

Considerations for Farm to School Forward Contracting

This document provides guidance for school food authorities (SFAs) on the considerations for implementing farm to school forward contracts in the U.S. Department of Agriculture's (USDA) [school nutrition programs](#).

Overview of Forward Contracting

A farm to school forward contract is an agreement between the SFA and a farmer, processor, food hub, or a distributor to buy or sell a product at a set price on a future date. A forward contract helps lock in a price today for a transaction that will happen later. This lessens the risk of price fluctuations for the local educational agency (LEA) while allowing farmers to adapt their harvest and planting schedules to meet buyers' needs well in advance. Forward contracts can be tailored to fit the buyer's and seller's specific needs, including the quantity, delivery terms, and other details. The U.S. Department of Agriculture's (USDA) guide, [Procuring Local Foods for Child Nutrition Programs](#), provides a sample forward contract in Appendix K that SFAs may use as a guide.

Minimum Information to Include

At a minimum, SFAs should consider the information below when determining what to include in a forward contract.

- Local micro or small purchase thresholds are often more restrictive than the federal thresholds. SFAs must review their local procurement policies to ensure they are procuring properly.
 - Any other municipal or district policies pertaining to procurement.
- Dates or timeframe the forward contract will cover.
- Food items the SFA is procuring.
- Estimates of the quantities of the food items needed by what dates (weekly, monthly, or other applicable time frame).
- Estimate of the week the product will be available to SFA.
- Price of each farm item that the SFA is procuring.
 - SFAs may want to purchase multiple items from the same place and include all items sourced from one entity in one agreement (instead of multiple agreements).
 - The price for each farm item agreed to by the parties may need to be provided either as a price range or as a cost-plus fixed fee.
 - Total estimated quantity to be provided.

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- Payment terms and conditions
 - Cost per unit per item
 - Payment methodology (cash, check, EFT, other)
 - Payment deadline
- The required specifications for food items, such as:
 - if the items must be unblemished;
 - if the food should be field cleaned;
 - what the timeframe is between harvest and delivery; and
 - other specifications, e.g., U.S. Fancy, Grade A, etc.
- Post-harvest handling practice
 - Washing
 - Storage
 - Delivery
- Delivery needs
 - How the food should be packaged for delivery
 - Standard box
 - Loose pack
 - Food Grade packaging
 - Bulk
 - Bunching
 - Other unitized methods
 - If SFA needs the farm to deliver
 - Delivery schedule and location.
 - If SFA is willing and able to pay a delivery charge.
 - If SFA can meet a delivery minimum.
 - If SFA picks up the items from a mutually agreed upon location
 - Pick-up schedule locations, dates, times, and contact for pick-up.
- How to handle circumstances where the specific item may not be available due to circumstances outside of the immediate control of either party. For example, consider including a clause that covers the following:
 - Buyer is aware that in the event the specified produce does not grow due to weather conditions, disease, or other uncontrollable factors, the seller shall provide written notice to the buyer within [insert number] days/weeks. The parties

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will then renegotiate the delivery terms, including the potential adjustment to the product, quantity and price or a delay in delivery. Obligation to fulfill this contract may be cancelled when failure or delay is caused by or results from majeure events, such as crop failure, pests, fire, flood, earthquake, and other natural disasters.

- SFAs are required to include language requiring the purchase of foods that meet the [Buy American requirements](#) in all procurement procedures, solicitations, and contracts.

Potential Funds for Forward Contracting

- Federal Local Food for School Incentive Program (LFSIP) funds: [Farm to School – Local Foods for Schools](#)
 - Must be unprocessed or minimally processed and sourced locally.
 - Cannot be used for fluid milk.
 - Refer to “[Required Information for LFSIP Reimbursement Request](#)” below for the specific documentation requirements to request reimbursement through the LFSIP.
- Connecticut LFSIP funds: [Connecticut Local Food for Schools Incentive Program](#)
 - Must be unprocessed or minimally processed and sourced locally or regionally.
- Funds from the [nonprofit school food service account](#) (NSFSA).
- Grants, donations, and other sources of private or allowable funding.

Allowable Types of Procurement for Forward Contracts

SFAs may use any of the types of procurement below when implementing forward contracts.

Micro Purchase

This procurement method can be used when the forward contract is less than \$10,000 or a more restrictive state or local threshold. It enables SFAs to purchase supplies or services without soliciting competitive quotes if the SFA considers the price reasonable. To use this method, SFAs must distribute micro purchases equitably among qualified suppliers.

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Small Purchase Procurement

An informal procurement process when the estimated amount of the purchase falls below the applicable small purchase threshold. To use this method, SFAs must develop and provide written specifications to the vendors; acquire bids from at least two, but preferably three sources for price quotes; award the contract to the responsive and responsible bidder with the lowest price; and maintain all documentation.

Formal Procurement

A method of procurement used when the value of the procurement exceeds the federal, state, or local (whichever is most restrictive) small purchase threshold. A Request for Proposal (RFP) or Invitation for Bid (IFB) must be used.

Required Information for LFSIP Reimbursement Request

Upon signing of the contract, an invoice must be provided by the farm/food hub. The invoice must include the invoice number, purchase agreement number, or purchase order number.

- Invoice date
- Name and address of the farm or food hub
- Name and address of the purchasing SFA)
- Reference the forward contract being utilized
- Estimated delivery dates covered by the contract
- Specific food items or categories of foods being contracted:
 - Vegetables/herbs
 - Fruit/juice/cider
 - Eggs
 - Cheese or yogurt
 - Meat or poultry
 - Marinara sauce/salsa
 - Maple syrup/honey
 - Other (please describe)
- Total dollar amount

Upon delivery of goods, the farm/food hub must provide a receipt for each delivery.

For audit purposes, SFAs must keep contracts and invoices on file along with receipts of actual delivery.

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Resources

Buy American Requirement (CSDE's Procurement for School Nutrition Programs webpage):

<https://portal.ct.gov/sde/nutrition/procurement-for-school-nutrition-programs/buy-american-requirement>

Connecticut Local Food for Schools Incentive Program (Connecticut Department of Agriculture):

<https://portal.ct.gov/doag/adarc/programs/farm-to-school-overview/connecticut-local-food-for-schools-incentive-program>

Farm to School (CSDE webpage):

<https://portal.ct.gov/sde/nutrition/farm-to-school>

Local Foods for Schools (CSDE webpage):

<https://portal.ct.gov/sde/nutrition/farm-to-school/local-foods-for-schools>

Procuring Local Foods (USDA webpage):

<https://www.fns.usda.gov/f2s/procuring-local-foods>

Procuring Local Foods for Child Nutrition Programs (USDA):

<https://fns-prod.azureedge.us/sites/default/files/resource-files/June22F2SProcurementGuide508.pdf#page=106>

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For more information, visit the CSDE's [Farm to School](#) webpage or contact the [school nutrition programs staff](#) at the Connecticut State Department of Education, Bureau of Child Nutrition Programs, 450 Columbus Boulevard, Suite 504, Hartford, CT 06103-1841. This document is available at https://portal.ct.gov/-/media/sde/nutrition/farmschool/considerations_farm_to_school_forward_contracting.pdf.

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1. mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or
2. fax: (833) 256-1665 or (202) 690-7442; or
3. email: program.intake@usda.gov

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