



Office of P-20 Education Policy
Child Nutrition Program Administration
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To: School Food Service Director/Managers
From: Child Nutrition Program Administration
Date: 12/08/2022
Subject: Second and Third Allocation of Supply Chain Assistance (SCA) Funds

Eligible School Food Authorities (SFA) can now request additional Supply Chain Assistance Funds (SCA) from the New York State Education Department (NYSED). These funds are being provided to address supply chain disruptions brought on by the pandemic and support the purchase of food for school meals. A total of \$86,762,963 will be distributed. This amount consists of the amount left from the 2021-2022 distribution, and additional funding provided for the 2022-2023 school year.

Eligibility

To be eligible to receive funds, SFAs must currently operate the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP).

SFA Payment Amount

NYSED will allocate SCA funds to SFAs based on the USDA predetermined formula.

This allocation includes two components:

1. a base payment of \$10,000 to all SFAs, and
2. an equally distributed amount to each SFA based on the SFA's share of statewide student enrollment based on October 2021 lunch claims for reimbursement. For SFAs that began NSLP/SBP participation after October 2021, enrollment reported on the SFA's first lunch claim was used.

The base payment is intended to ensure that the smallest districts receive a meaningful level of funding. The proportional amount is intended to provide resources that scale with the size of the student population served by an SFA.

List of SCA fund allocations by SFA.

Allowable Use of SCA Funds

SCA funds are to be used exclusively to purchase unprocessed or minimally processed domestic food products to help SFAs deal with challenges, such as unanticipated cancellation of food and supply contracts, reduced availability of certain foods, unexpected substitution of certain products, unpredictable increases in food and supply prices, and other obstacles related to pricing and/or availability. SFAs are not required to but are encouraged to use the SCA funds to procure *locally grown* unprocessed or minimally processed food.

SCA funds may not be used for food purchases used in other Child Nutrition Programs (Special Milk Program, the Fresh Fruit and Vegetable Program, the Summer Food Service Program, Child and Adult Care Food Program).

Procurement

As with all Child Nutrition Program purchases, SFAs are required to follow all federal, State, and local procurement requirements and regulations. As a reminder, federal regulations at 2 CFR 200 includes the provision to allow the utilization of emergency noncompetitive procurements during a public emergency.

All SFAs must notify NYSED of acceptance or rejection of SCA Funds via Child Nutrition Management System (CNMS) by April 3, 2023

All SFAs must complete the following steps:

1. Log into CNMS with your username and password
2. Click SFA Annual Information and then select 2022-2023 SY
3. Scroll down and select "Supply Chain Assistance Funds"
4. The next screen will display the total amount of SCA funding the SFA is entitled to receive.

SFAs must select one of the following three options:

1. Accept All Funds
 - Select this option to indicate that the SFA wishes to receive the full amount of SCA funds noted at the top of the screen next to "SCA Amount".
2. Decline Funds
 - Select this option only if the SFA does **NOT** want to receive any amount of SCA funding.
3. Accept Partial Funds
 - Select this option if the SFA wishes to receive only part of their entitled SCA funding amount.
 - When selecting this option, the SFA must enter the total amount of SCA funding the SFA wishes to accept in the box provided.
5. Review the attestation statement and click the "Attested" box. If the previous round of SCA funds was accepted by the SFA then the attestation statement does not need to be completed again. SFAs that chose to decline the funds do not have to complete this step.
6. Click "Update".

As supply chain issues are ongoing, **NYSED encourages all SFAs to accept their full SCA fund payment.** Although USDA has indicated the intent is to immediately utilize the funding to address supply chain issues, SCA funds may be deposited in the nonprofit school food service account to utilize in the future.

Payments:

Once the steps above are completed, the SCA payment will be made automatically to SFAs that chose to receive the full funding amount. For SFAs that chose to accept a partial funding amount, NYSED must review the requested amount prior to the payment being processed. All SCA payments are processed in the same manner as Child Nutrition program reimbursements. SCA funds must be deposited into the SFAs nonprofit school food service account and do not need to be separated from other monies within the account or tracked separately.

SFA Oversight Requirements:

SFAs receiving SCA funding are required to maintain proper documentation on the procurement and purchasing of allowable food items. Documentation needed to support use of funds may include invoices, receipts, proof of domestic product, etc.

Reallocation of Funds

NYSED will initiate a reallocation of funds should SFAs decline their full calculated SCA fund payment and sufficient funds are available to reallocate funds to eligible SFAs within the prescribed USDA timeframe.

NYSED will evaluate the total funding amount available to reallocate in May 2023 and notify SFAs of available funds in a separate communication.

Any SCA funds that NYSED reallocates are subject to the same requirements and limitations as described in this guidance and the guidance provided by USDA.

Please contact your CN representative or email CN@nySED.gov with any questions.

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Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotape, American Sign Language), should contact the responsible state or local agency that administers the program or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a Complainant should complete a Form AD-3027, USDA Program Discrimination Complaint Form which can be obtained online at: <https://www.usda.gov/sites/default/files/documents/USDA-OASCR-P-Complaint-Form-0508-0002-508-11-28-17Fax2Mail.pdf>(link is external)(link is external), from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

(1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;

(2) fax: (202) 690-7442; or

(3) email: program.intake@usda.gov.

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Supply Chain Assistance (SCA) Funding Questions and Answers

1. What are some examples of allowable and unallowable uses of the SCA funds?

SCA funds are available only to School Food Authorities (SFA) operating the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP) to purchase **unprocessed or minimally processed domestic food products** for those programs. This includes the Seamless Summer Option (SSO) and NSLP Afterschool Snacks, as these are components of the NSLP.

A summary of allowable and unallowable uses of SCA funds is provided in the chart below:

Allowable Use of SCA Funds	Unallowable Use of SCA Funds
<p>Unprocessed or minimally processed domestic foods in a variety of minimal processing states and/or forms:</p> <ul style="list-style-type: none"> • whole, cut, pureed, etc. • fresh, frozen, canned, dried, etc. <p>Examples of allowable foods:</p> <ul style="list-style-type: none"> • fluid milk (unflavored and flavored) • Other dairy foods such as cheese and yogurt (unflavored and flavored) • fruits and vegetables (including 100% juices) • grain products such as pastas and rice • meats (whole, pieces, or food items such as ground meats) • meat alternates such as beans or legumes 	<p>Foods that are generally understood to be significantly processed or prepared:</p> <ul style="list-style-type: none"> • Pre-made/ready to eat foods: <ul style="list-style-type: none"> ○ pre-made pizza ○ chicken nuggets ○ breads, muffins, crackers ○ pre-packaged sandwiches ○ pre-packaged/ready to eat meals <p>Non-domestic food items</p> <ul style="list-style-type: none"> • the steps SFAs must take to ensure domesticity of food products purchased with SCA funds is consistent with the measures taken for all purchases in the school meal programs set under the Buy American provision, however, the limited exceptions provided under the NSLP Buy American provision may not be used since all products must be domestic.
<p>Non-food costs that are essential to the procurement of unprocessed or minimally processed domestic food products such as:</p> <ul style="list-style-type: none"> • 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 	<p>Cost of labor, supplies, administrative expenses, etc.</p> <p>Past expenditures</p> <p>Foods to be used in programs outside of the SBP or NSLP, or for purposes other than providing meals to children through the SBP or NSLP</p>

2. Is there any requirement that the SCA funds 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 an excellent option for addressing unexpected supply chain disruptions.

3. Will SCA funds be monitored as part of the school meals programs Administrative Review?

Yes. SCA funds will be monitored consistent with other school meal program funds through the existing oversight measures used in FNS reviews of State agencies and the school meal programs Administrative Review. In addition, use of funds may be subject to future external audit activity under any existing/standard auditing practices.

4. Are there procurement resources available?

Yes. Information on procurement and proper procurement practices can be found here:

- [Procurement Information | Child Nutrition | NYSED](#)
 - [Updates to the Federal Micro-Purchase Threshold in 2 CFR 200.320\(a\)\(1\)](#)
- [Options and Flexibilities in Response to Supply Chain Issues](#)
- [Farm to School Resources | Food and Nutrition Service \(usda.gov\)](#)
- [Farm to School Training & Guidance | Child Nutrition | NYSED](#)

5. Regulations at 7 CFR 210.21(d)(2)(A) allow for exemption from the Buy American requirement for SFAs in non-contiguous states and territories. Does this exemption apply to SFA's use of SCA funds?

No. The Buy American exemptions in Program regulations do not apply to procurements using SCA funds. SFAs in noncontiguous states and territories must use their SCA funds to purchase domestic unprocessed or minimally processed foods.

6. May SFAs use emergency procurement protocols to achieve to their purchasing goals?

As with all Child Nutrition Program purchases, SFAs are required to follow all federal and State procurement requirements and regulations. As a reminder, federal regulations at 2 CFR 200 includes the provision to allow the utilization of emergency noncompetitive procurements during a public emergency.

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

SFAs cannot pay vendors or FSMCs any amount above the negotiated contract price. SFAs can utilize SCA funds towards the negotiated contract price when the SFA is provided documentation from the vendor/FSMC of purchases of unprocessed/minimally processed food used in the performance of the contract. Due to the limitations regarding the types of food items that may be purchased with SCA funds, SFAs may request the FSMC or meal

vendor to provide all invoices for milk purchases and utilize the SCA funds to pay that portion of the contracted bid price.

Financial Accounting, Reporting and Auditing, Section 22 of the FSMC contract, requires FSMC to make source documentation available to the SFA. FSMC cost documentation is not considered proprietary information.

8. Is the base allocation \$5,000 per site within each SFA, or \$5,000 per SFA regardless of the number of sites?

Each SFA will be allocated a base payment of \$5,000, regardless of the number of sites they serve.