



## Commercial Distribution of USDA Foods for School Year (SY) 2025-26

Wisconsin School Food Authorities (SFAs) have the option of selecting their own contracted commercial distributor for delivery of USDA Foods. This document includes guidance, frequently asked questions, and a timeline for commercial distribution.

SFAs that opt for State-contracted distribution of USDA Foods for SY 2025-26 may disregard the information below.

Any SFA opting to use a commercial distributor for SY 2025-26 to deliver their USDA Foods must complete the following steps:

1. Read the [Commercial Distribution Agreement between DPI and SFA for School Year 2025-26](#).
2. Following procurement regulations, conduct procurement and sign a contract with the commercial distributor selected by your SFA. To assist in this process, the DPI has developed a [Template between SFA and Commercial Distributor Agreement and Description of Procurement Template](#) for use in securing a commercial distributor for delivery of USDA Foods for SY 2025-26. (DPI **does not** need to receive a copy of this contract with your commercial distributor).
3. After January 2025, DPI will send instructions on logging into the [Wisconsin USDA Foods Ordering System](#) to indicate your acceptance of the *Commercial Distribution Agreement between DPI and SFA*. At that time, SFAs will designate which commercial distributor has been selected for the next school year.
4. SFAs should have finalized contracts by the time the Annual Order Survey opens in February for the next school year. The final deadline to make any changes to your delivery selection is March 31, 2025.

Participation with Commercial Distribution of USDA Foods is a yearly commitment. Therefore, after March 31, 2025, the selected delivery method (state-contracted versus SFA-contracted commercial distributor) **cannot** be changed for SY 2025-26.

Please note for SFAs that will be participating in the Direct Diversion Processing Program:

1. Further-processed products received through the direct diversion of bulk USDA Foods must be received directly from a processor or through a commercial distributor. Direct Diversion finished end products cannot be delivered by the State-contracted deliverer.

Please note for SFAs that prepare meals for another SFA [joint agreement agency(s)]:

1. The joint agreement(s) must include a statement to indicate that the joint agreement agency(s) understands and agrees to have their USDA Foods delivered by a commercial distributor.
2. The DPI must also receive a signed agreement from the joint agreement agency(s) [DPI contract must be signed by the Authorized Representative of the joint agreement agency(s) and not signed by your SFA's Authorized Representative].
3. All SFAs in joint agreements will need to log into the [Wisconsin USDA Foods Ordering System](#) to designate on the SY 2025-26 (Program Year 2026) which commercial distributor has been selected.

If your SFA has meals prepared by a vendor, Food Service Management Company, or another SFA, please forward this information on to the person(s) responsible for ordering and delivery of your SFA's USDA Foods.

## Frequently Asked 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.

Most School Food Authorities (SFAs) will order their USDA Foods Direct Diversion end products from their contracted commercial distributor, often referred to as the prime vendor. 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 an SFA can participate in Direct Diversion and have those end products delivered by a commercial distributor, and they still have the opt for state-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 participate in Commercial Distribution of USDA Foods. 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) 2025-26** to deliver their USDA Foods **MUST** complete the following steps by **March 31, 2025**:

1. Read the *Department of Public Instruction and School Food Authority Commercial Distribution Agreement for School Year 2025-26*.
2. Following procurement regulations, conduct procurement and sign contract with **one** commercial distributor selected by the SFA.
3. After January 2025, 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.

**Please note:** In order to use a commercial distributor for delivery of USDA Foods, **these steps** must be completed by the **March 31, 2025** 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 2025-26, after the March 31, 2025 deadline?**

**No.** After the March 31, 2025 deadline, SFAs must utilize the designated commercial distributor for SY 2025-26 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, 2025** deadline.

# Timeline for Selecting Commercial Distribution of USDA Foods For Delivery in School Year (SY) 2025-26

## (Tasks Occurring During SY 2024-25)

- November 2024: Department of Public Instruction (DPI) emails information to all SFAs regarding delivery options of USDA Foods, including the option of using an SFA-contracted commercial distributor.
- Read the [Commercial Distribution Agreement between DPI and SFA for School Year 2025-26](#) to understand the SFA's responsibilities of contracting with a commercial distributor.
- November 2024 – February 2025: SFAs conduct appropriate procurement to determine commercial distributor for delivery of USDA Foods for the next school year.
- February 2025: DPI will send instructions on logging into the [Wisconsin USDA Foods Ordering System](#), to indicate your acceptance of the *Commercial Distribution Agreement between DPI and SFA* and designate which commercial distributor has been selected. SFAs should indicate their awarded commercial distributor while the Annual Order Survey is open.
- March 31, 2025: SFA must have signed contracts. This is the final day for SFAs to change their delivery option for the next school year.
- April 2025: Commercial distributors confirm they have signed contracts with their list of SFAs for the next school year.
- May 2025: If not already completed in prior years, eligible commercial distributors sign Memorandum of Understanding (MOU) with DPI to participate in Commercial Distribution of USDA Foods in Wisconsin.

