



Food and  
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Service

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Braddock  
Metro Center

SUBJECT: Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meal Programs

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TO: Regional Directors  
Special Nutrition Programs  
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State Directors  
Child Nutrition Programs  
All States

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**General**

Throughout the pandemic, school food professionals have met extraordinary challenges to ensure every child can get the food they need to learn, grow and thrive. But circumstances in local communities remain unpredictable, and supply chains for food and labor have been stressed and at times disrupted.

This guidance describes \$1 billion being provided by the Food and Nutrition Service (FNS) to enhance local school districts’ ability to purchase foods for school meals by offering resources needed to address supply chain challenges directly to schools and school districts.

In school year 2021-2022, many operators of the National School Lunch Program (NSLP)<sup>1</sup> and School Breakfast Program (SBP) have been experiencing unprecedented challenges in purchasing and receiving food through their normal distribution channels. As a result, school meals in some localities across the nation are being impacted in a variety of ways. Schools have needed to significantly revise planned menus as popular and previously available food items may have become more difficult to procure. In some cases, shortages and price fluctuations have

<sup>1</sup> Including the NSLP Seamless Summer Option during SY 2021-2022, as authorized by the [Nationwide Waiver to Allow the Seamless Summer Option through School Year 2021-2022](https://www.fns.usda.gov/cn/covid-19-child-nutrition-response-85) (https://www.fns.usda.gov/cn/covid-19-child-nutrition-response-85).

made it difficult to provide meals which are appealing to students and meet the NSLP/SBP nutrition and meal pattern requirements. This memo describes additional funding which will be provided to assist schools in dealing with these challenges. These additional resources complement the support and flexibilities FNS is providing to school districts and States for school year 2021-2022 as they work to provide nutritious school meals to children during these challenging times. These flexibilities include allowing districts to serve meals at no charge to all students; providing targeted meal pattern flexibility; increasing reimbursements; and waiving penalties if meal patterns are not met due to supply chain issues, among others.

To assist school districts experiencing these supply chain disruptions, FNS will allocate \$1 billion in relief funding to State agencies, made available through the Commodity Credit Corporation (CCC) and authorized under the CCC Charter Act [15 U.S.C. 714]. These resources will be referred to as Supply Chain Assistance (SCA) funds. State agencies will distribute SCA funds to eligible School Food Authorities (SFAs) to be used exclusively to purchase unprocessed or minimally processed domestic food products (also referred to as commodities) to help SFAs deal with challenges, such as unanticipated cancellation of food and supply contracts, reduced availability of certain foods, unexpected substitution of certain products, unpredictable increases in food and supply prices, and other obstacles related to pricing and/or availability that have been reported to or identified by State agencies administering the Child Nutrition Programs. As these challenges are both extensive and widespread, the SCA funds are targeted to provide a rapid and direct response via supplied commodities to affected school districts.

To receive funds, State agencies and SFAs must administer or operate the NSLP and/or the SBP (i.e. School Meal Programs). This memorandum and the accompanying attachment provide:

- 1) Guidance to State agencies on the purpose and use of the SCA funding;
- 2) Details on how payments to State agencies and local school districts are calculated;
- 3) Guidance on use of SCA funds, oversight, and recordkeeping expectations; and
- 4) A summary of key dates and deadlines.

## **Purpose and Scope**

Supply chain issues have significantly impacted school districts' ability to procure nutritious foods for NSLP and/or SBP meal service. The SCA funds are a critical funding stream that will provide an additional financial resource for school districts to purchase domestic food products as part of school districts' efforts to respond to these widespread supply chain disruptions, enhance efforts to strengthen local food supply chains, and help schools to overcome financial and operational barriers while maintaining children's access to nutritious meals.

State agencies administering the NSLP and/or SBP (including SSO in School Year (SY) 2021-2022) in all 50 States, the District of Columbia (DC), Puerto Rico, Guam, and the U.S. Virgin Islands will be eligible to receive these funds. The amount of SCA funds allocated to each State agency was determined by FNS based equally on: 1) student

enrollment data, and 2) annualized program earnings data. Data from SY 2019-2020<sup>2</sup> was used in these calculations, as this time period provides a more accurate depiction of typical enrollment and earnings than more recent school years, which were severely impacted by the COVID-19 public health emergency. State level allocations are shown in Table 1 below. This allocation method balances the influence of multiple key school meal program metrics by reflecting both the maximum population that might potentially be served, as well as targeting SCA relief funds towards States with larger percentages of students eligible for free and reduced-priced school meals.

Upon receipt of allocated SCA funds, State agencies will disburse formula-calculated payments to eligible SFAs. Funding allocations will be available to State agencies following the release of this memorandum, via an FNS-529 award package provided through their FNS Regional Office which will specify the applicable terms and conditions regarding the SCA funds. State agencies should work with their Regional Grants Management Administrative Services Office to begin the process of award so that payments to eligible SFAs can be made as soon as possible. In order to expedite the process of making payments to SFAs, State agencies should claim their SCA funding by January 31, 2022 or risk forfeiture of their allocation.

#### *Local-level Funding Distribution*

State agencies will allocate SCA funds to individual school districts based on a predetermined formula, as described in this guidance memorandum and attachments. This allocation includes two components: a base payment of \$5,000 to all eligible school districts, and a proportional funding amount based on each SFA's share of statewide student enrollment. The base payment is intended to ensure that the smallest districts receive a meaningful level of funding. The proportional amount is intended to provide resources that scale with the size of the student population served by an SFA.

State agencies will use the most recent SFA-level enrollment data available (i.e. reflective of October 2021) to calculate the additional funding to provide to individual school districts, as these data are expected to be readily available in State enrollment systems in December 2021.

#### *Discretionary Allocation Options for State Agencies*

- Targeting funds to SFAs with the highest need: State agencies have the option to limit the distribution of funds to SFAs in which at least 25% of the student population is certified for free and reduced price meals, unless an SFA falling outside of this category (i.e. SFAs with free and reduced price certification rates below 25%) can provide evidence of need.
- Supporting local procurement: To support procurement of local foods and strengthening local food supply chains, State agencies have the option to utilize up

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<sup>2</sup> These data comprise earnings from Fiscal Year (FY) 2019 and enrollment from October 2019.

to 10% of their total SCA funds allocation for State centralized procurement and distribution of unprocessed and minimally processed local foods ('local' as defined by the State) for use by SFAs in the school meal programs. These local foods may then be distributed to SFAs at the State agencies' discretion.

### **Accountability, Oversight, Reporting, and Recordkeeping**

State agencies must develop and provide an attestation statement to all SFAs that would receive SCA funding. The attestation is intended to ensure that the SFA is experiencing a supply chain disruption and financial difficulties related to such; will use SCA funds only for purchasing unprocessed or minimally processed domestic food products; and will continue to observe all existing Program requirements regarding recordkeeping and accountability in connection with the use of their SCA funding.

SFAs must complete the attestation in order to receive SCA funds. Additional information on necessary elements of the attestation is included in the attached Q&A guidance.

In addition, all SFAs are required to maintain purchasing and other related records for review and audit purposes. Oversight of all Program funds is included in existing oversight and monitoring measures conducted by FNS and State agencies. As such, the use of SCA funds will be reviewed and monitored in the same manner as other funds within the nonprofit school food service account. The execution of these oversight measures, as well as the retention of purchase records, will ensure accountability and appropriate use of the SCA funds consistent with FNS and CCC requirements.

State agency reporting requirements will be specified in the Terms and Conditions of the FNS-529 award package and will be fulfilled through quarterly submissions of the FNS-908 *Performance Progress Report* and SF-425 *Federal Financial Report*.

### **Reallocation of Funds**

In the event that any SCA funds remain undistributed to SFAs following the initial formula-based allocation, State agencies may reallocate those funds via a second (or subsequent) distribution(s). The attestation conditions as described above continue to apply for any SFAs receiving funding in subsequent reallocations. However, the timing and manner of reallocation is otherwise at the State agency's discretion, provided that said reallocation(s) are completed (i.e., States fully obligate funds) no later than September 30, 2023.

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Further details on the payment calculation formulas, operational requirements, and attestations are found in the Q&A guidance (Attachment 1) included with this memorandum.

The following Table provides some key dates:

<b>Key Dates and Deadlines</b>	
<b>January 4, 2021</b>	Date by which FNS will make SCA funds available to State agencies, i.e., issue FNS-529.
<b>January 31, 2022</b>	Recommended date by which State agencies execute their FNS-529
<b>March 1, 2022</b>	Recommended date by which State agencies begin making payments to SFAs
<b>September 30, 2022</b>	Recommended date by which State agencies begin SCA funds reallocation process (if applicable, and encouraged sooner if feasible)
<b>September 30, 2023</b>	Period of Performance End Date (Date by which SCA funds must be fully obligated)

State agencies with questions regarding this memorandum should contact their respective FNS Regional Offices.

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Attachment:

**1) Attachment A: Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meal Programs: Questions and Answers**

<b>Supply Chain Assistance (SCA) Funding Allocation Levels by State</b>	
<b>State</b>	<b><i>State Allocation Amount (50% Enrollment/50% Earnings)</i></b>
Alabama	\$15,644,865
Alaska	\$2,603,175
Arizona	\$21,901,375
Arkansas <sup>1</sup>	\$11,033,950
California	\$115,356,821
Colorado	\$13,249,584
Connecticut	\$9,365,290
Delaware	\$2,877,333
District of Columbia	\$2,129,929
Florida	\$57,297,052
Georgia	\$35,846,160
Guam	\$645,942
Hawaii	\$3,234,812
Idaho	\$5,297,777
Illinois	\$36,802,362
Indiana	\$22,080,578
Iowa	\$10,967,505
Kansas	\$10,279,020
Kentucky	\$16,124,297
Louisiana	\$16,965,978
Maine	\$3,881,048
Maryland	\$14,993,694
Massachusetts	\$17,820,129
Michigan	\$29,251,737
Minnesota	\$17,293,759
Mississippi	\$11,296,031
Missouri	\$19,275,389
Montana	\$3,639,907
Nebraska	\$7,447,774
Nevada	\$8,333,527
New Hampshire	\$2,794,943
New Jersey	\$24,917,949
New Mexico	\$7,772,461

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<sup>1</sup> In Arkansas, a separate state agency (AR DHHS) administers NSLP/SBP in private schools. This agency will receive the following sum, deducted from the total listed for Arkansas in the table: **\$275,403**

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New York	\$59,455,807
North Carolina	\$28,387,578
North Dakota	\$2,841,142
Ohio	\$35,146,053
Oklahoma <sup>1</sup>	\$15,014,453
Oregon	\$10,313,574
Pennsylvania	\$34,038,440
Puerto Rico	\$5,994,056
Rhode Island	\$2,800,945
South Carolina	\$15,492,551
South Dakota	\$3,243,736
Tennessee	\$20,541,400
Texas	\$111,555,254
Utah	\$9,723,433
Vermont	\$1,668,814
Virgin Islands	\$226,827
Virginia	\$21,935,911
Washington	\$18,223,217
West Virginia	\$6,110,391
Wisconsin	\$17,238,862
Wyoming	\$1,625,402
<b>Total</b>	<b>\$1,000,000,000</b>

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<sup>1</sup> In Oklahoma, a separate state agency administers NSLP/SBP in private schools. This agency (OK DHS) will receive the following sum, deducted from the total listed for Oklahoma in the table: **\$313,205**

## Attachment A:

### Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meal Programs: Questions and Answers

#### General

**1. What are some examples of allowable products that SFAs may procure using their Supply Chain Assistance (SCA) funds?**

SCA funds must be used exclusively for the purchase of domestic food products (also known as commodities) that are unprocessed or minimally processed. Examples of some allowable food products include fluid milk and other dairy foods such as cheese and yogurt; fruits and vegetables (including 100% juices); grain products such as pastas and rice; meats (whole, pieces, or food items such as ground meats); and meat alternates such as beans or legumes. Foods in a wide variety of minimal processing states (e.g., whole, cut, pureed, etc.) and/or forms (e.g., fresh, frozen, canned, dried, etc.) are allowable.

The steps SFAs must take to ensure the domesticity of food products purchased with SCA funds is consistent with the measures taken for all other purchases in the school meal programs (per existing Buy American requirements). The difference is that the limited exceptions provided under the NSLP Buy American provision may not be used since all products must be domestic. In addition, as with all Federal funds, SFAs are required to follow Federal procurement regulations found in 2 CFR 200, which includes the option to utilize emergency noncompetitive procurements.

**2. What are some examples of food products that are not permitted to be purchased using SCA funds?**

Foods that are generally understood to be significantly processed or prepared may not be purchased using SCA funds. For example, crushed tomatoes, shredded cheese, whole-wheat flour, and sliced vegetables are all food items that are individually allowable, but a pre-made pizza comprised of those ingredients would *not* be allowable. Other examples of unallowable products include baked goods such as breads, muffins, or crackers; pre-packaged sandwiches or meals; or other prepared and/or pre-cooked items such as chicken nuggets, that come ready-to-eat or that require no further preparation beyond heating. Non-domestic food products cannot be purchased with SCA funds.

**3. May SFAs use any portion of their SCA funds allocation for labor, supplies or administrative expenses?**

No. SCA funds may only be used for purchases of unprocessed or minimally processed domestic food products for use in school meal programs.



**4. Are non-food costs that are essential to the procurement of unprocessed or minimally processed domestic food products allowable when using SCA funds?**

Yes. Incidental costs (such as those related to shipping and handling or packaging) that are a part of the normal or customary purchase price charged by a vendor for any given food product are an allowable use of SCA funds.

**5. Is there any requirement that the SCA funds for the purchases of unprocessed or minimally processed be limited to local foods?**

No. SFAs are not required to purchase locally grown, raised, or caught foods with SCA funds. SFAs are encouraged to procure local<sup>1</sup> foods whenever feasible, and SCA funds may help make purchasing from local producers an excellent option for addressing unexpected supply chain disruptions.

**6. Are all SFAs eligible for SCA funds?**

No. All SFAs currently operating the NSLP and/or SBP may be eligible to receive SCA funds. However, SFAs that do not operate these Child Nutrition Programs are not eligible for this assistance.

**7. Are charter schools, private nonprofit schools, tribal schools (such as those administered through the Bureau of Indian Education), and Residential Child Care Institutions eligible to receive SCA funds?**

Yes, those SFAs may be eligible provided that they currently operate the NSLP and/or SBP. Eligibility for SCA funds is not distinguished by school type. Those SFAs must be included in State agencies' initial distribution calculations, as described in *Local Distribution Calculations* below.

**8. For which Child Nutrition Programs may SCA funds be used to support the service of meals and snacks?**

SCA funds are available only to SFAs operating the NSLP and/or SBP and may only be used by SFAs to purchase unprocessed or minimally processed domestic food products for those programs. This includes the NSLP Seamless Summer Option (SSO) and NSLP Afterschool Snacks, as these are components of the NSLP.

As such, if an SFA operating NSLP and/or SBP operates other Child Nutrition Programs (i.e. the Special Milk Program, the Fresh Fruit and Vegetable Program, the Summer Food Service Program, and/or the Child and Adult Care Food Program), SCA funds may not be

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<sup>1</sup> "Domestic foods" are those grown and produced in the United States of America. "Local foods" are domestic foods, but specifically refer to foods that are grown within a certain proximity - as defined by the State or SFA - of the location where they will be consumed. See question #21.

used in conjunction with those programs (i.e. the SFA must limit the purchase and use of domestic food products to support only the NSLP/SBP meal service).

### **Local Distribution Calculations – General**

**9. Are SFAs required to accept SCA funds?**

No. SFAs may elect to receive SCA funds from their State agency but are not required to do so. Should an SFA decline or otherwise not accept their allocation, their SCA funds will become available for reallocation by the State agency.

**10. By what process should State agencies notify SFAs of their eligibility?**

State agencies must notify all SFAs of the availability of SCA funds. The notification may be in any format the State agency chooses, though it is recommended that the State agency uses typical or previously established methods for communicating with their SFAs. The notification must include the SFA's calculated payment amount, information on the proper use of funds, and instructions for completing the required attestation of need/eligibility as a prerequisite for accepting funds. Though not required, State agencies are encouraged to provide at least one follow-up communication and/or reminder, particularly for SFAs that may not have immediately responded to the first notification. In the case that the State agency elects to target eligibility to SFAs for which at least 25% of their student population is certified for free and reduced price (F&RP) meals (i.e. F&RP enrollment), the State agency is required to notify the SFAs that are not in the target group. The State agency must notify those SFAs of their status and make them aware of the process by which exemption requests will be considered and/or accepted by the State agency.

**11. Is there a deadline by which State agencies must offer initial payments of SCA funds to SFAs?**

State agencies are strongly encouraged to begin issuing funds as soon as is practicable, and preferably no later than March 1, 2022. The final obligation deadline for State agencies is September 30, 2023 (see question #23).

**12. In what order must State agencies complete the calculation steps when determining the local payment distribution to SFAs?**

Starting with the full amount allocated to the State agency by FNS, calculation steps should be completed in the following order:

- Withhold up to ten percent (10%) of funds for State-level procurement of local foods (*optional, skip, if not electing*) (see “*Centralized State Purchasing and SFA Purchasing of Local Foods*” section)

- Withhold \$5,000 base payment to each eligible SFA (i.e. all SFAs that administer SBP/NSLP)
- Identify SFAs with less than 25% F&RP enrollment for targeting purposes (**only applicable if State elects targeting option**) (see “**Local Payment Calculations – Targeting Option**” section)
- Allocate remaining funds in proportional amounts based on each SFA’s share of State-wide student enrollment reflective of October 2021.

**13. If an SFA has been suspended or terminated from participation in the school meal programs, or currently has outstanding findings and/or corrective actions from a prior school meal program Administrative Review, are they still eligible to receive SCA funds?**

If an SFA has been suspended or terminated from participation in the school meal programs, the SFA is not eligible to receive SCA funds. SCA funds may only be awarded to current operators of the NSLP and/or SBP.

However, SFAs with outstanding findings and/or corrective actions from a prior school meal program Administrative Review are eligible to receive SCA funds on the basis of being current school meal programs operators.

**14. Are SFAs permitted to accept less than the full amount of their SCA funding allocation?**

Potentially yes. State agencies have discretion to establish a policy allowing SFAs to accept less than their full SCA funding allocation.

**Local Payment Calculations – Targeting Option**

**15. Are State agencies required to target funds to SFAs with at least 25% F&RP enrollment?**

No. State agencies have the discretion to target funds to SFAs with at least 25% F&RP enrollment but are not required to exercise this option.

**16. If choosing to target funds to SFAs with at least 25% F&RP enrollment, which certification data should be used if F&RP applications were not collected?**

During the COVID-19 public health emergency, many SFAs did not utilize F&RP applications. If a State agency chooses to target SFAs with at least 25% F&RP enrollment, then the State agency has discretion to use either:

- 1) Free and reduced price certification data from SY 2019-2020 data;
- 2) Free and reduced price certification data from a more recent school year, if available; or

3) Direct certification data from SY 2021-2022, used to calculate a proxy F&RP rate based on the Community Eligibility Provision identified student percentage (ISP) calculation if F&RP data is not available.<sup>2</sup>

State agencies are strongly encouraged to use a State-wide approach (i.e. choose a single, consistent data source) to the extent practicable when determining F&RP enrollment levels across their SFAs. Should a State agency encounter extensive data availability challenges due to the COVID-19 public health emergency that precludes a State-wide approach, we recommend the State agency contact their FNS Regional Office for further guidance.

**17. If choosing to target funds to SFAs with at least 25% F&RP enrollment, are State agencies required to consider exemptions?**

Yes. A State agency choosing to target funds to SFAs with at least 25% free and reduced price enrollment must offer a process for considering exemption requests from SFAs which do not meet that enrollment target. State agencies may provide exemptions to SFAs that identify a need for SCA funds to mitigate supply chain disruptions. Exemptions may also be provided to SFAs who identify their community has suffered economic impacts during the public health emergency but for which the F&RP application data does not yet reflect that economic circumstance. State agencies are strongly encouraged to complete the process of receiving and approving exemption requests timely so as to make any unclaimed funds available for reallocation as soon as possible.

**18. If electing the option to target funds to SFAs with at least 25% F&RP enrollment, are State agencies required to include all SFAs that fall below this threshold in their distribution calculations?**

Yes. State agencies are still required to include (i.e. calculate payments for) all SFAs that fall below the 25% free and reduced price enrollment threshold within their distribution calculation and allocate SCA funds for each of those SFAs to ensure that adequate resources are available should they request an exemption.

After the exemption process, if any of these funds are not requested by SFAs below the 25% F&RP enrollment threshold, then those SCA funds become available for reallocation at the State's discretion. See the "Reallocation" section of this Q&A for more details.

**19. From which year/period of time should enrollment data be used for the SFA payment calculations?**

Due to the COVID-19 public health emergency, many State agencies have provided flexibilities to schools on how to calculate or report student enrollment information. The

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<sup>2</sup> In this scenario, a 15.6% direct certification rate or higher would meet or exceed the necessary 25% F&RP threshold ( $15.6 \times 1.6 = 25.0$ ).

State agency should use the State’s enrollment reporting guidance and utilize the most recent information that provides for a consistent comparison of enrollment across the State.

### **Centralized State Purchasing and SFA Purchasing of Local Foods**

**20. Are State agencies required to withhold and use up to 10% of their SCA funds to make centralized purchases of local foods?**

No. State agencies have the option to use up to 10% of their total SCA funds for the purchase of local foods for SFAs to use in the school meal programs. State agencies are not required to do so.

**21. What local food products may State agencies purchase with SCA funds?**

State agencies have discretion to define “local”, and the definition may vary depending on geographic, governmental, economic, seasonality, or other parameters. State agencies conducting centralized purchasing with SCA funds must purchase unprocessed or minimally processed foods grown, raised, and/or caught within the area the State defines as local.

**22. If a State agency chose to target SCA funds to SFAs with at least 25% free and reduced price enrollment, does that eligibility limitation also apply to the distribution of local foods?**

Yes. State agencies must be consistent in their targeting approach across both cash and in-kind assistance offered to SFAs (i.e. the targeting limitation applies regardless of whether the assistance provided by the State is in the form of cash, or in-kind in the form of local food items). As such, in the instance that a State agency allocates a share of domestic, unprocessed or minimally processed local foods to SFAs that fall below the 25% free and reduced price enrollment threshold (State agencies may do so at their discretion), an exemption will still need to be obtained as described in question #17.

### **Financial Management**

**23. What is the period of performance (i.e. availability) for the SCA funds?**

The period of performance for all SCA funds allocated to State agencies will run from the date of award through September 30, 2023 (i.e. the end of Fiscal Year 2023). This means that State agencies must obligate all SCA funds received from FNS to eligible SFAs no later than September 30, 2023. Each State agency will have 120 days following the period performance end date to close-out their funding.

**24. How will State agencies receive Supply Chain Assistance funds from FNS?**

State agencies will complete an FNS-529 *Award Document* with accompanying Terms & Conditions to receive SCA funds. The terms and conditions will outline the performance

period, as well as performance and financial reporting requirements. This includes contractual language stipulating the purpose and allowable uses of SCA funds, as well as the requirements for State agencies and SFAs described within this guidance document and others that may be published by FNS. State agencies will work with their FNS Regional Office to complete the award process. Please note that the FNS-529 package will be available to State agencies following the release of this guidance.

**25. Must SCA funds be deposited in an SFA's Nonprofit Food Service Account (NPFSA)?**

Yes. Regardless of the disbursement method employed by the State agency, SCA funds may only be deposited into the NPFSA of the SFA for which the funds were intended.

**26. Once deposited into the NPFSA, how are SCA funds to be tracked by an SFA?**

SFAs are required to maintain documentation supporting food purchases that are allowable for SCA purposes (i.e. unprocessed or minimally processed domestic food products) and equal in amount received, consistent with the regular program recordkeeping requirements. However, SCA funds deposited to the NPFSA do not need to be separated from other monies within the account and are not tracked separately from an accounting standpoint.

**27. May SCA funds be used to cover the cost of past (i.e. retroactive) expenditures?**

No. SCA funds may not be used to cover the cost of past expenditures and may only be used for current/future expenses. This may include new obligations, or bills on prior unpaid obligations that come due following the SFA's receipt of SCA funds.

An example of the latter would be an SFA that signed a purchasing contract for milk before the start of the school year that is paid for on a monthly basis. If SCA funds are received by the SFA on March 1, 2022, the SFA could pay invoices for milk that are due on or after that date.

**28. May State agencies retain any portion of their SCA funds allocation for administrative expenses?**

No. SCA funds may only be used for purchases of domestic unprocessed or minimally processed foods for use in school meal programs. However, State Administrative Expense (SAE) funds may be used to cover any associated costs of administering and distributing SCA funds.

## Accountability, Oversight, and Recordkeeping

### **29. What data elements or pieces of information must be included on the attestation statements to be provided to SFAs?**

State agencies must develop and distribute to all SFAs that will receive SCA funds and/or domestic, unprocessed or minimally processed local foods an attestation document by which those SFAs will attest that they:

- Are experiencing supply chain disruptions and related financial difficulties/need<sup>3</sup>;
- Will only use funds to purchases domestic unprocessed or minimally processed foods;
- Will not use funds for any labor, indirect, or other administrative expenses;
- Will comply with all recordkeeping and review requirements per 7 CFR 210.9(b)(17) and 7 CFR 210.18, which would include maintaining documentation demonstrating appropriate use of SCA funds; and
- Will comply with all applicable Federal procurement and financial management requirements per 2 CFR 200.

SFAs need only complete one attestation for the receipt of SCA funds or local foods procured by the State agencies; a second attestation is not required in order to receive assistance during the reallocation process (*See 'Reallocation' section*).

### **30. In which format should State agency developed attestations be distributed to SFAs?**

The attestation may be created and distributed in whichever retainable format the State agency chooses (i.e. digital form, PDF template, paper, etc.), though FNS strongly encourages the use of existing/standard instrument types that are convenient for SFAs and facilitate prompt response.

The attestation must include a clear and affirmative acknowledgement of all terms and conditions described above (such as a check box, initial line, etc.) and must be signed and dated (either physically or digitally) by the SFA director or other authorized local official.

If the State agency elected to target funds to SFAs with at least 25% F&RP enrollment, they may combine the exemption process with their attestation document for administrative ease and efficiency. However, in this case, the attestation **must** include a separate, affirmative field(s) or input(s) that applicable SFAs must complete documenting their exemption requests.

### **31. Will SCA funds be monitored as part of the school meal programs Administrative Review and/or FNS review processes?**

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<sup>3</sup> Including unanticipated cancellation of food and supply contracts, lack of availability of certain foods, unexpected substitution of food products, unpredictable increases in food and supply prices, and other obstacles recognized by the State agency

Yes. SCA funds will be monitored consistent with other school meal program funds through the existing oversight measures used in FNS reviews of State agencies and the school meal programs Administrative Review. While State agencies will generally use the same mechanism to review these funds as they do the Buy American provision, all food products purchased with SCA funds must be domestic. Therefore, SFAs may not utilize the limited exceptions to the Buy American provision to purchase non-domestic food products when using SCA funds. In addition, use of funds may be subject to future external audit activity under any existing/standard auditing practices.

**32. What records must SFAs retain in connection with their receipt and use of SCA funds?**

All SFAs are required to maintain purchasing and other records for review and audit purposes. This documentation must reflect that purchases made by SFAs are consistent with the purpose of the SCA funding, i.e., for domestic unprocessed or minimally processed food products, in amounts that are at least equal to funds received. SFAs must retain regular records pertaining to its school food service as required by 7 CFR 210.9(b)(17). This may include invoices, receipts, and other documents provided when the SFA executes purchases with these funds. They must evidence that SCA funds were used for allowable purposes. SFAs are not required to proactively provide documentation to State agencies regarding those food purchases.

**33. What records must State agencies retain in connection with their receipt and distribution of SCA funds?**

In addition to a record of payments made to SFAs and/or State-level procurements of domestic, unprocessed or minimally processed local foods, State agencies must retain attestation statements completed by SFAs prior to execution of funds. In addition, if electing the option to withhold up to 10% of funds for centralized purchases of local foods, all appropriate records must be maintained regarding associated purchase agreements, including documentation supporting how funds were used to procure unprocessed and minimally processed local foods ('local' as defined by the State agency).

**Reallocation**

**34. Are State agencies required to reallocate funds at any particular time during the period of performance?**

No. State agencies may initiate a reallocation of funds at any time during the period of performance that they see fit, provided it does not conflict with any administrative deadlines established for SFAs to accept or decline funds already offered. State agencies are encouraged to complete the reallocation process as soon as is feasible to best ensure a timely and full distribution of funds to SFAs. If funds are available at the beginning of school year 2022-2023, States are encouraged to consider reallocation at that time.



**35. Must SCA funds offered to SFAs during the reallocation process adhere to the same limitations on use that applied to funds offered during the initial allocation?**

Yes. SCA reallocated funds are subject to the same limitations on scope/usage and recordkeeping requirements that apply to funds that were offered initially (i.e. funds may only be used for the purchase of domestic unprocessed or minimally processed foods to support the NSLP/SBP meal service).