Reply to
Attn. of: SFSP-100

Subject: Summer Food Service Program (SFSP) Policy Memoranda

To: STATE AGENCY DIRECTORS
(Special Nutrition Programs) - Colorado, Iowa, Kansas, Montana OPI,
Nebraska ED, North Dakota, South Dakota, Utah and Wyoming DHSS

Attached is a summary of questions and answers that have been raised since our last SFSP question and answer memorandum, SFSP-65, dated November 13, 1989. We will continue to compile additional information and submit it to the State Agency as the need arises.

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Attachment
SUMMER FOOD SERVICE PROGRAM (SFSP) QUESTIONS AND ANSWERS

August, 1990

1. Q. When does lunch need to be served?
   A. We normally say mid-day.

2. Q. Would 10:00 a.m. through 2:00 p.m. be considered mid-day?
   A. If that is how the State Agency (SA) wants to define it, that is acceptable. The SA and sponsor must keep in mind that three hours are required between the beginning of one meal service and the beginning of the next meal service.

3. Q. At an enrollment program at a university, there is a Buddhist participating that cannot eat certain things; i.e., any products from hoofed animals - this includes milk. Can FNS Instruction 783-13 be used to allow the meals to be claimed?
   A. This Instruction is specific to Jewish schools/institutions. The sponsor either has to serve the milk, etc., and the student can discard it or give it to another student or the SA can submit a request to MPRO for a variation, giving what the limitations are and what foods can be substituted.

4. Q. Is there any prohibition against a sponsor selling extra menu items to adults?
   A. Although not addressed in the Regulations, this can be done but the sponsor should charge enough to cover the costs. The cash collected must be reported as income on the Claim for Reimbursement. This same principle applies to full meals served to nonprogram participants.

5. Q. How is reported income subtracted in the claims payment process?
   A. According to 225.9(d), it should be subtracted from combined administrative and operating cost, but in practice this is often difficult to do. Therefore, it is permissible for the sponsor to deduct the income out of the operating costs only.

6. Q. Can the costs for replacing stolen food be claimed?
   A. Yes. The SA is advised to work with sponsors in implementing procedures to minimize the potential for theft of SFSP foods and other goods.
7. Q. If a sponsor is using monitors that are paid by Job Training/Partnership (or other Federal grant) can they also list the monitors' salaries as administrative costs for SFSP?

A. No, not if it is for the same block of time; however, as an example, if they work 4 hours a day and are paid 2 hours by the other program, the sponsor can charge the remaining 2 hours to SFSP.

8. Q. For an Upward Bound that receives funds for meals, how do you determine the amount that's Program income?

A. Determine the total amount of funds allocated for this purpose from the grant document. Next, determine the number of ineligible children, number of meals they have eaten, by type, times rate university is charged per meal. Subtract that total from the amount of funds in the food service grant. The balance, if any, should be shown as income to the Program.

9. Q. Can a sponsor operating an Outside School Hours Center (OSHC) during the school year use the applications collected during that time plus additional applications taken during the Summer Program to document area eligibility for an open site?

A. No. This procedure is acceptable only for an enrolled/closed site operated by the same sponsor as the OSHC sponsor. (An individual's free and reduced price application or information cannot be released to a separate agency from the OSHC sponsor.) The school year applications must be matched up with the actual children enrolled in the SFSP. If the sponsor wishes to operate the site as an open program available to all children in the area, eligibility must be established for the area by using school data, census data, etc. If the site is classified an "open site," the sponsor cannot require a child to complete an income application in order to receive a meal.

10. Q. How is the purchase of nonexpendable equipment reflected as costs in the SFSP?

A. Nonexpendable equipment cannot be purchased in SFSP. However, depreciation or use allowance for equipment is allowable with certain limitations. If depreciation is used during the rest of the year then the sponsor would be able to depreciate for the SFSP portion of the year for a total of up to 12 months. Use allowance for equipment should be computed at an annual rate not to exceed 6 2/3 percent of acquisition cost. A combination of use allowance and depreciation may not be used for nonexpendable equipment.


11Q. Why does a school district use depreciation rather than a use allowance for equipment?

A. For a school district that has a depreciation schedule set up, it is usually based on 9 or 10 months if they are not open year-round. Therefore, for SFSP they are allowed to show the months of depreciation that equipment is in use during the duration of the SFSP (usually 2 or 3 months) not to exceed a total of 12 months depreciation in 1 year. The school district could not depreciate a portion of the year and switch to a use allowance for the rest of the year.

12Q. Is a Child and Adult Care Food Program (CACFP) center or residential child care institution eligible to participate in the SFSP?

A. If SFSP participants are the same children as CACFP and the activities are the same, they should not switch between CACFP or National School Lunch Program (NSLP)/School Breakfast Program (SBP) and SFSP. For each such inquiry the SA is required to evaluate, on a case by case basis, if a substantial number of additional children will participate and how much programs/activities change. FNS Instruction 782-4, Revision 1 addresses this issue.

A residential child care institution which received NSLP/SBP reimbursement can only switch to the SFSP if they serve distinctly different children from those in residential care. The same children cannot be served in both Programs and separate records must be kept for each Program.

13Q. What is a sponsor or site personnel's responsibility once the meals are served to the children? When a parent attends with the child do they have to determine that the child ate the meal rather than the parent?

A. The Regulations are specific on the age of participants. Sponsors are to the best of their ability and safety ensure that meals are consumed by children. Some sites have handled this problem by posting in prominent locations signs indicating ages of children eligible to participate and that all meals must be eaten on site by children only.

14Q. If the Upward Bound pays the salary of the Director, or other staff of SFSP, how should it be shown on the budget; as volunteer with Upward Bound as the source of funds? Can the SFSP pay salary to those employees?

A. The budget should reflect volunteer labor in order to give a total picture of funding needs as well as employee and funds resources available to operate a SFSP site(s). If the individuals work more hours on SFSP than they are paid by Upward Bound then those balance of hours can be claimed in the SFSP. They must keep records of amount of time worked on SFSP versus the time worked in other areas.
18. How should an Upward Bound be classified that contracts with: a) the Food Service Management Company (FSMC) that manages the university food service b) the university food service run by college personnel?

A. When the Upward Bound SFSP contracts with an FSMC as described in situation "a", it should be classified vended; and the second situation, "b", as self preparation. Normally this type of self preparation sponsor would not receive commodities since the food service is producing many more meals than for SFSP; however, the sponsor would be eligible to receive a higher administrative reimbursement rate.

19. Are sponsors with outdoor sites supposed to make provisions for inclement weather?

A. Yes. An alternate facility must be available and indicated on the approved site sheet for use when weather prevents meal service in the usual manner. There is not a provision for a sponsor to serve meals and permit children to take them from the premises for consumption later, even in the event of inclement weather.

20. Can an SFSP sponsor serve granola bars and sugared cereal as they do in the Head Start Program?

A. Yes, as long as the most weighted ingredient is whole grain or enriched flour. Granola bars are allowable only at snack.

21. Can a school district operating a summer school program participate in the SFSP?

A. Although this question was addressed in our SFSP-65 Questions and Answers, we continue to receive numerous questions on this subject. Therefore, we want to reiterate the policy that if the school district opens up the site to all children in the area or who normally attend the school, and not just to summer school students or other closed programs on site, it is eligible to participate in the SFSP. If the school district wants to only claim summer school students, it should remain on the NSLP during the summer. If the school cannot meet eligibility based on 50 percent free/reduced price (F/RP) for the area, it can take applications to become an enrolled site. However, the school cannot take applications from only summer school students. A F/RP application would be requested from children wanting to attend if one was not completed during the school year. Once the 50 percent F/RP requirement is met, all children in attendance or enrolled can eat and all meals can be claimed.

22. Can the school district open up the lunch meal service to the area, but serve snacks to only an enrolled group?

A. No. The above principles apply for all SFSP meals to be claimed.
Q. A sponsor is interested in serving only lunch most days, and breakfast on days they plan field trips. Is this permissible?

A. Yes, if they request it on their site sheet and the SA gives prior approval. The sponsor needs to give the SA sufficient information during the application process on schedules, locations, etc., for determining when the program can be monitored.

Q. When a school sponsor with multiple-sites has one site approved for school lunch, can they be approved to operate SFSP at all other sites but continue NSLP at this site?

A. Yes.

Q. Does the SA need corporation papers, Bylaws, etc., to determine a sponsor/applicant’s nonprofit status?

A. No. The SA only needs to obtain proof of IRS tax exempt status to determine its nonprofit status.

Q. A sponsor is going to serve a SFSP lunch through the university cafeteria that contracts with a FSMC. The FSMC’s unit charge is much more than the operating reimbursement rate. The sponsor wants to serve a snack (self preparation) and have most of the food items for the snack donated by local businesses. Can they claim the snacks for reimbursement since lunch costs alone would exceed total reimbursement for snacks and lunch?

A. Yes, total food cost is compared to total operating reimbursement. However, they cannot count the value of donated food in costs. In addition, there may be incidental costs for the snacks for nonfood items such as labor, napkins, paper plates, that are eligible to be covered by reimbursement.

Q. Does a non-commercial entity providing meals for a SFSP sponsor need to be registered?

A. Yes. Except for FSMCs with year-round contracts with a school food authority (SFA), every FSMC must be registered with the SA. Also, all bid and contract requirements of 225.6(h), 225.7(c), and 225.15(g) must be adhered to. Even in cases where the sponsor is not required to go out for bids, the SA must review the contract and/or agreement to ensure that SFSP requirements are adequately covered. The only exception to the registration requirement is when a SFA provides meals to a sponsor; however, an agreement between the SFA and sponsor is necessary.
Q. Another agency sponsored the SFSP in prior years, but this year a school district has applied as a sponsor and wants to sponsor the same site as the prior year sponsor. The sponsor operated without deficiencies during prior years. Which agency has priority in sponsoring the site in dispute?

A. The Law and the Regulations give both type sponsors equal rank in the priority order noted in Section 225.6(b)(5). If the prior year sponsor operated to the SA's satisfaction, the SA is justified in granting approval to the prior year sponsor. Of course, the SA should provide technical assistance to the school to locate another eligible site.

Q. A public entity wants to apply for a HUD grant, but in order to qualify for the grant, it must have a 100 percent match. Can they include SFSP funds as income to meet that match?

A. No, because the SFSP is a performance reimbursement program for expenses incurred or meals served. Potential or estimated reimbursement is not income.

Q. When it is so late in the year and the sponsor finds it difficult to obtain invoices, can the sponsor carry the cost over to the next year?

A. No, all SFSP claims are paid on a year to date basis within a fiscal year. They need to submit a claim for actual costs incurred or paid within 60 days of the end of operation. When the remainder of invoices or a final total of costs are received, they can submit an adjusted claim and the SA can include the change in the SA funds report if within 90 days of the end of the claim period.

Q. In order for a small/minority FSMC that is registered to be able to bid on a sponsor's program, the sponsor requested that another small/minority FSMC be allowed to assist them. This way the sponsor could divide its large program and avoid having the entire contract go to one FSMC. Although the second FSMC is not registered, can it assist in supplying meals to the sponsor?

A. If the second FSMC's personnel will act as a consultant(s) or work with the registered FSMC as additional labor at its plant, the arrangement may be approved. However, if the need is to have FSMC #2 prepare meals at their own facilities, this is not allowable since it is not registered for SFSP, even if a city or State contract allows subcontracting between vendors, including FSMCs. SFSP Regulations do not allow subcontracting.

Q. If a camp or enrollment sponsor has a question on their application to identify the racial or ethnic background of the children, do they have to repeat it on the income eligibility form?

A. No. As long as those applications are available on site to retrieve the required data, that procedure is permissible.
23. Q. To be on the National Youth Sports Program (NYSP)-Academic (A) payment system, both current and retroactive, the sponsor had to have a drug awareness program. What does that mean?

A. Part of the NYSP's curriculum must be designed to inform youth about the dangers of drugs in order to prevent and reduce drug use among this targeted group.

31. Q. Explain the difference between academic year and summer NYSP.

A. The Regulations allow the NYSP-A sites to serve two meals or one meal and one supplement per day. These sites are not restricted to breakfast, lunch or supplements. For summer NYSPs to serve supper they would have to be classified as a camp since a regular site can only serve one meal or two meals if one is a lunch and the other is a supplement or a breakfast. Time frames are also less constrictive in camp situations. The NYSP-A must follow NSLP meal patterns, while the summer NYSP follows the SFSP meal patterns.

32. Q. Must a sponsor of NYSP - summer and academic-year sites get SFSP Income Eligibility forms for participants?

A. Yes, since these sites are considered "enrolled" sites and are not open to all the children in the area.

33. Q. Do Upward Bound participants have to complete the SFSP Income Eligibility form or can they use the Upward Bound Program application which is not completed each year?

A. They must complete the SFSP Income Eligibility form each year or the sponsor can incorporate the required information prescribed in 225.15(f) into another document that is completed yearly.

34. Q. Since NYSP academic-year sites will operate only on weekends, will monitoring be required?

A. Yes, a sponsor review and a site review must be completed, beginning Fiscal Year 1991.

35. Q. Does income from other Federal sources have to be reported as income to the Program?

A. NYSP funds are exempt from being reported as income to the SFSP; however, all other Federal funding that is earmarked for food service would have to be reported as income.
36 Q. Does income received from adult meals have to be reported on the Claim for Reimbursement as income if the sponsor has reported only the operating costs for the Program meals?
A. No, not if the sponsor has subtracted the nonprogram meal costs from the operating costs reported on the Claim for Reimbursement.

37 Q. Can a homeless site claim meals served on the week-end?
A. Yes.

38 Q. Does the debarment/suspension provision have to be in all contracts?
A. It must be in all audit contracts and in all other contracts with a value of $25,000 or more.