



Oregon

Kate Brown, Governor



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Colt Gill

Director of the Oregon Department of Education

September 7, 2021

TO: Child and Adult Care Food Program (CACFP) Sponsors; School Nutrition Programs (SNP) Sponsors (National School Lunch and School Breakfast Programs)

SPONSOR NAME, SPONSOR NUMBER

SUBJECT: Emergency Operational Costs (EOC) Reimbursement Funds

FNS Memo SP-06-2021, CACFP- 05-2021

Section 722 of the Consolidated Appropriations Act 2021

The purpose of this memo is to provide guidance, including Questions and Answers, to Sponsoring organizations operating the Child and Adult Food Care Program (CACFP) and/or the National School Lunch (NSLP) and School Breakfast Programs (SBP) regarding the availability of additional reimbursement funds for emergency operating costs incurred during the public health emergency and the potential loss of reimbursement during this time. This memo will also address the requirements for the use of these funds.

Many sponsoring organizations experienced widespread and significant gaps in funding and, in many cases, were forced to expend their savings, draw funds from other sources, and cut or suspend operations. The relief provided by these reimbursements is intended to help address such shortfalls and ensure that program operators are in the best position to rebuild while continuing to serve their communities.

Eligibility Criteria

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

Sponsoring organizations must have submitted valid CACFP and/or SNP meal claims for any of the months of September –December 2020, **or**

If sponsoring organizations were not operating during this time, they must complete an assurance statement that they will file a valid CACFP and/or SNP claim within the first 90 days after the end of the COVID-19 pandemic.

The amount of the emergency operational cost reimbursement payment that each sponsoring organization is eligible to receive is based on a formula developed by FNS/USDA. The calculation identifies the difference between the reimbursement payments received for the months of March-June 2019 and March-June 2020 (month by month), the difference for each month is multiplied by a factor of 55% and the sum of the difference for all months' results in the total payment amount. At the end of this memo, your organizations' estimated EOC is detailed.

Use of Emergency Operational Cost Reimbursement

The emergency operational cost reimbursement payment must be deposited in the Nonprofit Food Service account and will be subject to the same allowable cost rules as other Child Nutrition Program reimbursement funds. These funds are identified as 10.558, Child and Adult Care Food Program Emergency Operational Costs Reimbursement Program, 10.555 National School Lunch Emergency Operational Costs Reimbursement Program, and 10.553 School Breakfast Program Emergency Operational Reimbursement Costs Program.

As stated above, these funds may be used to reimburse any local source of funds used to supplement the Nonprofit Food Service account during the reimbursement period to offset the impact of pandemic operations on that account. If this approach is taken, the sponsoring organization must maintain documentation supporting these reimbursements for future audit, administrative reviews or oversight purposes. After replenishing the sources of funds used to cover CACFP or SNP costs during this time, any remaining funds must remain in the Nonprofit Food Service account and be used in accordance with normal program requirements.

The current balance of the Nonprofit Food Service account is not taken into consideration under the calculation formula outlined in statute and guidance from FNS/USDA. In the event that these payments result in an excessive balance (an excessive balance exists when the CACFP or SNP fund balance exceeds three months average expenses), sponsoring organizations must ensure compliance with the excess balance limitation.

CACFP sponsors must notify ODE CNP in writing by contacting the organizations assigned Community Child Nutrition Specialist within 30 business days of the funds being deposited. ODE CNP will work with sponsoring organizations and provide technical assistance in order to ensure a reasonable and timely expenditure of their excess funds. School Food Authorities not operating CACFP will report this in the School Year 2020-21 Excess Operating Balance reporting process.

Other Federal Assistance Funding

Sponsoring organizations may have received other CARES Act funds, including Paycheck Protection Program (PPP) funds, or Elementary and Secondary School Emergency Relief Funds (ESSER) through separate relief opportunities and funding streams; this is not taken into consideration under the calculation formula outlined in statute and guidance from FNS/USDA. If the PPP loan is forgiven, any CNP expenses paid for using those forgiven PPP funds may not be claimed using CNP funds since they have already been paid with another source of Federal funding. Similarly, sponsors that have received ESSER funds may not apply these funds to CNP expenses as they have already been covered using federal funds. In summary, only one federal funding source may be used to cover a single expense.

If the PPP loan is not forgiven, CNP funds may only be used to repay that portion of the loan which was used to cover allowable CNP expenses. This is consistent with existing guidance outlined in FNS Instruction 796-2 Rev. 4. Sponsoring organizations using CNP funds to repay any portion of a PPP loan must fully document such repayments and be able to demonstrate that funds were properly allocated and that such repayments were limited to the portion of the loan that was used to cover allowable expenses under the CNP. In most circumstances, FNS anticipates that the same payroll cost allocation used by the program operator under normal procedures will continue to apply when considering PPP repayments, though exceptions may occur.

Please note: interest due in connection with a PPP or other loan repayment is not an allowable cost and may not be paid using Federal CNP funds, per requirements at 2 CFR 200.449(a). Sponsoring organizations may only use these funds to pay for allowable CNP expenses. For any portion of a PPP loan that was used to pay for non-Program expenses, CNP funds may not be used for repayment.

During administrative reviews, ODE CNP will monitor each sponsor's Non Profit Food Service (NPFS) account, allowable Program expenditures, and the account balance to ensure that sponsors expend emergency operational cost reimbursement funds in compliance with FNS/USDA regulations.

Acceptance and Assurance of Funds

Here is a link to a smartsheet form titled "[Notice of Acceptance and Assurances for Emergency Operation Costs Reimbursement](#)". Each sponsor must complete this smartsheet form. Sponsors will have the option to apply for the funding or opt out within the smartsheet.

If your organization is participating under the CACFP, the Authorized Representative as listed in CNPweb must complete the smartsheet. If your organization is participating under the NSLP or SBP, the Executive Contact as listed in CNPweb must complete the smartsheet. If your organization participates in both programs, either the Executive Contact or Authorized Representative may complete the form.

The due date for completing the smartsheet is September 30, 2021. ODE CNP will issue payments by October 30, 2021. Please note: The smartsheet form must be completed in order for funds to be paid.

The below fields contained sponsor specific estimated payment information. For a replacement of your estimated payment information, contact Kathy Duncan at Kathy.r.duncan@ode.state.or.us

	March 2019	March 2020	March Payment	April 2019	April2020	April Payment
«Progra	«March_2019	«March_202	«March_Paym	«April_201	«April_202	«April_Payme
«Progra	«M_2March_	«M_2March	«M_2March_P	«M_2April	«M_2April	«M_2April_P
m2»	2019»	_2020»	ayment»	_2019»	_2020»	ayment»
	May 2019	May 2020	May Payment	June 2019	June 2020	June Payment
«Progra	«May_2019»	«May_2020	«May_Paymen	«June_201	«June_202	«June_Payme
m»		»	t»	9»	0»	nt»
«Progra	«M_2May_20	«M_2May_2	«M_2May_Pay	«M_2June	«M_2June	«M_2June_P
	Total Payment					
«Progra	«Total_Payme					
«Progra	«M_2Total_P					

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