHHS distribution system.

Beginning in school year 2018, the contractual arrangement set forth at 7CFR§250.30(b)(2)(i) will be allowed for School Food Authorities with 4.5 million or more reimbursable meals reported to the Nebraska Department of Education in the previous school year. Under this contractual arrangement, the SFA must procure the services of processors by following its own documented procedures that are in compliance with 2 CFR part 200, subpart D and USDA implementing regulations at 2 CFR part 400 and part 416.

When the SFA pays the processor, such sales shall be under a discount system described at 7CFR§250.30(d)(1)(ii) which provides for the price of each unit of end product purchased by eligible recipient agencies to be discounted by the stated contract value of the donated foods contained therein. Neither the processor nor the contracting SFA may assign this transaction to a distributor. However, the SFA may utilize a distributor or contractor to store and deliver end products if the service is also procured by the SFA in a manner compliant with 2 CFR part 200, subpart D and USDA implementing regulations at 2 CFR part 400 and part 416.

The SFA shall notify DHHS Food Distribution the results of its procurement no later than March 1st so that DHHS may request donated foods be delivered to the awarded processor in the upcoming school year subject to DHHS's ability to combine requests with DHHS's or another state's needs if a full truck is not requested.



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