



Food and
Nutrition
Service

DATE: December 5, 2019

Park Office
Center

SUBJECT: Terms and Conditions for Funds Available for Storage and
Distribution of Food Purchase Distribution Program Foods

3101 Park
Center Drive
Alexandria
VA 22302

TO: Regional Directors
Special Nutrition Programs
MARO, MPRO, MWRO,
NERO, SERO, SWRO, and
WRO

State Directors
All TEFAP State agencies

Under the statutory authority of the Commodity Credit Corporation (CCC), the U.S. Department of Agriculture (USDA) is administering a second year of the Trade Mitigation Food Purchase and Distribution Program, now known as the Food Purchase Distribution Program (FPDP), to purchase up to \$1.4 billion of FPDP foods. The bulk of this food is being distributed through The Emergency Food Assistance Program (TEFAP), which is USDA's primary outlet for foods purchased through market support mechanisms. These foods are being provided to State agencies in addition to TEFAP entitlement and bonus foods. Due to the increase in the total amount of food expected to be delivered to TEFAP State agencies and their eligible recipient agencies (ERAs) in fiscal year (FY) 2020, the USDA is making CCC funds available to assist with the operational costs of the receipt, storage, and distribution of these foods. Approximately \$60 million will be available nationally to support TEFAP eligible recipient agency (ERA) operational expenses associated with FPDP foods.

Attached to this memorandum is a summary chart (Attachment B) showing the initial offer of FPDP ERA operational funds (previously referred to as Trade Mitigation Program ERA operational funds) available to each State agency for phase one FPDP orders. At this time, a total of \$15.8 million is available to State agencies that have ordered FPDP foods. State agencies must review this chart and return the attached agreement (Attachment A) to their respective Food and Nutrition Service (FNS) Regional Office with the total amount they choose to accept for disbursement to their ERAs no later than December 13, 2019. A State agency's acceptance of all or a part of these funds accompanied by the signed attachment will serve as acknowledgment of, and agreement with, the terms and conditions set forth in this memorandum. Additional FPDP ERA operational funds will be offered throughout FY 2020.

Disbursal of FPDP ERA Operational Funds

Under the statutory authority of Section 4(l) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b), these funds will be made available to State agencies on an advance basis. Funds will be allocated to State agencies based on a \$2,000 per-truck grant for each truck of FPDP foods ordered. State agencies are required to pass through 100 percent of these funds to ERAs within their State, and cannot retain any funds for use at the State level. State agencies have the discretion to give these funds to ERAs either through cash advances or through reimbursement payments. Funding provided via cash advances must, however, be adjusted based on actual costs incurred.

These funds will not flow directly through FNS. The Agricultural Marketing Service (AMS) will issue funds via electronic transfer to State agencies that submit the enclosed agreement to FNS, as outlined above.

Allowable Uses of FPDP ERA Operational Funds

FPDP ERA operational funds must be used for TEFAP ERA operational costs associated with the receipt, storage, and distribution of FPDP foods.

These funds are separate and distinct from TEFAP administrative funds. These funds may be used for the same types of expenses as regular TEFAP administrative funding, but are limited to those expenses associated with FPDP foods. Additionally, unlike TEFAP administrative funds, these funds may not be spent by the State agency on behalf of the ERA. The funds must be spent directly by the ERA. State agencies and ERAs may refer to TEFAP regulations at 7 CFR 251.8(e) and section IX of Instruction 716-3 Rev. 1, TEFAP Administrative Costs, to determine what types of costs are allowable. The following list provides examples of allowable costs; however, this list is not meant to be exhaustive. Other costs may be deemed allowable as long as they are directly associated with the receipt, storage, and distribution of FPDP foods. State agencies are encouraged to make the most efficient and effective use of these funds possible. To that end, State agencies may restrict the use of these funds by disallowing one or more types of allowable expenses as stated in 7 CFR 251.8(e)(2).

Examples of Allowable Uses of FPDP ERA Operational Funds

- Fees charged by commercial warehouse operators and common carriers for storage and transportation of FPDP foods.
- Acquisition cost of equipment used in the physical handling, storage, and transportation of the FPDP foods.
- Maintenance and repair of equipment described above.
- Salaries of temporary workers hired to assist with the handling, storage, transportation, or distribution of FPDP foods.

Period of Availability of FPDP ERA Operational Funds

FNS expects to provide these funds to State agencies in four installments prior to September 30, 2020. All of these funds must be obligated no later than December 31, 2020 and liquidated no later than March 31, 2021.

State-level Reporting, Recordkeeping, and Oversight of FPDP ERA Operational Funds

TEFAP State agencies are responsible for ensuring that these funds are used for allowable expenses associated with FPDP foods. Since these funds can only be used for FPDP foods, State agencies must ensure that all ERAs can differentiate between FPDP foods and other TEFAP entitlement or bonus foods.

State agencies will need to ensure that these funds only go to those ERAs that are receiving FPDP foods and that those ERAs only use the funds for allowable expenses associated with FPDP foods. State agencies can use a variety of methods to ensure the correct usage of these funds. Some examples include:

- Providing the funds to ERAs as a per-pound amount based on the amount of FPDP foods received.
- Reimbursing ERAs based on invoices for allowable direct expenditures, such as a contract for additional storage space for FPDP foods.
- Providing funds to ERAs based on anticipated costs, requiring ERAs to maintain records of all allowable administrative costs incurred, and ensuring that those costs equal or exceed the funds advanced to the ERA.

Alternate methods may also be allowable, but State agencies will ultimately be responsible for ensuring that these funds are only used for allowable costs and that adequate documentation is available to support subsequent audit activity. All documentation must be kept for a period of 3 years after the end of FY 2020 or longer if related to an audit or investigation in progress. State agencies should also include a review of FPDP ERA operational funds as part of any required ERA review within the next 3 years. This review may be conducted using the principles set forth in Policy Memorandum FD-126, *Review of Administrative Funds Provided to ERAs in TEFAP*.

State agencies will be required to report the total funds used to USDA at the end of Calendar Year (CY) 2020. This reporting requirement is separate from TEFAP administrative fund reporting and will not use the FNS-667 form.

These funds should not be reported under the TEFAP administrative funds CFDA number (10.568). FPDP ERA Operational Funds will be reported under the unique CFDA number 10.178.

Federal Oversight of FPDP ERA Operational Funds

USDA will provide oversight to ensure that these funds are used appropriately. State agencies may be subject to a USDA review of the State’s documentation, including a review of invoices. Additionally, all TEFAP Management Evaluations and Financial Management Reviews for FY 2020-2023 will include a review of FPDP ERA operational funds.

Recovery of Unused FPDP ERA Operational Funds

State agencies will be responsible for returning any unspent funds to USDA. At the end of CY 2020, State agencies must submit a summary report of the total funds used. State agencies must recover any unused funds that remain at the ERA level and return them to USDA via check or an electronic transfer. Further guidance on the process for returning funds will be forthcoming.

/s/ Original Signature on File
Diane Kriviski
Deputy Administrator,
Supplemental Nutrition and Safety
Programs, Food and Nutrition Service

/s/ Original Signature on File
David Tuckwiller
Deputy Administrator,
Commodity Procurement, Agricultural
Marketing Service

Attachments

**Attachment A: Food Purchase Distribution Program ERA Operational Funds
USDA - State Agency Agreement**

State agency: _____

I, _____, agree to accept and use \$_____ of the funds offered to me under the terms and conditions of the December 5, 2019 memorandum, *Terms and Conditions for Funds Available for Storage and Distribution of Food Purchase Distribution Program Foods*.

Signed,

TEFAP State Agency Director

FNS Representative

Attachment B

**Food Purchase Distribution Program ERA Operational Funds
Phase 1 Offer
FY2020 Emergency Food Assistance Program**

REGION/STATE	NUMBER OF PHASE 1 TRUCKS	TOTAL FUNDS OFFERED FOR PHASE 1
NORTHEAST		
Connecticut	28.00	\$56,000
Maine	34.00	\$68,000
Massachusetts	103.00	\$206,000
New Hampshire	15.00	\$30,000
New York	424.00	\$848,000
Rhode Island	18.00	\$36,000
Vermont	12.00	\$24,000
Virgin Islands	1.00	\$2,000
TOTAL-NERO	635.00	\$1,270,000
MID-ATLANTIC		
Delaware	73.00	\$146,000
District of Columbia	1.00	\$2,000
Maryland	9.00	\$18,000
New Jersey	240.50	\$481,000
Pennsylvania	305.50	\$611,000
Puerto Rico	7.00	\$14,000
Virginia	119.00	\$238,000
West Virginia	77.00	\$154,000
TOTAL-MARO	832.00	\$1,664,000
SOUTHEAST		
Alabama	91.00	\$182,000
Florida	640.00	\$1,280,000
Georgia	233.00	\$466,000
Kentucky	142.00	\$284,000
Mississippi	94.00	\$188,000
North Carolina	299.00	\$598,000
South Carolina	41.00	\$82,000
Tennessee	131.00	\$262,000
TOTAL-SERO	1,671.00	\$3,342,000
MIDWEST		
Illinois	271.00	\$542,000
Indiana	182.00	\$364,000
Iowa	43.00	\$86,000
Michigan	308.00	\$616,000
Minnesota	92.00	\$184,000
Ohio	321.00	\$642,000
Wisconsin	127.00	\$254,000
TOTAL-MWRO	1,344.00	\$2,688,000

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

**Food Purchase Distribution Program ERA Operational Funds
Phase 1 Offer
FY2020 Emergency Food Assistance Program**

REGION/STATE	NUMBER OF PHASE 1 TRUCKS	TOTAL FUNDS OFFERED FOR PHASE 1
SOUTHWEST		
Arizona	304.00	\$608,000
Arkansas	90.00	\$180,000
Louisiana	161.00	\$322,000
New Mexico	71.00	\$142,000
Oklahoma	105.00	\$210,000
Texas	892.00	\$1,784,000
Utah	62.00	\$124,000
TOTAL-SWRO	1,685.00	\$3,370,000
MOUNTAIN PLAINS		
Colorado	115.00	\$230,000
Kansas	73.00	\$146,000
Missouri	154.00	\$308,000
Montana	21.50	\$43,000
Nebraska	37.00	\$74,000
North Dakota	19.49	\$38,980
South Dakota	21.01	\$42,020
Wyoming	24.00	\$48,000
TOTAL-MPRO	465.00	\$930,000
WESTERN		
Alaska	17.00	\$34,000
California	811.00	\$1,622,000
Guam	3.00	\$6,000
Hawaii	17.00	\$34,000
Idaho	26.00	\$52,000
Nevada	109.00	\$218,000
N Mariana Isl.	-	-
Oregon	118.00	\$236,000
Washington	177.00	\$354,000
TOTAL-WRO	1,278.00	\$2,556,000
NATIONAL TOTAL	7,910.00	\$15,820,000

12.2.19