



**United States
Department of
Agriculture**

**Food and
Nutrition
Service**

**3101 Park
Center Drive**

**Alexandria, VA
22302-1500**

DATE: November 2004

POLICY NO: FD-038: State Processing

SUBJECT: Elimination of Pricing on End Product Data Schedules and
Summary End Product Data Schedule

Pricing information on the End Product Data Schedule (EPDS) is the main reason a processor resubmits the EPDS every school year, causing a tremendous paperwork burden for State agencies. The American Commodity Distribution Association Processing Committee recommended that we remove all pricing information from the EPDS. FNS has determined it is in the best interest of the commodity processing program to eliminate all pricing information, except the commodity value, from the EPDS and the Summary End Product Data Schedule (SEPDS).

The pricing information on EPDS is misleading. Many recipients believe that the State has sought competitive pricing in compliance with procurement regulations, when in reality, the processing agreement and instructions state that the pricing represents the maximum amount a processor could charge. Not understanding this, many recipients could determine that processing donated foods is prohibitively expensive.

State and recipient agencies are expected to follow federal, State, and/or local procurement rules for obtaining processed end products. No procurement or bidding of processed end products occurs at the federal level with the National Master Processing Agreement (NMPA). The purchasing agency, which may be either the State or the recipient agency, continues to be responsible for competitive purchase of commodity processed products or processing services.

USDA is implementing a phase-in of National Master Processing Agreements (NMPA) for school year 2005-2006, which will eliminate the EPDS from public circulation. Relevant end product data will be listed on a SEPDS. The NMPA is a permanent agreement with processors intended to streamline and reduce paperwork for States and processors and make processing more accessible to school districts.

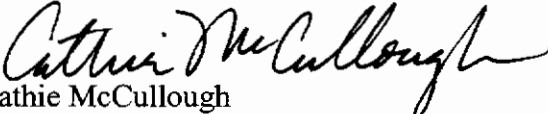
State agencies will be able to take advantage of USDA approval of EPDS and SEPDS, whether they can participate in the NMPA this year or not. The terms EPDS and SEPDS may be used interchangeably in procurement documents, since the EPDS will no longer be circulated. For example, if the procuring agency requires an EPDS to be submitted with bid prices, a processor can substitute a SEPDS in place of the EPDS.

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For the purposes of the NMPA demonstration, USDA will utilize its waiver authority at 7 CFR 250.30(t) to waive the following program regulations:

- 250.30(c)(4)(ii) only the portion which states "... and any pricing information provided by the processor, in addition to that required in paragraph (c)(4)(iii) of this section, as requested by the contracting agency and a thorough explanation of what this additional pricing information represents."
- 250.30(c)(4)(iii) only the portion which states "...where processing is to be performed only on a fee-for-service basis as defined in Section 250.3, the fee-for-service."
- 250.30(c)(4)(xvii) which states " A provision that the processor shall provide pricing information summaries as required in paragraphs (d)(3) and (e)(2)..."
- 250.30(d)(3) and 250.30(e)(2) which state "Processors shall provide pricing information summaries to contracting agencies and contracting agencies shall provide this information to recipient agencies as soon as possible after contract approval. If this pricing information changes during the contract period, processors shall provide updated pricing information to eligible recipient agencies."

Should States require pricing information, they may request it from the processor.


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