

Know your customer

Schools are allowed and encouraged to purchase a wide variety of foods from local producers. The **Wisconsin Department of Public Instruction memo regarding local purchasing for schools** lays out the guidelines for local purchasing.



Tool

Wisconsin memo regarding local purchasing for schools

The key to successfully selling your products is to know your customers. The more you know about their needs, the better you can determine if each customer is a good fit for your business.

School customers face a number of challenges when purchasing food locally. Two primary constraints are the budget and labor realities under which most school nutrition programs operate. On average, schools are allotted only \$1.00 to \$1.50 per lunch for the cost of food. This limited budget must include the purchase of fruits and vegetables, milk, and protein and grains. School kitchens often have a limited number of employees responsible for feeding hundreds or thousands of students. These constraints often result in schools serving food that is cost effective and easy to prepare. Many schools have found creative ways to integrate local food while working within their budget and labor constraints.

New school meal guidelines established in 2012 increase requirements for fruits, vegetables and whole grains on the lunch tray. Specifically, schools must now serve dark green and orange fruits or vegetables every week, along with legumes, beans or peas. These new requirements present excellent opportunities to introduce local product to schools.

Schools may have uses for your product outside of their breakfast or lunch programs!

- ***Special events or meals***
- ***Classroom or lunchroom tasting activities for students***
- ***Cooking contests or classes***
- ***Snack programs***
- ***Fundraisers: Parent-teacher associations can sell local food to raise money. One example is REAP Food Group's Taste of Wisconsin fundraiser:***

www.reapfoodgroup.org/farm-to-school/fundraiser

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Each school district varies in its ability to create local purchasing relationships. Assessing this ability is important for both you and the school nutrition program.

Given their constraints, school customers need:

- Adequate quantity
- Consistent quality
- Reliable delivery
- Assurance of food safety procedures in production, handling and delivery
- A price that fits their budget

The size of the school district is a primary consideration for growers. Based on the scale of your production, connect with school districts you can reliably provide with the amount of product they need, on time. In order to serve larger schools districts, producers can market cooperatively. Organizational structures that support collaborative marketing include producer cooperatives, food hubs and produce auctions. These entities aggregate local product from small- and medium-sized producers in order to provide them with access to larger-scale markets, such as food service operations. For more information on collaborative marketing, see “Processing, collaborative marketing and distributors” on page 13.

Meeting the needs of school customers and establishing successful working relationships take time and good communication. Recognizing and understanding the challenges experienced by school nutrition directors, and helping them understand both the challenges you face and the opportunities you offer, will build the foundation for a strong partnership.

School food procurement processes

The school food procurement process is a set of required procedures for purchasing goods or services. Procurement can involve a few simple steps or many complex steps, depending on the cost of the purchase. Because most schools receive federal reimbursement for their meal programs, procure-



An appealing array of fruits and vegetables greet students in Chilton

Know your customer

ment processes are intended to ensure that open and fair competition is maintained throughout all business transactions.

Schools generally must approve a vendor prior to purchasing food. “Approved” vendors may include individual producers, producer groups such as cooperatives, food hubs, produce auctions, processors and distributors. Schools approve vendors based on pre-established considerations such as food safety and ability to deliver. The next section, “Prepare your business,” provides guidance on meeting vendor expectations.

Schools use either an *informal* or a *formal* procurement method when purchasing food from vendors. The informal procurement method may be used if the cost of the food falls under the small purchase threshold. This threshold for Wisconsin schools using USDA funds is \$150,000, although some school districts may set a lower threshold. The formal procurement method is required for any purchase with an estimated value equal to or greater than the small purchase threshold.

Most local food procurement by Wisconsin schools utilizes the informal bidding process. This process can be simple and straightforward. Schools may award a contract to the lowest-price bidder that meets all of their specifications. Schools must document their specifications and solicit at least three bids or quotes before awarding the contract.

For those who want a more in depth **comparison of informal versus formal bidding**, the Wisconsin Department of Public Instruction website provides an overview: fns.dpi.wi.gov/fns_procurement.



Madison students enjoy tasting asparagus

Geographic preference in procurement by schools

A process known as geographic preference was established in the 2008 Farm Bill through an amendment to the National School Lunch Act. Institutions receiving funds through the Child Nutrition Programs may apply a geographic preference when procuring unprocessed, locally grown or locally raised agricultural products. Geographic preference is generally used with the formal procurement method. For more information on how schools may apply geographic preference, go to fns.dpi.wi.gov/fns_prgeo#a.

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To: Authorized Representatives for School Nutrition Programs in Wisconsin

From: June Paul, Director, School Nutrition Team, Wisconsin Department of Public Instruction
Tom Leitzke, Director, Bureau of Food Safety and Inspection, Wisconsin Department of Agriculture, Trade and Consumer Protection
James Kaplanek, Section Chief, Food Safety and Recreational Licensing, Wisconsin Department of Health Services

Subject: Locally Grown, Fresh, Raw, Whole Fruits and Vegetables

Public or private schools are permitted to purchase locally grown fresh, whole, raw fruits and vegetables and/or accept donations of such items. Specific examples of locally grown produce include:

- Intact fruits and vegetables, such as strawberries, whole carrots, radishes, and fresh market tomatoes.
- Vegetables cut during harvesting, such as lettuce, celery, broccoli, and cauliflower when it involves rough field dressing only (such as removing the uneatable outer leaves).

Sources of locally grown fresh produce include farms, farmer's markets, produce auctions, community gardens, school gardens and home gardens.

Farms and other establishments that supply prepared or processed products are required to have licenses. For fruits and vegetables, preparing would include: peeling, cutting, dicing, or cooking. Licensing is also required for the manufacture or preparation of food for sale through the process of canning, extracting, fermenting, distilling, pickling, freezing, baking, drying, smoking, grinding, cutting, mixing, coating, stuffing, packing, bottling or packaging, or through any other treatment or preservation process.

Please note that a new law, Wisconsin Act 101 (pickle bill), allows home-canned fruits and vegetables to be sold without a license under certain circumstances. School agencies participating in the school nutrition programs (National School Lunch Program, School Breakfast Program) must comply with all sanitation and health standards as required by applicable state agency and/or local laws and codes. The Wisconsin Food Code states that food prepared in a private home may not be used or offered for human consumption in a food establishment. Home-canned fruits and vegetables made under the Home Canning/Pickle Bill ARE NOT AN APPROVED SOURCE for any school food service operation.

Department of Agriculture, Trade and Consumer Protection licensing exclusions from the state statutes and administrative rules are provided in the attachment.

Attachment: Department of Agriculture, Trade and Consumer Protection Licensing Exclusions from the State Statutes and Administrative Rules – Produce

Chapter 97: Food Regulation

97.29 Food processing plants. (1) DEFINITIONS (g) “Food processing” means the manufacture or preparation of food for sale through the process of canning, extracting, fermenting, distilling, pickling, freezing, baking, drying, smoking, grinding, cutting, mixing, coating, stuffing, packing, bottling or packaging, or through any other treatment or preservation process.

“Food processing” includes the activities of a bakery, confectionary or bottling establishment, and also includes the receipt and salvaging of distressed food for sale or use as food does not include any of the following:

6. The washing and packaging of fresh fruits and vegetables if the fruits and vegetables are not otherwise processed at the packaging establishment.
8. Any other activity exempted by the department by rule.

97.30 Retail food establishments. (2) LICENSE. (b) Exemptions. 1. A license is not required under this section for any of the following:

- a. A retail food establishment that sells only packaged foods or fresh fruits and vegetables, if the establishment does not sell potentially hazardous food and does not engage in food processing.
- b. A retail food establishment which is primarily engaged in selling fresh fruits and vegetables, honey, cider or maple syrup produced by the operator of the retail food establishment, if that retail food establishment is not engaged in other food processing activities.

ATCP 70: FOOD PROCESSING PLANTS

“Food processing” does not include any of the following:

- (f) The washing and packaging of fresh fruits and vegetables if the fruits and vegetables are not otherwise processed at the packaging establishment.

Chapter ATCP 75: RETAIL FOOD ESTABLISHMENTS

(9) LICENSE EXEMPTIONS. A retail food establishment license is not required under s. 97.30, Stats., or this section for any of the following:

- (a) A retail food establishment that sells only packaged foods or fresh fruits and vegetables, provided the establishment does not sell potentially hazardous food and does not engage in food processing.
- (g) A retail food establishment primarily engaged in selling fresh fruits and vegetables, honey, cider, sorghum or maple syrup produced by the operator of the retail food establishment if no other food processing activities are conducted at that retail food establishment.