



# Oregon

Tina Kotek, Governor



OREGON  
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EDUCATION

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**Colt Gill**

Director of the Oregon Department of Education

April 5, 2023

**TO:** School Nutrition Programs (SNP) Sponsors (National School Lunch and School Breakfast Programs)

«Sponsor», Agreement No «Agreement\_Number»

**SUBJECT:** Third Allocation of Supply Chain Assistance (SCA) Funds  
[FNS Memo SP-16-2022](#)

**ACTION REQUIRED: Executive Contact, CNP Program Manager, or Business Manager complete Supply Chain Assistance Round Three Attestation and Acceptance Form to accept or decline these SCA funds by April 28, 2023**

## **SUMMARY/PURPOSE**

The Oregon Department of Education Child Nutrition Programs (ODE CNP) is announcing the availability and distribution of a third round of United States Department of Agriculture (USDA) funds. 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. However, circumstances in local communities remain unpredictable, and supply chains have been stressed and at times disrupted. Supply chain issues have significantly affected school districts' ability to procure nutritious foods. Since school year 2021-2022, many operators of the National School Lunch Program (NSLP), School Breakfast Program (SBP) and/or Seamless Summer Option (SSO) have continued to face unprecedented challenges in purchasing and receiving food through their normal distribution channels. In order to continue to assist school districts experiencing these supply chain disruptions, USDA is providing another round of relief funding to state agencies referred to as Supply Chain Assistance (SCA) Funds.

SCA funds are a critical funding stream that will provide an additional financial resource for school districts to purchase unprocessed or minimally processed 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. These funds are meant to provide a direct response to affected sponsors operating NSLP and SBP and/or SSO.

## **ELIGIBILITY CRITERIA**

**The criteria to be eligible for these funds is as follows:**

All SFAs, charter schools, private nonprofit schools, tribal schools and Residential Child Care Institutions (RCCIs) currently operating NSLP, SBP and/or SSO are eligible to receive SCA funds. This

includes NSLP Afterschool Snacks, as these are components of the NSLP. For ease of reading, all eligible sponsors will be referred to as SFAs in this memo.

### **ACCEPTANCE AND ATTESTATION OF FUNDS**

SFAs are not required to accept SCA funds. SFAs interested in receiving SCA funds must complete an attestation statement that affirms they are experiencing supply chain disruptions and financial difficulty related to supply chain disruptions, agree to purchase only unprocessed or minimally processed foods with these funds, observe recordkeeping requirements and accept funds via the [Supply Chain Assistance Round Three Attestation and Acceptance Form](#).

Each sponsor has one of three people who may potentially complete the attestation: The Executive Contact, CNP Program Manager, or Business Manager as listed in CNP web on the Sponsor Information Sheet.

Use this link to access a Smartsheet form titled [Supply Chain Assistance Round Three Attestation and Acceptance Form](#). Sponsors will have the option to apply for the funding or opt out within the Smartsheet.

Oregon has received \$5,046,470 in third round SCA funds from USDA. ODE CNP will disburse these funds in formula-calculated payments to all eligible SFAs that elect to receive these funds. SCA funds will be dispersed as follows:

1. Each SFA will receive a \$5,000 base payment, **and**
2. A scalable proportionate amount based on student enrollment. The proportional amounts will be based on each SFA's share of State-wide student enrollment reflective of October 2022.
3. Please see the last page of this memo, which contains the ODE CNP estimate of your SCA funding amount. This is an estimate only. Should an SFA decline or otherwise not accept their SCA allocation, that amount will be redistributed among the SFAs who elect to receive SCA funds.
4. After final calculation of all allocations, a follow up email with the final funding amount will be sent to all SFAs that accepted funds.
5. **Please note the funds for the Third Allocation of Supply Chain Assistance will be distributed in August 2023.**

**Important note:** There is only one chance to accept these funds. All SFAs interested in receiving SCA funds must complete and submit an attestation statement by April 28, 2023. After the due date, ODE CNP will re-calculate the payments and distribute the entire balance of the allocated SCA funds to all eligible SFAs that elected to receive these funds. It is likely that the amount of SCA funds each SFA actually receives will be greater than the estimated amount provided here.

### **GUIDANCE ON USE OF FUNDS**

SCA funds may only be used for menu items served in the NSLP, SBP and/or SSO. SCA funds **may not** be used to support meal service for other Child Nutrition Programs. . Please review the Q&A for additional details.

SFAs that accept SCA funds and participate in other CNP programs must have a methodology in place to identify SCA funds were used only for menu items used in the allowable Child Nutrition program meals. This may be done by focusing SCA funds on those items that are a large portion of the sponsor's meal budget.

SCA funds must be used exclusively for the purchase of domestic food products that are unprocessed or minimally processed. Please see the Q&A below for more information on allowable and unallowable food products.

**SFAs may not use any portion of their SCA funds for labor, supplies or administrative expenses.**

### **OVERSIGHT, RECORDKEEPING AND DOCUMENTATION REQUIREMENTS**

SCA funds must be deposited into the Nonprofit Food Service (NPFS) Account. SFAs are required to maintain documentation supporting food purchases that are allowable for SCA purposes and equal to the amount received, consistent with the regular program recordkeeping requirements. However, SCA funds deposited into the NPFS account do not need to be separated from other monies within the account and are not required to be tracked separately from an accounting standpoint.

ODE CNP recognizes SFAs have accounting systems in place to document NPFS account activity that are in alignment with Generally Accepted Accounting Principles (GAAP) and the Program Budgeting and Accounting Manual (PBAM). To ensure compliance and accountability with the use and documentation of SCA funds, ODE CNP strongly recommends that SFAs develop a policy identifying allowable SCA costs and how these costs will be documented.

All SFAs are required to maintain purchasing and other records for review and audit purposes for the use of all sources of SNP funds. Expense 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. Documentation such as invoices, receipts and other documents must evidence that SCA funds were used for allowable purposes.

In addition to receipts and invoices, SFAs should retain documentation surrounding the request to purchase unprocessed or minimally processed domestic products or contracts that include this requirement in them. 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. In all cases, documentation must evidence that SCA funds were used for allowable purposes.

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.

### **TIMELINE FOR RECEIVING AND EXPENDING FUNDS**

ODE CNP anticipates disbursing SCA funds to SFAs in August 2023. These funds are intended for immediate use as they are intended to provide a rapid and direct response to food supply shortages. The availability of these funds will increase the SFAs ability to purchase food for school

meals and increase resources needed to address supply chain challenges. ODE CNP expects that SFAs will prioritize the expenditure of these funds. Please review the Q&A for additional details.

## **Q&A**

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

### **1. 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 that 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.

### **2. 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; prepackaged 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. Each sponsor is expected to determine which items are allowable use of the SCA funds.

### **3. 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.

### **4. 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.

### **5. 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 an excellent option for addressing unexpected supply chain disruptions.

**6. Are all SFAs eligible for SCA funds?**

No. All SFAs currently operating the NSLP, SBP and/or SSO may be eligible to receive SCA funds. However, SFAs that do not operate these Child Nutrition Programs are not eligible for this assistance.

**7. Are charter schools, private nonprofit schools, tribal schools (such as those administered through the Bureau of Indian Education), and Residential Child Care Institutions eligible to receive SCA funds?**

Yes. Those SFAs may be eligible provided that they currently operate the NSLP and/or SBP. Eligibility for SCA funds is not distinguished by school type. Those SFAs must be included in State agencies' initial distribution calculations, as described in Local Distribution Calculations below.

**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, SBP and/or SSO 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 use of SCA funds to purchases of qualifying domestic food products to support only the NSLP/SBP meal service).

**9. Are SFAs required to accept SCA funds?**

No. SFAs may elect to receive SCA funds from their State agency 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 by the State agency.

**10. If an SFA has been suspended or terminated from participation in the school meal programs, or currently has outstanding findings and/or corrective actions from a prior school meal program Administrative Review, are they still eligible to receive SCA funds?**

If an SFA has been suspended or terminated from participation in the school meal programs, the SFA is not eligible to receive SCA funds. SCA funds may only be awarded to current operators of the NSLP and/or SBP. However, SFAs with outstanding findings and/or corrective actions from a prior school meal program Administrative Review are eligible to receive SCA funds on the basis of being current school meal programs operators.

**11. Must SCA funds be deposited in an SFA's Nonprofit Food Service Account (NPFS)?**

Yes. Regardless of the disbursement method employed by the State agency, SCA funds may only be deposited into the NPFS of the SFA for which the funds were intended.

**12. Once deposited into the NPFS, 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 to the amount received, consistent with the regular program recordkeeping requirements. However, SCA funds deposited to the NPFS do not need to be separated from other monies within the account and are not tracked separately from an accounting standpoint.

**13. 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.

**14. Will SCA funds be monitored as part of the school meal programs Administrative Review and/or FNS review processes?**

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. While State agencies will generally use the same mechanism to review these funds as they do the Buy American provision, all food products purchased with SCA funds must be domestic. Therefore, SFAs may not utilize the limited exceptions to the Buy American provision to purchase non-domestic food products when using SCA funds. In addition, use of funds may be subject to future external audit activity under any existing/standard auditing practices.

**15. What is the Assistance Listing (CFDA) number for these funds?**

10.555

**16. 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 nonprofit school food service account 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.

**17. By what process should State agencies notify SFAs of their eligibility?**

State agencies must notify all SFAs of the availability of SCA funds. The notification may be in any format the State agency chooses, though it is recommended that the State agency uses typical or previously established methods for communicating with their SFAs. The notification must include the SFA's calculated payment amount, information on the proper use of funds, and instructions for completing the required attestation of need/eligibility as a prerequisite for accepting funds.

**18. How do I apply for SCA funds, do I need to submit an application?**

No. ODE CNP has developed an easy to fill attestation statement [Supply Chain Assistance Round Three Attestation and Acceptance Form](#) to record your acceptance of the SCA funds. The

attestation includes a clear and affirmative acknowledgement of all terms and conditions described above (such as a check box, initial line, etc.) and will be signed and dated (digitally) by the SFA director or other authorized local official.

**19. What pieces of information from the SFA must be included on the attestation statements?**

- Are experiencing supply chain disruptions and related financial difficulties
- Will only use funds to purchases domestic unprocessed or minimally processed foods;
- Will not use funds for any labor, indirect, or other administrative expenses;
- 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 appropriate use of SCA funds; and
- Will comply with all applicable Federal procurement and financial management requirements per 2 CFR 200.

**20. Are SFAs still eligible for SCA funds if their net cash resources exceed a three month operating balance as described in 7 CFR 210.19(a)(1)?**

Yes. The requirements of 7 CFR 210,19(a)(1) to maintain no more than a three month operating balance in the nonprofit foodservice account does not preclude SFA's from requesting and receiving SCA funds. ODE CNP understands that some SFA's may have an excess balance prior to the acceptance of the SCA funds, and for others the receipt of these funds may lead to an excess balance (more than three months average expenditures).

**21. What is the impact of receiving SCA funds which cause an SFA's net cash resources to exceed the three month operating balance as described in 7 CFR 210.19(a)(1)?**

There is no requirement of SFAs to notify ODE CNP of the occurrence of an excessive balance when SCA funds are received, or to report SCA fund balance separately from overall NPSF fund balances. This will be identified on the Excess Operating Balance Certification Form. If an excessive balance exists, SFA's will be required to:

1. Report the excess balance to ODE CNP
2. Submit a spend down plan to ODE CNP, identifying allowable planned expenditures.

**22. 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?**

No. ODE CNP has received several questions regarding whether or not the funds can be used to cover the rising cost of 'allowable' items when in a fixed price contract with an FSMC or a vended meal agreement.

The two points of clarification are as follows:

1. Vendors and FSMCs may not receive more funds than what are already allowed under the current fixed price per meal contract. However, sponsors may use SCA funds to pay the part of the invoices that qualify.
2. Sponsors MUST keep documentation sufficiently demonstrating that the items paid for with SCA funds were allowable.

All contracts are fixed price meaning that a sponsor cannot pay more for items/meals when the vendor's costs have increased. It is the responsibility of the vendor or FSMC to monitor and control their costs. However, sponsors may request itemized lists of (unprocessed or minimally processed) allowable items and use SCA funds to pay that portion of the fixed fee per meal cost.

As an example, if an FSMC or vendor were to itemize the dairy cost of the fixed fee per meal separately, and the total cost of the qualifying line item is \$2000, the sponsor would keep that documentation and track that \$2000 of the SCA funds were used to cover that invoice. The FSMC or vendor may not receive additional funds outside of the fixed fee per meal price within the contract.

It is the responsibility of the sponsor to ensure that they have adequate documentation sufficient to show the cost of an item and that the item(s) are allowable under the SCA funds criteria.

**SCA payments will be issued in August, 2023**

The following SCA payment estimate is for «Sponsor», Agreement No «Agreement\_Number»

**Initial Allotment:** «Initial\_Allotment»

**Percentage Allotment:** «Percentage\_Allotment\_»

**Total Allotment for Sponsor:** «Total\_Allotment»

**Attestation statement requirement to receive funds**

Each sponsor has one of three people who may complete the attestation: The Executive Contact, CNP Program Manager, or Business Manager as listed in CNP web on the Sponsor Information Sheet.

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