

**Office of Research and Analysis**

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### **Background**

The Prime Vendor Pilot was conducted as part of U.S. Department of Agriculture's Business Process Re-engineering efforts to improve the administration and operation of the Food Distribution Program on Indian Reservations (FDPIR). Under this pilot, USDA partnered with the Department of Defense, which had an existing contract with commercial vendors and distributors. Reinhart Foods was selected as the prime vendor and was responsible for accepting food orders directly from 23 Indian Tribal Organizations (ITOs) in the Midwest Region, procuring pre-approved food products, storing and delivering the foods to the ITOs. The evaluation compared results from the first year of the prime vendor pilot (July 2001 - June 2002) with the traditional FDPIR commodity distribution system that operated in the previous year (July 2000 - June 2001).

### **Pilot Objectives**

Objectives of the pilot included: (1) improving the commodity distribution system for FDPIR by improving program operations and administrative efficiency while improving product acceptability and procurement flexibility; and (2) reducing Federal staff resources in the food ordering and delivery process for FDPIR.

### **Findings**

Key findings from the first year of the pilot include:

#### **Program Operation and Administrative Efficiency**

- The number of households served by FDPIR in the 23 ITOs increased slightly (2.4%) although the actual number of participants decreased by less than one percent as household size declined by over three percent.
- ITOs expressed greater overall satisfaction and reported great improvements in program operation, product quality, commodity pack size, variety and labeling.
- Nearly all ITOs (96%) rated FNS' operation and administration of FDPIR as good to excellent during the first year of the pilot compared to only 70% during the previous year.

#### **Food Ordering and Delivery**

On average, the frequency of food ordering increased from once every 1-2 months to once a week.

- Food deliveries increased from an average of 8 times per year before the pilot to 15 times per year under the pilot.
  - Under the pilot, all orders were delivered within 3 days to 2 weeks depending on the time the order was placed relative to the regularly scheduled delivery date, compared to over 1 month prior to the pilot; the convenience of ordering at any time was reported as the best feature of the Pilot.
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- Food delivered increased from 26 cases per participant to 27 cases.
- ITOs expressed far more satisfaction with food ordering (65% vs. 9%) and food delivery (91% vs. 4%).

### **Warehousing and Inventory Management**

- Average monthly inventory increased during the pilot from 1,419 cases per ITO to 1,704 cases per ITO (20%). This was directly related to the delivery cycle and when the inventory was taken.
- Storage problems declined and self-ratings for inventory management improved without any increase in staffing.

### **Cost to USDA Agencies**

- The cost of food distributed to the pilot ITOs, adjusted for inflation, remained relatively stable, increasing from \$3.4 million to \$3.5 million (2.2%).
- After inflation adjustment, the total costs for food, management of the ordering system, transportation, handling, storage, and administration, increased from \$3.85 million to \$5.22 million (35.6%).
- The mean cost per case of food delivered to ITOs, adjusted for inflation, increased from \$16.57 per case to \$21.88 per case (32%).

### **Costs to ITOs**

- ITO staffing costs increased by 1 percent.
- Warehouse space increased by 19 percent and warehouse cost by 35 percent.
- Deliveries increased by 95 percent and cases delivered by 3 percent.

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