



School Nutrition Program (SNP) Supply Chain Assistance (SCA) Funds

BACKGROUND:

In school year 2021-2022, many operators of the National School Lunch Program (NSLP) and School Breakfast Program (SBP) have been experiencing unprecedented challenges in purchasing and receiving food through their normal distribution channels. To assist school districts experiencing these supply chain disruptions, FNS has allocated 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.

RIDE has received three rounds of Supply Chain Assistance Funding that have been/will be passed through to SFAs. The Round 1 initial distribution was made in April 2022, Round 2 funds were distributed in October 2022, and Round 3 funds will be distributed in March/April 2023.

Below are some questions and answers adapted from USDA guidance received by RIDE. Any additional questions can be directed to Jessica Patroliia at Jessica.patroliia@ride.ri.gov or Dalila Townes at dalila.townes@ride.ri.gov.

Questions:

1. Who is eligible for this program?

In order to be eligible to receive funding under this program, SFAs must meet the criteria as outlined in the CCC Charter Act. Eligibility criteria include the requirements that SFAs are currently operating the NSLP and/or SBP and are experiencing supply chain disruptions and related financial difficulties/need. However, SFAs that do not operate these Child Nutrition Programs are not eligible for this assistance.

Note: the Seamless Summer Option (SSO) is a component of the NSLP and participation in this program does qualify a Sponsor as “currently operating the NSLP.”

2. What do I have to do to receive these funds?

In order to receive these funds, SFAs that have not already done so under previous rounds of SCA funding must return the Assurance Statement to RIDE by January 27, 2023. By signing and returning the assurance statement the SFA is affirming the below:

- The SFA is experiencing supply chain disruptions and related financial difficulties/need;
- The SFA will only use funds to purchase domestic unprocessed or minimally processed foods;
- The SFA will not use funds for any labor, indirect, or other administrative expenses;
- The SFA 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 the appropriate use of SCA funds; and
- The SFA will comply with all applicable Federal procurement and financial management requirements per 2 CFR 200

SFAs that have already participated in previous rounds of SCA funding must email RIDE by January 27, 2023 affirming their desire to participate in additional SCA funds; a new Assurance Statement is not required.

3. Am I required to accept these funds?

No. SFAs may elect to receive SCA funds from their RIDE 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 to other SFAs by RIDE.

4. Can I accept less than the full amount of the SCA funding allocation?

Yes. SFAs may choose to accept an amount of SCA funding than is less than the initial allocation determined by the funding calculation. SFAs wishing to accept an amount less than the initial allocation should contact Jessica Patroliia at Jessica.patroliia@ride.ri.gov.

5. How was my payment calculated?

The payment was calculated based on a formula provided by USDA. Each eligible SFA was initially allocated a \$5,000 base payment. The remaining funds were allocated proportionately based on each SFA's share of State-wide student enrollment reflective of October 2021. For any SFAs that have newly joined the program since October 2021, October 2022 data was used to determine the proportion of statewide enrollment.

Note: in addition to the allocation described above, unless the SFA specifically opts-out, SFAs participating in this round of SCA funding will automatically receive additional funds redistributed from non-participating SFAs. Calculation of redistributed funds will be based on each SFAs proportion of statewide enrollment as described above.

6. 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 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.

7. 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.

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 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).

9. 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.

10. 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.

11. Can SFAs use SCA funds if they utilize contracts to procure vended meals and/or the services of a Food Service Management Company, and are there any specific recordkeeping requirements that must be observed?

In situations where an SFA has a FSMC, or a vended meal contract, the SFA may use SCA funds toward the payment of invoices associated with those agreements. However, it is incumbent on the SFA to ensure that such payments, over the period in which the award is used, include charges for minimally processed domestic foods at least equal to the amount of SCA funds used to pay the invoices. SFAs will need to work with their FSMC/vendor to ensure that appropriate expenditures are being made and documented for foods meeting the requirements as specified in the terms and conditions of the award. In practice, SFAs are not required to collect documentation from their FSMC in advance of payment; however, there is an expectation that documentation will be available upon demand. Documentation should include invoices for minimally processed domestic foods purchase in support of the contract that are at least equal to SCA funds paid to the FSMC/vendor. In addition, SFAs retain the

ability to purchase allowable food items outside of their food service management contract, as long as the contract permits such.

12. 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 foods whenever feasible, and SCA funds may help make purchasing from local producers

13. What is the CFDA # associated with this program?

The CFDA # associated with the Supply Chain Assistance grant is 10.555 (same as National School Lunch Program).

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

Yes. SCA funds may only be deposited into the NPFSA. School Districts, Charter Schools and State Operated Schools must account for these funds in UCOA fund 60010000, School Food Service Funds.

15. 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.

SFAs that utilize UCOA can account for this revenue using the existing object code 44601, Food Service Reimbursements.

16. 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.

Similarly, any subsequent funding received under this program after the initial allocation (ex: reallocated funds, SCA rounds 2 and 3 funds) may only be applied to new obligations, or bills on prior unpaid obligations that come due following the date of receipt of additional funding.

17. When must funds received by the state agency be spent by/What is the period of performance for this program?

The period of performance for the State Agency is from 01/01/2022 to 9/30/2023 and RIDE will disburse all funds by end of the period of performance. However, once the SFA receives the funds and they are deposited into the Nonprofit Food Service account there is no defined end date for these funds and they can be used on allowable SCA expenses that incurred after the SFA's receipt of the funds.

18. 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. FNS understands that invoices or receipts don't always include the domestic origin, so similarly to measures taken to meet Buy American requirements, having other supporting documentation is sufficient.

19. When will these payments be disbursed?

RIDE has provided an initial deadline of January 27, 2023 for assurance statements or opt-in emails to be returned. RIDE anticipates making payments under this program in early spring (March/April) of 2023. There will be only one round of funding disbursed under this program and disbursements will include each SFAs base allocation amount as well as any redistributed funding originally allocated to non-participating SFAs.

20. I am participating (or planning to participate) in one or more of the following current programs: Supply Chain Assistance, Direct Allocation; Local Food for Schools (LFS) Cooperative Agreement; and Supply Chain Assistance, Local Food Hub Option. Are there any special considerations that I should be aware of?

SFAs participating in multiple programs designed to support supply chain challenges should pay special attention to the period of performance of the various programs in order to maximize the use of the allocations/funding. The Supply Chain Assistance Local Food Hub Option period of performance ends on 9/30/23, the Local Food for Schools period of performance ends on 2/29/24 – for these programs all orders must be placed with Farm Fresh RI by the end of the period of performance. However, the funds related to the Supply Chain Assistance Direct Allocation do not have a period of performance restriction at the SFA level. Once SCA Direct Allocation funds are received and deposited into the nonprofit foodservice account SFAs may utilize these funds until fully exhausted. As such, RIDE recommends, where appropriate, that SFAs prioritize the use of SCA Local Food Hub Option and Local Food for Schools.

21. What are the main differences between the Supply Chain Assistance Direct Allocation; Supply Chain Assistance, Local Food Hub Option; and Local Food for Schools (LFS) Cooperative Agreement programs?

Summarized in table below:

	Supply Chain Assistance, Direct Allocation	Supply Chain Assistance, Local Food Hub	Local Food For Schools Cooperative Agreement
Period of Performance End Date	N/A – funds can be used until fully exhausted by SFA	9/30/2023	2/29/2024
Funds managed by	Funds directly sent to and managed by SFA	Farm Fresh RI, no funds sent to SFA	Farm Fresh RI, no funds sent to SFA
Do SFAs have to attest to experiencing supply chain disruptions and associated financial need?	Yes	Yes	No
Allowable Uses of Funds	<ul style="list-style-type: none"> • Unprocessed or minimally processed foods • Foods must be domestic, but do not need to be local 	<ul style="list-style-type: none"> • Unprocessed or minimally processed foods • Foods must be local 	<ul style="list-style-type: none"> • Unprocessed or minimally processed foods • Foods must be local • Foods must targeted to historically underserved producers and/or small businesses
Child Nutrition Programs that Funds can be Used for	School Nutrition Programs (National School Lunch, School Breakfast, After School Snack, Seamless Summer Option)	School Nutrition Programs (National School Lunch, School Breakfast, After School Snack, Seamless Summer Option)	School Nutrition Programs (National School Lunch, School Breakfast, After School Snack, Seamless Summer Option), Summer Food Service Program (SFSP), and the Child and Adult Care Food Program (CACFP)

REFERENCES

USDA Policy Memo SP 03-2022: Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meals Programs
 USDA Policy Memo SP 16-2022: Third Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meal Programs