SUPPLY CHAIN ASSISTANCE FUNDING

FISCAL YEAR 2022

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AGENDA

- Purpose
- Calculation
- Allowable & Unallowable Costs
- SCA Fund Payment to SFA Process
- Reallocation
- Tentative Timeline
- Record Keeping Requirements
- Deadline for Spending
- Monitoring
- Attestation
- Spending Tips
- Frequently Asked Questions
- Questions We Yet Don’t Have Answers For
- Your Questions
U.S. Dept of Agriculture Food and Nutrition Service allocating $1 billion in relief funding through the Commodity Credit Corporation

South Dakota’s allocation of Supply Chain Assistance (SCA) Funding is $3,243,736
SCA PURPOSE

- To provide financial assistance to operators of the National School Lunch/Breakfast Programs (including SSO) that experienced food chain and labor stress and disruptions in School Year 2021-22

- Lump sum payment of federal funds made directly into the school foodservice account for each eligible NSLP operator after an attestation statement is signed
HOW SCHOOLS CAN USE SCA FUNDS

Funds can only be used to purchase
unprocessed or minimally processed, domestic food
for use in
NSLP, SBP, SSO, or NSLP afterschool snack
SCA FUNDING CALCULATION: TWO PARTS

- **Part 1**: Base Payment of $5,000 minimum
- **Part 2**: A proportional funding amount based on each SFA’s share of statewide student enrollment
  - Each SFAs enrollment divided by total state enrollment

*Calculation will use DOE Fall 2021 Enrollment Data*
ALLOWED PURCHASES

- Unprocessed or minimally processed domestic food products
  - Must follow Buy American requirements with no exceptions
  - Minimally processed can mean foods that are: whole, cut, pureed, fresh, frozen, canned, dried, etc.
- Costs must be reasonable, necessary, and allowable to the School Nutrition Programs
- Costs must be new or current obligations, bills, invoices, purchases
EXAMPLES OF ALLOWABLE FOOD PURCHASES

- Fluid milk (cartons, gallons, bags, etc.)
- Fruits and vegetables (fresh, frozen, canned, 100% juice)
- Grain products (pastas and rice)
- Meats (whole, pieces, ground)
- Meat alternates (beans, legumes, cheese, yogurt)
IS ANYTHING ELSE ALLOWED?

- Not much!
- Some incidental non-food costs charged by a vendor are allowed
- For example: normal costs related to shipping, handling, or packaging
NOT ALLOWED COSTS & PURCHASES

- Staff costs
- Chemicals
- Supplies
- Non-domestic food products
  - Buy American exceptions are not allowed
- Processing food costs (for example, meat processing costs)
- Past expenses
EXAMPLES OF NOT ALLOWED FOOD COSTS

- Processed, Prepared, or Pre-cooked Foods:
  - Pizza
  - Baked goods (breads, muffins, crackers)
  - Chicken, turkey, pork, beef, or fish nuggets and patties
  - Sandwiches
  - Ready to eat meals
MORE EXAMPLES OF NOT ALLOWED FOOD COSTS

- Food grown and/or processed outside of the U.S.
- Examples:
  - Bananas grown in South America
  - Mandarin oranges grown in Taiwan
  - Ground beef from Argentina
HOW WILL FUNDING BE PAID TO SCHOOLS?

- Email notifications will be sent
- Attestation using DocuSign sent through email
- Funds will be deposit into your nonprofit school food service account
REALLOCATION OF FUNDS

- Reallocation is allowed until the state fully spends funds
  - If schools decline some or all of their funding, we can distribute that funding to other schools
- No additional attestation (DocuSign) for reallocation
- Reallocated funds follow the same rules as the first payment
Email Notification with Funding Amounts – Feb. 1
Attestation Statement Emails sent – Feb. 2
Attestation Statement Due Date in 2 weeks – Feb. 16, midnight CDT
Email Notification w Reallocated Funding for Some SFAs – Feb. 23
Issue First Payment – Early April
RECORD KEEPING REQUIREMENTS

- Documentation! Documentation! Documentation!
  - Must include evidence that SCA funds were used for allowable purposes
  - SFAs are required to maintain purchasing records and other related records for review and audit purposes
  - Invoices and receipts, competitive (or emergency) procurement that indicates buy American and minimally processed food
There is no deadline for schools to spend this funding

Use it up as soon as possible on allowable purchases

Intent is to assist schools overcome current supply chain issues
MONITORING

- Administrative Reviews
  - Buy American
  - Procurement
  - Financial Management
- Subject to external audit activity
USDA REQUIRED ATTESTATION

1. Experiencing supply chain disruptions
2. Experiencing related financial difficulties or need
3. Will only use funds to purchases domestic unprocessed or minimally processed foods
4. Will not use funds for any labor, indirect, or other administrative expenses
5. Will comply with all **recordkeeping and review requirements** per 7 CFR 210.9(b)(17) and 7 CFR 210.18, including maintaining documentation demonstrating appropriate use of SCA funds

6. Will comply with all applicable **Federal procurement and financial management requirements** per 2 CFR 200
The School Nutrition Program Authorized Representative will sign if the Authorized Representative is the school’s:

- Superintendent
- Business Manager
- Food Service Director that manages the **complete** School Nutrition Program
The **Superintendent** (or equivalent) will sign the attestation if the SNP Authorized Representative is:

- Food Service Director, Cook, Staff that manages a **portion** of the School Nutrition Program
- School or business administrative staff
- Other school staff
SPENDING TIPS

- Spend on farm to school foods or local purchases
  - Beef to school (but not processing fees)
- Review SCA flyer for spending tips on the CANS webpage
  - https://doe.sd.gov/cans/snp.aspx
- Announcements heading
SPENDING TIPS

- Focus on qualifying food categories to make spending easier to track
  - Milk
  - Domestic fruits
  - Domestic vegetables
✓ Q: Can an SFA decline the funding?
   ➢ Answer: Yes.

✓ Q: Must the purchased food be local?
   ➢ Answer: No. Local purchases are a good way to help overcome some of the national supply chain issues, but local food purchases are not required.
FREQUENTLY ASKED QUESTIONS

✓ Q: Can an SFA accept partial funding?
   ➢ Answer: Yes. However, the SFA will not be eligible for any reallocated funds, if available.

✓ Q: Can an SFA remove the SCA funds from the nonprofit school food service account?
   ➢ Answer: No. The funds must follow normal NSLP rules plus they must also follow the SCA rules that your SFA attested to when they were accepted.
FREQUENTLY ASKED QUESTIONS

Q: Can past invoices that my SFA previously paid using other funding be reimbursed using SCA funding?

Answer: No. SCA funding cannot be used to pay retroactive or past expenses and can only be used to pay for current or future expenses. If your SFA has an unpaid invoice, that invoice may be paid using SCA funds if the food fits the SCA criteria. Additionally, SCA funding cannot be used to reimburse another source of funding, even if the food cost is allowable.
Q: Are breaded chicken tenders minimally processed?
   - Answer: No. Breaded chicken tenders do not qualify as minimally processed meat. They cannot be purchased using SCA funds.

Q: Are cheese sticks or shredded cheese minimally processed?
   - Answer: Yes. Cheese sticks and shredded cheese are minimally processed and can be purchased using SCA funds.
FREQUENTLY ASKED QUESTIONS

✓ Q: Can my SFA use this funding to pay for labor costs, bonuses, cleaning supplies, services, or other goods or supplies?
   ➢ Answer: No. These funds can only be used to purchase minimally or unprocessed, domestic food.

✓ Q: Can I use this funding to purchase food for Fresh Fruit and Vegetable Program, Special Milk Program, Summer Food Service Program, or Child and Adult Care Food Program?
   ➢ Answer: No. SCA funding can only be used to support NSLP, SBP, SSO, and NSLP Afterschool Snack.
Q: Does an SFA that has a vended meal contract qualify for SCA funds?

Answer: Possibly, the SFA must attest to experiencing supply chain disruptions. SCA funding can be used to pay for the qualifying minimally processed domestic foods within the per meal rate if proper documentation is collected by the SFA (milk, domestic fruit, domestic vegetables, etc.).
Q: Does an SFA with a fixed price contract with a Food Service Management Company to operate their SNP qualify?

Answer: Possibly, the SFA must attest to experiencing supply chain disruptions. SCA funding can be used to pay for the qualifying minimally processed domestic foods within the per meal rate if proper documentation is collected by the SFA (milk, domestic fruit, domestic vegetables, etc.).
Q: Does an SFA that exceeds their 3-month net cash resource requirement qualify?

Answer: Net cash resources is not a consideration for SCA funding eligibility. If the school can attest to supply chain disruptions, the school is eligible to receive the funds. We encourage the school to look at their fund balance before accepting the funds to avoid prolonged operation in excess of three months' average expenditures.
Q: If my SFA purchases local 100% ground meat (beef or buffalo) formed and frozen into patties or frozen in bags, is that an allowable purchase for SCA funds?

Answer: Yes.

Q: If my SFA purchases a local cow and wants to process it into ground beef to serve at school, what costs are allowable to SCA funds?

Answer: The purchase of the cow is allowable to SCA funds. The processing into ground beef is not allowable. Many schools negotiate with the processor to purchase the finished product (like the question above, 100% ground beef patties) through the processor, that is allowable to SCA funds.
Q: If my SFA purchases frozen bread dough and then proofs and bakes it would that be allowed?

Answer: No. Frozen bread dough is not minimally processed and therefore is not allowed.
Please add questions to the chat.
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1. mail: U.S. Department of Agriculture
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   1400 Independence Avenue, SW
   Washington, D.C. 20250-9410;
2. fax: (202) 690-7442; or
3. email: program.intake@usda.gov.
Contact the CANS office with any questions

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