



SUPPLY CHAIN ASSISTANCE (SCA) FUNDS FREQUENTLY ASKED QUESTIONS

Updated: 11.30.2023



1. **What are Supply Chain Assistance (SCA) Funds?**

SCA is funding meant to address ongoing supply chain challenges experienced by school food authorities (SFAs) participating in the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP). State agencies are distributing SCA funds to local school food authorities (SFAs) for the exclusive purchase of unprocessed and minimally processed domestic foods.

2. **Who is eligible to receive SCA funding?**

Local SFAs who participate in the NSLP and/or SBP are eligible to receive SCA funding. State agencies are responsible for the distribution of funds to their SFAs. State agencies will receive their allocation of SCA funds from FNS, and they will in turn disburse those funds to eligible SFAs based on FNS guidance.

3. **What amount of SCA funds will my eligible SFA receive?**

Local level SCA funding is based on a predetermined formula that contains two portions; a \$5,000 base payment for each district and additional funds based on total student enrollment (not dependent on proportion of paid, reduced and free students). Funds are determined based on total student enrollment at an SFA, not the number of sites an SFA operates. A spreadsheet will be made available on the Nutrition Services homepage where SFAs can determine the amount of SCA funds they are eligible to receive for that round of funding.

4. **How does my SFA accept SCA funds?**

Each SFA will need to complete the Qualtrics survey sent to the Authorized Representative via email. Completion of the survey includes signing the attestation statement if the SFA is accepting any SCA funds. SFAs that only accept a portion of SCA funding made available are still required to complete the survey and signed attestation statement.

5. **Does my SFA HAVE to accept SCA funds?**

No. SFAs may choose to receive SCA funds from their State Agency but are not required to do so. SFAs are also able to accept a portion of SCA funds being made available to them. If an SFA does not accept their allocation, those funds will become available for reallocation by the State Agency.

6. **Does the SFA need to set up a different federal revenue code for SCA funds?**

No, the SCA funds will be deposited into the non-profit food service account and will become part of those funds. A different code does not need to be used.

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USING SCA FUNDS

7. What food products can and cannot be purchased with SCA funds?

See page 4 /Appendix 1: *What to Purchase with SCA Funds* for guidance on acceptable and non-acceptable purchases.

8. Can SCA funds be used to pay for previously purchased acceptable food products?

No, SCA funds cannot be applied to purchases made by the SFA prior to receiving those funds. Invoices and receipts will need to be dated on or after the day SCA funds are deposited into the SFA's nonprofit foodservice account.

9. Can SCA funds be used to procure USDA Foods/commodities?

No, USDA Foods/commodities received through entitlement dollars are not items that SFAs pay to receive. They may cover the cost of delivery of commodity foods and SCA funds cannot be used to pay those fees.

10. When do SCA funds have to be used by?

Purchases using SCA funds can be used after receipt from the NDE. Ideally, the funds will be spent in two years' time. However, if that timeline for expenditure is not adhered to, the NDE will not collect unspent funds. Instead, the SFA will continue to spend the SCA funds on allowable purchases.

11. Can SCA funds be used to cover vended meals or meals provided through a Food Service Management Contract (FSMC)?

Yes. If an SFA has a contract agreement for meals through an FSMC or other SFA, they should work with their FSMC/vendor SFA to retain needed records that demonstrate allowable purchases were made; then, SCA funds can be used to pay a portion of the monthly meal invoice.

Example: SFA 1 contracts with a vendor (another SFA or an FSMC) for meals. SFA 1 receives an invoice for \$8,000 along with three invoices showing the milk, pasta, fruits, and vegetables served in that month's meals count as qualifying purchases and total \$3,300. SFA 1 can use \$3,300 of SCA funds to pay a portion of the monthly invoice, and the remaining \$4,700 would be paid for using non-SCA funds.

Since SCA funds go into the non-profit food service account, SFA 1 cannot pay SCA funds to an FSMC or other SFA serving as a meal vendor for any charges outside of their contract's agreement.

12. Can SCA funds be used to pay for food items purchased using entitlement dollars (e.g., DoD produce or USDA foods)?

No, SCA funds cannot be used to pay for food items that have been purchased using entitlement dollars. Examples include Department of Defense (DoD) produce and USDA foods.

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RECORDKEEPING REQUIREMENTS

13. What are the recordkeeping requirements for SCA funds?

SFAs should maintain all invoices and receipts for items SCA funds are used to pay for; retain these records for a period of four years.

14. Can a supplier provide a statement that reflects several months of allowable purchases? Or do individual/monthly invoices need to be used to document allowable expenditures?

A statement to reflect allowable purchases made over several months is acceptable documentation for the use of SCA funds. Ensure the time period reflected in the statement is for purchases made after SCA funds were received from the NDE.

15. Does an SFA need to keep additional records for SCA funds? Is retaining invoices and completing daily production records adequate?

Additional records beyond what is normally required is not needed for SCA funds. Invoices and receipts to document which items were purchased and when, along with daily production records, are adequate to demonstrate that funds were used to purchase allowable items.

FUND RECEIVING AND DIBURSEMENT

16. How will SCA funds be received and how should they be recorded?

SCA funds will be awarded as a grant, not a reimbursement. SFAs who accept SCA funds will receive a one-time payment for the total grant amount that will be deposited into their Nutrition Fund. The coding to be used for receipt and disbursement of these funds is in the remarks section of the notification emails SFAs will receive upon funds being deposited.

See Appendix 1: What to Purchase with SCA Funds on the next page

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Appendix 1: What to Purchase with SCA Funds

Find a list of SCA acceptable and unacceptable purchases below. This is not a comprehensive list; please inquire with Nutrition Services about purchases not included on this list that you are unsure about.

Acceptable Purchases	Unacceptable Purchases
Fluid milk	Pre-made pizzas
Fruits and vegetables <ul style="list-style-type: none">- Fresh, frozen, canned or dry- Pre-cut- 100% juice	Breads, muffins, or crackers <ul style="list-style-type: none">- Whole grain rich breads or buns
Cheese <ul style="list-style-type: none">- Shredded- Sliced- Block	Pre-packaged sandwiches or meals
Yogurt	Chicken nuggets and breaded meat items
Grain products (pastas, rice, flours) <ul style="list-style-type: none">- Whole grain rich pasta- Brown rice- Whole wheat flour	Cereal
Meats (whole, pieces, ground) and eggs	Produce seeds
Meat alternates (beans, legumes)	Labor
Incidental Costs <ul style="list-style-type: none">- Shipping- Handling- Packaging	Supplies
	Administrative Expenses