

# USDA Foods Supply Chain Impacts Update

## Food and Nutrition Division

---



### Supply Chain Impacts Update #6

**Date: December 21, 2021**

#### **1. Food Availability and Delivery Impacts:**

As of December 21<sup>st</sup>, NDA is aware of six Processors experiencing impacts to their product availability: Michaels, Land O Lakes, Jennie-O, Yang's 5<sup>th</sup> Taste, Nardone's and Tyson. Below is a summary of each impact:

##### **Michaels:**

Michaels has communicated that the pre-cooked egg items below are currently experiencing shortages, and deliveries of these items have been suspended. At this time, Michaels cannot provide the following products until further notice:

- 46025-14688 – Cheddar Cheese Omelet IW
- 85017 – FC Round Egg Patty
- 46025-75015 – WG Cinnamon French Toast

##### **Land O Lakes:**

Two items from Land O Lakes will be unavailable beginning in October:

- #44877 Colby Jack Cheese Sticks 168/1 oz
- #44879 Mild Cheddar Cheese Sticks 168/1 oz

The vendor has communicated that the shortage on these items *may* extend through May of 2022. Two items are being offered as substitutes:

- #59701 Mozzarella String Cheese 168/1 oz
- #59703 Light Mozzarella String Cheese 168/1 oz (currently on survey)

**10/7/21:** Alternate item, 59701-Mozzarella Cheese Stick has been added to the survey and sponsors should update their survey for Dec-May.

**11/12/21:** Vendor facing challenges with product 59701. Expect shortages.

### **Jennie-O:**

Jennie-O has communicated that they are currently unable to supply the turkey breakfast sandwich:

- Turkey Sausage Biscuit Breakfast Sandwich (61760)

It is unclear for how long this product will be unavailable.

### **Yang's 5<sup>th</sup> Taste:**

Yang's has indicated that two products are unavailable until further notice:

Product Code	Product Description	Pack Size
8-52724-16665-0	BBQ Teriyaki Chicken Rice Bowl	36-8.0 oz. Bowls
8-52724-15554-8	BBQ Teriyaki Chicken	6-5 lb. Chicken, 6-32 oz. Sauce

It is not known when these products will be available again.

### **Nardone's:**

Vendor is experiencing shortage of film wrap for IW pizza products causing some delays with receiving pizza items on time at warehouses. NDA is working with Nardone's for an alternative solution, Bulk Pizzas. This has impacted large quantity orders for Clark County School District and may begin to impact all sponsors.

**11/1/21:** Due to supply issues, IW pizzas will be unavailable until further notice. Bulk pizza is available and sponsors can complete the Bulk Pizza Survey in FDP.

### **Tyson:**

A couple of Tyson's chicken products are a challenge: no inventory on hand with no production dates. These items include:

- 10703780928 Breaded Hot & Spicy Popcorn Chicken
- 10269760928 Breaded Homestyle Chicken Chunks

**JTM:** We have added a new item under the Cheese Sauce-JTM survey. 5984-Mini Turkey Corn Dog and Mac & Cheese Tray. Please complete the survey months for February – May if interested.

## **2. Warehouse Inventory Impacts:**

There are no impacts at this time to the USDA Foods brown box inventories at the NDA warehouses in Sparks and Las Vegas. Some processed food items are experiencing delays and shortages. Below is a summary to-date of all impacts to processed food orders:

**12/3/21: Land O Lakes Shortages:** Product shortage for 59703 Lt. Mozz String Cheese for January surveys. Affecting Clark County School District and northern NV sponsors. NDA will re-submit orders being shorted in full.

**12/20/21: Land O Lakes:** Recent shipments into ALL warehouses have been shorted in full due to vendor's product unavailability. Vendor is having to severely short all customers due to extreme labor shortages. This affected the December month on the cheese survey. NDA will re-order product shortages.

**12/20/21: Tyson:** Recent shipments into ALL warehouses have been shorted due to vendor's product unavailability. This affected the December month on the chicken survey. NDA to re-order product shortages.

**12/20/21: Integrated Food Service:** Shipments expected to arrive the week of 12/20/21 for all warehouses. These shipments are for December surveys and will be processed onto your orders forms as soon as they are received.

**12/20/21: National Food Group:** Due to production issues with packaging delays and production capacity being compromised at the vendor's production plant, orders submitted to National Food Group have been cancelled. These orders affect December surveys for the Reno State Warehouse, Las Vegas Warehouse and Washoe Co. School District. Surveys quantities will be removed from December month and entitlement will be credited back to sponsors. NDA will issue new orders for your January survey amounts.

## **3. Pricing Impacts:**

To date, we have received several requests from Processors for price increases.

Yang's 5<sup>th</sup> Taste has requested a price increase above the allowable 3% after three years. The proposed price increase would affect five items with price increases ranging from \$4 per case to almost \$25 per case.

**10/8/21:** NDA to amend contract to allow price increase.

**Below is our SY21-22 Fee for Service pricing reflecting the following price increase:**

<b>Product Name</b>	<b>Product Code</b>	<b>Awarded Fee for Service Price per Case</b>	<b>Requested SY21-22 Fee for Service Price per Case</b>	<b>Dollar Increase per Case</b>	<b>Percent Price Increase</b>
Mandarin Orange Chicken JR	8-52724-15555-5	\$85.50	\$106.49	\$20.99	24.55%
General Tso's Chicken	8-52724-15563-0	\$94.08	\$118.38	\$24.30	25.83%
Sweet & Sour Chicken	8-52724-15551-7	\$94.08	\$118.38	\$24.30	25.83%
BBQ Teriyaki Chicken	8-52724-15554-8	\$80.00	\$102.23	\$22.23	27.79%
BBQ Teriyaki Chicken Brown Rice Bowl	8-52724-16665-0	\$41.28	\$45.49	\$4.21	10.2%

**Below is our SY21-22 Commercial pricing reflecting the following price increase:**

<b>Product Name</b>	<b>Product Code</b>	<b>Awarded Commercial Price per Case</b>	<b>Requested SY21-22 Commercial Price per Case</b>	<b>Dollar Increase per Case</b>	<b>Percent Price Increase</b>
Mandarin Orange Chicken JR	8-52724-15555-5	\$102.72	\$123.71	\$20.99	20.43%
General Tso's Chicken	8-52724-15563-0	\$111.30	\$135.60	\$24.30	21.83%
Sweet & Sour Chicken	8-52724-15551-7	\$111.30	\$135.60	\$24.30	21.83%
BBQ Teriyaki Chicken	8-52724-15554-8	\$100.78	\$123.01	\$22.23	22.06%
BBQ Teriyaki Chicken Brown Rice Bowl	8-52724-16665-0	\$44.40	\$48.61	\$4.21	9.48%

**11/1/21:** Integrated Food Service: Due to the ongoing supply chain issues; labor shortages, increases in raw material and freight costs will require an emergency price increase for SY21-22. NDA is currently reviewing the increase and will notify sponsors when more information is available.

**12/1/21:** MCI Foods: Requesting a price increase to cover rising labor, raw materials, packaging, and freight costs that have increased over the last year. NDA is currently reviewing the increase and will notify sponsors when more information is available.

**12/1/21:** Michaels Foods: Michaels will be implementing price changes across all products due to the continued inflationary cost pressures. NDA is currently reviewing the increase and will notify sponsors when more information is available.

**12/3/21:** National Food Group: Requesting a price increase due to many factors related to the supply change issues. NDA is currently reviewing the increase and will notify sponsors when more information is available.