

Frequently Asked Questions

Supply Chain Assistance Funding

Guidance Subject to Change – Check dates for the latest version

This FAQ document covers topics related to Supply Chain Assistance (SCA) funding provided by the United States Department of Agriculture (USDA) for disbursement to Contracting Entities (CEs) in the National School Lunch Program (NSLP) experiencing financial hardships related to supply chain issues during the COVID-19 public health emergency. Please read each question and response carefully and thoroughly, as each question covers a very specific topic. Updates to this document are highlighted in yellow.

TABLE OF CONTENTS

1. Who is eligible to receive Supply Chain Assistance (SCA) funding?
2. How are the SCA funding allotments calculated?
3. Am I eligible to receive the second allotment of SCA funding if I already received funds during the first allocation? If so, do I need to submit another attestation statement?
4. I am a CE below the 25% free/reduced price enrollment threshold and received only the base amount in the first round. If I opted into future reimbursements on the attestation form, how much money will I receive in the second round?
5. Am I able to receive SCA funding if I declined funding from the first allotment?
6. How do I attest to TDA that I am eligible and willing to receive SCA funding?
7. Can receipt of SCA funding negatively impact my fund balance?
8. How do I know how much funding is available to my district in the second round?
9. If I opted into additional funding but have decided that I no longer need additional funding, how do I let TDA know?
10. What is the exemption process to request the full SCA funding allotment if my district does not meet the 25% free/reduced price threshold?



TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

Fraud Hotline: 1-866-5-FRAUD-4 or 1-866-537-2834 | P.O. Box 12847 | Austin, TX 78711
 Toll Free: (877) TEX-MEAL | For the hearing impaired: (800) 735-2989 (TTY)



Food and Nutrition Division
 COVID-19

This product was funded by USDA.
 This institution is an equal opportunity provider.



Updated 10/7/2022
www.SquareMeals.org

Frequently Asked Questions

Supply Chain Assistance Funding

11. For which Child Nutrition Programs may SCA funds be used to support the service of meals and snacks?
12. What are the deadlines for submitting the SCA Attestation Form and the SCA Exemption Request Form (if applicable)?
13. When can I expect to receive my SCA funding?
14. Will SCA funds be deposited into the CE's nonprofit food service account? Are CEs required to track SCA funds separately from other reimbursements?
15. Is there a deadline by which SCA funds need to be spent?
16. Will SCA funds be monitored as part of the school meal programs Administrative Review processes?
17. What records must CEs retain in connection with their receipt and use of SCA funds?
18. If a CE 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?
19. What are some examples of allowable products that CEs may procure using their SCA funds?
20. What are some examples of food products that are not permitted to be purchased using SCA funds?
21. May CEs use any portion of their SCA funds allocation for labor, supplies, or administrative expenses?
22. May SCA funds be used to cover the cost of past (i.e. retroactive) expenditures?
23. Are non-food costs that are essential to the procurement of unprocessed or minimally processed domestic food products allowable when using SCA funds?
24. Can CEs use SCA funds if they utilize contracts to procure vended meals and/or the services of a Food Service Management Company, and are there any specific recordkeeping requirements that must be observed?
25. Is there any requirement that the SCA funds for the purchases of unprocessed or minimally processed products be limited to local foods?

Frequently Asked Questions

Supply Chain Assistance Funding

26. What is the reallocation process for distributing remaining SCA funds following the initial distribution?

Frequently Asked Questions

Supply Chain Assistance Funding

1. Who is eligible to receive Supply Chain Assistance (SCA) funding?

Contracting Entities (CEs) that include public, charter, and private nonprofit schools, and Resident Child Care Institutions (RCCIs), are eligible for base SCA funding if they meet all requirements below:

- Currently operate the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP) - including NSLP Afterschool Snack Program and the Seamless Summer Option (SSO);
- Encountered supply chain disruptions as a result of COVID-19; and
- Faced financial difficulties as a result of recent supply chain disruptions caused by the COVID-19 public health emergency.

Additionally, CEs that meet the above criteria but also have a 25% or more free/reduced price student enrollment as of February 2020 are qualified for an additional amount as described in [question #2 below](#).

TDA distributed the first round of allocations to eligible CEs in Spring 2022, followed by a distribution of reallocated reserved funds from that first allotment. TDA is now preparing to issue a second allotment of SCA funding that will be available to eligible CEs in Fall 2022 using the same calculations as the first round. More information on that process is described later in this document.

A third round will also be available to CEs. TDA will calculate third round allotments based on updated student enrollment and claims data and will provide updated information in this FAQ once those funds are ready for distribution.

2. How are the SCA funding allotments calculated?

Each eligible CE is allotted a base amount of \$5,000. Additional SCA funding will then be allotted to eligible CEs based on each eligible CE's share of State-wide student enrollment reflective of February 2020. Note that enrollment of any district/school not participating in the school nutrition programs is **not** included in the calculation of student enrollment.

Any CE that is below the 25% free/reduced price enrollment threshold is only eligible to receive the \$5,000 base amount. CEs in this situation wishing to receive the full allotment as described above must [follow the exemption process as described in question #4 below](#).

Frequently Asked Questions

Supply Chain Assistance Funding

After the initial distribution, any leftover funds will be reallocated to the CEs that received the initial distribution.

3. Am I eligible to receive the second allotment of SCA funding if I already received funds during the first allocation? If so, do I need to submit another attestation statement?

All CEs are eligible to receive SCA funding in the second round, including those that have already received SCA funding and those under the 25% free/reduced-price threshold.

- CEs that already signed an attestation statement **and** selected in the attestation statement that they wanted to receive future reimbursements do not need to take further action unless they have decided they no longer need additional reimbursement. [See question #9 for more information.](#)
- CEs that already signed an attestation statement but did **not** opt in for future reimbursements must submit the Second Round SCA Funding Attestation statement by **October 24, 2022**.

[TDA has provided a list of eligible CEsⁱ](#) on SquareMeals.org to include the money allocated to each CE, if the CE has already submitted an attestation statement, and if the CE opted into additional funds on that initial attestation statement.

4. I am a CE below the 25% free/reduced price enrollment threshold and received only the base amount in the first round. If I opted into future reimbursements on the attestation form, how much money will I receive in the second round?

CEs that are below the 25% free/reduced-price threshold will again receive the \$5,000 base amount. If the CE wants to receive additional enrollment-based allotment, it will have to submit the exemption form on the [Supply Chain Assistance pageⁱⁱ](#) of SquareMeals.org. [See question #10 for more information on the exemption process.](#)

Note that if you submitted an attestation form and did not opt into additional reimbursements, you will have to submit a [Second Round SCA Funding Attestation Statementⁱⁱⁱ](#) by **October 24, 2022**.

Frequently Asked Questions

Supply Chain Assistance Funding

5. Am I able to receive SCA funding if I declined funding from the first allotment?

Yes. Any CE that declined funding in the first round must submit an attestation statement [as described in question #6](#) to receive reimbursement in the second round.

6. How do I attest to TDA that I am eligible and willing to receive SCA funding?

First, CEs should check [TDA's list of second round SCA allotments](#)^{iv} on the [SCA Funding page on SquareMeals.org](#)^v that shows the amount of second round SCA funds that are available to each CE.

If you wish to receive the amount listed on the report **and** have not already submitted an attestation form **or** did not opt into future reimbursements on the initial attestation statement, you will need to submit the [Second Round SCA Funding Attestation form](#),^{vi} also on the SCA SquareMeals.org page. CEs must attest that they:

- Are experiencing supply chain disruptions and related financial difficulties/needs, which may include unanticipated cancellation of food and supply contracts, lack of availability of certain foods, unexpected substitution of food products, unpredictable increases in food and supply prices, or other obstacles,
- Will only use funds to purchase domestic unprocessed or minimally processed foods (see below for more information);
- 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.

CEs will also have the opportunity to opt into future reimbursements, which include reallocation of any leftover second round funding and the third round of SCA funding.

CEs below the 25% free/reduced-price enrollment threshold must also submit an exemption request as described [in question #10](#) if they want the full amount allotted to them. Otherwise, only the \$5,000 base amount will be provided to those CEs.

Adherence to the above requirements will be reviewed during Administrative Reviews. As such, CEs should have documentation supporting previous supply chain disruptions, including vendor notifications and invoices.

Frequently Asked Questions

Supply Chain Assistance Funding

7. Can receipt of SCA funding negatively impact my fund balance?

Yes. CEs are required to maintain no more than a three-month operating balance in the nonprofit food service account. While TDA will not issue a finding should the receipt of SCA funds increase a current excess fund balance or create a new excess fund balance, CEs in this situation are required to create a spending plan showing how they intend to spend down the excess fund balance. Thus, CEs should consider if they really meet the eligibility criterion of facing current financial difficulties prior to submitting an attestation statement or agreeing to additional funding in the second or third rounds of SCA fund distribution.

8. How do I know how much funding is available to my district in the second round?

TDA's [list of second round SCA allotments](#)^{vii} is posted on the [dedicated SCA Funding page](#)^{viii} on SquareMeals.org.

9. If I opted into additional funding but have decided that I no longer need additional funding, how do I let TDA know?

TDA will email each eligible CE with the amount of money they are expected to receive in the second round. CEs have until **October 24, 2022** to respond that they either do not want the money or a lesser portion of what has been allotted. Should the CE fail to meet this deadline, TDA will send the entire allotment of SCA funding to the CE.

10. What is the exemption process to request the full SCA funding allotment if my district does not meet the 25% free/reduced price threshold?

CEs wishing to request an exemption may submit the [SCA Funding Exemption Request Form](#)^{ix} on the [SCA Funding SquareMeals.org page](#).^x TDA may provide exemptions to CEs that provide adequate justification that the CE needs additional SCA funds to mitigate supply chain disruptions.

CEs will also be considered for an exemption if they document that their communities have suffered economic impacts during the public health emergency that may not be reflected in the February 2020 free and reduced-price enrollment data.

TDA will evaluate these requests on a case-by-case basis. If approved, TDA will notify the CE that they have been approved to receive funding along with the calculated

Frequently Asked Questions

Supply Chain Assistance Funding

allotment for which they are eligible. CEs approved to receive funding but that have not yet signed an attestation statement must then submit the SCA Funding Attestation form [per the process described above](#).

11. For which Child Nutrition Programs may SCA funds be used to support the service of meals and snacks?

SCA funds are available only to CEs operating the NSLP, SBP, the NSLP Afterschool Care Program (ASCP), or the Seamless Summer Option (SSO) and may only be used to purchase unprocessed or minimally processed domestic food products for those programs.

Costs associated with additional snack services falling outside the scope of the school meal programs are not allowable. As such, SCA funds may not be used to purchase foods to support the Special Milk Program, Fresh Fruit and Vegetable Program, Summer Food Service Program, Child and Adult Care Food Program, or other supplementary snack program.

12. What are the deadlines for submitting the SCA Attestation Form and the SCA Exemption Request Form (if applicable)?

TDA is requesting that CEs submit their SCA Attestation Forms as soon as possible but no later than **October 24, 2022**. CEs who are requesting an exemption should also submit the SCA Exemption Request Form no later than **October 24, 2022**. Deadlines to submit attestation forms for those approved for an exemption, if applicable, will be communicated to the appropriate CEs after TDA's approval process is completed.

13. When can I expect to receive my SCA funding?

TDA will begin issuing second round allotments on November 1, 2022.

14. Will SCA funds be deposited into the CE's nonprofit food service account? Are CEs required to track SCA funds separately from other reimbursements?

SCA funds will be deposited into the nonprofit food service account of the CE and can be commingled with existing funds in the account. However, CEs are required to maintain documentation supporting food purchases that are allowable for SCA purposes

Frequently Asked Questions

Supply Chain Assistance Funding

(i.e. unprocessed or minimally processed domestic food products) and equal in amount received, consistent with the regular program recordkeeping requirements.

15. Is there a deadline by which SCA funds need to be spent?

No. As long as funds are spent in accordance with the requirements outlined in this FAQ, there is no mandatory timeframe in which SCA funds must be spent.

16. Will SCA funds be monitored as part of the school meal programs Administrative Review processes?

Yes. SCA funds will be monitored consistent with other school meal program funds through the existing oversight measures used in TDA's Administrative Review process. While TDA 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, CEs 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.

17. What records must CEs retain in connection with their receipt and use of SCA funds?

CEs receiving funding are required to maintain documentation that reflects purchases of, or requests to purchase, unprocessed or minimally processed domestic products, or contracts that include this requirement. This documentation must reflect that purchases made by CEs are consistent with the purpose of the SCA funding in amounts that are at least equal to funds received.

Examples of documentation may include invoices, receipts, and other documents provided when the CE executes purchases with these funds. TDA understands that invoices or receipts do not always include the domestic origin, so similarly to measures taken to meet Buy American requirements, having other supporting documentation is sufficient. CEs are not required to proactively provide documentation to TDA regarding those food purchases.

Frequently Asked Questions

Supply Chain Assistance Funding

18. If a CE 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?

CEs that have been suspended or terminated from participation in the school meal programs are not eligible to receive SCA funds. SCA funds may only be awarded to current operators of eligible programs.

However, CEs 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.

19. What are some examples of allowable products that CEs may procure using their SCA funds?

SCA funds must be used exclusively for the purchase of domestic food products (also known as commodities) that are unprocessed or minimally processed. Examples of some allowable food products include fluid milk (flavored included) 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 CEs 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. In addition, as with all Federal funds, CEs are required to follow Federal procurement regulations found in 2 CFR 200, which includes the option to utilize emergency noncompetitive procurements.

20. 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

Frequently Asked Questions

Supply Chain Assistance Funding

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; pre-packaged 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.

21. May CEs 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.

22. 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 CE's receipt of SCA funds.

An example of the latter would be a CE that signed a purchasing contract for milk before the start of the school year that is paid for on a monthly basis. If SCA funds are received by the CE on March 1, 2022, the CE could pay invoices for milk that are due on or after that date.

23. 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.

24. Can CEs use SCA funds if they utilize contracts to procure vended meals and/or the services of a Food Service Management Company, and are there any specific recordkeeping requirements that must be observed?

In situations where a CE has a FSMC, or a vended meal contract, the CE may use SCA funds toward the payment of invoices associated with those agreements. However, it is

Frequently Asked Questions

Supply Chain Assistance Funding

incumbent on the CE to insure that such payments, over the period in which the award is used, include charges for minimally processed domestic foods at least equal to the amount of SCA funds used to pay the invoices.

CEs will need to work with their FSMC/vendor to ensure that appropriate expenditures are being made and documented for foods meeting the requirements as specified in the terms and conditions of the award. In practice, CEs are not required to collect documentation from their FSMC in advance of payment; however, there is an expectation that documentation will be available upon demand. Documentation should include invoices for minimally processed domestic foods purchase in support of the contract that are at least equal to SCA funds paid to the FSMC/vendor. In addition, CEs retain the ability to purchase allowable food items outside of their food service management contract, as long as the contract permits.

25. Is there any requirement that the SCA funds for the purchases of unprocessed or minimally processed products be limited to local foods?

No. CEs are not required to purchase locally grown, raised, or caught foods with SCA funds. CEs 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.

26. What is the reallocation process for distributing remaining SCA funds following the initial distribution?

TDA is currently developing the reallocation process and will inform CEs via this FAQ, statewide calls, newsletters, and SquareMeals.org once that process is ready. Note that reallocated funds will be subject to the same limitations on scope/usage and recordkeeping requirements that apply to funds that were offered initially (i.e. funds may only be used for the purchase of domestic unprocessed or minimally processed foods to support the NSLP/SBP meal service).

Frequently Asked Questions

Supply Chain Assistance Funding

In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, this institution is prohibited from discriminating on the basis of race, color, national origin, sex (including gender identity and sexual orientation), disability, age, or reprisal or retaliation for prior civil rights activity.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotope, American Sign Language), should contact the responsible state or local agency that administers the program or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a Complainant should complete a Form AD-3027, USDA Program Discrimination Complaint Form which can be obtained online at: <https://www.usda.gov/sites/default/files/documents/USDA-OASCR%20P-Complaint-Form-0508-0002-508-11-28-17Fax2Mail.pdf>, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

- (1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or
- (2) fax: (833) 256-1665 or (202) 690-7442; or
- (3) email: program.intake@usda.gov.

This institution is an equal opportunity provider.

Frequently Asked Questions

Supply Chain Assistance Funding

i

<https://squaremeals.org/Portals/8/files/H1N1/Coronavirus/Financial/SCA%202nd%20Round%20Award%20Listing%209.29.22.pdf>

ii

<https://squaremeals.org/FandNResources/CoronavirusUpdateforContractingEntities/SupplyChainAssistanceFunds.aspx>

iii <https://app.smartsheet.com/b/publish?EQBCT=78549e948f0e4b94b27027e6331e4aec>

iv

<https://squaremeals.org/Portals/8/files/H1N1/Coronavirus/Financial/SCA%202nd%20Round%20Award%20Listing%209.29.22.pdf>

v

<https://squaremeals.org/FandNResources/CoronavirusUpdateforContractingEntities/SupplyChainAssistanceFunds.aspx>

vi <https://app.smartsheet.com/b/publish?EQBCT=78549e948f0e4b94b27027e6331e4aec>

vii

<https://squaremeals.org/Portals/8/files/H1N1/Coronavirus/Financial/SCA%202nd%20Round%20Award%20Listing%209.29.22.pdf>

viii

<https://squaremeals.org/FandNResources/CoronavirusUpdateforContractingEntities/SupplyChainAssistanceFunds.aspx>

ix <https://app.smartsheet.com/b/publish?EQBCT=246d70b9337746838b50fcf2e06447f4>

x

<https://squaremeals.org/FandNResources/CoronavirusUpdateforContractingEntities/SupplyChainAssistanceFunds.aspx>