

Food and
Nutrition
Service

DATE: February 03, 2023

1320 Braddock
Place
Alexandria, VA
22314

SUBJECT: Conditions for Funds Available for the Storage and Distribution of
Commodity Credit Corporation (CCC) USDA Foods

TO: Regional Directors
Special Nutrition Programs

State Directors
TEFAP State Agencies

Under the statutory authority of the Commodity Credit Corporation (CCC), the U.S. Department of Agriculture (USDA) is providing approximately \$1.5 billion in additional support for emergency food programs to address supply chain challenges and elevated food costs. Of this total, \$943 million will be distributed through The Emergency Food Assistance Program (TEFAP) in the form of additional food and administrative resources. These resources are being provided to State agencies in addition to TEFAP entitlement foods, bonus foods, and TEFAP administrative funds.

Section 5(c) of the CCC Charter Act allows CCC funds to be used for incidental costs related to the procurement of agricultural products; and FNS recognizes that TEFAP eligible recipient agencies (ERAs) will incur additional operational expenses associated with the receipt, storage, and distribution of foods purchased with CCC funds. Therefore, approximately \$189 million of the \$943 million in TEFAP resources provided through CCC will be available to support TEFAP ERA operational expenses associated with the additional CCC USDA Foods purchases. States will receive the CCC operational funding and, in turn, must provide 100 percent of these funds to ERAs and cannot retain any funds for use at the State level. The allowable uses of this operational funding are detailed below.

The funding will be provided to State agencies via electronic transfer, using the Web Supply Chain Management System (WBSCM). These funds will not flow directly through FNS, however, FNS will be assisting AMS in the transfer of these funds through WBSCM. Funding will be released to State agencies upon FNS' receipt of the signed agreement provided in Attachment A. To receive payment, State agencies must be registered and active in [SAM.gov](https://www.fns.usda.gov/sam) and the Unique Entity ID number must be on file in WBSCM.

Attached to this memorandum is a summary chart (Attachment B) showing the initial offer of ERA operational funds available to each State agency for **phase one orders**, as funding will be provided in multiple phases. For phase one, a total of \$10,396,274 million is available to State agencies that have ordered CCC USDA Foods. As noted above, to receive the phase one operational funds for disbursement to ERAs, State agencies must sign the attached agreement (Attachment A) and return it to their respective FNS Regional Program Office with the total amount they choose to accept no later than **February 16, 2023**. A State agency's acceptance of all or a part of these funds indicated by the signed agreement (Attachment A) will serve as acknowledgment of, and agreement with, the conditions outlined in this memorandum.

Disbursal of ERA Operational Funds

At this time, we are providing funding to State agencies based on approximately \$2,500 per-truck of CCC USDA Foods ordered. The \$2,500 per truck basis may change as purchases proceed. As noted above, State agencies are required to pass through 100 percent of these funds to ERAs within their State and cannot retain any funds for use at the State level. State agencies have the discretion to give these funds to ERAs either through cash advances or through reimbursement payments. Funding provided via cash advances must be reconciled based on the actual costs incurred.

State agencies will need to ensure the operational funds only go to ERAs receiving CCC USDA Foods and that those ERAs only use the funds for allowable expenses associated with CCC USDA Foods. State agencies can use a variety of methods to ensure the correct usage of these funds. Some examples include:

- Providing the funds to ERAs as a per-pound amount based on the amount of CCC USDA Foods received.
- Reimbursing ERAs based on invoices for allowable direct expenditures, such as a contract for additional storage space for CCC USDA Foods.
- Providing funds to ERAs based on anticipated costs, requiring ERAs to maintain records of all allowable administrative costs incurred, and ensuring that those costs equal or exceed the funds advanced to the ERA.

Alternate methods may also be allowable. State agencies are responsible for ensuring the funds are only used for allowable costs and that adequate documentation is available to support subsequent audit activity. All documentation must be kept for a period of 3 years after the final phase of CCC operational funds is provided or longer if related to an audit or investigation in progress. State agencies should also include a review of CCC USDA Foods ERA operational funds as part of any required ERA review within the next 3 years. This review may be conducted using the principles set forth in Policy Memorandum [FD-126, Review of Administrative Funds Provided to ERAs in TEFAP](#).

Allowable Uses of ERA Operational Funds

ERA operational funds must be used for TEFAP ERA operational costs associated with the receipt, storage, and distribution of the CCC USDA Foods.

These funds are separate and distinct from regular TEFAP administrative funds. These funds may be used for the same types of expenses as regular TEFAP administrative funding but are limited to those operational expenses associated with CCC USDA Foods. Additionally, unlike TEFAP administrative funds, these funds may not be spent by the State agency on behalf of the ERA. The funds must be spent directly by the ERA.

State agencies and ERAs may refer to TEFAP regulations at 7 CFR 251.8(e) and section IX of [Instruction 716-3 Rev. 1](#), TEFAP Administrative Costs, to determine what types of costs are allowable. The following list provides examples of allowable costs; however, this list is not meant to be exhaustive. Other costs may be deemed allowable if they are directly associated with the receipt, storage, and distribution of CCC USDA Foods. State agencies are encouraged to make the most efficient and effective use of these funds possible. To that end, State agencies

may restrict the use of these funds by disallowing one or more types of allowable expenses as stated in 7 CFR 251.8(e)(2).

Examples of Allowable Uses of ERA Operational Funds

- Fees charged by commercial warehouse operators and common carriers for storage and transportation of CCC USDA Foods.
- Acquisition cost of equipment used in the physical handling, storage, and transportation of CCC USDA Foods.
- Maintenance and repair of equipment described above.
- Salaries of temporary workers hired to assist with the handling, storage, transportation, or distribution of CCC USDA Foods.

Period of Performance associated with the ERA Operational Funds

USDA expects to provide these funds to State agencies in four phases prior to September 30, 2023. State agencies should obligate the funds by no later than December 31, 2023, and liquidate no later than March 31, 2024.

State-level Reporting, Recordkeeping, and Oversight of ERA Operational Funds

TEFAP State agencies are responsible for ensuring the funds are used for allowable expenses. Since these funds can only be used for costs associated with CCC USDA Foods, State agencies must ensure that all ERAs can differentiate between CCC USDA Foods and other TEFAP entitlement or bonus foods for reporting purposes.

State agencies will be required to report the total combined funds used at the end of all the CCC ordering phases. This reporting requirement is separate from regular TEFAP administrative funds reporting and State agencies will not use the FNS-667 form. USDA will provide State agencies with additional information about how to complete and submit reporting later in the year.

CCC ERA Operational Funds **will be reported** under the unique CFDA number 10.187, which is listed under the AMS assistance listings. These funds **should not be reported** under the TEFAP administrative funds CFDA number (10.568).

Federal Oversight of ERA Operational Funds

USDA will provide oversight to ensure that these funds are used appropriately. State agencies may be subject to a USDA review of the State agency's documentation, including a review of invoices.

Recovery of Unused ERA Operational Funds

State agencies will be responsible for returning any unspent funds to USDA. By February 6, 2024, State agencies must submit a summary report of the total funds used for the combined ordering phases to the USDA. State agencies must recover any unused funds that remain at the ERA level and return them to USDA via check or an electronic transfer. Further guidance on the process for returning funds will be forthcoming.

USDA appreciates the commitment of TEFAP State agencies to emergency feeding efforts and looks forward to continued partnership as additional funds are provided through the CCC.

/s/ Original Signature on File

Diane Kriviski
Associate Administrator
Supplemental Nutrition and Safety Programs
Food and Nutrition Service

/s/ Original Signature on File

David Tuckwiller
Deputy Administrator
Commodity Procurement
Agricultural Marketing Service

Attachments

Attachment A

Commodity Credit Corporation ERA Operational Funds USDA - State Agency Agreement

Please hardcopy sign and scan or digitally sign by February 16, 2023. Once signed, email this attachment to your FNS Regional Office contact. FNS Regional contacts will in turn provide a signed copy to the Funding and Technology Division.

State agency: _____

I, _____, agree to accept and use \$ _____ of the funds offered to me under the conditions outlined in the accompanying memorandum dated February 03, 2023, *Terms and Conditions for Funds Available for Storage and Distribution of Commodity Credit Corporation (CCC) USDA Foods*.

Signed,

TEFAP State Agency Director

Date

FNS Regional Office Representative

**TEFAP Commodity Credit Corporation
Operational Funding
Phase 1**

REGION/STATE		Phase 1 Amount
NORTHEAST		
Connecticut	41	\$102,500
Maine	33	\$83,125
Massachusetts	63	\$158,047
New Hampshire	13	\$33,672
New York	257	\$643,595
Rhode Island	14	\$33,750
Vermont	4	\$8,750
Virgin Islands	2	\$3,750
MID-ATLANTIC		
Delaware	16	\$40,991
District of Columbia	13	\$32,340
Maryland	44	\$109,664
New Jersey	113	\$282,295
Pennsylvania	207	\$517,695
Puerto Rico	68	\$170,000
Virginia	76	\$189,015
West Virginia	31	\$77,031
SOUTHEAST		
Alabama	62	\$154,844
Florida	251	\$627,887
Georgia	123	\$307,152
Kentucky	66	\$164,791
Mississippi	46	\$115,625
North Carolina	126	\$314,703
South Carolina	64	\$159,609
Tennessee	86	\$214,297

REGION/STATE	Phase 1 Trucks Ordered	Phase 1 Amount
MIDWEST		
Illinois	162	\$404,390
Indiana	65	\$163,141
Iowa	35	\$87,934
Michigan	135	\$338,066
Minnesota	47	\$117,813
Ohio	153	\$382,298
Wisconsin	57	\$141,345
SOUTHWEST		
Arizona	83	\$207,099
Arkansas	41	\$101,706
Louisiana	73	\$181,875
New Mexico	38	\$95,695
Oklahoma	49	\$121,252
Texas	408	\$1,018,758
Utah	29	\$73,359
MOUNTAIN PLAINS		
Colorado	75	\$187,813
Kansas	31	\$76,563
Missouri	69	\$171,484
Montana	12	\$28,750
Nebraska	18	\$44,219
North Dakota	7	\$16,797
South Dakota	9	\$22,155
Wyoming	7	\$17,656
WESTERN		
Alaska	9	\$21,250
California	498	\$1,244,375
Guam	0	\$0
Hawaii	17	\$42,500
Idaho	10	\$24,141
Nevada	49	\$122,270
Oregon	56	\$138,906
Washington	103	\$257,539