



Solving the Procurement Puzzle



Tools & Resources from SNA to Help Improve Procurement Practices

Glossary of Procurement-Related Terms

February 2019

Administrative Review—

The periodic oversight of the local School Food Authority (SFA) operation of the Federal child nutrition programs (CNPs) by the State Agency and/or USDA. It is required by the Richard B. Russell National School Lunch Act. It features both offsite and onsite components, including the review of program documentation and observance of activities to ensure compliance with federal rules and regulations.

Bid Documents—

The documents that are issued as part of a solicitation for a K-12 school foodservice procurement. Bid documents may include the boilerplate language for the general specifications a district may have; product or service specifications; terms and conditions for the award of a contract; and required forms and certifications to be provided by the proposer. The term "bid documents" also applies to other procurement methods, including RFPs policies.

Bid Lists—

A list of vendors invited to respond to a procurement solicitation. The bid list is not necessarily a comprehensive list of potential vendors, and unless the district has established pre-qualification criteria for participation, other vendors may respond.

Broker—

A manufacturer's sales representative. Brokers typically represent multiple manufacturers.

Brown Box—

An outdated term for USDA Foods (commodity) products that are shipped directly to school districts and other "recipient agencies." The term originated from the generic brown box (with a USDA seal) used to package and ship these products. Since USDA began purchasing commercially labeled products that may come in manufacturers' packaging, they have renamed

these items as "Direct Ship" or "Direct Delivery."

Child and Adult Care Food Program (CACFP)—

Provides meals and snacks to children and adults in care and other programs. The CACFP is typically operated by providers other than K-12 schools. Some schools participate in the CACFP as vendors or sponsors in order to provide meals or snacks not allowed within the traditional school meal programs.

Child Nutrition Reauthorization (CNR)—

The periodic legislative process to extend authorization for the Federal CNPs that are not permanently authorized. The National School Lunch and School Breakfast Programs are permanently authorized. The CNR process is also used as an opportunity to review and amend, as necessary, all provisions of the law. These amendments can result in the establishment of new regulations applied to the operation and administration of all CNPs.

Code of Federal Regulations (CFR)—

All regulations published by the federal government are contained in the Code of Federal Regulations. The CFR is broken down by agency or administrative area. Two specific titles are relevant to school foodservice. Title 2 of the CFR is the UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS. Subsections 300.18-326 address procurement for all grantees and subgrantees of federal funds including school meal programs. Title 7 is AGRICULTURE. Subsections 210 through 254 include all regulations for school meals and food distribution.

Commercial Products—

Items procured by K-12 school meal operations that do not include USDA Foods. Products that include USDA Foods as ingredients, while commercial in nature, are referred to as "commodity processed."

Cooperative Purchasing Groups—

A collection of school districts that, by agreement, aggregate their procurements to increase their buying power and reduce their costs. Co-ops may be administered by a member district, a committee of member districts or a contracted third party.

Cost-plus Contracts—

Contracts in which the vendor bids a fee over the cost of goods or services. The fee is a fixed amount, but the base cost may fluctuate depending on market conditions or other considerations. Under current law, vendors may not propose a percentage over the cost of goods or services. In 2016, USDA published a proposed regulation that would prohibit cost-plus contracts.

Distributor—

The intermediary between school districts and manufacturers/processors in the food distribution chain. Broad line distributors serve a wide range of foodservice customers. Specialty distributors focus their efforts on one or two market segments for which they have expanded knowledge, such as K-12 school foodservice.

Fee-for-service—

The additional charge made by a processor or distributor for the additional ingredients or services to be provided over the base cost of the goods or services. In food processing, particularly of USDA Foods, the fee-for-service is the price net of the raw commodity ingredient provided by USDA. In distribution, a vendor may charge a fixed-fee-per-case for storage and/or delivery.

Food and Nutrition Service (FNS) —

An agency within the Office of Food, Nutrition and Consumer Services of the U.S. Department of Agriculture (USDA). FNS has oversight responsibility for the Federal child nutrition programs, including school meal programs and food distribution (USDA Foods).

Food Distribution Division (FDD) —

The Food Distribution Division of the Food and Nutrition Service manages the USDA Foods Program for schools.

Foodservice Management Companies (FSMC) —

A for-profit entity that provides a range of contracted meal services. FSMC contracts with school districts range from providing management services to providing meals. USDA regulations define FSMCs as providing any administrative service to the client. The specific

regulations regarding FSMCs for school foodservice are found at 7 CFR 210.16.

Forecasting —

The process of estimating future quantity needs for procurement. It requires in-depth knowledge of upcoming menus and projecting the number of servings needed for every purchase period. Forecasting is an essential element of effective foodservice purchasing.

Group Purchasing Organizations (GPOs) —

Third-party entities, usually for-profit, that contract with manufacturers to procure a range of goods at negotiated prices for participating clients, including schools or other entities. A GPO may charge a fee (a fixed annual membership charge, a per-unit fee or a combination of both) or make its profit from fees charged to the manufacturers from which it buys on behalf of districts.

The Healthy, Hunger-Free Kids Act (HHFKA) —

The Child Nutrition Reauthorization bill enacted in 2010. When this glossary was updated in June 2018, it was the most recent CNR and established a number of new rules for the Federal school meal programs, including nutrition standards, local school wellness policies, State Agency reviews and more.

The Institute for Child Nutrition (ICN) —

Formerly the National Food Service Management Institute, was created by an act of Congress to provide research, training and technical assistance for the Federal CNPs. It is headquartered at the University of Mississippi in Oxford.

Informal Procurements —

Those made by a simple solicitation, typically by fax or phone. Federal law allows such procurements for purchases with an aggregate value under \$250,000 (the “small purchase threshold”) and “micro purchases” (see below). States usually establish much lower thresholds for informal procurements, so school districts should check with their State Agency to confirm what is allowable.

Invitation to Bid (ITB) Invitation for Bids (IFB) —

A formal K-12 school foodservice procurement method that follows a very specific set of steps, including receiving sealed bids. ITBs are used when the sole (primary) difference among proposers is price.

Local Education Agency (LEA)—

As defined in the Elementary and Secondary Education Act of 1965 (ESEA), a public board of education or other public authority recognized in a State as an administrative agency for its public elementary and/or secondary schools. For the Federal school meals programs, Congress amended the Acts to reflect that the school district, or LEA, has certain responsibilities independent of the responsibilities of the foodservice operation, which is the School Food Authority (SFA).

Line-item Bid—

A bid in which each item is awarded independently of all other items on the bid. This is different from an “all-or-nothing” or aggregate award.

Manufacturers/Processors—

Companies that produce items; in this case, food, beverage, equipment, technology and supplies for the foodservice segment.

Micro Purchases—

A new method of procurement for very small (currently less than an annual aggregate of \$10,000) purchases. Micro purchases do not require any formal or informal procurement process. However, USDA policy directs that the principles of fair and open purchasing must still be employed.

National School Lunch Program (NSLP)—

The Federal program authorized by the Richard B. Russell National School Lunch Act of 1946.

Piggyback Bids—

Procurements that authorize other entities (specifically school districts) to purchase against contracts awarded to the issuing agency. Piggyback contracts are allowed by law but are contingent on the solicitation explicitly requesting it as an option, and vendors explicitly agreeing to allow them.

Pre-bid Conference—

A best practice approach to procurement wherein the district meets with potential vendors, either individually or as a group, to discuss a pending procurement. These meetings may be used to share information about the requirements of the solicitation and/or to get feedback from potential vendors to help inform the district in drafting the procurement.

Prime Vendor—

Usually a broad line distributor who provides a range of goods to a school district. The prime vendor is the

first option for all purchases that the vendor is able to provide.

Procurement—

This is the process used for soliciting goods and services, while purchasing is the act of acquiring the goods and services.

Recipient Agency (RA)—

A school or other entity that receives USDA Foods.

Request for Proposal (RFP)—

A method of procurement in which factors other than price are considered.

Richard B. Russell National School Lunch Act—

The act of Congress that authorized the National School Lunch Program. It includes the legislative requirements for the provision of school lunch and certain other child nutrition programs. The Child Nutrition Act of 1966 is a companion to the Act and authorizes the School Breakfast Program and other child nutrition programs and operations.

School Breakfast Program (SBP)—

Was authorized by the Child Nutrition Act of 1966. It parallels the National School Lunch Program in terms of basic requirements.

School Food Authority (SFA)—

A legal entity within the Local Education Agency (LEA) with specific responsibilities for administering school-based child nutrition programs.

Summer Food Service Program (SFSP)—

Provides meals when school is not in session, usually summer, but also at other times when school meals are not available. The SFSP may be sponsored by schools or other entities, including camps, community agencies and care facilities. SFAs may opt to serve as a vendor of summer meals to another SFSP sponsor.

Single Awards—

Aggregate or “all-or-none” awards of contracts for multiple food items.

SKUs (Stock Keeping Units)—

A system for identifying individual products produced or sold. A SKU identifies the item by manufacturer and product code.

Small Purchases—

Purchases with a value less than the small purchase threshold. The Federal small purchase threshold is currently \$250,000, but states or local agencies may establish lower limits. Small purchases do not require formal procurement, but still must adhere to the fundamental principles of fair, open and competitive procurement.

School Nutrition Association (SNA)—

The national membership organization representing more than 57,000 school nutrition professionals. It was established in 1946.

Sole-source Procurement—

A rare type of procurement that requires prior approval by the State Agency. It is used when there is only one potential responsive and responsible vendor or in case of an emergency. An example of a sole-source contract might be support for a legally procured technology system after the initial term of the support contract, if there is no third-party vendor who can provide those services.

Solicitation—

The issuance of a procurement request. The terms of a solicitation may be governed by district or state laws or policies with regard to how potential vendors are notified that the district is seeking responsive and responsible vendors for goods or services and how long the notification must be posted.

Special Nutrition Division (SND)—

The Special Nutrition Division of the Food and Nutrition Service administers school meal programs.

Specifications—

The detailed requirements for the goods or services being sought in the K-12 procurement. General speci-

fications are the terms and conditions for doing business with the district. Detailed specifications are the exact description of the requested goods or services.

State Agency—

The agency in the State government that is assigned administrative responsibility for the Federal CNPs. In most cases, the state department of education is the assigned State Agency. However, some states assign all or some of the programs to other agencies, including the department of agriculture or the department of health and human services.

U.S. Department of Agriculture (USDA)—

The executive branch of the Federal government responsible for the administration and oversight of the Federal child nutrition programs.

USDA Foods—

The official name of the Federal commodity food program. Administration of the USDA Foods Program falls under the Food Distribution Division of the Food and Nutrition Service agency at USDA. USDA Foods also refers to the specific commodity food items made available to SFAs participating in the National School Lunch Program.

USDA Foods Direct Delivery—

The formal name for what is colloquially known as brown box commodities. It includes items purchased by USDA and shipped directly to recipient agencies, as opposed to commodities purchased by USDA for diversion to manufacturers to be further processed, i.e., made into usable end products.

**For more Procurement Tools, Training & Resources, visit
www.schoolnutrition.org/Procurement**