

**USDA Policy No: FD-40 Processing, released July 16, 2021****Inventory Draw Down in USDA Foods Processing (Revised)****Frequently Asked Questions****Answered by:****JTM Food Group****1. What changes are you making specific to USDA policy and regulations for SY22-23?**

Beginning with SY22-23, JTM Food Group will operate under the following Value Pass Through systems:

- Refund/Rebate
  - This is offered in very limited states and it not a JTM preferred system of doing business.
- Direct Discount
  - When shipping and invoicing an RA directly, without the involvement of a commercial distributor partner, JTM will operate under this system for end items containing cheese and turkey.
    - These end items have a JTM code number that is four digits starting with "5".
- Net off Invoice (NOI)
  - When shipping to and invoicing a commercial distributor end items containing USDA Foods cheese and turkey, JTM will operate under this system.
  - Cheese and Turkey end items only
    - These end items have a JTM code number that is four digits starting with "5".
  - Distributor may issue billback for discount provided to eligible RA.
- Closed SKU NOI
  - When shipping and invoicing a commercial distributor end items containing USDA Foods beef and pork, JTM will operate under this system.
  - Beef and pork end items only
    - These end items JTM code numbers begin with "CP" which indicates the product has been produced utilizing USDA Foods diverted raw material.
  - Distributor may only sell these end items to an eligible RA with adequate available pounds to cover sold cases.
  - Distributor may issue billback for discount provided to eligible RA.
- Fee for Service:
  - Direct
    - When shipping and invoicing directly to an RA
  - Through a Distributor
    - When invoicing the RA directly
    - Shipping to the RA's designated commercial Distributor.

**2. Will you be operating under MFFS in SY22-23?**

No. JTM will transition to Closed SKU NOI for all end items which previously invoiced and shipped under MFFS. Per USDA regulations, in MFFS, title must transfer (who owns the product,) of end items must transfer at time of delivery or pick up by distributor. Most distributors are unable to delineate at that time which RA will receive which cases.



**3. Why are you doing this?**

To comply with FD-40 (revised) which was release on July 16, 2021.

**4. Will any of your code numbers be changing – will you have just one code number for beef and pork end items now?**

No. JTM finished goods manufactured with diverted USDA Foods raw material of beef or pork will continue to be coded beginning with “CP” and end items utilizing commercially purchased raw material of the same quality and specification will continue to be coded to include a “CE” in the end item number. These two offerings will continue due to fluctuating market pricing of raw material.

**5. How can I learn more?**

Refer to the ACDA resource guide: “Regulations and Policy for Processing USDA Foods” revised September 2021.

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