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SUBJECT: Notice of Funding Availability (NOFA) - Fourth Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meal Programs

TO: Regional Directors
Child Nutrition Programs
All Regions

Regional Directors
Grants Management Administrative Services
All Regions

State Directors
Child Nutrition Programs
All States

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School food professionals continuously meet extraordinary challenges to ensure every child can get the healthy, nutritious food they need to learn, grow, and thrive. School nutrition programs have faced significant challenges in recent years, with supply chains for food and labor stressed and at times disrupted. Throughout SY 2022-2023, the Keep Kids Fed Act (KKFA) provided schools with additional financial support by temporarily increasing meal reimbursement rates for school meals, but these increases expired on June 30, 2023.

FNS wants to continue to support our school nutrition professionals as they navigate continued supply chain challenges and the expiration of the increased reimbursement provided by the KKFA. In school years 2021-22 and 2022-23, FNS provided close to \$2.5 billion in relief funds through the Commodity Credit Corporation (CCC), authorized under the CCC Charter Act [15 U.S.C. 714c(c)]. These resources, referred to as Supply Chain Assistance (SCA) funds, were

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distributed to School Food Authorities (SFAs) and local level program operators by State agencies and FNS has received feedback that these funds helped SFAs meet financial challenges with elevated food and labor costs.

Because financial challenges persist, FNS is providing an additional \$1.2 billion in SCA funds under the same authority (CCC Charter Act [15 U.S.C. 714c(c)]) to assist school programs in their efforts to provide consistent and nutritious school meals to children. The SCA funds are a critical funding stream that will provide additional financial resources for school districts to purchase domestic food products. As part of school districts' efforts to respond to these remaining supply chain challenges, this assistance will enhance efforts to strengthen local food supply chains and help schools to overcome financial and operational barriers while maintaining children's access to nutritious meals.

State agencies will distribute this fourth round of SCA funding to eligible SFAs via the same formula used to distribute the first three rounds of funds. SCA funds remain limited to the purchase of unprocessed or minimally processed domestic food products (also referred to as commodities). As a reminder, to receive funds, State agencies and SFAs must administer or operate the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP).

FNS expects that these funds, in addition to any unspent funds from the previous allocations¹, will support SFA operations in school year (SY) 2023-2024.

This NOFA provides updated guidance to State agencies on the allocation and use of fourth round SCA funds, as well as oversight and recordkeeping expectations. A summary of key dates and deadlines is also included.

Eligibility and Funding Allocation

State-level Funding Allocation

State agencies administering the NSLP and/or SBP in all 50 States, the District of Columbia (DC), Puerto Rico, Guam, and the U.S. Virgin Islands will be eligible to receive these funds, which will be in addition to the previous SCA dollars already received. The amount of SCA funds allocated to each State agency was determined by FNS based equally on 1) student enrollment data, and 2) annualized program earnings data. Data from SY 2019-2020² was used in these calculations, as this timeframe provides a more accurate depiction of typical enrollment and earnings than more recent completed school years, which were severely impacted by the COVID-19 public health emergency. State level allocations are shown in Table 1 below. This allocation method balances the influence of multiple key school meal program metrics by reflecting both the maximum population that might potentially be served, as well as targeting SCA relief funds towards States with larger percentages of students eligible for free and reduced-priced school meals.

¹ State agencies must obligate unspent funds from previous allocations no later than September 30, 2023.

² These data comprise earnings from Fiscal Year (FY) 2019 and enrollment from October 2019.

Upon receipt of allocated SCA funds, State agencies will disburse formula-calculated payments to eligible SFAs. The formula allocation for this fourth round of SCA funds shall be identical to that used to distribute the first, second and third rounds of SCA funds.

Distribution of Funds to State Agencies

Funding allocations will be available to State agencies following the release of this NOFA and provided through the Grant Award/Letter of Credit process. Funding will require that the State agencies sign a new FNS-529, Grant Award Agreement, rather than a modification to an award document granting an earlier round of funding. This document will be provided to each State agency by their respective Regional Grants Management Administrative Services Office. State agencies wishing to receive these SCA funds must return a signed FNS-529 by no later than August 21, 2023. If a State agency has difficulty meeting this timeframe, they are advised to contact their respective Regional Office.

Local-level Funding Distribution

State agencies will allocate SCA funds to individual school districts using the same predetermined formula that was specified with the first three rounds of funding. This allocation includes two components: a base payment of \$5,000 to all eligible school districts, and a proportional funding amount based on each SFA's share of statewide student enrollment. The base payment is intended to ensure that the smallest districts receive a meaningful level of funding. The proportional amount is intended to provide resources that scale with the size of the student population served by an SFA.

State agencies will use the most recent SFA-level enrollment data available to calculate the proportional funding amounts provided to individual school districts, as these data are expected to be readily available in State systems. The enrollment data used should be reflective of the most recent available data but no earlier than October 2022, so long as the selection is made consistently across the State.

Discretionary Allocation Options for State Agencies

The discretionary allocation options available with the first three rounds of SCA funds may also be adopted with this fourth round of funding. As a reminder, these are:

- Targeting funds to SFAs with the highest need: State agencies have the option to limit the distribution of funds to SFAs in which at least 25% of the student population is certified for free and reduced-price meals, unless an SFA falling outside of this category (i.e., SFAs with free and reduced-price certification rates below 25%) can provide evidence of need.
- Supporting local procurement: To support procurement of local foods and strengthening local food supply chains, State agencies have the option to utilize up to 10% of their total SCA funds allocation for State centralized procurement and distribution of unprocessed and minimally processed local foods ('local' as defined

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by the State) for use by SFAs in the school meal programs. These local foods may then be distributed to SFAs at the State agencies' discretion.

State agencies may select either of these options for use in connection with their fourth round of SCA funding, regardless of whether they were adopted for the purposes of allocating any of the first three rounds of funds. Similarly, State agencies that adopted one or both discretionary options with the first and second round of funds may discontinue their use when distributing the fourth round. Regardless of past implementation choices, States choosing the local procurement option may now calculate up to 10% withholding based on their *total* award amount (i.e., the sum of their round 1, round 2, round 3, and round 4 SCA awards).

Period of Performance

The period of performance for these funds is August 25, 2023, through September 30, 2024.

Accountability, Oversight, and Reporting

Attestation Statement

State agencies must develop and provide an attestation statement to all SFAs that would receive SCA funding. The attestation is intended to ensure that the SFA is experiencing a supply chain disruption and financial difficulties related to such; will use SCA funds only for purchasing unprocessed or minimally processed domestic food products; and will continue to observe all existing Program requirements regarding recordkeeping and accountability in connection with the use of their SCA funding. SFAs must complete the attestation in order to receive SCA funds.

For the purposes of distributing fourth round funding, SFAs that have already signed an attestation are **not required to sign another statement** to receive additional funds. Only SFAs that did not previously sign an attestation to receive SCA funding remain subject to this requirement. State agencies only need to provide a simple opt-in vehicle to SFAs that have already signed an attestation.

Grant Award Reporting Requirements

Selected applicants will be required to provide quarterly and a final FNS-908 *Performance Progress Reports* and quarterly and a final SF-425 *Financial Status Reports*. The SF-425 must be submitted in the Food Program Reporting System under the report title, "CN-CCC – CN Supply Chain Assistance Funding."

State agency reporting requirements are specified in the Terms and Conditions of the FNS-529 award package. Please refer to the award Terms and Conditions for further details on the treatment of fourth round funding in future reports.

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As noted above, the FNS-529 with the total award amount will also be accompanied by modified terms and conditions. The modification to the terms and conditions is limited to a change in the data elements required via the FNS-908, Performance Progress Report. Please note, the request for States to submit the modified data elements only applies to Quarter 4 reporting in FY 2023 and all quarters in FY 2024. These modified terms and conditions will be provided through the FNS Regional Office.

Reallocation of Funds

Any remaining fourth round funds may be reallocated at the State agency's discretion consistent with the guidance previously outlined in policy memo SP 03-2022.

Key Dates and Deadlines

Please refer to the FNS website at [Allocation of Supply Chain Assistance Funds to Alleviate Supply Chain Disruptions in the School Meal Programs](#) for detailed guidance on this and other related topics.

The following Table provides some key dates:

Key Dates and Deadlines	
August 21, 2023	Date by which State agencies execute their new FNS-529.
August 25, 2023	Date by which FNS will make the fourth round of SCA funds available to State agencies, i.e., issue a new FNS-529.
September 15, 2023	Recommended date by which State agencies begin making payments to SFAs
December 31, 2023	Recommended date by which State agencies begin SCA funds reallocation process (if applicable, and encouraged sooner if feasible)
September 30, 2024	Period of Performance End Date (Date by which SCA funds must be fully obligated)

State agencies with questions regarding this memorandum should contact their respective FNS Regional Offices.

Original Signed

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Supply Chain Assistance (SCA) Funding Allocation Levels by State³	
State	<i>State Allocation Amount (50% Enrollment/50% Earnings⁴)</i>
Alabama	\$19,319,637
Alaska	\$3,178,156
Arizona	\$26,756,107
Arkansas	\$13,430,302
California	\$142,607,508
Colorado	\$16,300,168
Connecticut	\$11,477,378
Delaware	\$3,540,728
District of Columbia	\$2,586,766
Florida	\$71,113,036
Georgia	\$44,494,226
Guam	\$803,455
Hawaii	\$4,012,415
Idaho	\$6,416,889
Illinois	\$44,676,822
Indiana	\$26,911,395
Iowa	\$13,146,301
Kansas	\$12,345,854
Kentucky	\$19,911,268
Louisiana	\$20,980,547
Maine	\$4,581,570
Maryland	\$18,669,422
Massachusetts	\$21,714,656
Michigan	\$35,514,569
Minnesota	\$20,793,502
Mississippi	\$13,903,852
Missouri	\$23,239,883
Montana	\$4,232,796
Nebraska	\$8,852,732
Nevada	\$10,359,046
New Hampshire	\$3,364,124
New Jersey	\$30,232,425

³ FNS included \$261,578 in unobligated funds from the 3rd Round of CCC funds released in September 2022

⁴ These data comprise earnings from FY 2019 and enrollment from October 2019.

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New Mexico	\$9,449,455
New York	\$73,005,606
North Carolina	\$35,228,553
North Dakota	\$3,298,281
Ohio	\$42,416,041
Oklahoma ⁵	\$18,032,552
Oregon	\$12,567,531
Pennsylvania	\$41,524,968
Puerto Rico	\$7,451,760
Rhode Island	\$3,399,086
South Carolina	\$19,195,455
South Dakota	\$3,816,361
Tennessee	\$25,429,841
Texas	\$137,876,862
Utah	\$11,982,348
Vermont	\$1,999,301
Virgin Islands	\$278,461
Virginia	\$27,213,679
Washington	\$22,349,439
West Virginia	\$7,532,229
Wisconsin	\$20,689,949
Wyoming	\$1,956,285
Total	\$1,226,161,578

⁵ In Oklahoma, a separate state agency administers NSLP/SBP in private schools. This agency (OK DHS) will receive the following sum, deducted from the total listed for Oklahoma in the table: \$303,281