



Food and Nutrition Service

DATE: April 1, 2020

Braddock Metro Center

MEMO CODE: SP 10-2020, CACFP 05-2020

1320 Braddock Place Alexandria, VA 22314

SUBJECT: Fiscal Year (FY) 2020 Reallocation of State Administrative Expense (SAE) Funds in Child Nutrition Programs¹

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors	State Directors
Child Nutrition Programs	Food Distribution Programs
All States	All States

Issuing Agency/Office:	FNS/Child Nutrition Programs
Title of Document:	Fiscal Year (FY) 2020 Reallocation of State Administrative Expense (SAE) Funds in Child Nutrition Programs
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Summary:	This memorandum provides the information needed to conduct the FY 2020 reallocation of State Administrative Expense (SAE) funds. Reallocation is a formal process by which State agencies can: (1) request additional SAE funds above their initial authorized funding level; or (2) return SAE funds they do not need. All State agencies must submit an SAE Funds Reallocation Report (FNS-525) to their respective USDA Food and Nutrition Service (FNS) Regional office by April 22, 2020, even if the State agency is neither requesting nor returning funds.
Disclaimer:	The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

¹Pursuant to the Congressional Review Act (5 U.S.C. §801 et seq.), the Office of Information and Regulatory Affairs designated this waiver as *not major*, as defined by 5 U.S.C. § 804(2).

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This memorandum provides the information needed to conduct the FY 2020 reallocation of SAE funds. Reallocation is a formal process by which State agencies can: (1) request additional SAE funds above their initial authorized funding level; or (2) return SAE funds they do not need. Please note that a number of updates to the carryover and reallocation of SAE funding will go into effect for FY 2020. For additional information, refer to policy memo SP-09-2020, CACFP-04-2020, *Updated Instructions for the Recovery and Reallocation of State Administrative Expense (SAE) Funds in Child Nutrition Programs*.

At this time, all State agencies must also submit an *SAE Funds Reallocation Report* (FNS-525) to their respective USDA Food and Nutrition Service (FNS) Regional office, even if the State agency is neither requesting nor returning funds.

State agencies may request SAE reallocation funds for any allowable expense associated with the administration of the CNPs including related Food Distribution Programs, as described under 7 CFR 235.6. Furthermore, State agencies must ensure that the *total* amount of SAE funds (initial allocation *plus* reallocation and transfers) carried over into FY 2021 does not exceed an amount equivalent to 20 percent of the total amount of all SAE allocations received in FY 2020. The State’s SAE Plan must reflect an estimate of the planned use of SAE funds through the end of FY 2020. An amendment to the SAE Plan must be made and approved by the Regional office for any substantive changes in planned activities or planned expenditures on activities as a result of receiving SAE reallocation funds. If SAE reallocation funds are used for Summer Food Service Program purposes, the associated management and administration plan (MAP) may also need to be amended accordingly [7 CFR 225.4].

FNS will **recover** SAE funds from any State agency that fails to expend the approved amount of the SAE reallocation funds by the end of the grant period. No later than **April 22, 2020**, State agencies must submit FNS-525s and requests for SAE reallocation funds to their respective FNS Regional office. Below is a table of key dates associated with the reallocation process:

April 22, 2020	State agencies submit SAE reallocation requests and FNS-525s to Regional offices.
May 2020	FNS notifies SA of SAE reallocation results.
Sept 30, 2020	End of first year of FY 2020 SAE funds grant period. State agencies are allowed to carry over an unobligated amount no greater than 20 percent of the <u>total</u> FY 2020 SAE funds allocation into FY 2021 (initial allocation plus reallocation and transfers).
Sept 30, 2020	End of FY 2020 SAE reallocation funds grant period. All SAE reallocation funds awarded in FY 2020 must be obligated <u>and</u> expended.

State agencies with questions should contact the appropriate FNS Regional office.

Original Signed

Sarah E. Smith-Holmes
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