Good afternoon SFSAs,

As always, thank you for the work you and your staff do to provide healthy meals to Mississippi’s children. We also appreciate your flexibility as we all adapt to the changing rules and requirements. Below are considerations for funding and related issues as we navigate our way to SY 2020-2021.

Funding
This has been a primary concern of the Office of Child Nutrition since the beginning of this crisis. Unfortunately, not much has changed since our original notice of March 27 regarding funding. As discussed then, with fixed payroll costs and much lower reimbursements, this caused a significant drain on Child Nutrition Program fund balances. Currently USDA, and by extension OCN, has no mechanism for providing additional funds.

Any additional funding will require Congressional action. Legislation has been proposed but has not been passed at this time. Specifically, the FEED Act (Funding Emergency Eating Distribution for the Children Act, or the FEED the Children Act), included in the larger Heroes Act, would provide funds to assist CN Programs. We will update you immediately when more information is available. Below are some related issues that we recommend you discuss with your Business Officer and Superintendent.

CN Funds Level
It is recommended that the CN fund retain a 2 month operating balance. This allows the fund to meet expenses, such as back to school food orders and August payroll, that are due before August NSLP/SBP reimbursements are received in mid-September.

For many districts, this level may no longer be achievable. Should the fund balance drop below that amount, the District may be required to make short term loans to the CN Program. In Districts where the general fund is low, this could result in the District needing a revenue (taxes to be collected) anticipation loan. We encourage you to discuss your anticipated ending fund balance and possible need for additional “operating capital” with your Administration.

Loans to CN Programs
Some CN Programs may require loans to meet current or future expenses. All loans must be closed at the end of the Fiscal Year. If the CN Fund is unable to repay the loan due to a zero balance at the end of the Fiscal Year, this amount may not carryover and will be treated as a District subsidy to the CN Program.

Indirect Cost
As a reminder, Indirect Cost may only be collected after all program needs are met. For example, if a piece of equipment is in need of replacement, this direct cost must be met before Indirect Cost is taken. Also, Indirect Cost may not push the CN Fund into a negative balance.

Summer Food Service Program
A number of Districts have already transitioned from Unanticipated School Closure meals to the “traditional” Summer Food Service Program. Participation in the SFSP may lead to increased reimbursements which will allow you to continue to serve the community for a longer period before the need for outside funding support is required. In light of the unusual circumstances surrounding the COVID-19 emergency, we have added flexibility to our deadlines for the SFSP. Remember, you already have an approved SFSP contract from serving meals during the Unanticipated School Closures.
Tip: Meal Time Service Flexibility, Non-congregate Feeding, and Parent Pick-up waivers have been extended through August 31. Be sure to employ these flexibilities to increase participation and keep students, parents and staff safe.

USDA Foods
We strongly encourage you to make full use of your USDA Foods allocations to lower your purchased food cost. At the beginning of the COVID-19 crisis, School Food Authorities (SFAs) had more than 51,000 cases of food with a value of over $3,000,000 in Distributor warehouses. This represents an untapped resource and translates into higher food costs. As of today, 7300 cases of mostly of high value frozen items, remain in Distributor warehouses. Per our previous communications, the remaining food is being distributed to other SFAs. Please contact Donna Stubbs immediately to arrange for delivery if you have USDA Foods in warehouses.

Tip: USDA Foods may be used for the SFSP. This can lower your food costs and have a positive effect on your fund balance.

If you have questions, please contact Charles Crawford for more information: ccrawford@mdek12.org

We hope that everyone continues to remain safe and healthy!
Scott

Scott Clements, State Director