Subject: Summer Food Service Program (SFSP) Reporting Income

To: STATE AGENCY DIRECTORS - Colorado ED, Iowa, Kansas, Missouri DH, Montana OPI, Nebraska ED, North Dakota, South Dakota, Utah, Wyoming DHSS

There have been some questions raised in regard to the proper calculation of claims when there is income reported to the Program. Section 225.9 (d) states that income accruing to a sponsor's Program shall be deducted from combined operating and administrative costs. Since we have never received definitive guidance on the correct method for determining how much of the remaining costs would be allocated as operating costs and how much would be administrative costs, we have allowed State Agencies (SA) to subtract income from only operating costs. This was based on the rationale that this method would usually be of more benefit to a sponsor. We would like to reiterate that an SA may use either method of subtracting income from costs; however, the SA should be consistent with whichever method is selected.

If an SA wishes to subtract income from combined costs, we have suggested that the remaining costs be allocated based on the original percentages of operating and administrative costs. For example, if operating costs were reported as $5,045, administrative costs as $385, and income as $864, operating costs would make up 93 percent and administrative costs 7 percent of the total costs. When income would be subtracted from the total costs of $5,430, that would leave $4,566 in costs. $4,246.38 or 93 percent would remain as operating costs and $319.62 or 7 percent would remain as administrative costs.

If you have any questions regarding this matter, please contact a member of my staff at (303) 844-0359.

Ann C. DeGroat
Regional Director
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