

Child Nutrition Emergency Operational Costs Reimbursement Programs:
Q&A #2

State Agency Applications and Implementation Plans

- 1. If a State agency submitted a program application by the February 25, 2021 deadline but has not yet received an acceptance letter from FNS, is any action necessary?**

State agencies do not need to take any action unless contacted by FNS to answer follow-up questions or to provide additions/clarifications to their application. If the application was submitted by the February 25, 2021 deadline and was acknowledged by FNS, the application deadline is considered to be met. Furthermore, State agencies may begin work on their implementation plans during this time, to the extent practicable.

- 2. How must the State agency address additions or clarifications to the program application that may be requested by FNS?**

In reaching out to State agencies, FNS will identify a preferred timeframe and method for response. However, in most cases (and any involving a substantive modification), FNS will require that such updates be memorialized in part 6 of the implementation plan template, "Updates to Payment Calculation and Disbursement Plan."

- 3. Will State agencies have opportunities to modify their application and/or implementation plan(s) once submitted to and/or accepted by FNS?**

Yes. As a reminder, State agencies will be able to amend both their application and implementation plan(s) as needed (subject to approval by FNS).

- 4. The application template asked State agencies to provide a description of how payments will be calculated, and the implementation plan templates ask for narrative descriptions of how States will administer the reimbursement programs. Some required elements of these processes are established in USDA guidance. For the purposes of responding to the questions on these documents, may a State agency limit its response to stating that payments will be calculated/disbursed or that the reimbursement programs will be administered as required when preparing or amending their submissions?**

No. State agencies should aim to provide narrative content (and may include summary data where applicable) that is characterized by sufficient detail for FNS to understand the processes and procedures the State intends to use when implementing/administering the

reimbursement programs. In the case of an application or implementation plan not containing sufficient information, FNS will follow up with additional questions.

- 5. Should the State agency provide a list of program operators as part of the implementation plan, or only tabulations of program operator types calculated to be owed a payment?**

FNS does not require a comprehensive list of program operators to be included with the implementation plan. State agencies should provide information only on the program operator types (i.e., institutions, unaffiliated centers, etc.) and the number of each component type to receive payments.

- 6. Are State agencies required to submit separate implementation plans for School Programs and Child and Adult Care Food Program (CACFP) if they intend to administer both of the Emergency Operational Costs Reimbursement Programs?**

Yes. Separate implementation plan submissions are required. While FNS anticipates that some plan elements will be largely consistent/similar between plans submitted by the same State agency, there are sufficient differences in program structure and the requirements of the reimbursement programs that separate plans are necessary for transparency and accountability purposes.

- 7. Are State agencies required to use the implementation plan template(s) issued by FNS?**

Yes; however, supplemental attachments are acceptable.

Payment Calculations

- 8. Must funds received by CACFP program operators as cash-in-lieu of commodities be included in the calculations for payments under the reimbursement programs?**

No. Only Child Nutrition Program reimbursements specified under the statute and further detailed in policy memo SP 06-2021, CACFP 05-2021 must be taken into account for the purposes of calculating payments. These do not include the value of commodity entitlements or cash-in-lieu received thereof.

- 9. Last year, FNS made CARES Act funds available to State agencies to pay program operators for Child Nutrition Program reimbursements. Are these included in the calculations for payments under the reimbursement programs?**

Yes, but only in this specific circumstance. In 2020, FNS provided CARES Act funds to the State agencies to be used for regular Child Nutrition Program reimbursements. As

such, meal and administrative claims from the months of March-June 2020 may have been covered from this source. The Child Nutrition Program reimbursements specified under the statute and further detailed in policy memo SP 06-2021, CACFP 05-2021 must be taken into account for the purposes of calculating payments to eligible program operators, regardless of the initial source of funding and without exceptions.

However, Child Nutrition program operators may have received other CARES Act funds through separate relief opportunities and funding streams; these revenues are not included in payment calculations, because they were not paid out as Child Nutrition Program reimbursements (which are the only revenues that must be accounted for).

10. Do any additional resources or funding streams, such as State agency-level support to Child Nutrition program operators, need to be taken into account when determining eligibility or calculating payments?

No. Only Child Nutrition Program reimbursements specified under the statute and further detailed in policy memo SP 06-2021, CACFP 05-2021 must be taken into account for the purposes of calculating payments.

11. If a program operator qualifies as “new” but only filed a claim for one of the two months of January/February 2020, how do they calculate the alternative reference period? Do they use only one month for the calculation, or is it still an average?

The average reimbursement for January and February 2020 will still be used to calculate the alternative period. If the program operator filed a claim in only one of the two months, then they effectively divide the total for that single claim by two.

12. If a program operator did not file reimbursement claims in any or all of the reimbursement months (March - June 2020), are they still eligible for payments under these programs?

Potentially yes. If a program operator fully suspended operations in all or some of the reimbursement months (March – June 2020), they still may be eligible for payments. If the program operator had valid claims during either of the applicable reference periods (the same months in the year 2019 or Jan-Feb 2020), the payment calculation would yield a positive result. However, State agencies are reminded that eligibility is further based on resumption of Child Nutrition Program operations or an acceptable assurance to the State Agency of such.

13. If a sponsor did not operate in April 2020 (or another reimbursement month), will they simply receive 55 percent of their claim from the applicable reference month/period?

Yes. As there is nothing to subtract from the reference months claim, the program operator would receive 55 percent of their claim from applicable reference month in 2019 or the alternative reference period. In such cases, the operator will receive the maximum possible benefit under the calculation formula.

14. How should payments be calculated in the case that a program operator filed a consolidated March/April claim due to a lack of operating days in March?

In the case that a program operator filed consolidated March/April claims as permitted under the regulations at 7 CFR 210.8(c)(1), 7 CFR 220.11(b), and 7 CFR 226.10(e), the State agency may run the applicable payment calculation, using that consolidated claim, for the month of April. Please note that in this instance, the program operator in question may still be eligible for a March payment, but there would be no March 2020 claim to deduct from their reference period claim total.

15. If a program operator changes their number of weekly operating days, are any modifications to the payment calculation necessary?

No. All payment calculations are based on the total monthly reimbursement received by the program operator.

16. How should NSLP Seamless Summer Option (SSO) reimbursements be counted?

SSO is part of the NSLP, and therefore its reimbursements will be counted in the payment calculation for the School Programs Emergency Operational Costs Reimbursement Programs the same way any other NSLP reimbursements would be counted.

17. If the State agency cannot confirm whether a local program operator was open or in-session for a given month during the reimbursement period, should that month still be included in the reimbursement calculation?

Potentially yes. The absence of a claim during the reimbursement period does not denote eligibility for a payment; it simply means that there is no amount to deduct from the reference period for that month. If the program operator has a claim from the applicable reference month/period, they should be eligible for a payment.

Program Operator Eligibility

18. Do local program operators need to apply to either their State agency or FNS to receive a payment?

No, program operators are not to be made to apply for a payment they are owed under the calculation formula. The State agency applies to FNS to participate in either or both of the reimbursement programs, receives funding from FNS, and disburses those funds to all eligible program operators. Program operators may decline all or part of a payment, but the State agency must offer it. Additionally, it is the responsibility of the State agency to ensure that payments are calculated for these program operators.

19. Are program operators still eligible for payments if their net cash resources are positive, or in the case of SFAs, if they currently have a three month operating balance as described in 7 CFR 210.19(a)(1)?

Yes. The current balance of a program operator's nonprofit food service account is not taken into consideration under the calculation formula outlined in statute and guidance from FNS. In the event that payments would result in excess balances, State agencies should provide technical assistance to affected program operators in order to ensure a reasonable and timely expenditure of their excess funds.

20. If a program operator participates in both School Meal programs and CACFP, are they eligible for payments under both programs?

Yes. There is no restriction on receiving a payment under both reimbursement programs where applicable.

21. If a program operator began administering Child Nutrition Programs later than February 2020, are they eligible for payments under the reimbursement programs?

If a program operator didn't begin operations until after either of the reference periods specified in the statute, they are not eligible for payments under these reimbursement programs.

22. If an unaffiliated center or day care home switched sponsors during the reference or reimbursement periods or any time thereafter, may they still receive a payment under the CACFP reimbursement program?

Yes. If a program operator changes sponsoring organizations, this should not impact their eligibility for a payment. When unaffiliated centers and day care homes move to a new sponsor, relevant documentation (including claims data) should be retained and made available as needed.

Financial Management and State Administration

- 23. Do payments made under either of the reimbursement programs need to be treated as regular reimbursement funds and deposited into the program operator's nonprofit food service account?**

Yes. All payments made to eligible Child Nutrition program operators must be deposited to that program operator's nonprofit food service account, and will be subject to the same performance/allowable cost rules as other reimbursement funds.

- 24. Will the Child Nutrition Emergency Operating Costs Reimbursement Programs be assigned a Catalog of Federal Domestic Assistance (CFDA) number?**

Yes. These reimbursement programs may be cited under the following CFDA numbers:

School Programs Emergency Operational Costs Reimbursement Program: **10.555**

Child and Adult Care Food Program Emergency Operational Costs Reimbursement Program: **10.558**

- 25. May State agencies charge their 1 percent administrative funds for allowable State administrative costs that were incurred prior to approval of the implementation plan/receipt of funds?**

Yes. Once awarded, the State agency may charge their administrative funding allocation for allowable costs related to the planning and implementation of the reimbursement programs that were incurred during the period of performance (December 27, 2020 and September 30, 2021). Allowable expenses may be charged so long as they were incurred at any point during the period of performance for these funds, as specified by FNS.

- 26. Will the 1 percent administrative funds provided to States be recovered by FNS if not obligated by the period performance end date?**

Yes. State administrative funds provided under both reimbursement programs will remain available to State agencies for obligation until September 30, 2021; after this date, no additional obligations may be made by the State. Liquidation of these funds must occur within 120 days of the end of the period of performance, consistent with Government-wide grant rules. Remaining unexpended funds will be recovered by FNS.

- 27. May a State agency use their State administrative funds for these reimbursement programs to upgrade State technology systems, for instance to collect additional claims information from CACFP sponsors or to otherwise facilitate the calculation and disbursement of payments?**

Yes, such upgrades are allowable costs and encouraged by FNS, particularly if they would enhance payment accuracy, generate efficiencies for State and local staff, or allow for further centralization of payment calculations at the State agency level.

28. Must the State agency remit payments to unaffiliated centers and day care homes directly, or can they be paid through their sponsoring organizations?

FNS is not establishing a requirement in terms of how specifically these payments must be routed to the proper nonprofit food service account. However, we would expect State agencies to make these payments under the same structure they typically make any other payments, which in the case of family day care homes and unaffiliated centers would be via their sponsoring organizations.