

CN Direct Certification Performance Awards Questions and Answers – Guidance on the FY 2013 Awards

In addition to these Q&As, please refer to FNS Memorandum SP 33-2011 - *Child Nutrition Reauthorization 2010: Direct Certification Performance Awards and Use of Funds*, dated April 28, 2011, found at <http://www.fns.usda.gov/cnd/governance/Policy-Memos/2011/SP33-2011.pdf>.

Outstanding Performance Awards for FY 2013

1. How does a State agency apply for an Outstanding Performance Award?

State agencies do not apply for this award. States will be selected based on direct certification rate data.

2. What are the selection criteria for Outstanding Performance Awards?

States that receive this category of award will be selected from the pool of States that:

- Have the highest direct certification rates for children in households receiving SNAP benefits, based on data from SY 2012-2013;
- Have SNAP direct certification rates at or above 90% (the benchmark for SY 2012-2013); and
- Have phased out the “letter method” as a form of direct certification with SNAP and have transitioned to data matching techniques to meet the direct certification with SNAP requirements.

3. If a State meets all the above criteria, will it get an Outstanding Performance Award?

No, not necessarily. FNS can make a total of up to 15 awards across both categories (the Outstanding Performance Category and the Substantial Improvement Category). We do not know how many awards we will be able to make in the Outstanding Performance category until the data is available. We will be looking for clustering and natural splits in the data in both categories to make our determinations on the number of awards.

4. Will FNS communicate with State agencies during the selection process for the Outstanding Performance Awards?

Yes. States that are being considered for an Outstanding Performance Award will be contacted by September 2013 and asked to formally verify two things: (1) that the State has phased out the letter method, and (2) that the State would accept the award if selected. FNS will need a very quick turnaround on this information.

Additionally, each State that is finally selected from this pool will need to complete a vendor profile form to provide FNS with bank routing information for an electronic funds transfer (EFT) of the award to the State. The vendor profile form will go out with the award announcement, and will need to be completed and returned before the EFT can be made. The timing of this request will be late September, with an immediate return requested.

5. Can a State win an Outstanding Performance Award and a Substantial Improvement Award in the same year?

No. A State cannot win both awards in the same year.

6. If a State won an Outstanding Performance Award in FY 2012, can the same State win one in FY 2013?

Generally, no. The preference is for States that are awarded for Outstanding Performance to be ineligible for that same award in the following year(s). This is in acknowledgement that there may be more States that meet all of the criteria than can be awarded in a single year, and it gives some hope to those States that also excel. There is a possibility, however, that with the rising benchmarks, the phasing out of the “Letter Method,” and the changes in the data elements to compute rates, that fewer States may meet all the criteria in this or future years. If this is the case, FNS reserves the right to award some States that continue to meet the new criteria but that have previously received an Outstanding Performance Award.

7. Will all Outstanding Performance Awards be for the same dollar amount?

Most likely not. Each awarded State will be guaranteed a certain base amount, but the additional amount will depend upon such factors as the number of SFAs in the State, the number of children in the State that are certified as free, and the number of awards given out in this category.

Substantial Improvement Awards For 2013

1. How does a State agency apply for a Substantial Improvement Award?

To apply for this award, the State agency that administers the NSLP must submit a “Letter of Intent to Compete” **by Friday, July 12, 2013.**

2. If a State agency does not submit a “Letter of Intent to Compete,” could the State still be eligible for a 2013 Substantial Improvement Award?

No. To be eligible for consideration for a Substantial Improvement Award, a State agency must submit a “Letter of Intent to Compete” **by Friday, July 12, 2013.**

3. What needs to be included in the “Letter of Intent to Compete,” and where should it be sent?

The “Letter of Intent to Compete” should be a simple letter, emailed to FNS at the following email address: cnstatesystems@fns.usda.gov, Attn: Vivian Lees, Chief, State Systems Support Branch, FNS/USDA. (Please request a “read-receipt.”)

The “Letter of Intent to Compete” is to be comprised of six sections:

- I. State information;
- II. Contact Person information;
- III. Intent Statement;
- IV. Data Use Option;

- V. Letter Method Phase-Out; and
- VI. (OPTIONAL) a Supplementary Information Statement (limited to 500 words or less).

To facilitate the application process, FNS has developed a proposed template (See Attachment B – FY 2013 Direct Certification Performance Awards - Sample Letter of Intent) that you may wish to use. If you choose not to use this template, please include in your narrative the same information and in the same order as is presented in the template. Specific directions regarding requirements are included in the template document.

4. What are the selection criteria for Substantial Improvement Awards?

To determine the pool of States eligible for this award, FNS will use data from SY 2012-2013 as compared to the State’s SY 2011-2012 rates. We will check to be sure that:

- The State has submitted the “Letter of Intent to Compete” **by July 12, 2013**, and has provided satisfactory answers for each of the required components;
- The most recent year’s data shows a substantial increase in the State’s direct certification performance rates over the previous year;
- The most recent year’s rate is higher than either of the previous two years (See Attachment C – FY 2013 Direct Certification Performance Awards – Reference Rate Chart for rates by State for the past 3 years) ; and
- The increase is not because of an error.

After this basic test, the States will be ranked according to improvement shown by the difference in direct certification rates from the most recent school year as compared to the previous school year, with a look at percentage increase to help qualify “substantial” increases. States at the top of the rankings are the potential candidates for this award. If there is a close clustering of States’ rates of improvement, and the whole cluster of States cannot be awarded, then other factors will be examined, including:

- If two States have similar improvement rates this year, but one also had significant improvement last year, then that State will rank higher than the State that did not show as much improvement last year.
- If a State has taken action to improve the direct certification process, and these actions can explain the improved rates (documented in its “Letter of Intent to Compete”), then this will have a positive impact on the analysis.
- If a State has provided FNS with information in its “Letter of Intent to Compete” that substantiates that its improvement is even more marked because the data does not show certain struggles the State overcame (like a recovery after dropping the “Letter Method,” for instance).
- If a State’s rate is already high, that State’s equivalent improvement may be more significant than a State that had more room for improvement.
- If a State’s improvement in its direct certification rate is due to some extraneous effect and not the State’s actual efforts, then this will have a negative impact on the analysis.

5. If the State meets all the above criteria, will it get a Substantial Improvement Award?

No, not necessarily. The initial criteria merely place States into the pool of potential recipients. There are other factors to be considered, including the number of awards that can be given in the category.

6. Does a State need to have a direct certification rate at or above the 90% benchmark in order to be eligible for a FY 2013 Substantial Improvement Award?

No.

7. Will FNS communicate with State agencies during the selection process for the Substantial Improvement Awards?

Yes. States that are being considered for a Substantial Improvement Award will be contacted by September 2013 and asked to formally verify that it would accept the award if selected. FNS will need a very quick turnaround on this information. FNS may also need to contact a State agency to clarify information received in the “Letter of Intent to Compete.” Additionally, each State that is finally selected from this pool will need to complete a vendor profile form to provide FNS with bank routing information for an electronic funds transfer (EFT) of the award to the State. The vendor profile form will go out with the award announcement and will need to be completed and returned before the EFT can be made. The timing of this request would be mid-to late September, with an immediate return requested.

8. If a State won a Substantial Improvement Award in FY 2012, can the same State win one in FY 2013?

Yes, potentially. Although a State cannot win both a Substantial Improvement Award and an Outstanding Performance Award in the same year, a State could potentially win a Substantial Improvement Award each year.

9. If a State does not know whether it is competitive for a Substantial Improvement Award, is it beneficial for the State agency to submit a “Letter of Intent to Compete”?

Yes. We suggest that you submit a “Letter of Intent to Compete” if there is a chance that your State’s rate will be higher than last two years’ rates. (See Attachment C – FY 2013 Direct Certification Performance Awards – Reference Rate Chart for rates by State for the past 3 years.)

The procedure for submitting a “Letter of Intent to Compete” is not too difficult. If you do not submit a “Letter of Intent to Compete,” then you have, in effect, withdrawn yourself from consideration for a FY 2013 Substantial Improvement Award, even if the data later demonstrates that your State has shown a competitive increase in direct certification performance. FNS will not know whether a particular State is competitive for a Substantial Improvement Award until the data is available—which is after the Letter of Intent is due—and we cannot individually advise States based on the data when it does become available. We do, however, generally advise States to take advantage of this opportunity if the State feels they have a chance to be competitive.

10. Is it worth the State agency’s efforts to provide the Optional Supplemental Information when submitting a “Letter of Intent to Compete”?

The Optional Supplemental Information is just that—optional. The maximum word count is 500 words, and there is detailed guidance in FNS Memorandum SP 33-2011 and on the attached template, “Attachment B – FY 2013 Direct Certification Performance Awards - Sample Letter of Intent.”

The information may prove to be useful for States whose improvements rates are clustered near the same value, where FNS has to make distinctions among closely aligned States, but it is entirely possible to qualify for and win this award without providing supplemental information.

11. Will all Substantial Improvement Awards be for the same dollar amount?

Most likely not. Each awarded State will be guaranteed a certain base amount, but the additional amount will depend upon such factors as the amount of improvement shown, the number of SFAs in the State, the number of children in the State that are certified as free, and the number of awards given out in this category.

Use Of Funds

1. If a State wins one of the awards, when can it expect to receive the funds?

The funds will be electronically transferred to the award-winning State using the Integrated Program Accounting System (IPAS). The funds cannot be electronically transferred until FNS receives the State’s bank routing information for the EFT. In late September, FNS will send you a vendor profile form to complete. The sooner that form is completed with the appropriate bank routing information and returned to FNS, the sooner the funds can be transferred.

2. Can the State agency pass some or all of their award to their school food authorities (SFAs)?

A State agency that receives either an Outstanding Performance Award or a Substantial Improvement Award may transfer all of the funds, or any portion of the funds, to school food authorities for use in carrying out the program. All funds received or transferred from these awards must be treated as program income and used for program purposes.

3. If the State chooses to keep the funds at the State agency level, how will the use of the funds be monitored.

The use of the funds will be monitored during the normal Management Review (ME) process.

4. If the State transfers the funds to the SFAs, how will the use of funds be monitored?

In this case, the State agency must first ensure that the funds have been deposited into the nonprofit school food service account. Once in the account, the State will monitor the use of funds during the Administrative Review process in the same manner it monitors all funds deposited in the nonprofit school food service account. If the State agency decides to keep some

of the funds at the State level and to transfer only some of the funds to the SFAs, then monitoring will be done by both the ME and the Administrative Review.

5. How will we be reporting on our use of funds?

You will need only to acknowledge receipt of the funds and to keep appropriate records normally required for use of program funds. There will be no other reporting.

6. What are the timeframes within which we need to expend these funds?

There is no federally mandated timeframe tied specifically to expenditure of these funds. However, FNS would expect funds to be used as soon as practicable to benefit the National School Lunch Program and/or School Breakfast Program. FNS would not expect to see the award funds to carry over from one ME review cycle to the next. Once the State agency either spends the funds for program improvements at the State level or passes the funds to SFAs, FNS will consider the funds as expended.

7. How must the funds be used?

Funds may be used only for purposes directly benefitting the National School Lunch Program and/or the School Breakfast Program. The funds are subject to the Federal regulations regarding allowable costs. See OMB Circular A-87 (2 CFR Part 225), http://www.whitehouse.gov/sites/default/files/omb/fedreg/2005/083105_a87.pdf, for guidance on allowable and unallowable costs for use of program funds.

See OMB Circular A-122 (2 CFR Part 230), http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105_a122.pdf, for guidance on allowable and unallowable costs for use of program funds in private schools.

Performance award funds received under this provision that are used at the State level could be used for any purpose that would otherwise be an allowable charge to the State Administrative Expense (SAE) account, and funds used at the SFA level could be used for any purpose that would otherwise be an allowable charge to the non-profit food service account.

8. May a State Agency use the funds to pay for direct certification data-sharing services from its partner State agencies that administer SNAP, Temporary Assistance to Needy Families (TANF), Food Distribution Program on Indian Reservations (FDPIR), foster care, or Medicaid (for those States participating in the direct certification with Medicaid demonstration projects)?

Yes, the funds can be used for this purpose. In fact, they can be used for any purpose benefitting the program, so long as the expense is allowable under federal regulations and the cost-principle guidance in the OMB circulars referenced in question #7 of this section.