



Food and
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Service

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Braddock
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SUBJECT: Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meal Programs

1320
Braddock
Place
Alexandria
VA 22314

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

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General

Throughout the pandemic, school food professionals have met extraordinary challenges to ensure every child can get the food they need to learn, grow and thrive. But circumstances in local communities remain unpredictable, and supply chains for food and labor have been stressed and at times disrupted.

This guidance describes \$1 billion being provided by the Food and Nutrition Service (FNS) to enhance local school districts’ ability to purchase foods for school meals by offering resources needed to address supply chain challenges directly to schools and school districts.

In school year 2021-2022, many operators of the National School Lunch Program (NSLP)¹ and School Breakfast Program (SBP) have been experiencing unprecedented challenges in purchasing and receiving food through their normal distribution channels. As a result, school meals in some localities across the nation are being impacted in a variety of ways. Schools have needed to significantly revise planned menus as popular and previously available food items may have become more difficult to procure. In some cases, shortages and price fluctuations have

¹ Including the NSLP Seamless Summer Option during SY 2021-2022, as authorized by the [Nationwide Waiver to Allow the Seamless Summer Option through School Year 2021-2022](https://www.fns.usda.gov/cn/covid-19-child-nutrition-response-85) (https://www.fns.usda.gov/cn/covid-19-child-nutrition-response-85).

made it difficult to provide meals which are appealing to students and meet the NSLP/SBP nutrition and meal pattern requirements. This memo describes additional funding which will be provided to assist schools in dealing with these challenges. These additional resources complement the support and flexibilities FNS is providing to school districts and States for school year 2021-2022 as they work to provide nutritious school meals to children during these challenging times. These flexibilities include allowing districts to serve meals at no charge to all students; providing targeted meal pattern flexibility; increasing reimbursements; and waiving penalties if meal patterns are not met due to supply chain issues, among others.

To assist school districts experiencing these supply chain disruptions, FNS will allocate \$1 billion in 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. State agencies will distribute SCA funds to eligible School Food Authorities (SFAs) to be used exclusively to purchase unprocessed or minimally processed domestic food products (also referred to as commodities) 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 that have been reported to or identified by State agencies administering the Child Nutrition Programs. As these challenges are both extensive and widespread, the SCA funds are targeted to provide a rapid and direct response via supplied commodities to affected school districts.

To receive funds, State agencies and SFAs must administer or operate the NSLP and/or the SBP (i.e. School Meal Programs). This memorandum and the accompanying attachment provide:

- 1) Guidance to State agencies on the purpose and use of the SCA funding;
- 2) Details on how payments to State agencies and local school districts are calculated;
- 3) Guidance on use of SCA funds, oversight, and recordkeeping expectations; and
- 4) A summary of key dates and deadlines.

Purpose and Scope

Supply chain issues have significantly impacted school districts' ability to procure nutritious foods for NSLP and/or SBP meal service. The SCA funds are a critical funding stream that will provide an additional financial resource for school districts to purchase domestic food products as part of school districts' efforts to respond to these widespread supply chain disruptions, enhance efforts to strengthen local food supply chains, and help schools to overcome financial and operational barriers while maintaining children's access to nutritious meals.

State agencies administering the NSLP and/or SBP (including SSO in School Year (SY) 2021-2022) in all 50 States, the District of Columbia (DC), Puerto Rico, Guam, and the U.S. Virgin Islands will be eligible to receive these funds. The amount of SCA funds allocated to each State agency was determined by FNS based equally on: 1) student

enrollment data, and 2) annualized program earnings data. Data from SY 2019-2020² was used in these calculations, as this time period provides a more accurate depiction of typical enrollment and earnings than more recent school years, which were severely impacted by the COVID-19 public health emergency. State level allocations are shown in Table 1 below. This allocation method balances the influence of multiple key school meal program metrics by reflecting both the maximum population that might potentially be served, as well as targeting SCA relief funds towards States with larger percentages of students eligible for free and reduced-priced school meals.

Upon receipt of allocated SCA funds, State agencies will disburse formula-calculated payments to eligible SFAs. Funding allocations will be available to State agencies following the release of this memorandum, via an FNS-529 award package provided through their FNS Regional Office which will specify the applicable terms and conditions regarding the SCA funds. State agencies should work with their Regional Grants Management Administrative Services Office to begin the process of award so that payments to eligible SFAs can be made as soon as possible. In order to expedite the process of making payments to SFAs, State agencies should claim their SCA funding by January 31, 2022 or risk forfeiture of their allocation.

Local-level Funding Distribution

State agencies will allocate SCA funds to individual school districts based on a predetermined formula, as described in this guidance memorandum and attachments. This allocation includes two components: a base payment of \$5,000 to all eligible school districts, and a proportional funding amount based on each SFA's share of statewide student enrollment. 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.

State agencies will use the most recent SFA-level enrollment data available (i.e. reflective of October 2021) to calculate the additional funding to provide to individual school districts, as these data are expected to be readily available in State enrollment systems in December 2021.

Discretionary Allocation Options for State Agencies

- Targeting funds to SFAs with the highest need: State agencies have the option to limit the distribution of funds to SFAs in which at least 25% of the student population is certified for free and reduced price meals, unless an SFA falling outside of this category (i.e. SFAs with free and reduced price certification rates below 25%) can provide evidence of need.
- Supporting local procurement: To support procurement of local foods and strengthening local food supply chains, State agencies have the option to utilize up

² These data comprise earnings from Fiscal Year (FY) 2019 and enrollment from October 2019.

to 10% of their total SCA funds allocation for State centralized procurement and distribution of unprocessed and minimally processed local foods ('local' as defined by the State) for use by SFAs in the school meal programs. These local foods may then be distributed to SFAs at the State agencies' discretion.

Accountability, Oversight, Reporting, and Recordkeeping

State agencies must develop and provide an attestation statement to all SFAs that would receive SCA funding. The attestation is intended to ensure that the SFA is experiencing a supply chain disruption and financial difficulties related to such; will use SCA funds only for purchasing unprocessed or minimally processed domestic food products; and will continue to observe all existing Program requirements regarding recordkeeping and accountability in connection with the use of their SCA funding.

SFAs must complete the attestation in order to receive SCA funds. Additional information on necessary elements of the attestation is included in the attached Q&A guidance.

In addition, all SFAs are required to maintain purchasing and other related records for review and audit purposes. Oversight of all Program funds is included in existing oversight and monitoring measures conducted by FNS and State agencies. As such, the use of SCA funds will be reviewed and monitored in the same manner as other funds within the nonprofit school food service account. The execution of these oversight measures, as well as the retention of purchase records, will ensure accountability and appropriate use of the SCA funds consistent with FNS and CCC requirements.

State agency reporting requirements will be specified in the Terms and Conditions of the FNS-529 award package and will be fulfilled through quarterly submissions of the FNS-908 *Performance Progress Report* and SF-425 *Federal Financial Report*.

Reallocation of Funds

In the event that any SCA funds remain undistributed to SFAs following the initial formula-based allocation, State agencies may reallocate those funds via a second (or subsequent) distribution(s). The attestation conditions as described above continue to apply for any SFAs receiving funding in subsequent reallocations. However, the timing and manner of reallocation is otherwise at the State agency's discretion, provided that said reallocation(s) are completed (i.e., States fully obligate funds) no later than September 30, 2023.

Further details on the payment calculation formulas, operational requirements, and attestations are found in the Q&A guidance (Attachment 1) included with this memorandum.

The following Table provides some key dates:

Key Dates and Deadlines	
January 4, 2021	Date by which FNS will make SCA funds available to State agencies, i.e., issue FNS-529.
January 31, 2022	Recommended date by which State agencies execute their FNS-529
March 1, 2022	Recommended date by which State agencies begin making payments to SFAs
September 30, 2022	Recommended date by which State agencies begin SCA funds reallocation process (if applicable, and encouraged sooner if feasible)
September 30, 2023	Period of Performance End Date (Date by which SCA funds must be fully obligated)

State agencies with questions regarding this memorandum should contact their respective FNS Regional Offices.

Sarah E. Smith-Holmes
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs

Attachment:

1) Attachment A: Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meal Programs: Questions and Answers

Supply Chain Assistance (SCA) Funding Allocation Levels by State	
State	<i>State Allocation Amount (50% Enrollment/50% Earnings)</i>
Alabama	\$15,644,865
Alaska	\$2,603,175
Arizona	\$21,901,375
Arkansas ¹	\$11,033,950
California	\$115,356,821
Colorado	\$13,249,584
Connecticut	\$9,365,290
Delaware	\$2,877,333
District of Columbia	\$2,129,929
Florida	\$57,297,052
Georgia	\$35,846,160
Guam	\$645,942
Hawaii	\$3,234,812
Idaho	\$5,297,777
Illinois	\$36,802,362
Indiana	\$22,080,578
Iowa	\$10,967,505
Kansas	\$10,279,020
Kentucky	\$16,124,297
Louisiana	\$16,965,978
Maine	\$3,881,048
Maryland	\$14,993,694
Massachusetts	\$17,820,129
Michigan	\$29,251,737
Minnesota	\$17,293,759
Mississippi	\$11,296,031
Missouri	\$19,275,389
Montana	\$3,639,907
Nebraska	\$7,447,774
Nevada	\$8,333,527
New Hampshire	\$2,794,943
New Jersey	\$24,917,949
New Mexico	\$7,772,461

¹ In Arkansas, a separate state agency (AR DHHS) administers NSLP/SBP in private schools. This agency will receive the following sum, deducted from the total listed for Arkansas in the table: **\$275,403**

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New York	\$59,455,807
North Carolina	\$28,387,578
North Dakota	\$2,841,142
Ohio	\$35,146,053
Oklahoma ¹	\$15,014,453
Oregon	\$10,313,574
Pennsylvania	\$34,038,440
Puerto Rico	\$5,994,056
Rhode Island	\$2,800,945
South Carolina	\$15,492,551
South Dakota	\$3,243,736
Tennessee	\$20,541,400
Texas	\$111,555,254
Utah	\$9,723,433
Vermont	\$1,668,814
Virgin Islands	\$226,827
Virginia	\$21,935,911
Washington	\$18,223,217
West Virginia	\$6,110,391
Wisconsin	\$17,238,862
Wyoming	\$1,625,402
Total	\$1,000,000,000

¹ In Oklahoma, a separate state agency administers NSLP/SBP in private schools. This agency (OK DHS) will receive the following sum, deducted from the total listed for Oklahoma in the table: **\$313,205**