Date: November 12, 2026

Memo code: SP 02-2027, CACFP 05-2027

Subject: State Administrative Expense (SAE) Plan Updated Guidance and Template

To: State Directors, Child Nutrition Programs, All States

In pursuit of fiscal responsibility and stewardship of public funds, USDA's Food and Nutrition Administration (FNA) is providing updated guidance for SAE Plans within the Child Nutrition Programs (CNPs). This memorandum underscores the importance of prudent budgeting, transparent documentation, and proactive evaluation of SAE allocations. State agencies are encouraged to regularly review and update their SAE Plans to ensure resources are allocated efficiently, align with current operational priorities, and comply with statutory and regulatory requirements. By maintaining rigorous oversight and submitting revised plans when substantive changes occur, State agencies uphold the integrity and accountability essential to effective program administration.

This memorandum updates and replaces the existing SAE Plan guidance found in the FNA Revised SAE Plan Guidance provided on June 5, 1997.

SAE Plan Revisions

FNA strongly encourages States to review, update, and submit SAE Plans on an annual basis to ensure alignment with current operations, priorities, and funding levels. However, as authorized by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

Public Law 104-193, SAE Plans do not require annual submission unless a substantive change has occurred.

FNA program regulations at 7 CFR 235.5(c) require State agencies to amend their SAE Plan if changes in funding or activities are considered substantive. Below outlines the circumstances that would qualify as substantive changes. If any one of the circumstances is met, the State agency is **required** to submit a revised SAE Plan for FNA approval.

A State SAE Plan must be revised if one of the following substantive changes occurs:

- Any increase or decrease to a budget line item that is greater than 20% of the amount approved in the base year Plan, unless the increase or decrease is less than $10,000.
- Addition or deletion of an activity that is included in the base year Plan.
- Any increase or decrease to the staffing level for any activity that is greater than 20% of the staff years approved in the base year Plan.

Please note that each change is specific to a budget line item (aka activity).

Budget categories for direct costs are:

1. Salaries and Benefits,
2. Travel,
3. Equipment,
4. Technology,
5. Support Services and General Administrative Expense,
6. Other, and

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

7. Indirect and Direct Costs.

Categories of activities are:

1. Policy Implementation and Administration,
2. Training and Technical Assistance,
3. Program Monitoring,
4. Federal Reporting and Claims Processing,
5. Technology and Management Information System (MIS),
6. Food Distribution (FD) Program (USDA Foods in Child Nutrition Programs) as applicable, and
7. Other, as needed.

Please refer to the SAE Plan Template for additional information.

Submitting an Updated SAE Plan and Budget

State agencies that have a substantive change to their approved SAE Plan budget must submit a revised SAE Plan and budget. Substantive changes usually occur in October at the beginning of a Fiscal Year (FY) when the current FY SAE allocation is received. Substantive changes can also occur when a State receives SAE reallocated funds, transfers funds between State agencies, or makes significant program administration changes mid-year. The receipt of SAE reallocated funds or the transfer of funds within a State only requires an addendum to the SAE Plan, not an entirely new base year Plan. State agencies should be evaluating their approved base year SAE Plan and budget against the new allocation and any changes throughout the year to determine if a substantive change has occurred and proactively

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

submit a revised SAE Plan and budget. State agencies that have determined that a substantive change has not occurred and have declined to submit a Plan should retain documentation to support the determination that a Plan was not required. Please refer to the SAE Plan Template's Comparison Tab for additional details.

SAE Plan Template

State agencies that intend to submit a revised SAE Plan should use the FNA Excel-based SAE Plan template. All instructions and procedures are found in the template. This template eases budgeting and documenting planned expenses and changes. It also includes a Plan comparison tool with updated guidance on substantive changes which can be used to document the decision not to submit a revised Plan. State agencies may use their own templates provided that all required and applicable components of the Plan are included.

SAE Reallocation

The State agency's reallocation request and the summary of approved reallocated funds by project can be added as an addendum to the existing SAE Plan rather than requiring a complete revision of the approved SAE Plan.

State agencies should direct any questions concerning this memorandum to the appropriate FNA office.

Original Signed

Jessica Saracino
Acting Director, Policy and Regulations
Child Nutrition Programs

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.