



Procurement of Foods:
**COOPERATIVE
PURCHASING
GROUPS**



Participant's Workbook

Procurement of Foods: Cooperative Purchasing Groups

Participant's Workbook

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Key Area 2: Operations
USDA Professional Standards: 2400

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Institute of Child Nutrition

The University of Mississippi

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PURPOSE

Improve the operation of child nutrition programs through research, education and training, and information dissemination.

VISION

Lead the nation in providing research, education, and resources to promote excellence in child nutrition programs.

MISSION

Provide relevant research-based information and services that advance the continuous improvement of child nutrition programs.

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Washington, D.C. 20250-9410;
- (2) Fax: (833) 256-1665 or (202) 690-7442; or
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Participant's Workbook

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USDA Professional Standards

Key Area 2: Operations

Purchasing – 2400

Employee will be able to effectively and efficiently implement purchasing procedures and practices in order to appropriately and best utilize supplies and USDA Foods to meet menu requirements and comply with all Federal, State, and local regulations.

2450 - Identify possible cooperative purchasing groups and geographic preference options.

Training Objectives

Using the information provided in this training, participants will:

- Differentiate between various types of cooperative purchasing groups.
- Analyze the advantages and disadvantages of procurement through cooperative purchasing groups.
- Identify essential tools and resources for making informed decisions about joining a cooperative purchasing group.
- Outline the necessary steps and tools for establishing a cooperative purchasing group.
- Examine the roles and responsibilities of each member within a cooperative purchasing group.

Key Terms

Agent

An agent is a person or business authorized to act on a client's behalf. An agency may be necessary for procuring goods or services when/if the client does not have the necessary technical understanding of the equipment, service, food, or other food service supplies to be purchased or lacks time or expertise to conduct a proper procurement. A procurement agent represents a special fiduciary relationship of trust between itself and its client. The agent must be contractually required to conduct all competitive procurement methods with its client's interests solely in mind. An agent's services in excess of the micro-purchase threshold currently set at \$10,000 must be competitively procured in accordance with Federal procurement methods outlined in 2 CFR 200.320.

Average Daily Participation (ADP)

The Average Daily Participation (ADP) for the National School Lunch and School Breakfast Program is based on attendance rather than enrollment. Calculating ADP in this manner is fairer to schools as it includes only children who eat lunch/breakfast in the calculation and excludes children who do not eat lunch/breakfast (i.e., part-day kindergarteners).

Buy American

The Buy American provision, as defined in section 12(n) of the National School Lunch Act, requires schools to purchase, to the maximum extent practicable, domestic agricultural commodities and products. Purchases made in accordance with the Buy American provision must still follow the applicable procurement standards to maximize full and open competition. On April 25, 2024, the Food and Nutrition Service (FNS) published the Final Rule titled "Child Nutrition Programs: Meal Patterns Consistent With the 2020-2025 Dietary Guidelines for Americans" (89 FR 31962). This rule notably strengthens the Buy American requirement in the School Meal Programs. Additional policy guidance, which highlights both previous and updated Buy American provisions, is detailed in SP 23-2024, *Buy American Provisions Related to the Final Rule – CNP Meal Patterns Consistent with the 2020-2025 DGAs*, issued on May 29, 2024.

Capitalization

Capitalization is the amount and source of money needed to start and operate a business such as a cooperative purchasing group.

Child Nutrition Programs (CNPs)

Child nutrition programs (CNPs) refer to several programs administered by the United States Department of Agriculture's Food and Nutrition Service. These programs, the National School Lunch Program (NSLP), School Breakfast Program (SBP), Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP), Fresh Fruit and Vegetable Program (FFVP), and the Special Milk Program (SMP), help fight hunger and obesity by reimbursing organizations such as schools, child care centers, and after-school programs for providing healthy meals to children.

Code of Conduct/Standards of Conduct

Written standards of conduct must be maintained covering conflicts of interest and governing the actions of employees engaged in contract selection, award, and administration. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, standards should be set for situations where the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity. 2 CFR 200.318(c)(1).

Code of Federal Regulations (CFR) contains a codification of documents of general applicability and future effect and is published in the Federal Register by the executive departments and agencies of the Federal government.

Competitive Proposals

One of two formal methods of procurement, competitive proposals, i.e. a request for proposals (RFP), solicit a technical proposal that explains how the prospective vendor will meet the objectives of the solicitation and a cost element that identifies the costs to accomplish the technical proposal. While price alone is not the sole basis for awarding, price remains the primary consideration when awarding a contract using the competitive proposal method. This type of solicitation may result in either a fixed-price or cost-reimbursable contract.

Conflict of Interest

A conflict of interest is any action that allows a person to benefit at the expense of the public interest or their employer's expense. Program operators are required by Federal regulations to maintain a code of conduct that prohibits real or apparent conflicts of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

Contract

A contract is a formal, legally enforceable agreement between a buyer (client) and a seller (vendor) that establishes a legally binding obligation for the seller to furnish goods and/or services and for the buyer to compensate the seller. A contract must clearly and accurately describe the goods and services to be delivered or performed and the terms and conditions of the agreement. In the case of school nutrition programs, a contract is executed by the authorized representatives of the SFA and the vendor. It calls for the vendor to provide services, materials, supplies, and/or equipment per all conditions and specifications in the solicitation documents for a price to be paid by the SFA before execution.

Contract Administration System

The contract administration system refers to the policies and procedures the SFA has in place to ensure that contractors perform in accordance with the terms, conditions, and specifications of their agreements with the SFA.

Cooperative Purchasing Groups

Referred to as **CNP Program operator-only and/or CNP State agency cooperatives** in Memo SP 05-2017, these are groups formed through an agreement between CNP Program operators and may include CNP State agency cooperatives formed to increase purchasing power. This agreement between Program operators is not a procurement method but rather an agreement to competitively procure goods and services, which 2 CFR 200.318(e) encourages. Such agreements may include a fixed fee to cover overhead or administrative costs as specified in the cooperative agreement.

Cost Analysis

SFAs must perform a cost or price analysis concerning every procurement action in excess of the Simplified Acquisition Threshold, including contract modifications. The method and degree of analysis depend on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals. 2 CFR 200.323(a).

Cost Index

A cost index is used in fixed-price contracts as a standard for changes to a contract based on an evaluation of increases or decreases in market prices. Various indexes include labor or material cost, consumer price index, or others for various products such as milk, fuel, etc. Standards or indexes are specifically identified in the fixed contract. When using a cost index to allow for changes in a contract, it is important to clearly state that price adjustments should reflect both increases and decreases in the identified index. For various market indices, see <http://www.ams.gov>.

Cost-Reimbursable Contract

A cost-reimbursable contract is a formal, legally enforceable contract that reimburses the contractor for costs incurred under the contract but does not provide any other payment to the contractor, with or without a fixed fee. In a cost-reimbursable contract, allowable costs will be paid from the nonprofit school food service account to the contractor the net of all discounts, rebates, and other applicable credits accruing to or received by the contractor.

Distributor

A commercial food company distributor purchases, receives, or stores commercial food products. Distributors sell, deliver, and bill the receiving agency for goods and services provided. A distributor sells the products made by manufacturers.

Economic Price Adjustment Tied to a Standard Index (see Cost Index)

A price adjustment based on a third-party standard cost index allows for price adjustments in a fixed-price contract based on an evaluation of increases or decreases in market prices. Standards or indexes are specifically identified in the fixed contract, and when using this cost provision, it is important to clearly state that price adjustments should reflect both increases and decreases in the identified index.

Fixed-Price Contract

Fixed-price means that the price is fixed at the inception of a contract and is guaranteed for a specific period. A fixed-price contract may contain an economic cost adjustment provision tied to a standard index. Fixed-price contracts with economic cost adjustment tied to a standard index means the price is fixed for a set period specified, and an economic cost adjustment based on the stated index may be made to the fixed price at stated intervals.

Food and Nutrition Service (FNS)

The Food and Nutrition Service (FNS) administers nutrition assistance programs for the U.S. Department of Agriculture (USDA). The mission of FNS is to work with partners to provide food and nutrition education to people in need in a way that inspires public confidence and supports American agriculture. Throughout the existence of the school nutrition programs (SNP), the FNS at the USDA has focused on assisting State agencies and School Food Authorities (SFAs) to find efficient ways of providing nutritious meals to America's school children.

Forecasting

Forecasting is analyzing current and historical data to determine future trends. In the case of school nutrition programs (SNPs), forecasting involves predicting and estimating the goods and services needed in specified areas for the coming year and assessing needs by reviewing current procurement activities. Forecasting allows for procurement plans to evolve each fiscal year.

Full and Open Competition

Full and open competition means that all suppliers have the same opportunity to compete. Procurement procedures may never unduly restrict or eliminate competition.

Grade Standards

Grade standards are USDA quality standards based on measurable attributes that describe the value and utility of the products. U.S. Grade Standards provide a uniform language for describing the quality and condition of meat, poultry, fresh fruits and vegetables, and processed fruits and vegetables. While safety inspections are mandatory, the Federal government does not require that all food products be graded. Food grades and specifications may be found at <https://www.ams.usda.gov/grades-standards>.

Group Purchasing Organizations (GPOs)

Collectively referred to as GPOs, these often include CNP and non-Program operators, such as public and private schools, hospitals, universities, law enforcement, public works, etc., who join a third-party company or service provider. GPOs could be private for-profit or nonprofit entities. A GPO is typically structured in a way that may include a membership fee paid by member users, who are then granted access to the GPO price list of products and services. When the Program operator conducts competitive procurement methods, GPO price lists may be one source of prices when using small purchase procedures, sealed bids, or competitive proposals, as applicable.

Institute of Child Nutrition (ICN)

The ICN, also known as the Institute, is located at the University of Mississippi and, through its mission, provides relevant research-based information and services that advance the continuous improvement of child nutrition programs. ICN is a trusted resource repository of information, including applied research, education and training, and technical assistance for child nutrition professionals. The Institute offers a wide variety of educational modalities designed to provide continuing educational and professional development opportunities for child nutrition professionals at all levels of responsibility.

Inter-Agency Agreements

This agreement may include public, private, and non-profit entities formed to procure goods and services together. An example is an educational hub that purchases goods and services for LEAs. When the Program operator conducts competitive procurement methods, this agreement may be one source of prices when using small purchase procedures, sealed bids, or competitive proposals, as applicable.

Invitation for Bids (IFB)

An invitation for bid (IFB) is a type of solicitation document used to competitively solicit sealed bids and in which the primary consideration is cost; the expectation is that bids will be received, and an acceptance (award) will be given to the responsive and responsible bidder whose bid is lowest in price. An IFB is a formal procurement method that results in a fixed-price contract with or without adjustment factors. The IFB must be publicly advertised and solicited from an adequate number of known suppliers while providing them with sufficient time to respond before the date set for opening the bids. Also, the IFB should describe the minimum standards expected of a responsible bidder in measurable terms.

Local Education Agency (LEA)

A local educational agency is a public board of education or other public or private nonprofit authority legally constituted with a state for either administrative control or direction or to perform a service function for public or private nonprofit schools.

Manufacturer

A manufacturer processes raw products, develops new products, and sends finished products to distributors. Sometimes, customers may purchase directly from the manufacturer when volume warrants.

Material Change

A material change is a change made to a contract after the contract has been awarded that alters the terms and conditions of the contract substantially enough that, had other parties known of these changes in advance, they may have bid differently or more competitively.

Micro-Purchases

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$10, 000. To the extent practicable, the non-Federal entity must distribute micro-purchases to qualified suppliers equitably. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

Noncompetitive Proposal

Noncompetitive proposal is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply: the item is available only from a single source, public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation, the awarding agency expressly authorizes noncompetitive proposals, or after solicitation of a number of sources, competition is determined inadequate. Proposals must include both price and terms using the same procedures that would be followed for competitive proposals.

Non-Federal Entity

Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient. FNS commonly uses terms such as SFA or Program operators.

Nonprofit School Nutrition Food Service Account

The nonprofit school nutrition food service account is the restricted account in which all the revenue from the school nutrition operations conducted by the school food authority, principally for the benefit of school children, is retained. This account is used only for the operation of or improvement of the nonprofit school nutrition operation.

Piggybacking

“Piggybacking” is joining a contractual arrangement that has already been awarded to take advantage of the same terms and prices of that contract.

Procurement

Procurement is a multi-step process for obtaining goods and services at the best possible price in accordance with applicable rules and regulations. The steps in formal procurement are planning, developing the solicitation, advertising the procurement, receiving and evaluating bids/offers, awarding the contract, and managing the contract.

Rebates (Discounts, Rebates, and Applicable Credits)

Rebates are monetary returns. The regulations require all vendors under cost-reimbursable contracts to provide sufficient information to permit the SFA to identify allowable and unallowable costs, as well as the amount of all such discounts, rebates, and other applicable credits on invoices and bills presented for payment to the SFA [7 CFR 210.21(f), 215.14a (d) and 220.16(e)]. In fixed-price and cost-reimbursable contracts, a food service management company must credit the recipient agency for the value of all donated foods received for use in the recipient agency’s meal service in a school year or fiscal year (including entitlement and bonus foods). See 7 CFR 250.50-.53.

Request for Proposal (RFP)

A Request for Proposal (RFP) is a type of solicitation document used for the formal procurement method of competitive proposals. The RFP identifies the goods and services needed and all significant evaluation factors used to evaluate all proposals. FNS requires that price be the primary factor for the contract award. The SFA must have a written method for conducting technical evaluations of the proposals received and selecting recipients. The RFP is publicized and used to solicit proposals from several sources.

Negotiations are conducted with more than one of the sources submitting proposals, and either a fixed price or cost-reimbursable type contract is awarded. Competitive proposals may be used if conditions are inappropriate for competitive sealed bids.

School Food Authority (SFA)

The School Food Authority (SFA) is the governing body responsible for administering one or more schools. It has legal authority to operate the National School Lunch Program and the School Breakfast Program.

School Nutrition Association (SNA)

The School Nutrition Association is the only professional association dedicated solely to the support and well-being of school nutrition professionals in advancing good nutrition for all children.

School Nutrition Programs (SNPs)

School nutrition programs (SNPs) are federally funded programs and include the National School Lunch Program (NSLP), School Breakfast Program (SBP), After School Snack Program (ASSP), Fresh Fruit and Vegetable Program (FFVP), Special Milk Program (SMP), Seamless Summer Option (SSO), and the Summer Food Service Program (SFSP).

Sealed Bids

One of two formal methods of procurement, sealed bids, i.e., an invitation for bids (IFB), publicly solicit sealed bids resulting in the award of a fixed price contract to the responsible vendor/bidder whose solicitation is responsive to the IFB, conforms to all the material terms and conditions of the IFB, and is lowest in price. In this case, the IFB must be publicly advertised, and bids must be petitioned from an adequate number of known suppliers, providing them with sufficient time to respond before the bid opening date. This type of solicitation may only result in a fixed-price contract.

SFA-Only and/or CNP State Agency Cooperative Agreement

This is an agreement formed solely between SFAs and may include CNP State agency cooperatives formed to increase purchasing power. This agreement is not a procurement method but rather an agreement to competitively procure goods and services. Such agreements may include a fixed fee to cover overhead or administrative costs as specified in the cooperative agreement.

Small Purchase Procedures/Simplified Acquisition Threshold (SAT)

Small purchase procedures, or informal procurement, are relatively simple and informal procurement methods for securing services, supplies, or property that may be used when the anticipated acquisition falls below the small or simplified acquisition threshold. The Federal small purchase threshold is currently set at \$250,000. State and local regulations often set lower small purchase thresholds that are more restrictive than the Federal level. The school food authority must adhere to the most restrictive, lowest limit set when applying the small purchase threshold. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.

Sole Source Procurement

Sole source procurement refers to one type of noncompetitive proposal found in 2 CFR 200.320(f) (see Noncompetitive proposal, above); in the child nutrition programs, this occurs only when the goods or services are available from only one manufacturer through only one distributor or supplier. Sole source describes a condition of the procurement environment. In a true sole source situation, conducting a traditional solicitation (sealed bid, competitive negotiation, or small purchase) is meaningless because the element of competition will not exist. When faced with an actual sole source situation, an SFA must first obtain State agency approval and then go directly to the one source of supply to negotiate terms, conditions, and prices. FNS considers the use of sole source procurement to be rare.

Solicitations

A document used by the SFA to acquire goods and/or services that includes an invitation for bids and requests for proposals. Solicitations must clearly and accurately describe the technical requirements for procuring material, product, or service. Solicitations must also identify all the contract provisions required by Federal procurement regulations, requirements, terms, and conditions that the offers must fulfill, and all other factors to be used in evaluating the bids or proposals. In child nutrition programs, an invitation for bid solicitations must result in the lowest price, while in a request for proposal solicitations, the evaluation and scoring criteria must result in a contract award to the lowest responsive and responsible responder whose response is most advantageous to the program with price as the primary factor.

Specification

A specification is a concise statement of a set of requirements to be satisfied by a product, material, and/or process and should be included in all solicitations to ensure full and open competition. It is considered restrictive of competition to specify “only a ‘brand name’ product instead of allowing ‘an equal’ product to be offered and describing the performance or other relevant requirements of the procurement.” See 2 CFR 200.319(a)(6).

State Procurement Agency Agreements

This inter-governmental agreement with the State may include public, private, and non-profit entities. This procurement service is not part of the CNP State agency as the services are conducted for State facility needs using State procurement standards, and the State allows local educational agencies (LEAs), school food authorities (SFAs), and other CNP operators to purchase from the State's contracted sources. When the Program operator conducts competitive procurement methods, this agreement may be one source of prices when using small purchase procedures, sealed bids, or competitive proposals, as applicable.

State Agency

State agency means (a) the State educational agency; (b) any other agency of the state that has been designated by the governor or other appropriate executive or legislative authority of the state and approved by the Department to administer the Program in schools, as specified in 7 CFR §210.3(b); or (c) the FNS Regional Office (FNSRO), where the FNSRO administers the Program as specified in §210.3(c).

Third-Party Entities

Third-party entities include State procurement agency agreements, inter-agency agreements, group purchasing organizations, group buying organizations, and third-party vendors.

USDA Foods

USDA Foods means foods purchased by the United States Department of Agriculture for donation in food assistance programs or for donation to entities assisting eligible persons in accordance with legislation authorizing such purchase and donation.

Velocity Report

A velocity report provides Program operators with the quantity, date of purchase, and other information regarding products purchased from a vendor during a specified period. The report, if provided by the vendor, may provide information when forecasting estimated quantities when Program changes are not substantially changed from one purchase period to another.

Vendor/Bidder

A vendor/bidder, or a respondent, is a commercial enterprise, public or nonprofit private organization, or individual that enters a contract with a school food authority. A vendor may merchandise complete meals, meal components, or raw materials.

Lesson 1: Types of Cooperative Purchasing Groups

Using Non-CNP State Agency Procurements Handout

The purpose of this handout is to review the circumstances under which SFAs may use non-CNP State agency procurements.

Value of Purchase	Competitive Procurement
If the purchase is under \$10,000 (micro-purchase)	The SFA may purchase directly from the State's procured sources as long as the prices are reasonable, and the SFA equitably distributes all procurements among all qualified suppliers available.
If the procurement is less than \$250,000 (small purchase threshold) or the State or local threshold (whichever is most restrictive)	The SFA may obtain a price or rate quotation from the State's procured sources as one source among other qualified sources.
If the procurement is over \$250,000	The SFA must first conduct a cost analysis (2 CFR 200.323(a)), then develop a solicitation (sealed bid or competitive proposal), and may use vendors and prices from the state's contract as one source .

Characteristics of Purchasing Groups Handout

The type of agreement will identify the various roles and responsibilities of each party to the agreement. Although the process may vary, all competitive procurements must be in accordance with 2 CFR 200.318-.326 and all other applicable government-wide and FNS regulations and guidance.

	Purchasing Group	Characteristics
	SFA-only and/or CNP State Agency Cooperative Agreements	<p>Contains only SFA and sometimes CNP State agency.</p> <p>Not a method of procurement.</p> <p>Agreement to competitively procure goods and services jointly.</p> <p>May include a fixed fee to cover overhead or a prorated share of administrative costs.</p>
	Agent	<p>A person or business authorized to act on a client’s behalf to procure necessary goods and services.</p> <p>Must be contractually required to conduct all procurement using the Program and government-wide regulations, following the most restrictive micro-purchase and small-purchase thresholds, and with the client’s interest solely in mind.</p> <p>Agent’s services must be competitively procured.</p>
Third-Party Entities	State Procurement Agency Agreements	<p>Not exclusively CNPs.</p> <p>State procurement agencies procure state facility needs.</p> <p>SFAs may consider the price for the State’s contracted sources as one source when the SFA conducts a competitive procurement process using micro- or small-purchase procedures, sealed bids, or competitive proposals.</p>
	Inter-agency Agreements	<p>Purchasing group of several State agencies, agreeing to procure goods and services together.</p> <p>May include public, private, and nonprofit entities.</p> <p>SFAs may consider the price for the group’s contracted sources as one source when the SFA conducts a competitive procurement process using micro- or small-purchase procedures, sealed bids, or competitive proposals.</p>

	SFAs may purchase from the group's contracted sources using the vendor price as one source when conducting a competitive procurement.
Group Purchasing Organizations	Commonly fall under the heading of GPOs. Often includes entities such as public and private schools, hospitals, universities, law enforcement, public works, etc.
Group Buying Organizations	Could be private for-profit or nonprofit. Typically includes a membership fee paid by members to cover administrative costs.
Third-Party Vendors	Members may be granted access to the GPO price list of products and services. SFAs may consider the price for the GPO's contracted sources as one source when the SFA conducts a competitive procurement process using micro- or small purchase procedures, sealed bids, or competitive proposals.

Procurement Requirements by Type of Agreement Handout

The type of agreement will identify the various roles and responsibilities of each party to the agreement. Although the process may vary, all competitive procurements must be in accordance with 2 CFR 200.318-.326 and all other applicable government-wide and FNS regulations and guidance.

	Purchasing Group	Procurement Responsibilities
	SFA-only and/or CNP State Agency Cooperative Agreements	<p>Joining such a cooperative does not require competition.</p> <p>SFAs agree to competitively procure goods and services jointly consistent with 7 CFR 210.21 and 2 CFR 200.318-.326</p> <p>If the product is not purchased by a cooperative or it is unavailable from the procured source, the SFA must conduct separate competitive procurement procedures consistent with 7 CFR 210.21 and 2 CFR 200.318-.326.</p>
	Agent	<p>Agent must be selected through competitive procurement based on the anticipated agent fee.</p> <p>Agent fees must be fixed, not a percentage of the cost.</p> <p>Agents must follow procurement procedures consistent with 7 CFR 210.21 and 2 CFR 200.318-.326.</p> <p>Agent must have the SFA's best interest in mind.</p> <p>Agent must not have any conflict of interest.</p> <p>SFAs must monitor contractor (agent's) performance.</p>
Third-Party Entities	State Procurement Agency Agreements	<p>Entering into an agreement with State procurement is not a competitive procurement process.</p> <p>A State procurement agency procures State facility needs using the State's procurement regulations.</p> <p>SFAs may consider the price for the State's contracted sources as one source when the SFA conducts a competitive procurement process using micro- or small-purchase procedures, sealed bids, or competitive proposals.</p> <p>SFAs must ensure that their procurements follow purchasing procedures consistent with 7 CFR 210.21 and 2 CFR Part 200.318-.326.</p>

<p>Inter-agency Agreements</p>	<p>Entering into an inter-agency agreement is not a competitive procurement process.</p> <p>Members mutually develop and publish solicitations for common goods and services.</p> <p>SFAs may consider the price for the entity’s contracted sources as one source when the SFA conducts a competitive procurement process using micro- or small-purchase procedures, sealed bids, or competitive proposals.</p>
<p>Group Purchasing Organizations</p>	<p>GPO must be selected through competitive procurement using the applicable procurement procedures based on the membership fee.</p>
<p>Group Buying Organizations</p>	<p>Typically includes a membership fee paid by members to cover administrative costs and gain access to price lists.</p>
<p>Third-Party Vendors</p>	<p>SFAs may consider the price for the GPO’s contracted sources as one source when the SFA conducts a competitive procurement process using micro- or small-purchase procedures, sealed bids, or competitive proposals.</p>

Characteristics and Procurement Requirements of Purchasing Groups Activity

Instructions: Review the scenarios. Identify the characteristics of purchasing groups and procurement requirements for each scenario. Respond to the corresponding questions in each of the scenarios.

Possible answers:

- SFA-only/CNP State agency cooperative agreements
- Agents
- Third-party entities:
 - State procurement agency agreements
 - Inter-agency agreements
 - Group purchasing organizations

Scenario: North Plum SFA

The North Plum SFA has joined with four other SFAs to purchase food and supplies for the Child Nutrition Programs within each of their respective SFAs. After forecasting their needs, they found that this joint venture would increase their group purchasing power, reducing overall program costs. Under this agreement, each SFA has a small, fixed fee to cover overhead or administrative costs.

- **What purchasing group most closely aligns with this scenario?**

- **What are the purchasing responsibilities of the purchasing group you identified?**

Scenario: The State Department of Property and Procurement

The State Department of Property and Procurement, the purchasing agency for the State, competitively procures contracts for paper supplies, cleaning supplies, and other goods. The Department allows SFAs, state prisons, libraries, private schools, and other institutions to purchase off of these contracts without having to bid separately for these items.

- **What purchasing group most closely aligns with this scenario?**

- **What are the purchasing responsibilities of the purchasing group you identified?**

Scenario: Three Agencies

Three agencies within a state, the State Departments of Corrections, Education, and Human Services, have started a consortium to purchase food, paper supplies, cleaning supplies, and other goods for its institutions. The consortium competitively bids for the products and signs contracts with winning vendors. The vendors agree to provide the contracted goods and services at a specified cost over the length of the contract. This agreement allows CNP Program operators, state prisons, libraries, private schools, and other institutions to purchase off of these contracts without having to bid separately for these items.

- **What purchasing group most closely aligns with this scenario?**
- **What are the purchasing responsibilities of the purchasing group you identified?**

Scenario: The Northwest Cherry State Department of Education (NCSDE)

The Northwest Cherry State Department of Education (NCSDE) administers the Child Nutrition Programs and oversees a statewide purchase program for food and supplies. NCSDE competitively solicits bids for various items and issues a bid list that includes authorized vendors and fixed prices for items. All CNP Program operators can order products from this bid list. This process saves the Program operators' time and reduces food and supplies costs due to volume purchasing.

- **What purchasing group most closely aligns with this scenario?**
- **What are the purchasing responsibilities of the purchasing group you identified?**

Scenario: New Peach SFA

After analyzing its resources, New Peach SFA determined that it didn't have the expertise or time to properly procure its food for the school year. It competitively procured the services of JJ's Procurement Company to purchase all necessary food and supplies. JJ's is contractually required to conduct all competitive procurement processes in accordance with Federal regulations while keeping the SFA's interests solely in mind.

- **What purchasing group most closely aligns with this scenario?**

- **What are the purchasing responsibilities of the purchasing group you identified?**

Scenario: South Apple SFA

After using the small purchase procedures, the South Apple SFA contracted with Big Savings Buyer's Club to take advantage of Big Savings' huge buying power. Big Savings provides its services to CNP and non-Program operators such as public and private schools, hospitals, and universities. Big Savings helps manage the issuance of bid packages/requests for proposals and the award of contracts. The SFA pays Big Savings a minimal annual membership fee to access its price list of products and services.

- **What purchasing group most closely aligns with this scenario?**

- **What are the purchasing responsibilities of the purchasing group you identified?**

Lesson 2: Advantages and Disadvantages of Cooperative Purchasing Groups

Advantages of Cooperative Purchasing Handout

This handout provides some advantages of cooperative purchasing groups. Remember, every member SFA is responsible for monitoring contractor performance to ensure compliance with all contract provisions.

Advantages	Benefits
Increased Purchasing Power	<p>Combined total number of cases to be purchased.</p> <p>Standardized specifications negotiated among members.</p> <p>Awarded vendors will see an increase in sales.</p> <p>Increased cost savings for SFAs.</p> <p>Reduced labor for the SFAs.</p> <p>Reduced labor for the vendor.</p>
Enhanced Quality and Availability of Products	<p>Combined and enhanced product knowledge base.</p> <p>Combined buying power may influence price allowing for increased product quality.</p> <p>Improved availability of a variety of menu items.</p> <p>Shared menus.</p> <p>Increased customer satisfaction and participation.</p>
Reduced Administrative Burden	<p>Reduced interruptions to the workday at each site. Deliveries from a prime vendor results in:</p> <ul style="list-style-type: none"> • fewer deliveries • fewer invoices • less paperwork • fewer payments processed • less administrative costs

<p>Increased Opportunity to Purchase Directly from Manufacturer</p>	<p>Increased volume may serve as an attractive option for some food manufacturers.</p> <p>Streamlined process by receiving discounts, rebates, and credits directly from a manufacturer rather than through a distributor.</p> <p>Reduced costs by saving the vendor fee.</p>
<p>Increased Volume for SFAs</p>	<p>Increased advantages for small to medium SFAs or an SFA located in a rural location.</p> <p>Procurement expertise.</p> <p>Lower prices.</p> <p>Higher quality due to larger volume purchases.</p>
<p>Increased Networking Opportunities</p>	<p>Shared new ideas and best practices:</p> <ul style="list-style-type: none"> • network with other SFAs • information about products and vendors • gained knowledge from more experienced SFAs <p>Increased access to support for solutions to procurement problems.</p>
<p>Centralized Decision-Making</p>	<p>A designated individual from the group has direct contact with the vendor awarded the contract</p> <p>Decreased SFA vendor contact by:</p> <ul style="list-style-type: none"> • avoiding the time-consuming task of preparing a solicitation document • evaluating responses • awarding contracts • managing the contract on a daily basis

<p>Combined Resources and Other Benefits</p>	<p>Combined SFA resources for:</p> <ul style="list-style-type: none">• group marketing plan• annual promotion calendar• group cycle menus• production records for the various age groups• staff training• continuing education programs• branding• specialty solicitations such as milk and bread• processing of USDA Foods
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Disadvantages of a Cooperative Purchasing Group Handout

This handout outlines some disadvantages of a cooperative purchasing group. Every SFA member monitors contractor performance to ensure compliance with all contract provisions. Agreeing on product specifications can be one of the biggest challenges for cooperative purchasing groups. It is critical for members to come to a consensus on products.

Disadvantages	Challenges
Consensus Among Members	<p>Critical for members to come to a consensus on products.</p> <p>Some groups allow members to place similar products on the solicitation when members cannot agree on a particular item. Purchases should be consolidated as much as possible to achieve a more economical approach.</p> <p>Failure to consolidate purchases can be problematic for the vendor, creating higher prices for the group.</p>
Deliveries	<p>Possibility of larger and less frequent deliveries.</p> <p>Accommodations outside the agreed-upon delivery schedule may impose penalties on an SFA.</p>

<p style="text-align: center;">Food Costs</p>	<p>There is a possibility that the group requires higher quality products than those used by an individual SFA. If so, solutions are</p> <ul style="list-style-type: none"> • compromise with a suitable substitute • eliminate the product from the menu • purchase the item independently using the applicable procurement method. <p>This may increase food costs.</p>
<p style="text-align: center;">Storage</p>	<p>SFA’s dry and cold storage space may not accommodate a larger delivery volume. In this case, SFAs may need to:</p> <ul style="list-style-type: none"> • Purchase additional storage equipment or rent additional storage space. • Compare the savings gained by the group to the cost of purchasing the new equipment or paying rental fees.
<p style="text-align: center;">Administrative Costs</p>	<p>Administrative costs to be in the group may be more than cost savings.</p> <p>Costs may include:</p> <ul style="list-style-type: none"> • membership fees (flat fee based, district enrollment, per case fee. • a deposit equal to one month’s average purchase.

Lesson 3: Join a Cooperative Purchasing Group

Examine Your SFA's Needs Worksheet

Instructions: Ask yourself the following questions about your current procurement procedures and write your answers in the spaces provided. As you examine your current system, think about how changing delivery methods would affect your school nutrition operations. This template is designed as a tool and should be modified to meet your SFA's needs.

What is your current delivery schedule? Write down which items (such as produce, dairy, paper goods, etc.) you receive on which days of the week and from which vendors.

Monday

Tuesday

Wednesday

Thursday

Friday

How would more or less frequent deliveries affect your daily operations?

Do you need items delivered to multiple sites within your SFA? (YES or NO) What are the different sites?

Does your SFA have any specific time constraints or limitations for deliveries? (YES or NO) If so, what are they? Are there ways to ease those constraints or limitations?

If you could only have products delivered to a central location, would you be able to distribute them effectively? (YES or NO) How would you accomplish this?

What is the current storage capacity of your facilities, relative to the size of the deliveries you are currently receiving? Could you accommodate larger deliveries? (YES or NO) If so, how much larger volume can you accommodate?

Would additional shelving, freezers, etc., need to be purchased to accommodate larger deliveries? (YES or NO) If so, how much additional equipment would you need, and what would be the cost?

What are some of the students' favorite menu items? Would your SFA be willing to purchase a higher quality item for these products or eliminate the product from the menu? (YES or NO)

Factors to Consider Before You Join a Cooperative Purchasing Group Handout

Consider these factors before joining a cooperative purchasing group.

Food Costs

Do you consider your current food costs to be higher than expected, or do you have a sufficient volume of purchases by yourself to keep costs low? Many purchasing groups charge a fee for administrative overhead. Will this fee offset any cost savings you have?

Menus

You will want to look at your menus and forecast your needs. Many SFAs have discovered they spend approximately 80% of their food budget on 20% of the menu items. If your SFA's high-volume menu items are included in the purchasing group's solicitation specifications, it may be advantageous for your SFA to consider participating in the cooperative purchasing group.

Delivery Schedules and Storage Capacity

Some of the cost savings realized by purchasing groups come from reducing the frequency of deliveries from vendors, meaning a higher quantity of food being delivered to your schools less frequently. Do you have the storage capacity to accept these larger quantities?

Local Regulations

Are there any unique local regulations that might inhibit your ability to participate in a purchasing group? For instance, your city or county may have a more restrictive small purchase threshold than in areas of other SFAs participating in the purchasing group. The group may not be willing to reduce its small purchases to accommodate your threshold.

Group Costs

What are the costs associated with participating in the cooperative purchasing group? It is important to research all costs associated with membership, e.g. administrative fees, membership fees, additional delivery fees, and any penalties. You must also analyze and compare existing costs for commercial foods and supplies. Likewise, it is important to identify whether the quality of menu items will meet or exceed your current standards.

Legal Responsibilities

As with any legally signed document, agreements are binding. As with any legal document, you should check with your district's business office and legal counsel for the appropriate protocol before signing the agreement. It is also important to understand any additional fees or requirements in case of termination of the agreement.

Training

This resource should be helpful in answering your general questions about cooperative purchasing groups. If you need additional training, you may want to contact other purchasing

group members or check with your CN State agency, your local SNA chapter, or the Institute of Child Nutrition for information. You may find that your district or state's legal counsel and purchasing office may also be helpful.

Farm to School/Local Foods

Many cooperative purchasing groups utilize the geographic preference option to buy unprocessed or minimally processed food items that are "locally grown," "locally raised," or "locally caught." When applying this preference, it must be clearly stated in the solicitation and contract, along with the definition of the local area where the preference applies. When evaluating different purchasing groups, reviewing the solicitation and contract is important to determine the availability of locally sourced items and how the local area is defined.

Rebates

When cost-reimbursable contracts are awarded, the cooperative purchasing group must set up a structure to ensure each SFA receives its allocable portion of rebates, discounts, and credits. This allocation should be determined based on the SFA's purchase volume in relation to the total volume purchased. The group must report these to each SFA member.

Small Vendors

When possible, government regulations require that affirmative steps be taken to use small, minority, and women's business enterprises. Some strategies to assure this include placing qualified small and minority businesses and women's business enterprises on solicitation lists; assuring such businesses are solicited whenever they are potential sources; dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation; and establishing delivery schedules, which encourage their participation.

Menu Items

There are opportunities for cooperative purchasing groups to procure new and/or various menu items. To comply with procurement regulations, all procurement transactions must be conducted in a manner that maximizes full and open competition. This means using the appropriate procurement method to acquire new products and services. While new products always appear on the market, new items must be competitively procured using the applicable method.

Legal Counsel

The legal requirements of cooperative purchasing groups differ nationwide. It is highly recommended to seek legal counsel familiar with State statutes on cooperative agreements. An attorney assists in preparing the organization's guiding documents; checks the legality of written agreements, solicitations, and contracts; may assist in developing capitalization plans and financial decisions; and identifies ongoing issues if retainer services are included in a competitively procured contract. Even after the cooperative is operating, if not already done,

an attorney should be retained to help ensure the cooperative conforms to applicable laws.

Explore Local Cooperative Purchasing Groups: Questions to Ask the Group's Officers or Designated Representative Template

Instructions: Use this form as a guide when gathering information directly from a representative of a cooperative purchasing group. These questions can be asked over the phone or sent in an e-mail. This template is only a tool, and SFAs should modify it to meet their needs.

Name of the purchasing group:

Name, title, and contact information of the person you are interviewing:

What are membership advantages?

Are there membership fees or other requirements for joining the group? (YES or NO) If yes, what are the fees and the requirements?

What communication methods keep the member districts informed throughout the procurement process?

If we use a cost-reimbursable contract to procure from you, what mechanism exists for returning rebates, discounts, credits, and surplus funding from membership fees, and how often is reconciliation performed?

What products does your group offer? (Request a written list of high-volume products.)

Do food products comply with the Buy American provision including 100% domestic agricultural commodities and agricultural products where over 51% of the food component by weight or volume is domestic?

How are products chosen for the solicitation?

What is the delivery schedule? What is the minimum/maximum quantity required for each delivery? Are deliveries to individual schools or a central warehouse?

Is it possible to obtain items outside of the regular delivery schedule? (YES or NO)

Are there penalties for mistakes or oversights on orders? (YES or NO) If yes, what are the penalties?

Explore Local Cooperative Purchasing Groups: Questions to Ask State Agencies and Professional Organizations Template

Instructions: Use this template as a guide when contacting State agencies or professional organizations for information on existing cooperative purchasing groups in your area. Circle Yes or No as they answer each question, and use the space allowed to document their answers. These questions can be asked over the phone or sent in an e-mail. This template is only a tool, and SFAs should modify it to meet their needs.

Name, title, and contact information of the person you are interviewing:

Do you know of any cooperative purchasing groups in the area? (YES or NO) If yes, list names and contact information below:

Are there any SFA-only cooperatives or CNP cooperative agreements already in place? (YES or NO)

What type of purchasing group do they participate in? Can you describe it?

Do you know of any SFAs who were members of a purchasing group and are no longer members of the group? (YES or NO) If yes, list names and contact information:

What is the reputation of these purchasing groups among their members and local vendors?

How would you rank the purchasing groups regarding product quality and service, including compliance with the Buy American provision?

Have any of these purchasing groups been involved in legal disputes involving regulatory violations or a breach of contract with vendors or members? (YES or NO) If yes, explain the circumstances.

Explore Local Cooperative Purchasing Groups: Questions to Ask Representatives from Other SFAs Who are Members Template

Instructions: Use this guide when contacting a representative from another SFA who is currently a cooperative purchasing group member. Circle YES or NO as they answer each question, and use the space allowed to document their answers. These questions can be asked over the phone or sent in an e-mail. This is only a tool, and SFAs should modify the template to meet their needs.

Name, title, and contact information of the person you are interviewing:

Is the cooperative purchasing group able to provide all the products you need? (YES or NO) If not, explain the circumstances. How has this problem been resolved?

Are you satisfied with the products' quality, including compliance with the Buy American provision? (YES or NO) If not, why not? What specifically has been unsatisfactory?

Are your administrators satisfied with the purchasing group? (YES or NO) If not, why not? What specifically has been unsatisfactory?

Do deliveries usually arrive on time? (YES or NO) If not, how late were the deliveries? How often have they been late? Were there penalties? If so, what were they?

Are product shortages or substitutions a concern? (YES or NO) If not, explain the circumstances.

Are there other membership benefits that you have discovered? (YES or NO) If so, what are they? Are you satisfied with your membership in the group overall? (YES or NO) If not, what specifically has been unsatisfactory?

What were some of the challenges you encountered in your transition, and how did you resolve them?

Types of Contracts Handout

The type of contract the cooperative purchasing group chooses establishes the degree of risk vendors must take when quoting prices. Each contract also has benefits for the SFA or vendor. Please note that in its own contracting, the SFA may only use the types of contracts listed below; thus, we expound on those.

Types of Contracts	Risks and Benefits
Fixed price, with or without a price adjustment clause tied to a standard index	<p>Without a price adjustment clause, this contract type has the greatest risk for the vendor.</p> <p>This contract type greatly benefits the SFA by limiting price increases beyond the standard index designated in the solicitation and contract.</p>
Cost-reimbursable, with or without a fixed fee	<p>Reimbursable contracts have the greatest risk of marketplace fluctuations to the SFA because the vendor passes along the cost to the SFA without any limitation when costs fluctuate.</p> <p>When an SFA awards a cost-reimbursable contract, the contract provisions in 7 CFR 210.21(f) must be included. These include monitoring contractor performance to ensure all discounts, rebates, and credits are returned to every member's nonprofit food service account.</p> <p>A best practice is to include an audit provision to monitor contractor prices charged on invoices to supplier costs periodically.</p>

Evaluating Cooperative Purchasing Groups Template: Will They Meet Your Needs?

Instructions: Use the chart below to help determine whether cooperative purchasing groups in your area can meet your SFA’s needs. Rank each factor as *Excellent*, *Good*, *Satisfactory*, *Poor*, or *Unacceptable*. Add the scores. The scores will range from 0 to 28 points, with 28 being the highest. This measure can help determine whether a group is a good match for your SFA and help to compare various groups if there are multiple groups in your area. This template is only a tool and SFAs should modify the template to meet their needs.

Name of cooperative purchasing group:

Date:

Evaluating Cooperative Purchasing Groups					
Criteria	Excellent 4 points	Good 3 points	Satisfactory 2 points	Poor 1 point	Unacceptable 0 points
The group offers the products we need.					
Comments:					
The pricing is equal to or better than the current pricing.					
Comments:					
The products are equal to or better than the current quality.					
Comments:					
The group has a delivery schedule that will work for us.					
Comments:					

The group will deliver in quantities we can accommodate.					
Comments:					
The group has a good reputation among current members.					
Comments:					
The group complies with Program, government-wide, and district regulations and policies.					
Comments:					
Total Points: _____					

Evaluate and Compare Features of Cooperative Purchasing Groups Handout

The questions included in this handout are designed to help an SFA evaluate and compare the features of cooperative purchasing groups. This template is only a tool, and SFAs should modify the template to meet their needs.

What are the membership policies and requirements for fees, minimum purchase requirements, and contract terms of each group under consideration?

Who manages the group effort? What is the organizational structure?

Which other SFAs participate in this group? Are they similar? What do they see as benefits of membership? Are they satisfied with the group?

How closely do the product offerings meet the needs of your SFA? Will the SFA need to solicit additional products?

Is the delivery schedule suitable for your SFA? If not, would changing receiving and storage procedures to participate be an improvement or an obstacle?

Are there penalties for mistakes and oversights? Is there a penalty if an item was omitted from the SFA's order or if an item was ordered but omitted from the delivery?

Can small, familiar vendors provide services through this group?

Does the cooperative contract operate on a fixed-price basis or a cost-reimbursable structure?

Is the group administered ethically (complies with the required code of conduct if a cooperative)? Does the group meet the legal and programmatic requirements of the school district? Does the group adhere to all Federal, State, and local regulations?

Presentation to District Administrators Template: Why We Should Join a Cooperative Purchasing Group

Instructions: Once you have gathered the necessary information regarding the cooperative purchasing group, it is important to communicate your findings and obtain approval from the district administrators. To do this, you may have to attend an informal meeting or provide a presentation at a school board meeting. Remember that the next meeting might be several weeks away, so plan to get on the agenda early. The outline and mock script below can serve as a template as you compile and organize a 10-minute presentation. Keep the presentation short and simple. This template is only a tool, and SFAs should modify the template to meet their needs.

Introduction (2-3 minutes)

Briefly describe what a cooperative purchasing group is and what it does for its members. Describe the purchasing group you would like to join, including how long it has been operating, how many members it has, who those members are, and its reputation. If you spoke with participating members who are satisfied with the group, describe their feedback regarding the products, service, and cost savings.

Possible Advantages of Participation (2-3 minutes)

The main benefits of joining a cooperative purchasing group are cost savings, time savings, and networking. Be prepared to provide numbers when discussing cost savings. Give an estimation of the dollar amounts or percentages saved on each order or annually. Give examples of some of the ways it will save time.

Possible Disadvantages (2-3 minutes)

If there are disadvantages (e.g., immediate, short-term expenses) involved in joining the cooperative purchasing group, explain the compensating advantages (e.g., long-term savings and administrative resources saved). If the group charges membership fees or delivers in large quantities requiring additional storage equipment or renting storage, estimate these costs and justify the investment.

Conclusion (1-2 minutes)

The administrators are interested in the bottom line. Review the cost-saving potential of joining the cooperative purchasing group. Be sure to leave some time for questions or comments at the end of your presentation. When you have finished, find out what will be the next step in the approval process for joining the group.

Tips: Practice the presentation in advance. As preparation for the presentation, try to think about potential questions and possible responses.

Lesson 4: Form a Cooperative Purchasing Group

General Federal Guidelines Handout

The purpose of this handout is to provide a list of general Federal guidelines for conducting procurement transactions. This handout is not intended to be an all-inclusive list of Federal requirements for Child Nutrition Programs.

- There must be written specifications for all products purchased.
- Identical instructions must be provided to all potential bidders.
- A cost analysis must be conducted for products and services with an overall projected value above \$250,000 before receiving bids and proposals, and such products and services must be competitively procured using sealed bids or competitive proposals.
- Prices solicited using the applicable procurement methods, micro- and small-purchase procedures, sealed bids, or competitive proposals.
- Only fixed-price or cost-reimbursable contract types may be awarded.
- Contract provisions in Appendix II to 2 CFR 200 must be included.
- Cost-reimbursable contracts must include required contract provisions in 7 CFR 210.21(f).
- Under 7 CFR 210.21(d)(3), all procurement procedures, solicitations, and contracts involving SFAs must include language mandating the purchase of foods that comply with the Buy American provision outlined in 7 CFR 210.21(d).
- Products and services with a projected value below \$250,000 may be purchased using small purchase procedures.
- Products and services with a projected value below \$10,000 (micro-purchases) may be purchased without soliciting bids or obtaining quotes as long as the price is reasonable and purchases are equitably distributed among qualified suppliers.
- Involve small, minority, and women's business enterprises when possible.
- Remember to check with your State agency as some States may have lower procurement thresholds, and the lowest threshold must be followed.

Survey of Interest in a Cooperative Purchasing Group Template

Instructions: Modify this template to survey the interest of potential cooperative purchasing group members. It is advisable to use a conservative estimate when completing the survey. This handout may benefit SFAs considering forming a cooperative purchasing group. This template is only a tool, and SFAs should modify the template to meet their needs.

1. This survey is for _____. (Identify the purchase scope of the group, such as all foods, frozen foods, fresh fruits and vegetables, canned goods, etc., and paper goods.)
2. What is your total enrollment? _____
3. What is your ADP for lunch? _____
4. What is your ADP for breakfast? _____
5. What is your ADP for other programs (SFSP, Afterschool Snack, etc.)? _____
6. What is your approximate annual food budget? _____
7. How often do you make food purchases? (weekly, bi-weekly, monthly)
 - How many vendors do you purchase food from? _____
 - List all sources: _____
8. Is your food delivered to a central location? (YES or NO) If not, how many delivery sites do you have?
9. Do you know the benefits of participating in a cooperative purchasing group? (YES or NO)
10. Would you consider participating if it could save you time, potentially reduce costs, and increase food variety? (YES or NO)
11. Would a membership fee deter you from participating in a cooperative purchasing group? (YES or NO)
12. Would you like to learn more about the member-based purchasing group? (YES or NO) If yes, what day of the week is best for you to attend an afternoon meeting? _____
13. Do your food solicitations and specifications include domestic agricultural commodities to be produced and processed in the United States, including over 51% of domestic agricultural commodities, by weight or volume, for the food component? (YES or NO)

Thank you for your time in completing this survey. For further information, please contact (contact information for person spearheading survey).

Tips for a Successful Meeting Handout

The following are tips for conducting a successful meeting.

- Send out meeting notices, logistical information, and reminders in a timely manner.
- Prepare an agenda, sign-in sheet, and written handouts.
- Be as prepared as possible by understanding all the issues to be discussed regarding the formation of purchasing groups and the interests of each party.
- Assign an individual to lead the meeting to ensure minimal agenda deviation.
- Begin and end the meeting on time.
- Ask someone to take copious notes.
- Introduce all parties in the room.
- Provide sample resources.
- Encourage prospective members to ask questions and allow plenty of time for discussion.
- Provide follow-up to outstanding issues in a timely manner.
- Establish the day, time, and location for the next meeting.

Cooperative Purchasing Group Agreement Checklist Handout

This handout is intended to provide tools to an SFA responsible for developing the cooperative purchasing group agreement.

Instructions: Review each provision below and mark the task when it is completed.

Task	Provision	Due By
	Reviewed the input from the initial member-user survey. This is essential to ensuring the success of all future solicitations.	
	Considered the needs of the potential member SFAs.	
	Developed fair and accurate forecasted quantities and specifications for all products and services.	
	Developed a mutually agreeable list of products based on the menus of potential member SFAs. Ideally, this would be an exercise in merging existing product lists and comparing the quality of items that do not overlap. Consolidating like products is essential to obtaining the best prices. Conduct taste tests to get consensus.	
	Included the conditions and limits (volume and number of SFAs) under which additional parties may be added to the group (if desired).	
	Established policies and procedures to govern the group's operations within the constraints of all applicable laws and regulations of each potential SFA member.	
	Maintained a clear and appropriate line of communication between member SFAs and the group, potential vendors, and manufacturers.	

Lesson 5: Members' Roles and Responsibilities

Maximize Your Cooperative Purchasing Group Membership Handout

This handout provides recommended practices to help you maximize the benefits of your cooperative purchasing group membership.

- Designate and train an individual who will be the SFA and purchasing group liaison. Gain district support for the designated liaison to participate in committees, attend meetings and be involved in other activities needed by the purchasing group.
- In a cooperative, develop a master product list with specifications and share it among member SFAs. Ideally, members will agree on all products on the list.
- Forecast estimated usage with realistic quantities and provide accurate quantity projections to ensure solicitation integrity.
- Attend regular meetings. Participate in activities such as combining product lists and student taste tests.
- In a cooperative, demonstrate the ability to plan menus using foods upon which the group has agreed. A central group menu cycle improves the success of operations and reduces planning time for member SFAs. Share menus and related forms.
- Develop quality standards that specify the description of domestic foods that will be purchased. It is important to become familiar with the quality standards in place for your SFA and compare those with the quality standards that the purchasing group uses. Learn and understand what those quality standards mean.
- Establish a routine schedule to verify that the foods and items received meet quality standards, including domestic foods, and report all identified problems to the designated group officer. Monitoring contractor performance is required by Federal regulations.
- Conduct an ongoing analysis of velocity reports comparing the estimated quantity provided to the vendor to the actual quantity of the product purchased. For example, conduct a quick, monthly analysis and then conduct a detailed analysis every three months.

Considerations for Writing Solicitation Specifications Handout

The purpose of this activity is to identify key considerations for writing specifications. This handout is not intended to be an all-inclusive list.

- Ensure the requirement for purchasing domestic foods is included in the food specifications to ensure all cooperative members comply with the Buy American provision.
- Identify in the solicitation all pertinent information, such as quantity, size, the frequency and locations of deliveries, and storage needs.
- Include product specifications.
- Include distribution requirements in the solicitation.
- In a request for proposals, include the evaluation criteria in the solicitation such that the contract will be awarded to the lowest responsible and responsive bidder/offeror whose bid/offer is most advantageous to the Program with price as the primary factor.
- Comply with all applicable local, state, and Federal laws, regulations, and mandates.
- When cost-reimbursable contracts are to be awarded, the required contract provisions in 7 CFR 210.21(f) must be included. This includes monitoring contractor performance to ensure all discounts, rebates, and credits are returned to every member's nonprofit food service account.
- Evaluation criteria and their relative importance ***must*** be stated in the published solicitation document with price as the primary factor.
- The contract duration must also be in the solicitation.

To ensure objective vendor performance and to eliminate unfair competitive advantage, a person who develops or drafts specifications shall be excluded from competing for such procurements. [2 CFR 200.319(a)]

Solicitations and Contracts Handout

Each SFA in the cooperative purchasing group should know the basic requirements of solicitations and contracts.

Basic Requirements

- Under 7 CFR 210.21(d)(3), all procurement procedures, solicitations, and contracts involving SFAs must include language mandating the purchase of foods that comply with the Buy American provision outlined in 7 CFR 210.21(d). The 7 CFR 210.21(f) contract provisions must be included in cost-reimbursable contracts.
- If an SFA later determines additional goods and services are needed but not included or available as part of the agreement, the SFA may conduct a separate procurement using the appropriate procurement method. All records detailing the history of the procurement must be maintained.
- When competitive procurement methods are conducted by the SFA or a group of SFAs in a cooperative, group purchasing price lists may be one source of prices the SFA(s) can use when procuring goods or services using small purchase procedures, sealed bids, or competitive proposals.
- Each SFA monitors contractor performance to ensure compliance with all contract provisions.

Failure to competitively procure goods and services violates Federal regulations and may result in delays, disputes, findings of noncompliance, and costs being disallowed.

Consensus Exercise Worksheet

Instructions: Review the discussion topics and, as a group, provide the group's agreed-upon responses.

Discussion Topic: Non-Domestic Products

Your SFA belongs to a cooperative purchasing group. When visually inspecting their SFA's storage units, a staff member reports several non-domestic products on the shelf. What should the SFA do?

Discussion Topic: Vendor

A potential vendor has offered to fund the cooperative purchasing group to support attendance at a national conference. The vendor has not specified how the funds should be allocated, so the group decided to award small scholarships to 15 members through an application and review process. What actions should be taken or is this action appropriate? Justify your response.

Discussion Topic: Pizza

The cooperative purchasing group is reviewing the current solicitation and notices 15 different types of pizza. In preparation for next year's solicitation, what should be done?

References

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Appendix

Characteristics and Procurement Requirements of Purchasing Groups

Activity Answer Key

Instructions: Review the scenarios. Identify the characteristics of purchasing groups and procurement requirements for each scenario. Respond to the corresponding questions in each of the scenarios.

Possible answers:

- SFA-only/CNP State agency cooperative agreements
- Agents
- Third-party entities:
 - State procurement agency agreements
 - Inter-agency agreements
 - Group purchasing organizations

Scenario: North Plum SFA

The North Plum SFA has joined with four other SFAs to purchase food and supplies for the Child Nutrition Programs within each of their respective SFAs. After forecasting their needs, they found that this joint venture would increase their group purchasing power, reducing overall program costs. Under this agreement, each SFA has a fixed fee to cover overhead or administrative costs.

- **What purchasing group most closely aligns with this scenario?**

SFA-only cooperative agreement

- **What are the purchasing responsibilities of the purchasing group you identified?**

Joining such a cooperative does not require competition.

SFAs agree to competitively procure goods and services jointly in compliance with the Program and government-wide regulations in 7 CFR 210.210 and 2 CFR 200.318-.326, respectively.

If an individual SFA is interested in a product not purchased by the cooperative or it is not available from a procured source, the individual SFA must conduct separate competitive procurement procedures.

Scenario: The State Department of Property and Procurement

The State Department of Property and Procurement, the purchasing agency for the State,

competitively procures contracts for paper supplies, cleaning supplies, and other goods. The Department allows SFAs, state prisons, libraries, private schools, and other institutions to purchase off these contracts without having to bid separately for these items.

- **What purchasing group most closely aligns with this scenario?**

Third-party entity - State procurement agency agreement

- **What are the purchasing responsibilities of the purchasing group you identified?**

Entering into an agreement with State procurement is not a competitive procurement process.

State procurement agency procures for State facility needs using the State's procurement regulations.

Allows SFAs to purchase from the State's contracted sources.

*SFAs may consider the price for the state's contracted sources as **one source** when the SFA conducts a competitive procurement process using micro- or small-purchase procedures, sealed bids, or competitive proposals.*

SFAs must ensure their procurements follow purchasing procedures consistent with 7 CFR 210.21 and 2 CFR 200.318-.326.

Scenario: Three Agencies

Three agencies within a state, the State Departments of Corrections, Education, and Human Services, have started a consortium to purchase food, paper supplies, cleaning supplies, and other goods for its institutions. The consortium competitively bids for the products and signs contracts with winning vendors. The vendors agree to provide the contracted goods and services at a specified cost over the length of the contract. This agreement allows CNP Program operators, state prisons, libraries, private schools, and other institutions to purchase off of these contracts without having to bid separately for these items.

- **What purchasing group most closely aligns with this scenario?**

Third-party entity - Inter-agency agreement

- **What are the purchasing responsibilities of the purchasing group you identified?**

Entering into an inter-agency agreement is not a competitive procurement process.

Members mutually develop and publish solicitations for common goods and services.

Allows SFAs to purchase from the consortium's contracted sources.

*SFAs may consider the price for the consortium's contracted sources as **one source** when the SFA conducts a competitive procurement process using micro- or small-purchase*

procedures, sealed bids, or competitive proposals.

SFAs must ensure their procurements follow purchasing procedures consistent with 7 CFR 210.21 and 2 CFR 200.318-.326.

Scenario: The Northwest Cherry State Department of Education (NCSDE)

The Northwest Cherry State Department of Education (NCSDE) administers the Child Nutrition Programs and oversees a statewide purchase program for food and supplies. NCSDE competitively solicits bids for various items and issues a bid list that includes authorized vendors and fixed prices for items. All CNP Program operators can order products from this bid list. This process saves the Program operators' time and reduces food and supplies costs due to volume purchasing.

- **What purchasing group most closely aligns with this scenario?**

CNP State agency cooperative agreement

- **What are the purchasing responsibilities of the purchasing group you identified?**

Joining such a cooperative does not require competition.

SFAs agree to competitively procure goods and services jointly using the Program and government-wide regulations at 7 CFR 210.21 and 2 CFR 200.318-.326, respectively.

If an individual SFA is interested in a product not purchased by the cooperative or it is unavailable from a procured source, the individual SFA must conduct separate competitive procurement procedures.

Scenario: New Peach SFA

After analyzing its resources, New Peach SFA determined that it didn't have the expertise or time to properly procure its food for the school year. It competitively procured the services of JJ's Procurement Company to purchase all necessary food and supplies. JJ's is contractually required to conduct all competitive procurement processes in accordance with Federal regulations while keeping the SFA's interests solely in mind.

- **What purchasing group most closely aligns with this scenario?**

Agent

- **What are the purchasing responsibilities of the purchasing group you identified?**

Agent must be selected through competitive procurement based on anticipated agent fee.

Agent fees must be fixed, not a percentage of the cost.

Agents must follow purchasing procedures consistent with 7 CFR 210.21 and 2 CFR 200.318-.326.

Agent must have SFA's best interest in mind.

Agent must not have any conflict of interest.

SFAs must monitor the contractor's (agent's) performance.

Consensus Exercise Worksheet Answer Key

Instructions: Review the discussion topics and, as a group, provide the group's agreed-upon responses.

Discussion Topic: Non-Domestic Products

Your SFA belongs to a cooperative purchasing group. When visually inspecting their SFA's storage units, a staff member reports several non-domestic products on the shelf. What should the SFA do?

ANSWER: *The SFA should review the cooperative purchasing group's solicitation and determine if the non-domestic products have been competitively procured. The SFA should notify the administrator of the group and other SFAs that belong to the purchasing group in writing of the inconsistencies. The SFA should also request a copy of any documentation approving the non-domestic food.*

Discussion Topic: Vendor

A potential vendor has offered the cooperative purchasing group funds for some members to attend a national conference. The vendor has not indicated how the funding should be dispersed among the members. The group members determined they would provide small scholarships to 15 of their members. Members would need to apply for the scholarship, and group members would review the applications. What actions should be taken or is this action appropriate? Justify your response.

ANSWER: *The administrator of the cooperative purchasing group should provide a written response and decline the potential vendor's offer. This offer is considered a gift, prohibited by the written code of conduct for all SFAs, and may create a conflict of interest when future procurement procedures are conducted.*

Discussion Topic: Pizza

The cooperative purchasing group is reviewing the current solicitation and notices 15 different types of pizza. In preparation for next year's solicitation, what should be done?

ANSWER: *The members should come together and determine ways to reduce the number of pizza choices to achieve the most economical product(s) and price(s). The members should consider a way to screen the products and reduce the current variety of pizza choices.*



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