



July 12, 2004

United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park
Center Drive
Alexandria, VA
22302-1500

SUBJECT: Child Nutrition State Administrative Expense (SAE) Funds
Reauthorization 2004 Implementation Memo CN 2

TO: Regional Directors
Child Nutrition Programs
All Regions

State Agencies
Child Nutrition Programs
All States

Section 202 of the Child Nutrition and WIC Reauthorization Act of 2004 (the Act) amended Section 7 of the Child Nutrition Act of 1966 to increase the minimum SAE grant level to States. In addition, for fiscal years (FY) 2005 through 2007, it maintains each State's SAE grant at not less than the amount the State received for FY 2004. These provisions become effective October 1, 2004.

The minimum grant level will be increased for the National School Lunch Program, the School Breakfast Program, and the Special Milk Program to \$200,000. In addition, States will be allocated SAE funds in an amount not less than the initial allocation of SAE funds in FY 2004. It should be noted that the Act specifies that funds will be made available to the State as a whole, not on a State agency (SA) by SA basis. This means that if a State has more than one SA, the amount of the SAs added together will not be less than the initial amount allocated in FY 2004. In some cases an individual SA may be allocated less than the FY 2004 level.

The Act also incorporates an escalator clause for the minimum grant that will go into effect in FY 2008. We will discuss these changes at a later date.

Please contact Terry Hallberg at 703/305-2590 or Joan Tressler at 703/305-2322 if you have questions.

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Director
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