

Wisconsin USDA Foods Program Quick Reference Guide **For New Programs and/or New Foodservice Personnel** **Participating through the National School Lunch Program**

General Program Information

The United States Department of Agriculture (USDA) purchases foods to support the American agricultural market and to remove surplus. These food products are called USDA Foods. These USDA Foods in turn are offered to participants of different government supported programs, such as the National School Lunch Program (NSLP) and the Summer Food Service Program (SFSP).

A wide variety of foods are available through the USDA Foods Program including: meats, cheeses, beans, oils, fruits, vegetables, peanut products, pasta products, various flours, rice and other grain products.

As a participant in the NSLP, School Food Authorities (SFAs) receive a yearly dollar allotment (entitlement) that is to be spent towards the value of USDA Foods. This yearly entitlement is based on each SFA's prior year's total reimbursable NSLP meals served times the annual federal assistance rate per meal. Therefore, the amount of yearly entitlement that each SFA receives varies based on the number of NSLP meals served. Nationwide, USDA Foods accounts for approximately 17-20% of the foods received and utilized for SFAs participating in the NSLP.

In addition, all USDA Foods have a yearly entitlement dollar value, which represents the actual cost of the product as purchased by USDA from the market. For every case of a particular USDA Foods that is ordered and received by an SFA, the entitlement dollar value is subtracted from the SFA's yearly entitlement dollar allotment. Therefore, SFAs do not directly pay the entitlement dollar value for USDA Foods.

In addition to entitlement USDA Foods, USDA periodically has "bonus" USDA Foods. Bonus USDA Foods are those that are declared as surplus by USDA and are offered only as they become available. Therefore, the entitlement dollar value of these products is not subtracted from SFAs' yearly entitlement dollar allocations.

However, there are costs associated with the ordering and receipt of USDA Foods, since the entitlement value of USDA Foods covers only the initial purchase by USDA and initial shipment to the state-designated location.

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I. Annual Order

In order to be eligible to receive USDA Foods, SFAs must have an approved NSLP contract with the Department of Public Instruction (DPI), School Nutrition Team. Each SFA participating in the Wisconsin USDA Foods Program must place an on-line, annual USDA Foods order via the *Wisconsin USDA Foods Ordering System*. The annual ordering period timeframe varies, based on USDA determined state-level ordering deadlines. However, typically, this annual ordering period occurs January-March timeframe to receive USDA Foods for the following school year. Additional guidance materials regarding the annual order process, as well as additional tools for placing the annual order, are available on the *Annual Order* section of the DPI website: [Annual Order Survey](#).

II. Wisconsin USDA Foods Ordering System

Placing of the annual USDA Foods order, ordering additional USDA Foods, invoicing data, etc. are available on-line through the *Wisconsin USDA Foods Ordering System*. To access the *Wisconsin USDA Foods Ordering System*, each SFA has an agency specific user ID (agency code) and four-digit password.

Instructions for accessing the *Wisconsin USDA Foods Ordering System* are available on the DPI website: [Online Instructions - School Lunch Program](#).

III. Entitlement Dollar Spending Options

USDA offers a wide variety of USDA Foods through the NSLP including: meats, cheeses, beans, oils, fruits, vegetables, peanut products, pasta products, various flours, rice and other grain products. USDA handles the initial procurement and shipping of the USDA Foods to the initial location designated by states.

USDA Foods that are received in the same form in which they are ordered from USDA are often referred to as “brown-box” USDA Foods. Frozen corn, canned peaches, diced chicken and turkey ham are all examples of “brown-box” USDA Foods.

In addition to the ordering and receipt of “brown-box” USDA Foods several additional options are available to NSLP participating SFAs.

A. Further-Processed End Products

SFAs wanting to receive further-processed end products can select from one of two processing options: the State Processing Program or the Direct Diversion Processing Program. Participation in either processing program is done annually by SFAs and is indicated during the placement of the annual USDA Foods Order.

1. State Processing Program

In this processing program, bulk USDA Foods are ordered by the DPI and shipped directly from a USDA vendor to a processor. The bulk USDA Foods are further-processed into finished end products, which have been determined through a state-wide bid process. The finished end products are shipped from the processor to the state-contracted warehouses and are distributed to SFAs along with the “brown-box” USDA Foods. Finished end products available through the State Processing Program are assigned with a four-digit product code that begins with the letter “C.”

For the State Processing Program, the DPI handles the procurement, the negotiation of the delivery schedule with the processors and the delivery of the finished end products into the state-contracted warehouses.

Additional nutrition fact sheet information on the State Processing Program finished end products is available on the *Nutrition Fact Sheets* section of the DPI website: [Product Information](#).

2. Direct Diversion Processing Program

In this processing program, bulk USDA Foods are ordered by the DPI, on behalf of participating SFAs, to be shipped directly from a USDA vendor to a processor. These bulk USDA Foods are further-processed into end products according to each participating SFA's request. The participating SFAs are responsible for the procurement of these finished end products, negotiation of the delivery schedule with the processor(s), and delivery of the finished end products through the distributor(s) determined by the SFAs.

Finished end products received through the Direct Diversion Processing Program have to be delivered through each participating SFA's-contracted distributor and cannot be delivered through the state-contracted warehouses.

Additional information on the Direct Diversion Processing Program is available on the *Direct Diversion Processing* section of the DPI website: [Direct Diversion](#).

B. Cheese Processing Program

SFAs participating in the State Processing Program also have the option of participating in the Cheese Processing Program. In this program, participating SFAs use a competitive procurement process to determine the processor(s) whom they will order finished end products from, as well as commit pounds of bulk mozzarella cheese to this chosen processor(s). On the annual USDA Foods Order, participating SFAs indicate these selections and enter their bulk pound commitment(s) to the processor(s).

During the school year that the bulk pound commitments were made for, participating SFAs order the finished end products through the distributor(s) procured by the SFAs. These products are then eligible for a rebate for the amount of USDA bulk mozzarella cheese contained in each case of product.

Additional information on the Cheese Processing Program is available on the *Cheese Processing Program* section of the DPI website: [Cheese Processing](#).

C. Department of Defense (DoD) Fresh Produce Program

USDA and the Defense Supply Center Philadelphia's Subsistence Produce Business Office of DoD have partnered to increase the availability of a wide variety of fresh fruits and vegetables delivered directly to participating SFAs. Participation in the DoD Fresh Produce Program is an annual commitment and is done during the placement of the annual USDA Foods Order.

Participating SFAs place orders for the fresh produce directly through the DoD ordering website. Therefore, the delivery of fresh produce through this program is done separately from the delivery of other USDA Foods.

Additional information on the DoD Fresh Produce Program is available on the *DoD – Fresh Produce Program* section of the DPI website: [DoD Fresh Produce Program](#).

D. Fair-Share Allocations

In addition to USDA Foods received through placement of the annual USDA Foods order, USDA periodically makes available additional USDA Foods, through agricultural surplus and/or availability of new USDA Foods. As available, these additional USDA Foods are offered to SFAs through a fair-share process in the *Wisconsin USDA Foods Ordering System*, based on each SFA's entitlement percentage of the state's total entitlement.

Additional information regarding the Fair-Share Allocations process can be found under the "Fair-Share Allocations" section within the *Online Instructions – School Lunch Program* and is available on the DPI website: [Online Instructions - School Lunch Program](#).

E. Surplus Screen Ordering

In addition to USDA Foods received through placement of the annual USDA Foods order, additional USDA Foods periodically are available, as a result of SFA closures and/or SFAs dropping out of the NSLP. These additional USDA Foods become available on a first-come, first-requested basis through the "Surplus Screen" of the *Wisconsin USDA Foods Ordering System*.

Additional information regarding the Surplus Screen Ordering process can be found under the "Surplus Screen" section within the *Online Instructions – School Lunch Program* and is available on the DPI website: [Online Instructions - School Lunch Program](#).

IV. **Delivery Options**

For the "brown-box" USDA Foods and the finished end products received through the State Processing Program, USDA and/or the processor(s) handles the initial delivery of the USDA Foods into the state of Wisconsin. However, once these USDA Foods arrive into Wisconsin, SFAs have two delivery options for obtaining these USDA Foods: State-Contracted Delivery or School-Contracted Delivery. SFAs select the desired delivery option on an annual basis.

A. State-Contracted Delivery

With this delivery option, SFAs receive a once per month tailgate delivery to one drop-off point per SFA. When this delivery option is chosen, it is the SFA's responsibility to have personnel available monthly to off-load orders from the truck. The DPI handles the procurement and resulting contracting requirements for SFAs that select this delivery option.

B. School-Contracted Delivery

With this delivery option, SFAs are responsible for the procurement and contracting with a commercial distributor for delivery of the applicable USDA Foods. SFAs participating in this delivery option are responsible for negotiating the delivery schedule with the school-contracted commercial distributor.

This delivery option is often referred to as "Commercial Distribution of USDA Foods." Additional information regarding the Commercial Distribution of USDA Foods is available on the *Commercial Distribution* section of the DPI website: [Commercial Distribution](#).

V. **Costs of USDA Foods**

USDA pays for the initial packaging of USDA Foods (both brown-box and bulk) and for transporting it to the state-designated locations. Once the USDA Foods have been delivered to the state-designated location, there are additional costs that occur. Each SFA is responsible for covering the additional fees associated with the ordering and receipt of USDA Foods. Depending on which processing option and which delivery method has been selected, SFAs may be invoiced for the any or all of the following handling charge fees: the administrative fee, the storage fee, the delivery fee and the processing fee. See below for a description of each fee.

Administrative Fee – This is the amount charged to cover the basic costs associated with the administration of the USDA Foods Program at the state level. This fee is assessed for all USDA Foods requiring DPI monitoring, and over-sight, including bulk pounds/cases to a processor for further processing into finished end products.

Storage Fee – This fee covers the initial storage costs that occur prior to release of USDA Foods from the State-Contracted warehouse(s).

Delivery Fee – This fee is for SFAs that select the State-Contracted Delivery method and is the amount charged to cover the costs associated with the once per month delivery of USDA Foods.

Processing Fee – This fee covers the processing costs for the processor to take the bulk USDA Foods and turn them into finished end products. This processing fee only applies to SFAs that are participating in the State Processing Program. The processing fee is charged on a per case basis.

The handling charge fees are established on a yearly basis. A copy of the current handling charge rates, as well as other important financial data, is available on the *Financial Information* section of the DPI website: [Financial Information](#).

VI. **Invoicing**

Wisconsin USDA Foods orders are processed on a monthly basis and therefore, the handling charge fees are calculated on a monthly basis. Any applicable costs, such as administrative fees, storage fees, delivery fees and processing fees are automatically off-set and taken from the monthly NSLP federal reimbursement claim submitted by SFAs. As each monthly NSLP claim reimbursement is processed, the total handling charge amount of the USDA Foods recovered on each claim will be reflected. This information is also available under the “Invoicing” tab for each SFA in the *Wisconsin USDA Foods Ordering System*.

A sample of a monthly NSLP reimbursement claim, including the handling charge fees information is available on the *Financial Information* section of the DPI website: [Financial Information](#).

VII. **Commodity Allocation & Receipt Summary (CARS) Report**

The CARS report is a yearly report that reflects all of the USDA Foods allocated and accepted by the SFA. The CARS report shows the total value of USDA Foods received and the percentage of entitlement received for the SFA. The CARS report is available to each SFA in the *Wisconsin USDA Foods Ordering System*. The CARS report is typically used by SFAs for year-end reporting purposes.

Instructions for accessing the CARS report in the *Wisconsin USDA Foods Ordering System* are available within the *Online Instructions – School Lunch Program* and the instruction manual is available on the DPI website: [Online Instructions - School Lunch Program](#).

VIII. Training Opportunities

Throughout the year, the Wisconsin USDA Foods section provides additional USDA Foods specific training sessions. Additional information on upcoming Wisconsin USDA Foods training sessions is available on the *Training* page of the DPI website: [Training](#).

As well, several previously recorded training sessions are available on the *Wisconsin USDA Foods Webcasts* section of the DPI website: [USDA Foods Webcasts](#).

IX. USDA Foods Hold and Recall Process

Federal regulations require all USDA Foods to follow very specific food safety rules and processes. When USDA Foods are found to be potentially hazardous or have not been produced according to USDA's bid specifications, USDA Foods may be placed on hold or recalled by USDA. Temporary holds are imposed to allow for further testing and investigation to ensure that the USDA Food meets specifications. Recalls are the result of a USDA Food not meeting USDA's bid specifications, contamination, infestation, or other health/safety concerns. USDA initiates the holds and recall and in turn, the DPI notifies SFAs.

Additional USDA Foods Hold and Recall information is available on the *Recall, Hold and Safety and Procedures* section of the DPI website: [Wisconsin Hold & Recall](#).

X. Wisconsin Task Force on USDA Foods

Wisconsin has the Wisconsin Task Force on USDA Foods (WiTF) that is comprised of representatives from small, medium, and large public and private SFAs. Members of the WiTF are appointed by the State Superintendent of the DPI to participate on the task force and commit to a three year term on a rotating basis. The primary responsibility of the WiTF is to ensure that SFAs have access to affordable and nutritious foods through the USDA Foods Program.

Additional information regarding the WiTF, as well as additional information on current WiTF initiatives, can be found on the *Task Force* section of the DPI website: [Wisconsin Task Force On USDA Foods](#).

XI. Policy and Procedures

USDA and the Wisconsin USDA Foods section of the DPI have additional policy and procedure documents that provide additional guidance and information regarding the USDA Foods received through the NSLP. These additional policy and procedure documents can be found on the *Program Policies, Procedures & Regulations* section of the DPI website: [USDA Foods Policies & Procedures](#).