

## School Programs Emergency Operational Costs Reimbursement Program – Payment Calculation Examples<sup>1</sup>

### 1. “New” School Food Authorities (SFA)

Payments owed to eligible “new” SFAs are calculated by first determining the average total reimbursement amount received during January and February 2020 (January 2020 reimbursement amount plus February reimbursement amount, divided by two). The reimbursement amount used includes all reimbursements earned under the National School Lunch Program (NSLP), School Breakfast Program (SBP), and Summer Food Service Program (SFSP). The corresponding total reimbursement amount earned during each month of the reimbursement period (March, April, May, or June 2020) is then subtracted from the average total reimbursement amount. The difference between those figures are then multiplied by a factor of .55 (fifty five percent) which results in the total monthly payment amount owed to “new SFAs”.

The sum of payments for all calculated months represents the total payment amount owed to the SFA.

*Example formula to calculate total monthly payment:*

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

*“New” SFAs Calculation Example:*

- January 2020 reimbursement = \$10,000
  - NSLP = \$5,000
  - SBP = \$4,500
  - SFSP = \$500
- February 2020 reimbursement = \$12,000
  - NSLP = \$6,000
  - SBP = \$5,000
  - SFSP = \$1,000
- Average of January + February reimbursement = \$11,000
- April 2020 reimbursement = \$6,000

$$\begin{aligned}\text{April 2020 payment} &= (\$11,000 - \$6,000) \times .55 \\ &= \$5,000 \times .55 \\ &= \mathbf{\$2,750}\end{aligned}$$

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<sup>1</sup> These examples are provided for illustrative purposes only. All payment amounts have been simplified for reader convenience. None of these examples are based on actual claims data.

## 2. All Other SFAs

Payment owed to all 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.

The sum of payments for all calculated months represents the total payment amount owed to the SFA.

*Example formula to calculate total monthly payment:*

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

*All Other SFAs Calculation Example:*

- June 2019 reimbursement = \$10,000
  - NSLP reimbursement = \$6,000
  - SBP reimbursement = \$3,500
  - SFSP reimbursement = \$500
- June 2020 reimbursement = \$6,000
  - NSLP reimbursement = \$1,000
  - SBP reimbursement = \$500
  - SFSP reimbursement = \$4,500

$$\begin{aligned}\text{June 2020 payment} &= (\$10,000 - \$6,000) \times .55 \\ &= \$4,000 \times .55 \\ &= \mathbf{\$2,200}\end{aligned}$$

## 3. “New” SFAs in March

When calculating the payment amount for a “new” SFA in the month of March 2020 only, after following the applicable formulas described in #1 above, the resulting amount is then divided by two.

The sum of payments for all calculated months represents the total payment amount owed to the SFA.

*Example formula to calculate total monthly payment:*

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

*“New” SFAs in March Calculation Example:*

- January 2020 reimbursement = \$10,000
- February 2020 reimbursement = \$12,000
  - Average of January + February reimbursement = \$11,000
- March 2020 reimbursement = \$5,500

$$\begin{aligned}\text{March 2020 payment} &= ((\$11,000 - \$5,500) \times .55)/2 \\ &= (\$5,500 \times .55)/2 \\ &= \$3,025/2 \\ &= \mathbf{\$1,512.50}\end{aligned}$$

#### 4. All Other SFAs in March

When calculating the payment amount for all other SFAs for the month of March 2020 only, after following the applicable formulas described question #2 above, the resulting amount is then divided by two.

The sum of payments for all calculated months represents the total payment amount owed to the SFA.

*Example formula to calculate total monthly payment:*

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

*All Other SFAs in March Calculation Example:*

- March 2019 reimbursement = \$10,000
- March 2020 reimbursement = \$5,000

$$\begin{aligned}\text{March 2020 payment} &= ((\$10,000 - \$5,000) \times .55)/2 \\ &= (\$5,000 \times .55)/2 \\ &= \$2,750/2 \\ &= \mathbf{\$1,375}\end{aligned}$$

#### 5. Partially “New” SFA

All payments are calculated on a per month basis. In some cases, an SFA may have operated for some, but not all of the months March-June 2019. If so, a combination of both calculations is used. For example, if an SFA was operating in the months of May and June 2019, but not March and April 2019, the “new” SFA calculation must be

applied for the months of March and April 2019, and the calculation for all other SFAs would be applied for the months of May and June 2019.

*Example formula to calculate total monthly payment:*

- March 2019 (not operating)
  - “New” SFA formula
- April 2019 (not operating)
  - “New” SFA formula
- May 2019 (operating)
  - All Other SFA formula
- June 2019 (operating)
  - All Other SFAs formula

The sum of payments for all calculated months represents the total payment amount owed to the SFA.

*Partially “New” SFA Calculation Example:*

- March 2019 (not operating; “new”)
  - January 2020 reimbursement = \$10,000
  - February 2020 reimbursement = \$12,000
    - Average of Jan. + Feb. reimbursement = \$11,000
  - March 2020 reimbursement = \$5,000
  - March 2020 payment =  $((\$11,000 - \$5,000) \times .55) / 2 = \$1,650$
- April 2019 (not operating; “new”)
  - January 2020 reimbursement = \$10,000
  - February 2020 reimbursement = \$12,000
    - Average of Jan. + Feb. reimbursement = \$11,000
  - April 2020 reimbursement = \$6,000
  - April 2020 payment =  $(\$11,000 - \$6,000) \times .55 = \$2,750$
- May 2019 (operating; all other)
  - May 2019 reimbursement = \$11,200
  - May 2020 reimbursement = \$5,000
  - May 2020 payment =  $(\$11,200 - \$5,000) \times .55 = \$3,410$
- June 2019 (operating; all other)
  - June 2019 reimbursement = \$10,500
  - June 2020 reimbursement = \$5,500
  - June 2020 payment =  $(\$10,500 - \$5,500) \times .55 = \$2,750$
- **Total payment** = Mar. 2020 payment + Apr. 2020 payment + May 2020 payment + June 2020 payment  
= \$1,650 + \$2,750 + \$3,410 + \$2,750  
= **\$10,560**

## 6. Negative Number

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.

*Negative Number Calculation Example:*

- April 2019 reimbursement = \$7,000
- April 2020 reimbursement = \$7,500

$$\begin{aligned}\text{April 2020 payment} &= (\$7,000 - \$7,500) \times .55 \\ &= -\$500 \times .55 \\ &= \text{\$-275}\end{aligned}$$

$$\text{Total April payment} = \$0$$

## 7. Multi-Month SFA Payment Calculation Example

This example walks through a full, multi-month payment calculation for an SFA that was operating in all four reference months (March, April, May, and June 2019). To complete the payment calculation, the SFA will calculate the payment amount individually for each month, and add the sums of all reimbursement months to calculate their final payment.

### **March**

*March calculation:*

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

- March 2019 reimbursement = \$10,000
  - NSLP = \$6,000
  - SBP = \$4,000
  - SFSP = \$0
- March 2020 reimbursement = \$6,000
  - NSLP = \$3,000
  - SBP = \$2,100
  - SFSP = \$900

$$\begin{aligned}\text{March 2020 payment} &= ((\$10,000 - \$6,000) \times .55)/2 \\ &= (\$4,000 \times .55)/2 \\ &= \$2,200/2 \\ &= \text{\$1,100}\end{aligned}$$

## April

*April calculation:*

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

- April 2019 reimbursement = \$10,000
  - NSLP = \$6,500
  - SBP = \$3,500
  - SFSP = \$0
- April 2020 reimbursement = \$6,000
  - NSLP = \$2,000
  - SBP = \$500
  - SFSP = \$3,500

$$\begin{aligned}\text{April 2020 payment} &= (\$10,000 - \$6,000) \times .55 \\ &= \$4,000 \times .55 \\ &= \$2,200\end{aligned}$$

## May

*May calculation:*

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

- May 2019 reimbursement = \$6,500
  - NSLP = \$4,000
  - SBP = \$2,000
  - SFSP = \$500
- May 2020 reimbursement = \$7,000
  - NSLP = \$1,000
  - SBP = \$500
  - SFSP = \$5,500

$$\begin{aligned}\text{May 2020 payment} &= (\$6,500 - \$7,000) \times .55 \\ &= -\$500 \times .55 \\ &= -\$275 \\ &= \$0*\end{aligned}$$

*\*As a reminder, when a month's calculation results in a negative number, the SFA will receive \$0 for that month.*

## June

### *June calculation:*

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

- June 2019 reimbursement = \$9,000
  - NSLP = \$5,000
  - SBP = \$1,000
  - SFSP = \$3,000
- June 2020 reimbursement = \$8,000
  - NSLP = \$750
  - SBP = \$0
  - SFSP = \$7,250

$$\begin{aligned}\text{June 2020 payment} &= (\$9,000 - \$8,000) \times .55 \\ &= \$1,000 \times .55 \\ &= \mathbf{\$550}\end{aligned}$$

$$\begin{aligned}\text{Total payment} &= \text{March} + \text{April} + \text{May} + \text{June 2020 payments} \\ &= \$1,100 + \$2,200 + \$0 + \$550 \\ &= \mathbf{\$3,850}\end{aligned}$$