



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

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**DATE:** September 5, 2014

**SUBJECT:** Questions and Answers Related to the Pilot Project for Procurement of Unprocessed Fruits and Vegetables

**TO:** Regional Directors  
Special Nutrition Programs  
All Regions

State Distributing Agency Directors  
National School Lunch Program  
All States

Following the July 21, 2014 publication of the memorandum, "Pilot Project for Procurement of Unprocessed Fruits and Vegetables: Request for Application Guidance and Procedures for Selection of States and Schools," interested State Distributing Agencies (SDAs) have raised several questions regarding the pilot project and application process. The following questions and answers are meant to clarify the procedures outlined in the Request for Application for National School Lunch Program (NSLP) SDAs and School Food Authorities (SFAs) interested in participating in the pilot project.

For further information on the pilot project, visit the [Pilot Project for Procurement of Unprocessed Fruits and Vegetables](#) webpage. NSLP SDAs with additional questions regarding the pilot project and application should contact Carolyn Smalkowski at [Carolyn.Smalkowski@fns.usda.gov](mailto:Carolyn.Smalkowski@fns.usda.gov), or 703-305-2674, or Christina Conell at [Christina.Conell@fns.usda.gov](mailto:Christina.Conell@fns.usda.gov), or 415-705-1353.

A handwritten signature in cursive script that reads "Laura Castro".

Laura Castro  
Director  
Food Distribution Division

Attachment

**National School Lunch Program (NSLP):  
Pilot Project for Procurement of Unprocessed Fruits and Vegetables  
Questions & Answers**

**I. Authority for and Purpose of Pilot**

**Q1. What does “unprocessed” fruits and vegetables mean?**

The fruits and vegetables procured by SDAs or SFAs in the pilot project may be considered “unprocessed” if their food handling and preservation techniques have not changed the inherent character of the fruit or vegetable. Per 7 CFR Part 210.21(g)(2), examples of allowable food handling and preservation techniques that are included in the definition of unprocessed include cooling; refrigerating; freezing; size adjustment made by peeling, slicing, dicing, cutting, chopping, shucking, and grinding; forming ground products into patties without any additives or fillers; drying/dehydration; washing; packaging, vacuum packing, and bagging (such as placing vegetables in bags or combining two or more types of vegetables or fruits in a single package); and the addition of ascorbic acid or other preservatives to prevent oxidation of produce. Canned and other heat-preserved fruits and vegetables are not considered “unprocessed”. As defined by USDA Food and Nutrition Service (FNS) regulation and noted above, the term “unprocessed” includes items that are often considered minimally processed. This definition was established in the [Geographic Preference Option for the Procurement of Unprocessed Agricultural Products in Child Nutrition Programs Final Rule](#), published on April 22, 2011.

**Q2. Do the unprocessed fruits and vegetables in this pilot project need to be procured locally?**

No. While one of the goals of the pilot project is to offer SDAs and SFAs additional flexibility in procuring local products using USDA Foods entitlement dollars, local procurement is not a requirement. However, SDAs and SFAs must procure unprocessed fruits and vegetables of domestic origin, in accordance with vendor eligibility requirements for the pilot project.

**Q3. Is participating in the pilot project the only way to obtain local foods for NSLP?**

No. The USDA purchases products from almost every state and offers [state of origin](#) information where SDAs and SFAs can find the products purchased from their region. In addition, many Department of Defense Fresh Fruit and Vegetable Program (DoD Fresh) vendors already offer local produce to SFAs across the country.

USDA encourages SFAs to buy local using many different mechanisms with cash reimbursement dollars. USDA’s Farm to School Program offers information on the variety of ways SFAs can purchase local products on the [Farm to School: Procuring Local Foods](#) website.

For information specific to geographic preference, please refer to the “Geographic Preference Resources” page in Attachment A of the [Pilot Project for Procurement of Unprocessed Fruits and Vegetables: Request for Application Guidance and Procedures for Selection of States and Schools](#) or the [Procuring Local Foods for Child Nutrition Programs Guide](#).

**Q4. How is this pilot project different from the Florida and Michigan Fresh Produce Pilot and DoD Fresh?**

All of these initiatives offer SDAs and SFAs mechanisms to obtain fresh and unprocessed produce using USDA Foods entitlement dollars and can facilitate the procurement of locally grown produce. In the Florida and Michigan pilot, USDA’s Agricultural Marketing Service (AMS) is the agency responsible for the procurement of produce. In the DoD Fresh program, the Department of Defense conducts a procurement for a produce distributor who then delivers produce in accordance with SFAs’ orders. Many of the DoD Fresh distributors offer local products.

In the Pilot Project for Procurement of Unprocessed Fruits and Vegetables, SDAs or SFAs within selected states will be responsible for competitively procuring from and holding contracts with vendors on the eligible vendor list for the pilot project. Use of geographic preference, as allowed by FNS regulation, is permitted in the procurement of unprocessed fruits and vegetables for this pilot project.

**Q5. What is the duration of the pilot project?**

The pilot project will begin in School Year (SY) 2014-15 and has the potential to continue through additional SYs with up to eight successfully participating states from SY 2014-15. States interested in participating in the pilot project should apply prior to the September 30, 2014 deadline.

**Q6. Will the USDA consider expanding this pilot project in the future so that SDAs or SFAs can procure a wider variety of local products using USDA Foods entitlement funds?**

This pilot project is specific to the procurement of unprocessed fruits and vegetables, as outlined in Section 4202 of the Agricultural Act of 2014 (P.L. 113-79, the Farm Bill). At this time, USDA does not have the authority to expand the pilot project beyond these specifications.

**II. Pilot Project Process**

**Q7. Will there be additional USDA Foods entitlement funding set aside for the pilot project? Are there additional funds available for administrative expenses?**

No additional funding will be provided for this pilot project. SDAs and SFAs in selected states must use existing USDA Foods entitlement dollars to procure unprocessed fruits and vegetables.

State Administrative Expense (SAE) funds may also be used for the administration of the pilot project, as long as the funds are used for costs incurred at the State level, in accordance with 7 CFR 235.6(c). SFAs are not permitted to use SAE funds and SDAs may not reimburse SFAs using SAE funds for costs that are the responsibility of the SFA. As long as the SDA is responsible for the activity being funded (i.e. the SDA is doing the procurement on behalf of the SFAs), then the SDA can use SAE funds.

**Q8. How much USDA Foods entitlement funding should my State set aside for the pilot project?**

There is no specific amount of entitlement funding that States are required to set aside for the pilot project. States may decide to designate as little or as much entitlement as needed to procure unprocessed fruits and vegetables through this pilot project. Since the pilot project is still in its initial stages, FNS can work closely with States to determine the amount of entitlement to set aside for this SY. If the pilot project continues in subsequent SYs, participating States will have the flexibility to increase or decrease this entitlement designation accordingly.

**Q9. What happens if my State sets aside more entitlement than it spends for the pilot project? Will my State get that entitlement money back at the end of the SY?**

States will not lose any unspent USDA Foods entitlement. At the end of the SY, the requested allocation of entitlement will be reconciled with the actual dollars spent. Any unspent portion of the allocation will credit entitlement. SDAs or SFAs may also elect to use unspent funds for DoD Fresh by requesting an increase to that allocation from FNS at any point. Entitlement balances at the end of the SY would follow normal procedures and be carried over into the following SY at reconciliation.

**Q10. Where can I find additional information on vendor eligibility requirements and the vendor payment process?**

Interested vendors should visit the USDA AMS [Pilot Project for Unprocessed Fruit and Vegetables](#) website for updates and additional information on vendor eligibility, including a [transcript](#) from the August 21 conference call hosted by AMS on the pilot project. Interested vendors can also keep abreast of this information by signing up for the AMS ListServ for the pilot project through the above website or at the following link: <http://info.ams.usda.gov/CPD/subscribe.html>.

**III. SDA Responsibilities**

**Q11. How often will States need to submit a report to FNS and AMS on delivery and pricing information from eligible vendors?**

At a minimum, SDAs will submit a monthly report to FNS and AMS summarizing delivery and pricing information from all eligible vendors. Depending on payment schedules and contracts with vendors, some States may elect to submit a report more than once a month for vendors to receive payments on a more frequent basis. Additional details on these reporting requirements will be provided once states have been selected.

To view a sample SDA reporting template, refer to Attachment C of the [Pilot Project for Procurement of Unprocessed Fruits and Vegetables: Request for Application Guidance and Procedures for Selection of States and Schools](#).

**Q12. Are there any other reporting and monitoring requirements for SDAs?**

Yes. SDAs in states selected to participate in the pilot project, and participating SFAs within those states, must keep records of the unprocessed fruits and vegetables received under the pilot project, in such manner and form requested by FNS. Also, at a date to be determined by FNS, each participating State must submit to FNS a report on the success of the pilot project in the state, including information on 1) the names of vendors and quantity and cost of each type of unprocessed fruit and vegetable received by the state under the pilot project; and 2) the benefit provided by these procurements in conducting school food service in the state, including continuing to meet all school meal requirements as outlined in NSLP regulations.

SDAs are also required to monitor the balance of entitlement funds so that orders do not exceed the amount committed to the pilot project. FNS may request that States submit additional data, as needed, to facilitate the pilot project.

**IV. State Selection Process**

**Q13. How will the regions be defined for the selection of States in the pilot project?**

As outlined in the 2014 Farm Bill, FNS must ensure during the selection process that at least one project is located in a state in the following regions of the United States: (1) Pacific Northwest; (2) Northeast; (3) Western; (4) Midwest; and (5) Southern. The state-by-state breakdown of how each region is defined has not yet been determined and will depend in part on the geographic diversity of the applications received.

**Q14. How many SFAs should my State include for participation in the pilot project?**

As outlined in the 2014 Farm Bill, FNS will prioritize applications based on whether the states contain a sufficient quantity of SFAs, various population sizes, and geographic locations. There is no set number of SFAs the State should include in the application;

however, States should make it a priority to include, to the greatest extent feasible, a diversity of SFAs located throughout the state in their applications, including those that are urban and rural, large and small, and contain different percentages of students receiving free and reduced price meals.

## **V. Application Process**

### **Q15. What happens if my State has already used all of its USDA Foods entitlement funding for SY 2014-15? Can my State still apply to participate in the pilot project?**

Yes, your State can still apply to participate. While FNS encourages all selected States to begin implementing the pilot project in SY 2014-15, we understand that many States have already allocated all of their USDA Foods entitlement dollars. If your State is selected, FNS will work with you as needed and to the extent feasible to free up entitlement funding (e.g., by reallocating unspent entitlement funds or by having pending deliveries redirected). The pilot project has the potential of continuing through additional SYs and selected States are expected to implement the pilot project throughout its duration. If limits to entitlement funding will present challenges in implementing the pilot project in SY 2014-15, States should detail this in their applications. Each selected State will then have the opportunity to decide the amount of USDA Foods entitlement dollars to allocate towards the pilot project in subsequent SYs.

### **Q16. Where can I find information on the quantity and variety of growers of local fruits and vegetables in my state?**

This information can be found in the [USDA Census of Agriculture](#). For application purposes, the State should provide a synopsis of the applicable state-level Census data in its three to five page narrative which demonstrates the State's ability to successfully implement the pilot project. As the Request for Application in part prioritizes applications based on the quantity and variety of growers of local fruits and vegetables in the State on a per capita basis, applicants will need to look to the [United States Census Bureau's website](#) for supporting population data as well. With these resources, States will be able to provide the quantity of growers on a per capita basis and a qualitative summary of the variety of producers in the State.

### **Q17. How can SFAs, nonprofits, and other groups ensure their State applies?**

Interested parties should contact the SDA responsible for administering NSLP in their state and encourage them to apply. A list of State-by-State contact information can be found here: <http://www.fns.usda.gov/fdd/contacts/sdacontacts.htm>.

### **Q18. When will States be notified regarding selection to participate in the pilot project?**

FNS anticipates notifying States as early as November 2014.