

HOW TO SELL TO THE USDA AGRICULTURAL MARKETING SERVICE

Explaining the process of approval to help New England food producers and farmers sell to the USDA.
Last Updated: August 2015

Why become a vendor?

Last year the United States Department of Agriculture (USDA) paid over \$1.5 billion to your competitors for food commodities used in feeding programs like the National School Lunch Program (NSLP). For the 2015 fiscal year the Agricultural Marketing Service (AMS) has already paid out over \$800 million to food producers throughout the nation. However, there are **NO approved vendors in New Hampshire**, which can sell to USDA-AMS. You could be the first New Hampshire food producer to sell to the USDA.

If more NH farmers and food producers become approved vendors then more NH food will be eaten in NH schools.



Please be aware:

This booklet is to help guide you through the process of becoming a vendor to the USDA through AMS Commodity Purchasing. As a user friendly guide to the process it is NOT legal advice. Everything within is subject to change by the various agencies involved. If you need help or advice please contact the particular agency directly. Resources for who to contact can be found at the back of this booklet. Please note, this process may ultimately result in a contract with the US government.

If you produce:
Fruit Products,
Vegetable Products,
Meat Products,
Egg Products,
Dairy Products, or
Grain Products,

*You could be the first
in New Hampshire to
take advantage of this
over \$1.5 billion
market.*

What's inside?

Process overview

The Application Process

Certifications and
Inspections

Answers to basic
questions

Resources for when you
need help





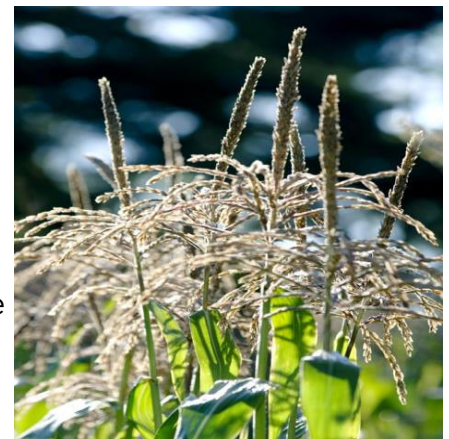
About AMS

The United States Department of Agriculture (USDA) Agricultural Marketing Service (AMS) works hard to support American agriculture in many different ways. AMS creates opportunities and tools to aid farmers and food producers. AMS ensures high quality products are available for consumers and works to promote economic development in rural America.

AMS purchases more than \$1.5 billion worth of food each year for feeding programs including the National School Lunch Program (NSLP). The purpose of NSLP is to support American agriculture and provide nutritious affordable meals to school children across the nation.

Learn more at:

www.ams.usda.gov/selling-food



What is a “set-aside”?

AMS has money designated for buying only from small businesses.

Process Overview

Over 200 different types of food commodities are purchased for the National School Lunch Program every year. AMS approves farmers and food producers as qualified vendors from which it will buy all of these foods.

AMS notifies approved vendors it will buy a certain commodity through a **solicitation** (an offer to buy). Then vendors **bid** on (offer to sell) the commodity. AMS awards a contract to the vendor, or vendors, with the most advantageous bid. This does not mean that the lowest price always wins but having the lowest price certainly never hurt.

AMS conducts inspections, or audits, to ensure a vendor meets all requirements during the approval process and **before** that vendor can make a bid. **After** a bid is awarded vendors must deliver all products in compliance with the commodity specifications.

Transportation of the commodity to the location, or locations, specified on the solicitation is the responsibility of the vendor. Once delivered and the product is accepted, the vendor is paid. Finally, the food is distributed out to the schools, or feeding programs, for which it was purchased.

A Competitive Process

Once a business is approved as a vendor by AMS it will be able to access the Web Based Supply Chain Management (WBSCM) system. This system is where AMS will post solicitations and vendors will bid on them. ALL AMS purchases are nationwide “**competitive procurements**,” but AMS does maintain set-asides to allow for **small businesses** to participate and win contracts with the USDA.

What does AMS buy?

AMS purchases commodity food items that are **100%** produced and processed in the **USA**.

AMS purchases:

Fresh, canned, frozen, dried, and bottled fruits and vegetables;

Canned, frozen, dried, and cooked pork, beef, chicken, turkey, fish, and egg products; and

Perishable products like: apples, pears, oranges, tomatoes, potatoes, sweet potatoes, and fresh eggs.

When does AMS buy?

All AMS purchases of commodity foods are demand driven to fill an existing order, but AMS posts a tentative schedule every year, in the early spring, on their website.

AMS purchases on a **monthly, quarterly, and biannual** basis, depending on the year round availability of a commodity.



AMS is now in charge of purchasing products previously purchased by the Farm Service Agency (FSA) Domestic Procurement Division including:

Dairy Products, Grain Products, Peanut Products, and Oil Products

1 Truckload = 40,000 pounds

The minimum amount of a food commodity AMS will buy from a vendor is 1 truck load, or roughly 40,000 pounds. This amount varies from commodity to commodity, and can be dependent on the packaging type required by the specific solicitation, but it is always right around 40,000 pounds. For example, if AMS wants to buy cases of fresh apples that weigh 40 pounds each the minimum amount of cases it would buy at a time would be 924, roughly 37,000 pounds of apples.

Often, solicitations will ask for many truckloads to be delivered to various locations throughout the country. A vendor decides how much they can provide and where they can deliver and then only bid on those parts of the full solicitation. Solicitations only give the city and state to which the commodity will be delivered. Once a bid is awarded the specific address is conveyed to the winning bidder.

In New Hampshire the delivery site for AMS purchased food commodities is a state run warehouse located in downtown Concord, but because New Hampshire and the other New England states are small they often cannot accommodate a full truckload of a commodity. On the solicitation there can be multiple delivery points in different states for one truckload of food. A vendor might deliver 40,000 pounds of blueberries total, but part of that truckload would be delivered to Maine, part to Concord, NH, and part to Vermont.



HOW DO I GET STARTED?

The best way to get started is to contact AMS and let them know you are interested in becoming an approved vendor.

Dianna Price, the AMS Commodity Procurement Staff member in charge of Small Business Coordination and New Vendor Assistance, can help you through the process of applying to become a vendor. Once you contact Dianna Price, she will send you an email with all of the information on how to become a vendor. She will help you through the process and once your application is complete she will send your application on for approval.

DON'T PANIC

This is not an easy process. There are many agencies involved and lots of paperwork needed. However,

If this process overwhelms you there are friendly people that can help you through it.

We have provided a list of helpful resources at the back of this booklet. There is contact information for the agencies, both state and federal, and the people who can help you with any questions you might have.

The Approval Process

Access the AMS Commodity Purchasing website and learn how to sell food to the USDA at <http://www.ams.usda.gov/selling-food/becoming-approved>. Here you can find an abundance of resources to help you through this process.

Below is a list of the **6** things you will need to do.

1. Subscribe to **AMS CP News** to get notifications about solicitations and other important news.

FREE

AMS CP News will email you news and updates for AMS and let you know when there are new solicitations listed. You can ask to know about only the specific commodities you sell and you will always be in the loop with AMS. Sign up at www.ams.usda.gov/selling-food/becoming-approved.

2. Review the **Master Solicitation**, the **Commodity Specifications**, the **Current Purchase Schedule**, and the **Qualification Requirements for Prospective Vendors**.

All of these documents can be found on the AMS Commodity Purchasing website. There are helpful links to checklists and webinars that can help you through the process of becoming a vendor.

The **Master Solicitation** is the legal document that will make up the base of your contract with the government. If your bid wins and you are awarded a contract then you will be bound by the terms in the Master Solicitation. Make sure you read it carefully and ask an AMS representative if something is unclear **BEFORE** you bid. The Master Solicitation includes Food Defense Requirements, Plant Systems Audits, Shipment and Delivery, Invoices and Payments, and much more.

The **Commodity Specifications** are product specific documents that outline the requirements for individual foods. Commodity Specifications contain things like food Grade or CIS level, packaging and labeling, shipping, and inspection requirements. These documents are also part of your contract with the government. If your bid wins you will need to comply with the requirements for the individual foods you are selling.

It is important you review the **Current Purchase Schedule** and have an understanding of the AMS purchase process. This guide and reading **How the Process Works** on the AMS website, found here <http://www.ams.usda.gov/selling-food/how-process-works>, will help.

The **Qualification Requirements for Prospective Vendors** is a helpful document that walks you through the vendor approval process. There is a **Checklist** that you should follow and send with your application. You can find it here: www.ams.usda.gov/sites/default/files/media/Prospective_Vendor_Qualifications%5B1%5D.pdf



3. Register in the **System for Award Management (SAM)** at www.sam.gov.

FREE

This is a free business registration. The initial registration only needs to be done once and then the account must be renewed on a yearly basis. Think of SAM like your company's profile for the government. It is where you will maintain accurate business information for the procurement process and for getting paid. Also, you will need your **Business Status** which you will get from SAM.

4. Complete the **Web Based Supply Chain Management (WBSCM) Vendor Registration Form** at link.

FREE

This is where solicitations will be posted and where you will bid. You just need to fill out the **WBSCM Registrations Form**. Then, once you are approved, you will get more instructions to set up your account and have access to training tools to help you use the system. Find the form at the link below.
<http://www.ams.usda.gov/sites/default/files/media/Vendor%20Registration%20Form.pdf> (NOTE: you will need the latest updates for Adobe to view this file. The form is interactive and must be filled out in this format in order for the WBSCM staff to upload it into their system. A scanned copy of this form is unacceptable.)

5. Use the **Small Business Administration's Size Standards Tool** to determine if you are a small business and then **register** with SBA at www.sba.gov.

FREE

Here you can find the North America Industry Classification system (**NAICS**) code that best fits your company and use it to determine if your business is considered small. These requirements differ depending on the industry. Find the NAICS size standard table at the link to the right.

NAICS Codes

The North American Industry Classification System (NAICS) classifies business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. economy. SBA uses NAICS as a basis for its size standards. Size standards using NAICS as their basis apply to all federal government programs, including procurement. The size standards are for the most part expressed in either millions of dollars (those preceded by "\$" on the table) or number of employees of a firm (those without the "\$").

https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf



Step 6: The Application

6. Email a complete application to AMS including:

A Company Letter

This is a statement about your company. It should be on company letter head, be signed by a person capable of making legally binding decisions for your company, and have the exact legal name of your company. It should explain the history of your company, how long you have sold your products in commercial markets, and additional information like: a record of integrity, business ethics, and any other information that shows your company is qualified and eligible to legally receive an awarded bid.

3 Letters of Reference

These should be from three separate satisfied customers and should state how satisfied the customer was with the products you sold them. Letters should be on letterhead with signatures and have contact information, including phone number and address, for verification.

A Dun and Bradstreet (D&B) Business Information Report

You will need to get a **D-U-N-S Number**, a 9 digit number that is essentially your business' social security number. You will also need to obtain a **Business Information Report**. It is recommended that you also submit company financial statements (outlined below) to D&B because it can affect your score. This is the only part of the application process that has a cost to it. www.dnb.com and <https://creditreports.dnb.com/m/home>

\$122

A Current, Complete Comparative Financial Statement

This statement must be in accordance with **Generally Accepted Accounting Principles (GAAP)** and reviewed by an independent certified public accountant. It should include but may not be limited to:

- i. Balance Sheet
- ii. Profit and Loss Statement
- iii. Statement of Cash Flows
- iv. Statement of retained earnings
- v. Additional information or notes necessary to the financial statement.

Additional Costs

You will be responsible for scheduling and paying for inspections, plant surveys, and certifications needed to become an approved vendor. These costs differ depending on many factors, but are generally one administrative fee plus travel expenses and an hourly fee for the inspector.

D&B v. Financial Statement

The government uses Dun and Bradstreet (D&B) Business Information Reports because it assures them that the vendors they approve are financially stable. It is important that your company is capable of dealing with the possibility of a failed contract because, for example, if a delivery is late or rejected there can be liquidated damages applied.

Businesses can submit their financial statement to D&B, but know that the information can be shared. If someone wants to know about a business D&B can supply the companies' financial information that is on file. If no statement is available D&B will provide a Business Information Report which is similar to a personal credit report but without the company's financial statement.

Businesses can submit the financial statement separately, and directly, to AMS. AMS will not reveal this information to others but simply use it to determine eligibility.



Service Disabled Veteran Owned Small Bus. or 8(a) Bus. that are Brokers or Non-manufacturers

There are some additional requirements including:

- A letter signed by manufacturers and suppliers explaining the business relationship.
- A dispute resolution proposal in the event of complaints or rejected deliveries. (Note: this should be as general as possible)
- Possession or ownership documentation
- Evaluation of warehouses or storage facilities.
- NAICS Codes for Service-Disabled Veteran-Owned and 8(a) businesses.

Please Note: some of the extra requirements stated above are asked for only at the discretion of the Contracting Officer. It is always best to ask for what is expected. AMS will notify you if something in your application is missing or if they need additional information.



More on Small Businesses

AMS is eager to work with different types of small businesses. Set-asides allow small businesses to compete or to avoid the competitive procurement process all together. Work with the **Small Business Administration (SBA)** to determine if your company qualifies. Note: some programs can be self-certified but others must be certified by the SBA.

Small Businesses – set-asides are available. Self-certified.

Service-Disabled Veteran-Owned Small Businesses (SDVOSB) – set-asides are available. Self-certified.

Historically Underutilized Business Zones (HUBZone Program) – allows qualified small businesses in certain areas to gain a 10% price-preference over others. SBA certified.

Small Disadvantaged Business Development Program (SBS 8(a)) – The 8(a) Business Development Program is a business assistance program for small disadvantaged businesses. It offers a broad scope of assistance to firms that are owned and controlled at least 51% by socially and economically disadvantaged individuals. Participation in the program is divided into two phases over 9 years; a 4 year developmental stage and a 5 year transition stage. Once the firm has graduated, the company has completed the program and will not be able to reapply. SBA certified.

Women-Owned Small Business (WOSB) – currently no set asides available. Self-certified.

The majority of businesses AMS contracts with to buy food commodities from are Small Businesses!

Proposing a New Food to the USDA

If AMS does not buy the commodity you produce you can propose new foods for AMS to consider.

Next contact AMS with your product proposal. Keep in mind a new product must be:

1. 100% produced and processed in the USA;
2. Available, commercially, from other suppliers;
3. In compliance with USDA specifications or requirements;
4. Able to fill an existing demand, a new need, or replace an existing USDA product which is no longer available; and
5. Available in quantities capable of supplying national programs.

- This does not mean your business needs to be capable of supplying a national program with all of a commodity, but rather that there is enough of the product being produced in the nation to supply a feeding program. This way if the USDA chooses to add a new product they will be able to get a variety of vendors to supply enough of the product for their feeding programs.

Certifications and Inspections

After submitting your application AMS will evaluate it and you will be assigned a Contracting Officer and a Contracting Officer's Technical Representative or Contract Specialist. All operations will need to have a **food defense plan** and AMS will conduct a **Pre-Award Plant Survey or Capability Assessment BEFORE** a bid is submitted. Plant Surveys are to ensure that all food safety and food defense plans are in place and working properly. Vendors are responsible for scheduling a yearly Plant Survey to show continued compliance and AMS may perform unannounced random surveys as need.

The type of certifications needed will differ depending on the products being produced. Below is a list of the different types of certifications you might need, things AMS will want to evaluate during the Pre-Award Plant Survey, and other helpful resources.

Proof of Domestic Origin - All food commodities sold to AMS needs to be produced and processed 100% in the USA. AMS will make sure the commodities they wish to buy are produced in the US.

Product Traceability Plan - AMS will evaluate the system your company has in place in the event a recall is needed. A Product Traceability Plan needs to be a part of your Food Safety Plan and is essential for a contract with AMS.

Good Agricultural Practices (GAP)/Good Handling Practices (GHP) - you need these certifications if you are going to sell fruits or vegetables to AMS. The New Hampshire Department of Agriculture Markets and Food Division of Regulatory Services will perform GAP/GHP certification audits to USDA specifications when requested. <http://agriculture.nh.gov/divisions/regulatory-services/gap.htm>. The cost for an audit is one \$50 administrative fee and \$92 per hour for the field visit, fees which are set by the USDA

Good Manufacturing Practices (GMP) - is for manufacturers of processed foods and the FDA has guidance documents on its website that outline how to maintain compliance. www.fda.gov/Food/GuidanceRegulation/CGMP

Hazard Analysis and Critical Control Point (HACCP) - plans must be implemented in operations producing meat, poultry, and egg products. Information about how to establish, implement, and maintain a HACCP plan can be found at www.fda.gov/food/guidanceregulation/haccp

The Food and Drug Administration (FDA) - can help you develop a food defense plan. Use their **Food Defense Plan Builder** to get started. www.fda.gov/food/fooddefense.

The Food Safety and Inspection Service (FSIS) - of the USDA has provided guidelines for food producers that do not have access to individualized security advice. The **FSIS Security Guidelines for Food Producers** and other helpful resources can be found under Compliance Assistance at www.fsis.usda.gov.



What is in a Bid?

When bidding on a solicitation you will need to keep in mind costs for production, transportation and inspections of the product. Make sure you pay attention to the location or locations where you must deliver if you win the bid and the dates for which delivery is required.

Always read each solicitation carefully because individual solicitations might have specific standards that differ from the Master Solicitation or the Commodity Specifications.

If you are confused or need help with a solicitation or bid you can contact your Contracting Officer's Technical Representative or Contracting Specialist.



The Bidding Process

Once you are approved, your company will get a Web Based Supply Chain Management (WBSCM) account and access to training material to learn how to bid on solicitations. You will be able to practice with the software and get to know it.

Solicitations

WBSCM and the AMS eNewsletter will let you know when there are new solicitations to bid on. Solicitations come in two forms: an Invitation for Bid or a Request for Proposal.

Invitation for Bid (IFB) - this is the most common form of a solicitation. It will present approved vendors with the quantity, locations, and delivery dates for the food commodities needed. Vendors will then bid on the amounts and locations that they can supply. The USDA will award the bid or bids that are most advantageous to the government and there will be no negotiating. This is purely a bidding system and lacks flexibility, but it is very straightforward and dependable. This results in short term, simple contracts.

Request for Proposal (RFP) - this is less common and allows for more flexibility and negotiation but it takes more time and is less predictable. When AMS issues a RFP it will not supply much information other than the food commodity needed. Then vendors make proposals stating what they can deliver, where they can deliver to, and when they can deliver. Then the USDA might negotiate with vendors to come to the best agreement possible before finally awarding a contract. Often this is a longer term contract than an IFB where the government will have a minimum amount it has to pay out and a maximum amount it will pay out for the duration of the contract it will then place orders against the contract until the date of termination.



New Hampshire State Resources

New Hampshire Procurement Technical Assistance Program (NH-PTAP)

172 Pembroke Rd., PO Box 1856
Concord, NH 03302
www.nheconomy.com/ptap
(603) 271-7581
ptapinfo@dred.state.nh.us

NH-PTAP focuses on helping NH businesses compete for government contracts for goods and services. They can provide you with **FREE** individualized consulting to help you build a plan to contract with the government. They offer assistance with navigating the “red tape” of regulations, free training seminars, and much more! You will need: 1) to sign up as a client on the NH-PTAP website, 2) a D-U-N-S Number, and 3) to register in SAM.

State of New Hampshire Department of Administrative Services

Surplus Distribution Section
Amy L. O’Hara
Federal Surplus Manager
12 Hills Avenue
Concord, NH 03301
(603) 271-8601
amy.o’hara@nh.gov

The Surplus Distribution Section is the division of the NH government that manages USDA foods that are allotted for the State of NH. Amy is in charge of the warehouse in Concord, NH where all USDA foods are delivered to NH. Then she distributes the food out to NH schools and other feeding programs in the state. Amy can help if you have specific questions about delivering products to NH once you have been awarded a bid.

State of New Hampshire Department of Agriculture - Markets and Food

www.agriculture.nh.gov
Gail McWilliam Jellie - Director
Division of Ag. Development
25 Capitol Street
State House Annex
(603)71-3788
gail.mcwilliams.jellie@agr.nh.gov

The NH Division of Agricultural Development works hard to connect NH food producers with NH consumers through a variety of programs. Gail works closely with NH Farm to School to support the effort to get more NH food into NH schools. The NH Department of Agriculture can help with getting some of the certifications necessary to being a vendor like the Good Agricultural Practices (GAP) certification.

New Hampshire Department of Education

www.education.nh.gov
Cheri White - Administrator
Nutrition Programs and Services
101 Pleasant Street
Concord, NH 03301
(603) 271-3860
Cheri.White@doe.nh.gov

The Bureau of Nutrition Programs and Services works with the USDA Child Nutrition Services to help ensure the healthy, nutritional needs of NH children are met. Cheri can help with questions about what types of food products schools in NH are looking for. If the USDA does not currently purchase the food commodity you produce, you can propose a New Food and having a healthy demand of your product is important.

United States Federal Resources

Small Business Administration

409 3rd St, SW
Washington DC 20416
(800) 827-5722

www.sba.gov

NH District Office

55 Pleasant Street, Concord, NH
(603) 225-1400

The U.S. Small Business Administration can provide helpful opportunities for small businesses in the United States. The SBA offers loans, grants, and help with government contracting. Use the Size Standards Tool to determine if your company qualifies as a small business or apply for programs like the HUBZone or 8(a) small business programs.

System for Award Management

(866) 606-8220
Hours are from 8 AM to 8 PM EST
www.sam.gov

SAM is where you will register your business with the government. The information you provide here will be used for the federal procurement process and this system is how you will be paid. Remember it is a one-time registration with a yearly update. Think of this like your business' profile for the federal government.

United States Department of Agriculture - Agricultural Marketing Service

Commodity Procurement Staff

1400 Independence Avenue, SW
S-0239
Washington, D.C. 20250
(202) 720-4517

The Commodity Procurement Staff are your best place to start if you have questions. They can answer questions about becoming a vendor, inspections and certifications, contract compliance and much more. Below is a link to the CPS staff contact list.

<http://www.ams.usda.gov/sites/default/files/media/Contact%20List%20-%20CommodityProcurement.pdf>

United States Department of Agriculture - Agricultural Marketing Service

Commodity Procurement Staff

Dianna Price

Small Business Coordinator;
New Vendor Assistance
(202) 720-4237

Dianna.Price@ams.usda.gov

Dianna can help answer all of your questions about becoming a vendor to the USDA-AMS. She is your first point of contact for this process, and you will send your application to her. She will work with you to make sure you have everything you need to become an approved vendor.

United States Department of Agriculture - Food and Nutrition Service

3101 Park Center Drive
Alexandria, VA 22302
(703) 305-2062
www.fns.usda.gov
USDA Foods Program
www.fns.usda.gov

More information about the National School Lunch Program and other national feeding programs like USDA Foods can be found at the USDA's Food and Nutrition Service website. Below is a link to the currently purchased food for the National School Lunch Program.

http://www.fns.usda.gov/sites/default/files/fdd/USDA_Foods_Available_List_SY15-16.pdf

United States Department of Agriculture Food Safety and Inspection Service

1400 Independence Ave., S.W.
Room 3175 South Building
Washington DC 0250
(202) 720-8803
www.fsis.usda.gov

FSIS can help you with food safety compliance. On their website you can find help with food defense planning and guidance documents to help you every step of the way.

United States Food and Drug Administration - Center for Food Safety and Applied Nutrition

5100 Paint Branch Parkway
College Park, MD 20740
(888) 723-3366
www.fda.gov/food

The FDA's website provides helpful resources for food producers. You can find information on how to implement food defense plans, guidance on certifications like GMP and HACCP, and much more.

Web Based Supply Chain Management

Sean Britto
AMS Commodity Procurement
Staff - WBSCM Project Mgr.
(202) 720-1106
Sean.Britto@ams.usda.gov
www.usda.gov/wbscm

Solicitations are posted here and this is where you will submit your bids. Training and helpful information will be provided once you have been approved. Below is the link to the registration form which is all you will need to fill out now.

<http://www.ams.usda.gov/sites/default/files/media/Vendor%20Registration%20Form.pdf>

NH Farm to School

New Hampshire Farm to School works to create a more local food system by creating relationships between food producers and schools here in New Hampshire.

NH Farm to School can help you connect with schools. You can sell directly to schools or follow the instructions in this brochure and sell to the USDA AMS through contracts with the government.

Visit our website to learn more about what we do to help get local food into New Hampshire schools.

www.nhfarmtoschool.org

Contact Us

NH Farm to School at the Sustainability Institute of the University of New Hampshire

Stacey Purslow
NH Farm to School
Program Coordinator
107 Nesmith Hall
131 Main Street
Durham, NH 03824
(603) 862-2542
Stacey.Purslow@unh.edu

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**University of
New Hampshire**

**The Sustainability
Institute**

new hampshire
farm to 
school

