

Second Harvest Heartland Shared Maintenance/Handling Fee Fact Sheet

Does Second Harvest Heartland sell donated food to agencies?

Per IRS regulations, Second Harvest Heartland cannot and does NOT charge agency partners for any donated food. To partially cover overhead costs like warehouse and transportation, we do assess agency partners a modest shared maintenance fee, accounting for about 4.15% of our total operating revenue in FY19. Shared maintenance fees are standard practice across the national Feeding America network of food banks.

What is shared maintenance?

Second Harvest Heartland and most Feeding America food bank members share the cost of sourcing and handling food with their agency partners. This handling fee is called “shared maintenance.” The handling fee charges are determined on a per pound basis for food and non-food grocery items. IRS rule 170 (e)(3) states that such a system is permitted if charges are not passed along to individuals and the fee is not based on the value of the product.

How much is the shared maintenance fee?

Shared maintenance is between 0 and 19 cents per pound. Most items are about 13 cents. The average shared maintenance fee collected by Second Harvest Heartland from agency partners varies depending on product and volume.

Does Second Harvest Heartland profit from the shared maintenance fees?

No, shared maintenance fees cover only a very small portion of warehouse, transportation and other expenses related to the per pound cost of food; the rest is covered by Second Harvest Heartland. For example, in 2019 our cost per pound was 23 cents and agencies paid less than 2 cents per pound (\$.0169).

What is the cost per pound of distributing food?

One way to measure the efficiency of a food bank is the expense of distributing a pound of food. The operating cost at Second Harvest Heartland is about 22 cents per pound of food distributed. (Average cost per pound from 2010 – 2019 is .215 cents per pound.)

What are the benefits of being a Second Harvest Heartland agency partner?

Second Harvest Heartland is one of the nation’s largest, most efficient and most innovative food banks. In 2018, we delivered more than 89 million meals to over 1,000 food shelves, meal programs and other hunger relief programs serving 59 counties in Minnesota and western Wisconsin.

Second Harvest Heartland is a member of Feeding America – the nation’s largest food bank network, which consists of over 200 member food banks serving every state in the U.S. Feeding America holds its members to exceptionally high standards in safe food handling, governance, fundraising and the solicitation of food and funds. Second Harvest Heartland is inspected by numerous government agencies for food safety, including the United States Department of Agriculture, Food and Drug Administration and Minnesota Department of Agriculture.

Second Harvest Heartland is efficient because it focuses its programs on its mission to end hunger. Expanded facilities, as well as food-handling technology and programs, provide an unmatched variety of fresh food and grocery products delivered to Second Harvest Heartland agency partners in a timely manner.