

Commercial Distribution of USDA Foods in Wisconsin

Questions & Answers

Are Direct Diversion and Commercial Distribution the same thing?

No. Commercial Distribution is a delivery option. Direct Diversion Program is an USDA Foods entitlement spending option.

All direct diversion end products must be delivered by a commercial distributor. Most School Food Authorities (SFAs) will order their USDA Foods Direct Diversion end products from their contracted commercial distributor. The commercial distributor will deliver their Direct Diversion end products and Direct Delivery USDA Foods products.

If an SFA participates in Commercial Distribution, does the SFA have to participate in Direct Diversion?

No. SFAs can opt to order Direct Delivery USDA Foods and Wisconsin State Processing products, and contract for a commercial distributor to store and deliver these products. But understand that if you do not order any commercial products from the commercial distributor, they may drop you as a customer. In this case, your SFA can receive delivery from the State contracted distributor.

If an SFA participates in Direct Diversion, does the SFA have to contract with a commercial distributor for delivery of their USDA Foods?

No. All direct diversion end products must be delivered by an SFA contracted commercial distributor. But SFAs can opt for State-contracted delivery of Direct Delivery USDA Foods and State Processing products.

How does an SFA pick a commercial distributor?

The Department of Public Instruction (DPI) **is not** involved in pre-approval of commercial distributors. An SFA interested in delivery of USDA Foods by a commercial distributor must follow federal, state, and local procurement regulations and contract with a commercial distributor of the SFA's choosing. It is the SFA's responsibility to negotiate contract terms with the selected commercial distributor.

How does an SFA know what costs to negotiate?

A [Template between SFA and Commercial Distributor Agreement](#) is available to assist an SFA in this process. The template covers the basic information needed to work with the commercial distributors to arrive at the cost per case for delivery of USDA Foods. The template can be used as a fill-in-the-blank format, or the information on the template can be incorporated into your food procurement documents. However, depending on specific delivery options and services desired by the SFA, it will be necessary to add additional information to the template for the SFA's procurement. **Please note:** If an SFA will also be participating in direct diversion of bulk USDA Foods into finished end products, the template provided by the DPI does not include information for the Direct Diversion Processing Program. Therefore, the SFA will need to add direct diversion information, as necessary, to the template.

What if an SFA uses more than one commercial distributor?

An SFA can only sign and enter into a contract with one commercial distributor to deliver Direct Delivery USDA Foods and State Processed products. Therefore, if an SFA currently works with more than one commercial distributor, the SFA will need to determine and select only one commercial distributor for Commercial Distribution of USDA Foods during their procurement process.

What if an SFA's distributor is from out-of-state?

Any commercial distributor that meets the requirements and has a contract with an SFA will be able to distribute USDA Foods.

Are there any minimum requirements the SFA-contracted commercial distributors will need to meet?

Yes. Commercial distributors must have a signed Memorandum of Understanding (MOU) with DPI as a participation requirement. In order to be eligible to participate, commercial distributors will need to meet a 250 cases minimum estimated monthly pick-up total by warehouse pick-up location (i.e., minimum of 250 cases total, all USDA Foods combined, for all SFAs serviced by that commercial distributor out of that particular warehouse pick-up location).

How will an SFA's commercial distributor know what USDA Foods to pick up at the state-contracted warehouse(s)?

DPI will send each SFA's selected commercial distributor the monthly USDA Foods information. If the SFA is participating in the Direct Diversion Processing option, this information **will not** include further-processed USDA Foods obtained through direct diversion.

How will an SFA order the USDA Foods from the commercial distributor?

Each SFA will order the USDA Foods through the commercial distributor as they would their commercial food orders. Monthly, the SFA will need to compare the monthly totals ordered from DPI with the total amounts delivered by the commercial distributor to ensure receipt of all USDA Foods ordered.

How will an SFA be invoiced for delivery of USDA Foods by a commercial distributor?

An SFA that currently uses the state-contracted delivery system pays shipping and handling fees directly to DPI. These fees cover all costs associated with the storage and distribution of USDA Foods, as well as administrative fees. If an SFA chooses to use a commercial distributor, the SFA will be invoiced by both DPI and the commercial distributor. DPI will invoice for administrative fees, processing fees, if applicable, and costs associated with the initial warehousing of the USDA Foods. The commercial distributor will invoice for the delivery of USDA Foods at the SFA's negotiated rate.

When does an SFA need to decide if the SFA wants to use a commercial distributor?

Any SFA interested in using a commercial distributor for **School Year (SY) 2024-25** to deliver their USDA Foods **MUST** complete the following steps by **March 31, 2024**:

1. Read the *Department of Public Instruction and School Food Authority Commercial Distribution Agreement for School Year 2024-25*.
2. Following procurement regulations, conduct procurement and sign contract with **one** commercial distributor selected by the SFA.
3. After January 2024, DPI will send instructions on logging into the [Wisconsin USDA Foods Ordering System](#) to indicate your acceptance of the DPI/SFA Commercial Distribution Agreement and designate which commercial distributor has been selected for delivery of your Direct Delivery USDA Foods and Wisconsin State Processing products.

Please note: In order to use a commercial distributor for delivery of USDA Foods, **these steps** must be completed by the **March 31, 2024** deadline.

****Important:** The March 31 deadline is for commercial distribution. If an SFA will also be participating in the direct diversion of bulk USDA Foods for further-processing into finished end products, the SFA's contract with the commercial distributor will need to be determined by the close of the annual order, typically by February.

Can an SFA change the designated commercial distributor for SY 2024-25, after the March 31, 2024 deadline?

No. After the March 31, 2024 deadline, SFAs must utilize the designated commercial distributor for SY 2023-24 delivery of USDA Foods. Therefore, to prevent any delivery issues, SFAs must have the procurement process completed and a contract in place with the awarded commercial distributor by the **March 31, 2024** deadline.



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