



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

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GOVERNOR

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STATE SUPERINTENDENT

FOOD SERVICE

ADMINISTRATIVE MEMO NO. 4 SCHOOL YEAR 2023-2024

SUBJECT: Supply Chain Assistance Funds, Rounds 1-4

DATE: November 14, 2023

The United States Department of Agriculture (USDA), Food and Nutrition Service (FNS), has approved four allocations of funding, known as Supply Chain Assistance (SCA) funds. They were announced December 17, 2021, July 7, 2022, September 20, 2022, and August 7, 2023. Funding for this program is authorized through the Commodity Credit Corporation (CCC) and authorized under the CCC Charter Act [15 U.S.C. 714].

SCA funds were intended to help school food authorities continue to recover from the COVID-19 pandemic, as they faced supply chain challenges. SCA funds can only be used to purchase domestic food products that are unprocessed or minimally processed. Food that comes cut, whole, pureed, fresh, frozen, dried, or canned is acceptable.

SCA funds can be used with the **10 Cents a Meal for Michigan's Kids and Farms** program to provide up to 10 cents per meal in match funding to purchase Michigan grown fruits, vegetables, and legumes. The same local fruits and vegetables purchased with SCA funds **can** be submitted for 10 Cents a Meal. However, items purchased with SCA funds **cannot** be submitted for Local Foods for Schools (LFS) grant purchases.

SCA funds CAN be used for what programs?

The National School Lunch Program, School Breakfast Program, or Afterschool Snack Program.

SCA funds CANNOT be used for what programs?

The Special Milk Program, Fresh Fruit and Vegetable Program, Summer Food Service Program, or Child and Adult Care Food Program. Funds are not allowed to provide extra free meals or snacks to students. The food purchased with SCA funds must be used as part of a reimbursable meal or snack.

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Foods Allowed

- Domestic food products originating from the United States. Purchasing local Michigan grown food products is encouraged.
- Food that comes whole, cut, pureed, fresh, frozen, canned, or dried.
- Examples: sliced peppers, cut carrot coins, pumpkin puree, diced tomatoes, fresh apples, frozen peaches, canned corn, dried cherries.
- Dairy products such as milk, shelf stable milk, cheese, and yogurt. Flavored milk and yogurt are acceptable, as is soy milk and cream cheese.
- Fruits such as apples, blueberries, cherries, grapes, peaches, pears, raspberries, blackberries in fresh, frozen, or canned states, and 100% juice. This includes unflavored applesauce.
- Vegetables such as broccoli, carrots, peas, lettuce, in fresh, frozen, or canned states, and 100% juice.
- Grains such as pasta, rice, corn, oats, or whole wheat flour.
- Animal products that are whole, in pieces, or ground, such as chicken breast, turkey/ham deli meat, ground turkey/beef, eggs, hard boiled eggs, and canned seafood.
- Legumes such as canned garbanzo beans, kidney beans, black beans, and lentils.

Food Not Allowed

- Food that is purchased from outside of the United States (i.e., Canada, France, Germany, India, Mexico).
- Grains that have been altered such as baked goods, crackers, breads, muffins, tortilla chips, pizza, and pre-packaged sandwiches or meals such as ready-to-eat breakfast cereals.
- Meat and food that is ready-to-eat or requires no further preparation than heating. Examples include chicken nuggets, lasagna, hot dogs.
- Items that have added ingredients and/or cooked – such as baked beans, refried beans, marinara sauce, pickles, and yogurt smoothies.

Does it matter what vendor is used to purchase products?

No. It can be from your broadline distributor (example: Gordon Food Service (GFS), Van Eerden, or Sysco) or it could be from a local farmer. Follow regular procurement procedures and current contracts.

What are the grant codes to use?

Rounds 1 and 2: CFDA# 10.555, Accounting Grant Code 851X, MDE Program ID# 220910.

Round 3: CFDA# 10.555, Accounting Grant Code 851X, MDE Program ID# 230910.

Round 4: CFDA# 10.555, Accounting Grant Code 851X, MDE Program ID# 240910.

When do the funds need to be spent?

There is not a deadline to spend SCA funds. The only deadlines USDA has provided are for the Michigan Department of Education to send funds to sponsors.

What is the process to accept or decline funds?

GEMS/MARS notifications were sent out with each round of funding. Authorized officials at each sponsor had to complete the form to accept or decline the funds. Payments were made through the normal payment process for federal meal reimbursement.

What happens if the funds are declined?

Declined funds are reallocated to other sponsors.

How should SCA funds be handled financially?

SCA funds do not need to be tracked separately from an accounting standpoint. An optional tracking spreadsheet is available on the [Supply Chain Challenges webpage](#). Tracking does not need to be by invoice number. Using a velocity or purchasing report from your distributor or Group Purchasing Organization (GPO) is acceptable documentation of purchases.

- Revenue recognition for SCA Round 4 will happen in School Year 2023-2024.
- Ideally the SCA Funds should be spent in the current school year since the funding is intended for immediate relief of supply chain challenges.
- The use of SCA funds will be reviewed and monitored in the same manner as other funds in the Food Service Fund.
- SCA funds, if unused prior to June 30, may trigger an excess fund balance.
 - The requirements of 7 CFR 210,19(a)(1) to maintain no more than a three-month operating balance in the Nonprofit Food Service Account (NFSA) does not impact a sponsor's eligibility for and/or receipt of SCA funds. State Agencies are advised to continue providing appropriate technical assistance to SFAs that exceed their three-month operating balance to ensure full use of Federal funds. All regulations still apply, and our normal Excess Fund Balance process is still required to be followed.

Are sponsors with vended meal contracts eligible?

Yes. Request from your vended meal provider the amount (or percentage) of their meal invoice that goes towards unprocessed and minimally processed foods (primarily milk, fruits, and vegetables). Then apply that amount to your monthly invoice. For example, if the vended meal provider says that 40% of their invoice cost goes to unprocessed or minimally processed foods, then you can apply SCA funds to 40% of the invoice. The vended meal company does not need to provide the sponsor with their food invoices.

Additional Resources

- Additional information and an optional invoice tracker are found on the [MDE Supply Chain Challenges webpage](#).
- Supply Chain Assistance funds USDA Memos: SP 03-2022, SP 15-2022, SP 16-2022, and SP 19-2023.
- Additional questions? Please contact MDE-SchoolNutrition@michigan.gov.