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## MEMORANDUM

TO: Business Managers, Superintendents  
FROM: Rebecca Holcombe, Ed.D., Secretary of Education *RH*  
SUBJECT: USDA Procurement Processes  
DATE: December 22, 2017

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This memo seeks to clarify recent conversations related to procurement for foodservice contracts. Continuing with existing USDA regulations, all school food authorities (SFA) must engage in prescribed procurement practices if they choose to meet foodservice obligations through contracts. In the new rules, schools still have the option of operating their own programs or contracting for food services to meet their school nutrition needs. That decision remains at the local level. You may operate or contract for USDA-supported food services.

### **Procurement Requirements**

USDA requires that a specific federal process be followed by all SFAs when contracting for food services. The Agency of Education (AOE) is charged by USDA with determining the types of Requests For Proposals (RFPs) and Invitation For Bids (IFBs) that SFAs in the state may use. The AOE has opted to begin the transition to a fixed-price contract based on the direction that USDA is taking and the benefits that a fixed price contract will provide. The AOE anticipates that the USDA proposed rule will be codified due to the many benefits and reduced workload associated with oversight of the contract.

### **Benefits**

**Predictable budgeting:** By implementing a fixed rate per meal, it may be easier for SFAs to compare revenue and expenses to determine budgetary needs. Additionally, using a fixed price contracting model should produce savings for SFAs by reducing the amount of local funds needed to cover the costs of food service programs.

**Audit Protection:** Use of the fixed-price contract reduces the necessary review of multiple invoices and receipts to determine if funds have been appropriately obligated. It will help ensure that SFAs are spending USDA funds only on allowable costs and getting full credit for USDA Food entitlements. As you are aware, USDA has been increasingly focused on procurement processes and contract management requirements in recent years, and this has resulted in more audit findings. Fixed-price contracts will likely reduce a SFA's exposure to audit findings and the recoupment of funds.

**Consistent Statewide Contracts:** The AOE recently developed/unveiled a fixed-price RFP RFP/IFB template to simplify the food service procurement process for SFAs. Our hope is this tool will make your work easier. If an SFA is at the end of a contract cycle, or wishes to re-bid

for SY 2019, this template will help guide the effort to re-bid food service. Business managers can “plug in” their school specific information, saving time and effort on the part of the SFA. By using the AOE template, SFAs can ensure that the most recent rules and regulations of the program are integrated into food service contract documents.

The AOE has heard concerns from a few SFAs that food quality, menu options and meal choices may be adversely affected if they use a fixed price contract. However, our hope and expectation is that using the contracting template developed by the AOE will free SFAs to focus their contracting resources on making sure that students’ needs are met and meal quality is not compromised. This will ensure that USDA requirements are met, funds are most efficiently utilized, and meal quality is maintained.

As you implement this new process, AOE staff will be available to answer questions. Please contact [Jen Gresham](#), Director of Federal & Education Support Programs, or [Laurie Colgan](#), Director of Child Nutrition Programs, with any questions or concerns.