

**Direct Diversion Quick Reference Guide**

Evaluation process – determine if direct diversion is right for your School Food Authority.

What do I have to do?

Department of Public Instruction (DPI) has an online webcast “[Positive Budget Outcomes through Direct Diversion](https://vimeo.com/651605476/54ae0871d3)” that reviews the various steps required for direct diversion processing. The online webcast should be reviewed prior to utilizing the remainder of this *Direct Diversion Quick Reference Guide.*

Steps:

1. Processors: There is a list of processors with contact information on the DPI USDA Foods website under Direct Diversion [(for a list of Processors click here).](https://dpi.wi.gov/sites/default/files/imce/school-nutrition/xls/direct-diversion-processors-sy23-24.xlsx)
2. End Products: What end products are available for purchasing? (ii)
3. Contact processor(s) to find out what end products are available for purchasing.(ii and iii)
4. Contact distributor(s) to find out what end products are available for purchasing.(iv)
5. Attend the Direct Diversion Food Show and/or other food shows.
6. Obtain Summary End Product Data Schedules (SEPDS).
7. Procurement: How to procure end products from processors?
8. Gather information; Request for Information (RFI)(iv)
9. For a link to an RFI Template [click here](https://dpi.wi.gov/sites/default/files/imce/school-nutrition/doc/rfi-template.docx).
10. An RFI can be used to gather information from [the list of Processors posted on the DPI website.](https://dpi.wi.gov/sites/default/files/imce/school-nutrition/xls/direct-diversion-processors-sy23-24.xlsx)
11. An RFI will contain a list of general end product specifications that processors will use when responding to the request.(iii)
12. Include in the RFI other relevant information such as why you are sending out the RFI, its purpose and/or goals.
13. Processors will respond to the RFI with information detailing products they have available that match requested information outlined in the RFI.
14. As a result of the RFI, the school will receive information from processors to assist them in developing end product specifications.
15. Micro-Purchase, Informal Procurement or Formal Procurement:
16. Micro-Purchase can only be used when the aggregate value of the purchase is less than $10,000.
17. Informal Procurement can only be used when the estimated value of the awarded contract is less than $250,000.
18. Formal Procurement must be used when the estimated value of the awarded contract is $250,000 or more.
19. Develop appropriate procurement document(s), i.e., Invitation for Bid (IFB), Request for Proposal (RFP), etc.

See [Direct to Manufacturer IFB Template - End Products.](https://dpi.wi.gov/sites/default/files/imce/school-nutrition/doc/dd-direct-manufacturer-ifb-template.docx)

*Note: RFP guidance to follow at a later date*

1. Two options for procuring end products (Direct or Indirect)
2. Procurement of end products **direct** from processors
3. Gather information via [RFI](https://dpi.wi.gov/sites/default/files/imce/school-nutrition/doc/rfi-template.docx) if needed.(iv)
4. Send solicitation (IFB or RFP) to processors.(i, ii, iii and vi)
5. Compile processors responses.
6. Evaluate procurement documents (includes taste testing).(v and viii)
7. Notify processors – procurement results (who was/wasn’t awarded a contract).
8. Sign and manage contracts with the winning processors.(vii)
9. April or May, view final commitments.
10. Include awarded end products in distributor procurement process and contract.
11. See [Procurement Comparison Charts for a complete list of all steps.](https://dpi.wi.gov/sites/default/files/imce/school-nutrition/doc/procurement-comp-charts.docx)
12. Procurement of End Products **indirectly** from a distributor
13. With this procurement option the school will send solicitation to prime vendors or distributors, instead of processors.
14. Use RFI to request samples from processors.(iv)
15. Send request for samples to processors.(i, ii, iii and vi)
16. Conduct student taste tests to determine student acceptability.(viii)
17. Obtain a list of approved end products. (see pages 47-48 “Screening the Products” in *Procurement in the 21st Century* manual)(i)
18. Send solicitation (with list of approved end products) to distributors.(i, ii, iii and vi)
19. Await distributors’ responses.
20. Evaluate procurement documents.(v)
21. Notify distributors – procurement results (who was/wasn’t awarded a contract).
22. Sign and manage contract with winning distributors.(vii)
23. See [Procurement Comparison Charts for a complete list of all steps.](https://dpi.wi.gov/sites/default/files/imce/school-nutrition/doc/procurement-comp-charts.docx)
24. Based upon awarded contracts, obtain calculator [(Click here for blank calculator and instructions)](http://dpi.wi.gov/sites/default/files/imce/school-nutrition/xls/dIrect-diversion-calculating-rawpound-commitment-guide.xlsx) from the DPI web site, or obtain one specific to the processors to determine actual raw pound commitments to each processor, or request annual usage reports from the distributors.
25. Annual Order: Make commitments on the annual USDA Foods order survey [(Click here for Wisconsin USDA Foods Ordering System Login portal).](https://wi.cnpus.com/fdp/Login.aspx)
26. By the end of May, view final survey results. Adjustments may have been made by DPI to schools initial commitments.
27. Agreements: Accept the online agreement with DPI to participate in Direct Diversion Processing (annual agreement is open for accepting between January and March).
28. Order End products: May through July, work with processors, brokers, and distributor(s) to place order projections for the start of the school year.

VII. Monitoring: August to May, verify orders using Processor Link, K12 web sites, or processors own monitoring system.

1. Ensure orders are accurate.
2. Monitor inventory activity at processors to ensure proper deposit and drawdown of bulk pounds.
3. Monitor value pass through methods to ensure accurate receipt of entitlement value: [(Click here for Monitoring Power Point)](https://dpi.wi.gov/sites/default/files/imce/school-nutrition/ppt/dd_monitoring_training_hudson_110116.ppt).

Helpful Hints Footnotes:

1. **Procurement Resources**: [*Institute of Child Nutrition's Procurement in the 21st Century*](https://professionalstandards.fns.usda.gov/content/procurement-21st-century).
2. **Developing 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 lunch program outside of the current food vendors. These end products will most likely be center of the plate type products, protein products and high-volume products.
3. **Number of End Products to Procure**: Keep your list of end products down to a manageable number. For each end product you select, you will need to conduct taste testing, maintain all the documentation, monitor inventory and inventory drawdown. It takes time and resources to properly conduct procurement and manage the contracts for each of the end products you select. Don’t underestimate the amount of resources and time required to manage the awarded contract(s). Failure to manage the contract(s) properly could jeopardize your school’s participation in Direct Diversion.
4. **RFI**: Remember that an RFI by itself does not fulfill Federal and State procurement requirements. Clearly state in the RFI that this request is for informational purposes only. You might also state that you will be sending a solicitation in the near future.
5. **Comparing Apples to Apples**: When procuring end products, it is important to be able to compare end products from different processors equally. This will require you to evaluate end products on a per serving basis where yields have been factored in to ensure the evaluation of end products is on an “apples to apples” comparison.
6. **Value Pass-Through Methods**: Value Pass Through Methods vary depending on the type of end products you are procuring. Make sure that the appropriate Value Pass Through Method is used when procuring the end product.
7. **Keeping Good Records**: Document the procurement process and use an evaluation matrix for final price evaluation. During school reviews this evaluation matrix will be looked at in detail. However, all procurement documentation may be requested for more detailed review of school’s procurement of end products.
8. **Taste Testing**: Don’t underestimate the importance of taste testing. This allows students to be involved in determining which end products are acceptable for final evaluation of price. Remember that 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.

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