United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Drive
Alexandria, VA
22302-1500

DATE: October 11, 2013

SUBJECT: Impact of a Lapse in Funding on Child Nutrition Programs - Update

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

On October 1, the Food and Nutrition Service notified State Agencies of the impacts of the lapse in appropriations on the Child Nutrition Programs. The attached Questions and Answers document provides updated information on the status of Fiscal Year 2014 program funds and other program issues.

We are committed to keeping you as up to date as possible, within the limits of current circumstances.

Original Signed

Cynthia Long
Director
Child Nutrition Division

Friday, October 11, 2013

FY 2014 Lapse in Appropriations

Child Nutrition Program Questions and Answers

FY2013 Reimbursements:

Q. Can State Agencies (SAs) continue to receive reimbursements for program activities that occurred in FY2013?

A. Yes, FY2013 funds are available to pay reimbursement claims for all Child Nutrition Program activity prior to October 1, 2013.

FY2014 Program Funds

Q. What funds are available to support FY 2014 Child Nutrition program activities?

On October 3, USDA made FY2013 carryover funds available to SAs to support FY2014 program activities. We estimate that these funds are adequate to support program operations occurring in early October. We understand that while claims for October operations will not occur until November, SAs and program operators are concerned about late October operations if appropriations are not enacted soon.

USDA has determined that additional funding is currently available, and is sufficient to support program activity for several months in FY 2014. This funding is provided through a permanent appropriation supporting the Child Nutrition programs, and its availability to support Child Nutrition program obligations does *not* depend on further action by Congress.

Finally, once an appropriation is enacted, we expect that additional appropriated resources will also be available to support reimbursement for program operations.

Q. If States use their own funds to support Child Nutrition Program activities due to unavailability of federal funds, will States be reimbursed with Federal funds once such funding becomes available?

As noted above, federal resources are currently available to support Child Nutrition program obligations for several months in FY2014.

Q. Can the carryover funds provided on October 3 be used for all the Child Nutrition programs?

A. Carryover funds have been provided for the National School Lunch Program, School Breakfast Program, Child and Adult Care Food Program and Special Milk Program (see below regarding funding for the Fresh Fruit and Vegetable Program). Funds have been allocated among SAs administering these programs, and among programs accounts, proportional to the amounts each agency/account would have received if there were a full year appropriation available. The one exception is the Summer Food Service Programs, which should not require FY2014 funds at this time.

Q. Can the funds be used for sponsor advances in the Child and Adult Care Food Program?

A. Consistent with program regulations, sponsor advances are an allowable use of these funds.

Fresh Fruit and Vegetable Program Funding

Q. Are there funds available for continued School Year (SY) 2013/14 operation of the Fresh Fruit and Vegetable Program (FFVP)?

A. Yes. States were notified of their total FFVP allocation amounts for SY 2013/14 in May 2013. The initial allocation of FFVP funds was provided in July for FY2013 activities, and these funds remain available to reimburse schools for FY2013 activities. State agencies received a portion of the remaining allocation for FY2014 activities on October 3. The balance of the SY2013/14 allocations is available and not dependent on further appropriations action by Congress. The remaining funds will be provided to SAs by USDA once the federal government reopens. Thus FFVP operations may continue as planned for SY2103/14.

State Administrative Expenses

Q. Can States utilize State Administrative Expense (SAE) funds during the federal government shutdown?

A. Yes, SAE grants are made available with a two year period of performance. Therefore, SAs may utilize funds remaining in their FY 2013 grants for FY2014 state administrative activities. Additionally, FNS has provided States with an initial allocation of FY2014 SAE funds equal to approximately 10% of the funds they would receive for the full fiscal year, based on the SAE funding formula. We anticipate that once an appropriation is enacted the remaining SAE funds will be allocated to SAs.

Q. Can States use CACFP audit funds at this time?

A. No, CACFP audit funds are provided to SAs as a single-year grant, thus they cannot utilize any remaining FY2013 funds. FY2014 audit funds will be provided when the federal government reopens. However, please note that SAE funds may be used for CACFP state administrative activities, including those typically funded with audit funds.

Q. Can States use funds provided through Section 201 of the Healthy, Hunger-Free Kids Act of 2010 for State program administration?

A. Yes, these funds are available to support many State administrative activities associated with the NSLP and SBP. Please see SP39-2013 for further details.

Program Administration During Furloughs

Friday, October 11, 2013

Q. Can households of furloughed employees be approved for free or reduced price school meal benefits? Should they be removed from the program when the furlough is over?

A. The income eligibility guidelines for free and reduced price school meals are based on annual income. While there is no prohibition on households with furloughed employees applying for benefits during a furlough, school food authorities (SFAs) should manage the application process in a manner which reflects their unique circumstances. During the furlough period, these households may not have information on the duration of the furlough or its ultimate impact on household income. Therefore, it is reasonable for SFAs to remind households that free or reduced price eligibility is intended to reflect actual annual income. School districts should urge any families who are approved for free or reduced-price meals based on their reduced income during a furlough period to terminate their free/reduced price status should the economic hardship they had anticipated due to the furlough be remedied by a return to work and/or restoration of pay for the furlough period.

In addition, families should be made aware that if they are selected for verification later in the school year, they will be required to produce documentation of *actual* income for the application month. School districts may choose to verify applications "for cause" if they have specific information indicating that the information on the application is not accurate.