



United States
Department of
Agriculture

Food and
Nutrition
Service

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DATE: March 13, 2015

MEMO CODE: SP 28-2015

SUBJECT: Questions and Answers Regarding the Use of State Administrative Expense (SAE) Funds and State Administrative Funds (SAF) for Farm to School Related Expenses

TO: Regional Directors
Special Nutrition Programs
All Regions

State Agencies	State Agencies
Child Nutrition Programs	Food Distribution Programs
All States	All States

This memorandum and attached Questions and Answers clarify and highlight the uses of State Administrative Expense (SAE) funds, both as initially allocated and when reallocated, and State Administrative Funds (SAF) for State-level coordination of farm to school activities related to the administration of the Child Nutrition Programs (CNPs). For purposes of this memorandum, CNPs include: National School Lunch Program; School Breakfast Program; Special Milk Program; Child and Adult Care Food Program (CACFP); Summer Food Service Program (SFSP); Fresh Fruit and Vegetable Program; and Food Distribution Programs which provide USDA Foods to applicable programs.

SAE funds are a source of nondiscretionary funding authorized under 7 CFR Part 235 for costs incurred in the State-level administration of the CNPs in accordance with an approved SAE Plan [7 CFR 235.5(b)]. SAE reallocation is a formal process by which State agencies may annually request additional SAE funds above their initial authorized funding level, or return funds that they do not need. For additional information regarding reallocation of SAE funds, please see memorandum SP 22-2015, CACFP 06-2015, Fiscal Year (FY) 2015 Reallocation of State Administrative Expense (SAE) Funds in Child Nutrition Programs, issued February 19, 2015. For questions related to use of SAE and SAE reallocated funds in the Food Distribution Program, please see memorandum SP 57-2013, Questions and Answers Regarding the Use of State Administrative Expense Funds and SAE Reallocation Funds in the Food Distribution Program for Child Nutrition Programs, issued September 6, 2013.

SAF is nondiscretionary funding authorized under 7 CFR Part 225 for costs incurred in the State-level administration of the SFSP and in accordance with the State agency's Program management and administrative plan (MAP) [7 CFR 225.4]. Upon evaluation, funding adjustments may be made to reflect changes in Program participation.

Regional Directors
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Both funding sources are allocated to State agencies annually by the USDA Food and Nutrition Service (FNS). Allowable uses for SAE funds and SAF include, but are not limited to: State-level salaries and benefits; travel expenses; and costs associated with providing training and technical assistance to school food authorities (SFAs), institutions and sponsors.

The USDA Farm to School Program, authorized under the Healthy Hunger-Free Kids Act (HHFKA) of 2010 (P.L. 111-296, Section 243), enables FNS to assist State and local agencies, Indian tribal organizations, eligible schools and non-profit organizations with implementing farm to school activities through training and technical assistance, research and grants. Farm to school programs encompass efforts that bring locally or regionally produced foods into school cafeterias; hands-on learning activities such as school gardening, farm visits, and culinary classes; and the integration of food, nutrition and agriculture education into the regular, standards-based classroom curriculum. For more information about the USDA Farm to School Program, please visit www.fns.usda.gov/farmentoschool.

FNS believes that farm to school activities may improve the efficiency and effectiveness of the CNPs. Since State agencies provide training and technical assistance on all aspects of the CNPs, farm to school activities can play a substantial role in advancing these efforts. As such, FNS supports and encourages the use of SAE funds and SAF, when feasible, for allowable State-level administrative expenses associated with the coordination of farm to school activities in support of CNPs.

State agencies should direct any questions concerning this memorandum to the appropriate FNS regional office.

A handwritten signature in blue ink, appearing to read "Sarah E. Smith Holmes".

Sarah E. Smith Holmes
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs

Attachment

Questions and Answers Regarding the Use of State Administrative Expense (SAE) Funds and State Administrative Funds (SAF) for Farm to School Related Expenses

Q1. Can SAE funds and SAF be used for farm to school related expenses?

A1. SAE funds and SAF may be used to cover allowable State-level costs associated with the administration of CNPs as prescribed in 7 CFR 225.5, 7 CFR 235.6, and 7 CFR 250.15. These funds can be used for both one-time and recurring costs. With justification, SAE reallocation funds may also be used for any allowable administrative expenses as well as special one-time only projects that will increase the integrity, effectiveness and efficiency of the administration of the CNPs.

As such, SAE funds and SAF may be used to support State-level farm to school and/or school garden coordination and activities that support the administration and improvement of CNPs as described in the State agency's approved SAE Plan or SFSP MAP, respectively.

Q2. Can SAE funds and SAF be used to support State-level farm to school and/or school garden coordinators? What types of activities conducted by these coordinators can be supported with SAE funds and SAF?

A2. Yes, SAE funds and SAF may be used for salary and benefits of farm to school and/or school garden coordinators that provide State-level training and technical assistance to SFAs and institutions for initiation, expansion and administration of farm to school programs in support of the CNPs.

Farm to school and/or school garden coordinators may be responsible for activities such as, but not limited to, conducting statewide trainings and organizing statewide meetings to disseminate program information and encourage SFAs to share best practices for using farm to school strategies in support of the operation or improvement of the CNPs. State-level farm to school and school garden coordinators may provide consistent support to help all SFAs facilitate farm to school strategies that directly support CNPs.

The State agency's SAE Plan or MAP must include these activities for FNS approval.

Q3. Can SAE funds or SAF be used to support farm to school coordination carried out by an alternate State agency that does not receive SAE funds or SAF?

A3. State agencies that receive SAE funds and/or SAF may negotiate a plan to distribute funds to an alternate State agency to support farm to school coordination by following the steps described below.

The CNP State agency must create a Memorandum of Understanding (MOU) with an alternate State agency (e.g., State Department of Agriculture) within their State that does not operate the CNPs or receive these funds to carry out farm to school program coordination and/or associated activities. The MOU between the CNP State agency and the alternate State agency that will coordinate or carry out farm to school activities must include details regarding the

responsibilities of each State agency, including staffing, administrative support, activities, timelines, budgets, and any reporting as necessary. The MOU agreement must be clear that the SAE funds/SAF may be used only for CNP State-level administrative expenses that are allowable (i.e., necessary, reasonable, and allocable) in accordance with the Office of Management and Budget (OMB) Guidance under the “Cost Principles for State, Local, and Indian Tribal Governments” or “Cost Principles for Non-Profit Organizations.” The MOU must be approved by FNS.

An addendum which includes the approved MOU must be attached to the existing Federal-State Agreement between FNS and the CNP State agency receiving the funds detailing the responsibilities of each State agency. Upon approval of the addendum to the Federal-State Agreement, the CNP State agency may distribute funds to the alternate State agency to carry out the approved farm to school efforts for that State.

The CNP State agency’s SAE Plan or MAP must be amended and approved by FNS to reflect modifications to responsibilities and budget per applicable regulations at 7 CFR 235.5 and 7 CFR 225.4.

Q4. Can SAE funds and SAF be used to create guidance materials?

A4. SAE funds or SAF may be used for the production of farm to school guidance materials that are not available from FNS. Materials produced with these funds must be made available to all participants on a statewide basis.

Guidance materials may include topics such as purchasing local foods, the use of school garden produce in CNPs, menu planning, preparation and/or taste tests with local foods, and food, nutrition, and agriculture education that benefit the CNPs.

Q5. Can SAE funds and SAF be used to support farm to school trainings, conferences, and other such events?

A5. SAE funds and SAF may be used to support State-level farm to school trainings, conferences, and other such events as allowable by program policy, regulation, and federal cost principles.

The primary purpose of such events must be the dissemination of training and technical assistance to support the operation and improvement of the CNPs at the State level. These funds may also be used to print materials for events, to support staff time in organizing the events, and to pay for conference space. Expenses to support training events must be necessary, reasonable, and allocable.

Q6. Can States use SAE funds or SAF to collaborate on regional farm to school efforts?

A6. Yes, farm to school efforts can often gain efficiencies by collaborating across State lines. Collaborative activities such as multi-state farm to school conferences, meetings or trainings offer opportunities for State agencies to learn about another State’s farm to school efforts, work

at a regional level with the relevant Department of Defense Fresh Fruit and Vegetable Program (DoD Fresh) vendor(s), and share farm to school best practices.

Specifically, SAE reallocation funds are ideal to be used to facilitate short term exchange opportunities, such as site visits to other State Child Nutrition agencies, interstate meetings or presentations between staff from two or more State agencies. The goal of these State exchange activities is to promote peer-to-peer communications and to share administrative techniques and resources that will improve program integrity, effectiveness and compliance in response to the many changes brought about by the HHFKA as well as other CNP priorities. For more information about State exchange activities, please see SP 22-2015, CACFP 06-2015, *Fiscal Year (FY) 2015 Reallocation of State Administrative Expense (SAE) Funds in Child Nutrition Programs*, issued February 19, 2015.

Q7. Can SAE funds or SAF be used to purchase supplies, such as fencing and seeds, for school gardens?

A7. No, SAE funds and SAF may only be used for State-level expenses associated with administering the CNPs. In many instances, the non-profit school food service account may be used for farm to school and school garden related purchases. Please refer to SP 32-2009 *School Garden Q&As*, and SP 06-2015 *Farm to School and School Garden Expenses* for more information about expenditures from the non-profit school food service account.

Q8. What are examples of State-level activities taking place across the nation that SAE funds and SAF could support?

A8. Listed below are several farm to school related activities that SAE funds and SAF could support. These examples should not be seen as approval to conduct these or similar activities since often there are unique circumstances related to a specific activity that may need further discussion with the FNS regional office. When evaluating expenses (including salaries, materials, services, activities, indirect costs, etc.), State agencies must ensure the funds are supporting State-level administration of the CNPs and that all expenses are allowable (i.e., necessary, reasonable, and allocable) in accordance with the OMB Guidance under the “Cost Principles for State, Local, and Indian Tribal Governments” or “Cost Principles for Non-Profit Organizations.”

Staff Salary/Benefits

Providing State-level personnel to coordinate farm to school efforts and provide training and technical assistance is a successful tactic to support adoption and expansion of farm to school efforts.

- Over 30 States have farm to school coordinators, working most often in State Departments of Agriculture or Education.

Conferences/Trainings

State-level conferences and trainings are important activities for disseminating information to all SFAs about operating farm to school and school garden programs. Activities include, but are not limited to:

- conferences where the primary purpose is to provide training and technical assistance and share best practices for implementing farm to school activities that support CNPs;
- procurement trainings across the State which include local procurement strategies;
- Know Your Farmer, Know Your Food gatherings where the State agency invites vendors from the region, including the DoD Fresh vendor, along with all SFAs in the State to make connections, learn about regional products that may be available to SFAs in the coming school year, and discuss the procurement procedures that SFAs must follow in making their purchases;
- conferences where the State agency offers training and technical assistance for using school garden produce to support CNPs and provides opportunities for sharing best practices;
- trainings where the State agency showcases how to procure local foods, and how to use and market local products to create seasonal menus that meet the CNP meal pattern requirements;
- meetings where State agencies help SFAs coordinate the development of a harvest of the month program that highlights the season's bounty by offering taste tests, organizing promotional events and purchasing seasonal, locally-produced food items;
- trainings for SFAs and sponsors of the SFSP and the CACFP on how to procure local foods in a manner that is in line with federal regulations, and how to market the products through seasonal menus that meet the meal pattern requirements;
- meetings with the State's DoD Fresh vendor to understand how DoD Fresh can best meet farm to school goals such as by developing a calendar of regionally-grown produce and creating connections with producers in the State;
- cross-state, regional networking and best practice sharing sessions where States disseminate information on how farm to school activities can benefit the administration of CNPs; and
- showcases to promote local foods or buyer-grower networking meetings where States organize a forum for SFAs to learn about foods produced in the State and introduce SFAs to producers.

Guidance Materials

Developing and printing promotional items is a key strategy for States to employ and create consistent statewide initiatives. Here are some examples:

- The District of Columbia created this [seasonality chart](http://osse.dc.gov/sites/default/files/dc/sites/osse/service_content/attachments/DCF2S%20seasonality%20chart%202013-web.pdf) for schools to use to promote local products on the menu (http://osse.dc.gov/sites/default/files/dc/sites/osse/service_content/attachments/DCF2S%20seasonality%20chart%202013-web.pdf)
- [Kidchen Expedition](http://www.kitchenexpedition.com/) was developed by Oklahoma and includes a cookbook for schools featuring Oklahoma products and a variety of resources for schools to connect with local agriculture (<http://www.kitchenexpedition.com/>).
- New York Department of Agriculture and Markets creates, prints, and distributes produce posters and farmer trading cards for use in classrooms and cafeterias in celebration of their annual "Farm to You Fest" (<http://www.agriculture.ny.gov/f2s/news.html>).
- Connecticut's [Start With Half a Cup](#) campaign provides SFAs with reference material on how to market local products and incorporate them into kid tested recipes, and how to

develop a farm fundraiser to create healthy fundraisers through relationships with local farms (<http://www.swhacct.org/>).

- States organize harvest days, harvest weeks or harvest months. Montana's Team Nutrition Program organizes Montana Crunch Time every October where over 11,000 students will bite into locally-sourced apples.
- The Washington State Department of Agriculture created a State-specific guide to buying local ([A School's Guide to Purchasing Washington-Grown Food](#)) and hosts trainings around the State on how to buy local and use geographic preference (<http://www.wafarmtoschool.org/Page/74/procurement-guide>).
- The Ohio Department of Education developed seasonal cycle menus called [Menus that Move](#), which include five weekly menus for two different grade groups for fall, winter, spring and summer. The menus feature local foods when in season and cultural flavors (<http://education.ohio.gov/Topics/Other-Resources/Food-and-Nutrition/Resources-and-Tools-for-Food-and-Nutrition/Menus-that-Move>).

Q9. Are there other sources of nondiscretionary funds available that may be used for farm to school activities?

A9. Section 201 of the HFFKA of 2010 provided administrative funds to State agencies in Fiscal Year (FY) 2012 and FY 2013 to assist with implementation of the new meal pattern requirements. Since farm to school is a priority outlined in the HFFKA and farm to school strategies support many of the HFFKA goals, State agencies should explore if their farm to school activities are allowable costs using the Section 201 administrative funds. For details regarding allowable uses and grant periods for Section 201 funds, please refer to memorandum [SP 60-2014](#), *Second Extension of Grant Period for State Administrative Funds to Implement New Meal Pattern Requirements*, issued August 15, 2014.