

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS REGIONAL VENDOR PILOT ASSESSMENT (SUMMARY)

Background

The U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS) administers the Food Distribution Program on Indian Reservations (FDPIR) as an alternative to the Supplemental Nutrition Assistance Program, providing USDA-purchased foods (i.e., USDA Foods) to income eligible households on Indian reservations and to Native American families residing in designated areas near reservations and in the State of Oklahoma. As of January 2015, 100 Indian Tribal Organizations (ITOs) and five State Agencies (SAs) administer FDPIR, providing foods to approximately 276 tribes and including just over 90,000 participants.

The regular process for obtaining and distributing USDA Foods through FDPIR is as follows:

1. Using information from prior-year operations and recipient preferences, FNS staff work with USDA's Agricultural Marketing Service (AMS) and Farm Service Agency (FSA) to procure FDPIR foods.¹
2. AMS and FSA source and purchase the foods through competitive processes. Once purchased, the foods are shipped to federally-contracted warehouses in Missouri and Idaho.
3. ITOs and SAs order food from the warehouse closest to their locations to ensure they can provide a complete FDPIR food package to each participant.
4. The USDA warehouse prepares and ships the food to the ordering institution, which then distributes it to participants.

ITOs/SAs usually distribute foods to participants once a month and distribution methods vary across ITOs. At some locations, participants get

their food from facilities that are set up in a “store concept.” In others, participants get their food packages at pick-up counters in the warehouse (where food is selected by the participant and boxed by warehouse staff).

FDPIR Vendor Pilot Project

In 2012, FNS created a pilot project to use a regional vendor to procure and distribute FDPIR foods to ITOs and SAs. In the pilot, the regional vendor would replace the first two steps in the national warehouse model. Specifically:

- The vendor would take over the role of sourcing and purchasing foods for distribution to the ITOs,
- The vendor would use its network of suppliers for obtaining the foods on demand,
- ITOs would then order food for their participants directly from the vendor, and
- The vendor would deliver the foods to the ITOs for distribution to participants.

The goal of the pilot was to test whether a regional vendor could provide more effective service to the ITOs and reduce costs as compared to the regular process. The pilot was planned to begin operations in a small geographic area with only a few programs and over the course of the pilot, gradually add additional sites.

During the planning phase, FNS consulted with the ITOs and the National Association of Food Distribution Programs on Indian Reservations, describing the overall objectives of the pilot and asking if there were tribes that would be willing to participate. Thirty-one tribes were identified as possible pilot participants. FNS then developed and disseminated a request for proposals which described the pilot project and included criteria for assessing project success.

In September 2012, vendor/distributor MDV was awarded the contract and four ITOs were selected

¹ In October 2015, AMS and FSA consolidated domestic purchasing and AMS now does all the procurement of USDA Foods for the FDPIR program.

to participate; the Chickasaw Nation of Oklahoma, the Sac and Fox Nation, the Ponca Tribe, and the Pawnee Nation. The first food deliveries began in 2013.

While the original plan for the regional vendor pilot called for adding new ITOs in contract option years, budget constraints prevented USDA from adding programs and also resulted in USDA ending the pilot in March 2015.

Data and Methods

The FDPIR Regional Vendor Pilot Assessment evaluated the pilot experiences of the four participating ITOs and the vendor, MDV, and also compared the costs of providing the foods under the regional vendor and national warehouse models. The evaluation used qualitative and quantitative data, including on-site interviews with staff in the ITO warehouses and on-site or telephone interviews with MDV warehouse staff, as well as cost data for the national and regional models.

Key Findings

Participating ITOs

Interviews with ITO warehouse staff showed a high level of satisfaction with the regional vendor pilot. ITO staff also said they preferred receiving foods from the pilot program due, in part, to:

- An easier online ordering system with more reliable information about available food products,
- A greater stock of food items and fewer instances of food items being out of stock,
- More recognizable brands and more attractive packaging and labeling,
- Fewer food items in the food package that were recognizable as FDPIR foods, helping eliminate potential stigma,
- Easier delivery offloading based on the way pallets were organized and delivered, and
- Longer or further-out “best if used by” dates for food items.

Vendor/Distributor MDV

- Under the terms of the contract, MDV was required to provide FDPIR foods that met all of the USDA specifications that the foods going to

the national warehouses had to meet. One of the early challenges MDV faced was that some of the foods that were initially procured for the ITOs did not meet the USDA “domestic origin” requirement. As a result, alternative sources for those foods had to be identified just as the pilot was getting underway.

- MDV reported that, in hindsight, it would have looked for additional opportunities to talk with ITO staff about inventory, offloading, and receiving orders before the pilot started.
- MDV also believed the pilot was successful and that the ITOs had been happy with the service MDV provided.

Cost

The contract between FNS and MDV for the vendor pilot set the food prices for each item in the FDPIR Food Package as well as overhead costs for staff, warehousing, and distributing the foods to the ITOs. The contract also allowed MDV to request periodic price adjustments to account for changes in food prices over time (e.g., due to inflation). MDV billed FNS monthly, and after the pilot ended, requested an overall price adjustment to account for changes in food costs over the pilot period. FNS and MDV agreed to a final total cost for the pilot in September 2015.

The ultimate cost of providing the foods through the vendor pilot was \$71 per participant per month. The cost under the regular national warehouse model was \$57 per participant, per month; a difference of about 24 percent.²

For More Information

Chami, R., Geller, D., Gordon, E., Hafford, C., & Hillabrant, W. (2016). *Food Distribution Program on Indian Reservations Regional Vendor Pilot Assessment*. Prepared by Manhattan Strategy Group for the U.S. Department of Agriculture, Food and Nutrition Service (available online at www.fns.usda.gov/researchand-analysis).

² The evaluation report itemizes costs for different foods offered in the pilot, but without the cost adjustment.