

Q&A for Program Reimbursement for Emergency Operational Costs for Child Nutrition Programs during the COVID-19 Pandemic

Eligibility

1. Which States and U.S. Territories are eligible to submit applications for these reimbursement programs?

State agencies administering the National School Lunch Program, School Breakfast Program, and Child and Adult Care Food Program in any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands are eligible to apply.

2. Which school food authorities (SFA) are eligible to receive payments under the School Programs Emergency Operational Costs Reimbursement Program?

Eligibility in the School Programs Emergency Operational Costs Reimbursement Program is limited to SFAs that filed valid NSLP/SBP meal claims for any of the months of September – December 2020 or have provided assurance to the administering State agency that they will file a claim during the first full semester/term (or equivalent) occurring after the end of the public health emergency¹. SFAs that participate in the At-Risk Afterschool component of CACFP may also participate as an institution in the CACFP reimbursement program.

3. Which Child and Adult Care Food Program (CACFP) operators are eligible to receive payments under the CACFP Emergency Operational Costs Reimbursement Program?

CACFP Emergency Operational Costs Reimbursement Program eligibility is limited to institutions, day care homes and unaffiliated centers that filed valid CACFP claims for any of the months of September – December 2020 or have provided assurance to the administering State agency that they will file a claim within the first 90 days after the end of the public health emergency. Any institution meeting the statutory definition for “institution” specified in Section 17(a)(2) of the National School Lunch Act and 7 CFR 226.2, in addition to day care homes and unaffiliated centers, may be eligible to receive payments. Institution means a sponsoring organization, child care center, at-risk afterschool care center, outside-school-hours care center, emergency shelter, or adult day care center which enters into an agreement with the State agency to assume final administrative and financial responsibility for Program operations.

¹ A public health emergency declared pursuant to section 319 of the Public Health Service Act (42 USC 247d) resulting from the COVID-19 pandemic or any renewal of such declaration.

Application for Participation

- 4. Can a State agency that is eligible to apply for and receive funds under both reimbursement programs participate in one reimbursement program, but not both?**

Yes. Participation in either or both of the reimbursement programs is at the option of the State agency.

- 5. If a State agency administers the School Meal Programs and CACFP, do separate applications need to be submitted for each reimbursement program**

A State agency may combine its applications for each program into a single submission to FNS. However, the State's submission must separately address the required elements of each program within the document(s).

- 6. If the Child Nutrition Programs in a State are administered across multiple agencies, how should State agencies seeking to participate under these reimbursement programs proceed if necessary claims data are not retained in a centralized location?**

State agencies seeking to distribute funds under the reimbursement programs are strongly encouraged to work proactively to ensure that necessary interagency arrangements and/or data sharing agreements are established in cases where such data is needed for the calculation and distribution of payments to program operators. FNS stands ready to provide additional technical assistance to facilitate data sharing as needed.

- 7. Can more than one agency within a State apply to participate under either of the reimbursement programs?**

Yes. Multiple State agencies within the same State may participate under either or both of the reimbursement programs, where applicable. For example, some States split their administration of CACFP child care and adult care programming between separate agencies; similarly, an education department may administer CACFP At-Risk Afterschool programming for SFAs, but not other components of CACFP. In such cases, each administering agency will need to submit an individual application.

- 8. Are participating State agencies required to offer payments to all eligible program operators?**

Yes, State agencies participating in either reimbursement program must offer payments to all eligible program operators per the statutorily required payment calculation. While program operators may decline some or all such funds, States may not withhold calculated payments from an otherwise eligible program operator and must return the declined funds to FNS as unused.

9. Do payments for administrative funds to the sponsors of day care homes received under the CACFP reimbursement program count towards the 10 percent carryover threshold for administrative funds for such sponsoring organizations?

No. Funds received under the CACFP Emergency Operational Costs Reimbursement Program are separate from regular program reimbursements. They may not be factored into a sponsoring organization's denominator for carryover calculations at the end of FY 2021.

10. May a State agency amend information or procedures detailed on its implementation plan?

Yes. A State agency may amend their implementation plan(s), but are reminded to ensure that any amendments or updates account for anticipated lead time for approvals, receipt of additional funds, or disbursement of funds to program operators, where applicable.

11. May SFAs participating under the School Programs reimbursement program receive payments from the CACFP reimbursement program if they also participate in the CACFP?

Yes. SFAs that operate child care centers, at-risk afterschool care programs, or any other component of CACFP are eligible for payments under the CACFP reimbursement program.

Calculating Payments

12. For which program operators must States ensure payment amounts are calculated under the School Programs Emergency Operational Costs Reimbursement Program?

Any SFA which:

- Has an agreement with the State agency as described at 7 CFR 210.9 and/or 7 CFR 220.7(e);
- Filed valid claims during any of the months of March – June 2020 or January – February 2020; and
- Meets the criteria described in question #2 of this Q&A.

13. For which program operators must States ensure payment amounts are calculated under the CACFP Emergency Operational Costs Reimbursement Program?

Any institution, unaffiliated center, and day care home which:

- Has an agreement with the State agency to assume final administrative and financial responsibility for Program operations OR enter into an agreement to operate the Program under the auspices of a sponsoring organization;

- Filed valid reimbursement claims during any of the months of March – June 2020 or January – February 2020; and
- Meets the criteria described in question #3 of this Q&A.

14. What is the role of the State agency in calculating payments?

In order to ensure consistency, reduce error-risk, and minimize burden for local program operators, State agencies should directly calculate payment amounts for SFAs and CACFP institutions with which they hold an agreement. CACFP sponsoring organizations, in consultation with their State agencies as needed, will determine payments for their unaffiliated centers and day care homes, based on the statutory formula outlined in question #21.

15. What types of Program funds must be included in the payment calculations for the School Programs Emergency Operational Costs Reimbursement Program?

Program reimbursements for meals and supplements earned under the NSLP, SBP, and Summer Food Service Program (SFSP) are included when calculating payment levels for SFAs under the School Programs Emergency Operational Costs Reimbursement Program. Note that while standalone or non-school operators of the SFSP are not eligible to receive payments, for SFAs that operated SFSP (utilizing flexibilities under [*COVID-19: Child Nutrition Response #59, Nationwide Waiver to Allow Summer Food Service Program and Seamless Summer Option Operations through School Year 2020-2021 – EXTENSION*](#) throughout the designated months of March – June 2020) the revenues earned under this program must be included in the calculation.

Please note that all other School Programs reimbursements, such as those under the Special Milk Program, Fresh Fruit and Vegetable Program, and funds received through grant opportunities like the NSLP Equipment Assistance Grants, are not included in the reimbursement calculation.

16. What are payment calculations for the CACFP Emergency Operational Costs Reimbursement Program based on?

Payment calculations for the CACFP Emergency Operational Costs Reimbursement Program are based on the type of institution or facility:

- Sponsoring organizations of centers; independent child care centers, at-risk afterschool care centers, outside-school-hours care centers, emergency shelters, or adult day care centers; or day care homes: CACFP meal reimbursements (7 CFR 226.11, 226.12 and 226.13)
- Sponsoring organizations of day care homes: CACFP Administrative funds (7 CFR 226.12)

17. How will payments be made to sponsored CACFP facilities?

All sponsored facilities that are eligible for payments under the CACFP Emergency Operational Costs Reimbursement Program will be paid through their sponsoring organization. The procedures for calculating and making payments will vary by the type of facility:

Affiliated centers: Payments will be provided directly to sponsoring organizations for distribution to their facilities.

Unaffiliated centers: Sponsoring organizations must calculate and provide individual payments for their unaffiliated centers using the same formula detailed in question #21. The sponsoring organization may retain up to 15 percent of the payment to cover administrative expenses, subject to an agreement between the sponsoring organization and the unaffiliated center.

Day care homes: Sponsoring organizations must calculate and provide individual payments for their day care homes based on the formula outlined in question #21.

18. Are USDA Foods (commodities) included in the reimbursement calculation?

No. The value of USDA Foods are not factored into the payment calculation for either reimbursement program.

19. When calculating payments, what constitutes “new” CACFP institutions, day care homes, or unaffiliated centers, or SFAs, as opposed to all other operators?

A new Program operator is defined as one that was not operating Child Nutrition Programs during a given month during the reference period of March, April, May, or June 2019.

20. How should payment amounts be calculated for SFAs operating the School Meal Programs?

In the calculation of payment amounts SFAs will fall into two categories: “new” operators and all other operators. The benefits owed to program operators for each reimbursement month (March, April, May, and June 2020) should be calculated separately.

“New” SFAs

Payments owed to eligible “new” SFAs are calculated by determining the average total reimbursement amount received through the applicable programs/funding streams during January and February 2020 (January 2020 reimbursement amount plus February reimbursement amount, divided by two) and subtracting this figure from the corresponding total reimbursement amount earned during each month of the reimbursement period (March,

April, May, or June 2020). Multiplying the difference between those figures by a factor of .55 (fifty five percent) results in the total monthly payment amount owed to “new SFAs”.

Example:

April 2020 payment = (Average of January and February 2020 reimbursement amount – April 2020 reimbursement amount) x .55

All other Program operators

Payment owed to other eligible SFAs are calculated by subtracting the total reimbursement amount received through the applicable programs/funding streams during each reimbursement month (March, April, May, or June 2020) from the corresponding total reimbursement amount earned during the reference month (March, April, May, or June 2019). Multiplying the difference between those figures by a factor of .55 (fifty five percent) results in the total payment amount for that month.

Example:

April 2020 payment = (April 2019 reimbursement amount – April 2020 reimbursement amount) x .55

21. How should payment amounts be calculated for Institutions, unaffiliated centers, and daycare homes operating CACFP?

The calculation of payment amounts for CACFP operators will fall into two categories: “new” operators and all other operators. The benefits owed to program operators for each reimbursement month (March, April, May, and June 2020) should be calculated separately. Please also see question #22 regarding the calculations for the month of March 2020.

Institutions

“New” Institutions

Payments owed to eligible “new” institutions are calculated by determining the average total reimbursement amount received through the applicable programs/funding streams during January and February 2020 (January 2020 reimbursement amount plus February reimbursement amount, divided by two) and subtracting this figure from the corresponding total reimbursement amount earned during each month of the reimbursement period (March, April, May, or June 2020). Multiplying the difference between those figures by a factor of .55 (fifty five percent) results in the total monthly payment amount owed to “new operators”.

Example:

April 2020 payment = (Average of January and February 2020 reimbursement amount – April 2020 reimbursement amount) x .55

All other Institutions

Payment owed to other eligible Program operators are calculated by subtracting the total reimbursement amount received through the applicable programs/funding streams during each reimbursement month (March, April, May, or June 2020) from the corresponding total reimbursement amount earned during the reference month (March, April, May, or June 2019). Multiplying the difference between those figures by a factor of .55 (fifty five percent) results in the total payment amount for that month.

Example:

April 2020 payment = (April 2019 reimbursement amount – April 2020 reimbursement amount) x .55

Note: As a reminder, both ‘new’ and ‘other’ sponsors of day care homes will receive payments under this calculation based on their administrative reimbursements as opposed to meal and/or supplement reimbursements.

Unaffiliated Centers

The sponsoring organization of a “new” unaffiliated sponsor may retain up to 15 percent of the payment owed to the unaffiliated sponsor. This percentage must be agreed upon by both parties prior to disbursement of funds.

“New” Unaffiliated Center

Payments owed to eligible “new” sponsoring organizations of unaffiliated centers are calculated by determining the average total reimbursement amount received through the applicable programs/funding streams during January and February 2020 (January 2020 reimbursement amount plus February reimbursement amount, divided by two) and subtracting this figure from the corresponding total reimbursement amount earned during each month of the reimbursement period (March, April, May, or June 2020). Multiplying the difference between those figures by a factor of .55 (fifty five percent) results in the total monthly payment amount owed to “new operators”. Finally, multiplying that number by a factor representing the agreed-upon retention percentage (up to .15, or fifteen percent) results in the amount retained by the sponsoring organization at the maximum level.

Example:

April 2020 payment = ((Average of January and February 2020 reimbursement amount – April 2020 reimbursement amount) x .55) x .15)*

All other Unaffiliated Centers

Payment owed to other eligible Program operators are calculated by subtracting the total reimbursement amount received through the applicable programs/funding streams during each reimbursement month (March, April, May, or June 2020) from the corresponding total reimbursement amount earned during the reference month (March, April, May, or June 2019). Multiplying the difference between those figures by a factor of .55 (fifty five percent) results in the total payment amount for that month. Finally, multiplying that number by a factor representing the agreed-upon retention percentage (up to .15, or fifteen percent) results in the amount retained by the sponsoring organization at the maximum level.

Example:

April 2020 payment = ((April 2019 reimbursement amount – April 2020 reimbursement amount) x .55) x .15*

*These examples have the sponsoring organization retaining 15 percent of the disbursement to the unaffiliated center.

Day Care Homes

The calculation of payment amounts for CACFP day care home operators will fall into two categories: “new” day care homes and all other day care homes. The benefits owed to program operators for each reimbursement month (March, April, May, and June 2020) should be calculated separately.

“New” Day Care Homes

Payments owed to eligible “new” day care homes are calculated by determining the average total reimbursement amount received through the applicable programs/funding streams during January and February 2020 (January 2020 reimbursement amount plus February reimbursement amount, divided by two) and subtracting this figure from the corresponding total reimbursement amount earned during each month of the reimbursement period (March, April, May, or June 2020). Multiplying the difference between those figures by a factor of .55 (fifty five percent) results in the total monthly payment amount owed to “new day care homes”.

Example:

April 2020 payment = (Average of January and February 2020 reimbursement amount – April 2020 reimbursement amount) x .55

All other Day Care Homes

Payment owed to other eligible day care homes are calculated by subtracting the total reimbursement amount received through the applicable programs/funding streams during each reimbursement month (March, April, May, or June 2020) from the corresponding total reimbursement amount earned during the reference month (March, April, May, or June 2019). Multiplying the difference between those figures by a factor of .55 (fifty five percent) results in the total payment amount for that month.

Example:

April 2020 payment = (April 2019 reimbursement amount – April 2020 reimbursement amount) x .55

22. How are payments calculated for the month of March 2020?

When calculating the payment amount for the month of March 2020 only, after following the applicable formulas described questions #20 and #21 above, the resulting amount is then divided by two.

Example (new operators):

March 2020 payment = ((Average of January and February 2020 reimbursement amount – March 2020 reimbursement amount) x .55)/2

Example (all other operators):

March 2020 payment = ((March 2019 reimbursement amount – March 2020 reimbursement amount) x .55)/2

23. If the payment calculation for any eligible program operator in a given month results in a negative number, what amount of funding will be dispersed for that month?

For an eligible recipient, if the payment calculation for any given month in the reimbursement period of March, April, May, and June 2020, or during the alternative period of January-February 2020 results in a negative number, no payment will be provided for that month. In other words, if the program operator had higher claims in March, April, May, or June of 2020 than in the same month in 2019, then the program operator will not receive emergency funds for that month.

24. May a State agency aggregate the reimbursement months for program operators who filed claims in all of the reference months March 2019 – June 2019?

No. All payments should be calculated on a per month basis. The State agency may not aggregate monthly claims and then multiply by .55.

25. How should payments be calculated for program operators who filed claims during at least one, but not all, of the reference months March – June 2019?

All payments should be calculated on a per month basis. For example, if a child care center was operating in the months of May and June 2019, but not March and April 2019, the “new program operator” calculation must be applied for the months of March and April 2019, and the calculation for all other program operators would be applied for the months of May and June 2019.

Example:

- March 2019 (not operating)
 - “New program operator” formula
- April 2019 (not operating)
 - “New program operator” formula
- May 2019 (operating)
 - All other program operator formula
- June 2019 (operating)
 - All other program operator formula

The sum of payments for all four months represents the total payment amount owed to the program operator.

State Administrative Funds

26. What share of reimbursement funds may be retained by the State agency for its own administrative expenses?

The State agency may retain for its own administrative costs a value of up to one percent of the total reimbursement funding awarded to that State agency under either reimbursement program. This amount is in addition to (and not part of) the reimbursement funds owed to program operators. State agencies are reminded that such administrative funds may only be used for activities and expenses tied to the provision and monitoring of funds under the Emergency Operational Costs Reimbursement Programs.

27. Is administrative funding provided separately for each reimbursement program, even if received by the same State agency?

Yes. The administrative funding provision applies to each reimbursement program separately, meaning that a State agency providing payments under both reimbursement programs would also be eligible for administrative funds under both programs.

Reporting, Monitoring, and Recordkeeping Requirements

28. What reporting to FNS is required under these reimbursement programs?

State agencies participating in either or both of these reimbursement program are required to submit reports (one for each program) to FNS, no later than **March 31, 2022**, summarizing the use of these funds by program operators as well as their own use of the funds for administrative purposes. In working with their program operators to determine their appropriate level of reimbursement under this authority, State agencies should ensure that program operators receiving funds able to provide summary information on the planned and/or eventual use of funds. All such uses should be consistent with the basic guidance outlined in question #29. This information, with the addition of the State's own use, will support development of the required report.

29. What are the allowable uses of these funds at the program operator level?

Funds provided to program operators under this authority represent reimbursement for excess costs incurred during defined reimbursement period. The formula nature of the awards serves as a proxy for these costs. The funds may be used to reimburse any local source of funds used to supplement the Nonprofit Food Service account during the reimbursement period to offset the impact of pandemic operations on that account. If this approach is taken, the program operator must maintain documentation supporting these reimbursements for future audit or oversight purposes. Any remaining funds must be deposited in the Nonprofit Food Service account and be used in accordance with normal program requirements.

Funds Availability and Usage of Funds

30. For State agencies, when are funds received from FNS regarded to be expended?

At the State level, these funds will be regarded as expended at the point at which they are transferred to program operator. This must occur by **January 31, 2022** consistent with normal, Government-wide grant rules under 2 CFR 200.344. State agencies should be aware that all funds received under this authority must be obligated to program operators no later than **September 30, 2021**.

31. For program operators, when are funds received from the State agency regarded to be expended?

At the local level, these funds will be regarded as expended upon receipt by the program operator. Funds provided under this authority represent reimbursement to program operators for program performance and costs incurred in the past. They are not accompanied by specific future performance expectations beyond normal program expectations. As such, the program operator has already met all performance expectations of the award. Except as provided for in question #29, these funds, like all reimbursements received in the program should be deposited in the Nonprofit Food Service account and used in accordance with normal program requirements.

32. Is there any limit on the amount of funds available under either of the reimbursement programs?

No. These resources provided for in the statute are “such sums” funds, which means that whatever level of funding is needed to support the program, as well as the process of apportioning monies to State agencies, will be made available by FNS.

33. Can State agencies request additional funds if their prior allocation does not cover the cost of payments owed to program operators?

Yes; however, State agencies should be utilizing previously approved reimbursement amounts and claims to calculate their reimbursement funding amount. State agencies are reminded to request any such additional funding in a timely manner so as to allow for FNS to review and disburse funds prior to the applicable obligation deadline.

Disbursing Program Operator Payments

34. How should the State agency determine their disbursal method to School Food Authorities emergency operating costs under the School Programs?

To accommodate for State agency internal processes, each State agency should develop their own process for disbursing reimbursements to their individual School Food Authorities. State agencies will inform FNS of the disbursal method they intend to use via a narrative in their application. A State agency may update or adjust their intended method after they have submitted their application to best meet their needs. As a reminder, any proposed, substantive updates or adjustments to a previously approved disbursal approach is subject to further FNS approval.

35. How should the State agency determine their disbursement method to program operators for emergency operating costs under CACFP?

Each State agency should develop their own process for disbursing payments to eligible institutions. The disbursement method must be included via a narrative in their application. A State agency may update or adjust their intended method after they have submitted their application to best meet their needs. As a reminder, any proposed, substantive updates or adjustments to a previously approved disbursement approach is subject to further FNS approval.

36. Can payments to program operators be made as a lump sum?

Yes. A State agency may choose to make a lump sum payment to program operators that covers the full reimbursement period of March through June 2020. A State agency also has the flexibility to provide the funding to program operators in multiple disbursements or based on practicality. As a reminder, even if paid out as a one-time lump sum, each reimbursement month must be calculated separately.

37. Do State agencies need to determine individual payments for sponsored CACFP homes and institutions?

In some cases, such as instances where a State has implemented site-based claims, it may be most efficient for a State agency to determine payments to all eligible entities, including those operating under a sponsoring organization. However, this is not required. FNS anticipates that the level of information available to each State agency regarding sponsored centers and homes will vary substantially, as will the State agency plans to centralize the calculation of payments owed to each individual program operator.