Reply to
Attn. of: SFSP-185

Subject: Funds Accruing to the Program in the Summer Food Service Program (SFSP)

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

The revised Instruction 796-4 issued May 21, 1992, has caused some confusion with regard to the definition of "income accruing to the Program" in the SFSP. Since Instruction 796-4, Part XI is inconsistent with SFSP Regulation 225.2, a page change is currently being made to bring Part XI into agreement with the Regulations.

The definition of "income accruing to the Program" in the SFSP Regulations is specific to the Program and includes all the funds which must be deducted from combined operating and administrative costs when paying sponsor claims. However, the Instruction's guidance on "Program income" was based on the definition contained in 7 CFR Part 3015, which is limited to income generated specifically by the Program; e.g., in the SFSP, payments made by adults for meals served at SFSP sites.

Thus, "Program income", as defined by Part 3015 and the Instruction, does not include all of the sources of funds included in the Regulations which must be deducted from combined operating and administrative costs. A page change to the Instruction is currently being made which will revise Part XI under the revised heading of "Reductions to Program Costs" and which will enumerate all sources of funds accruing to the Program. In addition, the title of the SFSP Regulatory definition will be changed from "income accruing to the Program" to "funds accruing to the Program" in order to conform to the new language of the revised Part XI.

In the meantime, please be advised that the Regulations are correct in requiring claims to be paid based on net costs, by deducting from total operating and administrative costs all funds received for the food service (adult payments, cash gifts, Federal and other grants, etc.) other than those received from USDA Program payments.

Please contact Erzielene Ruffin at (303) 844-0359 if you have any questions on this issue.

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