Direct Diversion Program Quick Reference Guide

This quick reference guide gives School Food Authorities (SFAs) participating in USDA Foods, an overview of the Direct Diversion Program and links to more information.

The WI Department of Public Instruction (DPI) developed an online self-guided Direct Diversion training which covers program requirements, benefits, and timelines. For better understanding of the Direct Diversion Program, we recommend SFAs review this training prior to reading through the remainder of this quick reference guide.

Review DPI's List of Approved Processors

Nationally approved processors must annually submit their state processing agreement to DPI to become an approved processor of USDA Foods in Wisconsin. In November, DPI posts the list of approved processors on the DPI Direct Diversion webpage for the next school year. This list contains USDA Foods bulk material codes and descriptions approved for processing, processor and broker contact information, and the approved value pass through methods.

Develop a List of End Products

- ✓ Always start with your menu! Review menu plans, inventory, and ordering cycles to determine which end products would benefit the school nutrition programs.
- ✓ Review DPI's list of approved processors and bulk materials list.
- ✓ Contact processor(s) and your SFA's contracted distributor to find out what end products are available for Direct Diversion purchasing next year.
- ✓ Keep your list of end products down to a manageable number.
- ✓ Do not underestimate the importance of student taste testing. This allows students to be involved in determining which end products are acceptable for final evaluation of price. Taste testing is not a ranking of end products that taste the best but a process of determining which end products are acceptable and which end products are not acceptable.
- ✓ Attend industry food shows that incorporate Direct Diversion end products.
- ✓ Obtain Summary End Product Data Schedules (SEPDS) to determine the USDA Foods bulk product draw down pounds for each end product.

Procuring End Products for Diversion for Next School Year

SFAs can procure end products directly from processors or indirectly through a commercial distributor.

Direct to Processors

- Send solicitation (IFB or RFP) to processors for the next school year
- Send request for samples to processors
- Conduct taste test with students
- Evaluate processor responses to IFB or RFP
- Notify processors of procurement results

- Sign and manage contracts with the winning processor(s)
- April or May, view final commitments in the USDA Foods Ordering System
- Identify end products the SFA intends to directly procure within the SFA's commercial distributor solicitation and product list. This ensures the commercial distributor is aware of the need to accept direct shipment and can establish handling fees for these end products.
- During the school year, order through processor

Indirectly through a commercial distributor

- Send solicitation to commercial distributors which includes a product list identifying the approved end products the SFA wishes to obtain through direct diversion for the next school year.
- Send request for samples to distributors
- Conduct student taste testing
- Evaluate responses to IFB or RFP
- Notify commercial distributors of procurement results
- Sign and manage contract
- April or May, view final commitments in the USDA Foods Ordering System
- During the school year, order end products through commercial distributor

Consider Starting Procurement with a Request for Information (RFI)

The purpose of a RFI is to gather information from processors or commercial distributors to assist SFAs in developing end product specifications in the solicitation document that is shared as part of the IFB or RFP. In the RFI, state why you are sending out the RFI, its purpose and/or goals. Vendors will respond to the RFI with information detailing products they have available that match the SFAs request. An RFI will contain a list of general end product specifications that vendors will use when responding to the request. For a link to an RFI Template click here.

Procurement Methods and Resources

SFAs must choose from regulated procurement methods to guide the purchase. The method chosen often depends on the estimated dollar value of the procurement. To learn more about the purchasing process, methods, and developing a product list, use DPI's Procurement Methods Comparison Chart.

- Informal Procurement can only be used when the estimated value of the awarded contract is less than $250,000 (or lower local threshold).
- Formal Procurement must be used when the estimated value of the awarded contract is $250,000 or more (or when the estimated value exceeds a lower local formal procurement threshold).

After the procurement method is chosen, develop appropriate procurement document(s), e.g.., Invitation for Bid (IFB), Request for Proposal (RFP), etc.

When procuring end products, it is important to be able to compare from different vendors equally. This will require SFAs to evaluate end products on an extended cost per serving basis where yields are factored to ensure the evaluation of end products is an "apples to apples" comparison. Cost evaluation should not be based on cost per case, since servings per case may vary.

Agreements

Accept the SFA and DPI Direct Diversion Agreement in the WI USDA Foods Ordering System before submitting the WI USDA Foods Annual Order Survey in February.

Preparing for the WI USDA Foods Annual Order Survey

Based upon awarded contracts, request bulk pounds calculator(s) from either your processor or commercial distributor to determine the USDA Foods bulk pound commitments the SFA should request when the WI USDA Foods Annual Order Survey opens in February. The SFA could also request annual usage reports also known as a velocity report from vendors to assist with estimating your SFA's needs.

In February, make bulk pound commitments by processor on the WI USDA Foods Annual Order Survey. After the Annual Order Survey closes, DPI may make adjustments to the SFA's initial pounds request. In May, view final pound adjustments on the survey.

Ordering and Monitoring

Throughout the school year, work with processors, brokers, and distributor(s) to place orders for end products. Verify orders using Processor Link, K12 web sites, or other processor monitoring system. Ensure orders are accurate. Monitor inventory activity at processors to ensure proper deposit and drawdown of bulk pounds. Monitor value pass through methods on invoices to ensure accurate receipt of entitlement value. Value Pass Through Methods vary depending on the type of end products you have procured.

Keeping Good Records

Retain documentation of the procurement process and the evaluation matrix used for final price comparisons. During school reviews, DPI will review this evaluation matrix. Keeping good records is important because additional procurement documentation may be requested for more detailed review of SFA's procurement of end products.

DPI Contact

Please contact dpidirectdiversion@dpi.wi.gov with any questions.

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