

Supply Chain Assistance (SCA) Funds: an Overview for State Agencies

Welcome! The webinar will begin shortly.

Program Monitoring and Operational
Support Division, Child Nutrition Programs

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A Welcome from FNS Administrator Cindy Long



Presenters and Q&A Panelists

Kevin Maskornick – Branch Chief, Operational Support Branch, CNP

Mike Rizzo – Team Lead, Operational Support Branch, CNP

Breana Ostrander - Program Analyst, Operational Support Branch, CNP

James Abraham – Branch Chief, Community Nutrition Programs, CNP/SWRO

Polly Fairfield – Senior Technical Advisor, Office of Community Food Systems, CNP

Lynn Rodgers – Director, Grants and Fiscal Policy Division, Office of Financial Management

Lauren Gerald – Program Analyst, Operational Support Branch, CNP



Overview

Supply Chain Assistance (SCA) Funds

- SCA Funds Summary and Purpose
- Eligibility
- Funding Levels
 - State Level
 - Local Level
- Guidance on Use of Funds
- Oversight and Recordkeeping
- Key Dates and Deadlines



Policy Release

- SP 03-2022: Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meal Programs
 - Released December 17, 2021
 - URL: <https://www.fns.usda.gov/cn/allocation-supply-chain-assistance-funds>
- Attachment A: Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meal Programs: Questions and Answers



What are Supply Chain Assistance (SCA) Funds?

- One billion dollars (\$1B) in funding made available through the Commodity Credit Corporation (CCC) as authorized under the CCC Charter Act [15 U.S.C. 714]
- Provides additional funding to address ongoing supply chain challenges experienced by school food authorities (SFAs) participating in the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP)
- **State agencies will distribute SCA funds to SFAs for the exclusive purchase of unprocessed and minimally processed domestic foods.**
 - Discretionary option to reserve some funds for State purchase of local foods for distribution to SFAs.



Who is Eligible to receive SCA Funding?

You are eligible to receive SCA funds if you are:

1. A State agency that administers the school meal programs; or
2. An SFA that operates the school meal programs.

The primary role for State agencies will be the distribution of funds to their SFAs. State agencies will receive their allocation of SCA funds from FNS, and they will in turn disburse those funds to eligible SFAs based on FNS guidance.



State Agency Funding Level Calculations

State agencies that operate school meal programs will receive funds based **equally** on:

1. Student enrollment data, and
2. Annualized program earnings data



Data from SY 2019-2020 was used for these calculations, as this time period provides a more accurate depiction of typical enrollment and earnings than recent years.

State level allocations are shown in Table 1 of **SP 03-2022**.

How does local-level distribution work?

- Local level SCA funding distribution is based on a predetermined formula that contains two portions:
 - \$5,000 base payment
 - Scalable proportionate amount based on student enrollment
- State agencies should use October 2021 SFA-level enrollment data to calculate additional funding to individual school districts



Discretionary Allocation Options

- State agencies may adopt two additional discretionary options when allocating resources to their SFAs:
- **Targeting funds to SFAs with the highest need**
 - Option to limit the distribution to SFAs to those with at least 25% of the student population certified for F/RP meals
- **Supporting local procurement**
 - State agencies may utilize up to 10% of their total SCA funding to support centralized procurement of unprocessed as and minimally processed local foods; States distribute these foods to SFAs at their discretion



How State agencies calculate the SCA distribution to SFAs

To calculate the correct amount of funds each SFA may receive, the State agency must follow these steps:

1. State Withholding for Centralized Purchases (*optional*)
2. Allocate \$5,000 Base Payments to SFAs
3. Calculate Enrollment-Based Payments to SFAs
 1. $\text{SFA Percentage of Enrollment} = \frac{\text{SFA enrollment}}{\text{total enrollment of all SFAs in the State}}$



Calculation Example – Step 1

State agency funding allocation: \$1,000,000

Number of SFAs: 5

Allocation for State purchasing of local foods: 5%

Total State student enrollment: 120,000

Step 1: Determine if the State agency will utilize up to 10% for State level procurement of local food products.

USDA Allocation to State	\$1,000,000
Optional State local purchase (\$1 mil x .05)	\$50,000
Remaining funds for SFAs (\$1 mil - \$50,000)	\$950,000



Calculation Example – Step 2

State agency funding allocation: \$1,000,000

Number of SFAs: 5

Allocation for State purchasing of local foods: 5%

Total State student enrollment: 120,000

Step 2: Allocate a base payment of \$5,000 to each SFA.

Remaining Funds for SFAs	\$950,000
Base payment of \$5,000 for 5 SFAs (5 SFAs x \$5,000)	\$25,000
Remaining funds for SFAs (\$950,000 - \$25,000)	\$925,000



Calculation Example – Step 3

Total remaining funds (after Step 1 and 2):
\$925,000

Number of SFAs: 5

Total State student enrollment: 120,000

	Base Payment	Enrollment	% of Enrollment	Enrollment-based payment	Total funds allocated
SFA 1	\$5,000	54,200	45.1667%	\$417,791.97	\$422,791.97

Step 3: Calculate enrollment-based payments to SFAs.

- Percentage of enrollment = SFA enrollment/total State enrollment
 - $54,200/120,000 = 45.1667\%$
- Enrollment-based payment = % of enrollment x total funds remaining
 - $45.1667\% \times \$925,000 = \$417,791.97$



Calculation Example – Overview

State's 5 SFAs	Initial \$5k	Student Enrollment	Percentage of Enrollment	Remaining funds for enrollment based allocation (\$925,000)	Total funds allocated to SFA
SFA 1	\$5,000	54,200	45.1667%	\$417,791.97	\$422,791.97
SFA 2	\$5,000	36,800	30.6667%	\$283,666.97	\$288,666.97
SFA 3	\$5,000	18,200	15.1667%	\$140,291.97	\$145,291.97
SFA 4	\$5,000	9,700	8.0833%	\$74,770.52	\$79,770.52
SFA 5	\$5,000	1,100	0.9167%	\$8,479.47	\$13,479.47
Total	\$25,000	120,000	100%	\$925,000.00	\$950,000.00



Payment

State agencies may also choose to target funds to SFAs with 25% F&RP enrollment.

SFA	F&RP %
SFA 1	42%
SFA 2	65%
SFA 3	18%
SFA 4	37%
SFA 5	22%



Award Package

- Regional Office will provide State agencies with FNS-529s.
- State agencies should sign and return the FNS-529 by January 31, 2022.
- The award package will include:
 - FNS-529
 - Terms and Conditions
- The **period of performance** for SCA funds received by State agencies will be from the execution date of their FNS-529 through **September 30, 2023**



Attestation Statements

- State agencies must develop an attestation statement which all SFAs must sign to receive SCA funds.
- The attestation statement must include the following elements:
 - Affirms SFA is experiencing supply chain disruptions
 - Experiencing financial difficulty/need as a result
 - Agree to purchase only unprocessed or minimally processed domestic food products
 - Will observe all existing Program requirements regarding recordkeeping and use of funds



Oversight and Recordkeeping

- Program funds will be included in existing oversight and monitoring measures conducted by FNS and State agencies.
- The requirement to make domestic purchases will also be monitored through the existing oversight process.
- All SFAs are required to maintain purchasing and other related records for review and audit purposes.
- States that elect to make centralized purchases of local foods are also required to maintain records for review and audit purposes.



Reporting

- State agency reporting requirements will be specified in the Terms and Conditions of the FNS-529 award package.
- Reporting requirements will be fulfilled through quarterly submission of the following documents:
 - FNS-908 Performance Progress Report (narrative section only)
 - SF-425 Federal Financial Report
- The substantive reporting required with the FNS-908 submission will be completed through Excel/Word file attachments



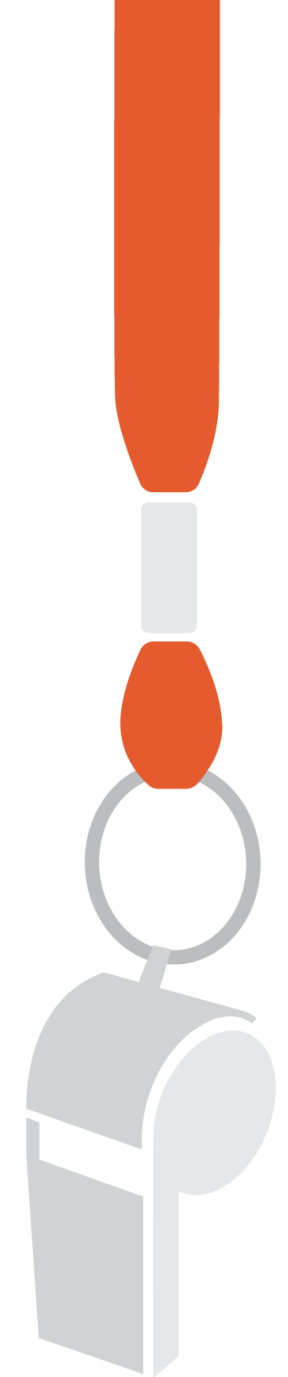
Reallocation of SCA Funds

- Should SCA funds remain following the initial allocation, a second or subsequent distribution may allow for reallocated funds.
 - Please note, any reallocated funds will still require completion of an attestation statement
- The State agency maintains discretion on the timing and manner of reallocation, provided it is completed no later than September 30, 2023.



Key Dates and Deadlines

January 4, 2022	FNS-529 issued to State agencies
January 31, 2022	State agencies execute FNS-529
March 1, 2022	State agencies begin payments to SFAs
September 30, 2022	State agencies may begin reallocation
September 30, 2023	SCA funding Period of Performance expires



Highlighted Q&As



Frequently Asked Questions

What are some allowable products I can procure using SCA funds?

SCA funds must exclusively be used for the purchase of domestic food products (commodities) that are unprocessed or minimally processed. These may include:

- Fluid milk, cheese, yogurt
- Fruits and vegetables (including 100% juices)
- Grain products (pastas, rice)
- Meats (whole, pieces, ground)
- Meat alternates (beans, legumes)



Frequently Asked Questions

What are some products that cannot be procured using SCA funds?

Foods that are generally understood to be significantly processed may not be purchased using SCA funds. This may include:

- Pre-made pizzas
- Breads, muffins, or crackers
- Pre-packaged sandwiches or meals
- Chicken nuggets



Frequently Asked Questions

May SFAs use 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 to be used in school meal programs.

However, incidental costs, such as those related to shipping and handling or packaging, that are part of the normal purchase price charged by a vendor for a food product are an allowable use.



Frequently Asked Questions

Are SFAs required to accept SCA funds?

No. SFAs may choose to receive SCA funds from their State agency but are not required to do so.

If an SFA does not accept their allocation, those funds will become available for reallocation by the State agency.



Frequently Asked Questions

What process should State agencies use to notify SFAs of their eligibility?

State agencies must notify **all** SFAs of the availability of SCA funds. The notification must include:

1. The SFA's calculated payment amount,
2. Information on the proper use of funds,
3. Instructions for completing the required attestation.

If a State agency chooses to target SFAs with at least 25% F&RP meals, the State agency must notify the SFAs that are not in the target group.



Frequently Asked Questions

Are SFAs able to accept less than the full amount of their SCA funding?

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



Frequently Asked Questions

Is a State Agency required to use some of the SCA funds to centrally procure local foods?

No. State agencies have the discretion to use up to 10 percent of their SCA allotment to centrally procure and distribute local foods, but they are not required to do so



Frequently Asked Questions

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 they are not required to do so.



Frequently Asked Questions

If a State agency chooses to target funds to SFAs with at least 25% F&RP enrollment, are they required to consider exemptions?

Yes. State agencies who choose to target funds must offer a process for considering requests from SFAs who don't meet the enrollment target.

State agencies may provide exemptions to SFAs that identify a need for SCA funds to mitigate supply chain disruptions.



Frequently Asked Questions

From which year/period of time should enrollment data be used for the SFA payment calculation?

Many State agencies have provided flexibilities to schools on how to calculate or report student enrollment information. The 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.



Thank you for your participation!



Time for additional Q&A